CEQUENCE ENERGY ANNOUNCES THIRD QUARTER RESULTS, INCREASED 2012 GUIDANCE AND FIRST HALF 2013 GUIDANCE

CALGARY, ALBERTA, November 13, 2012 – Cequence Energy Ltd. ("Cequence" or the "Company") (TSX: CQE) is pleased to announce its operating and financial results for the third quarter ended September 30, 2012. Selected financial and operational information is outlined below and should be read in conjunction with the interim unaudited condensed consolidated financial statements and the related management's discussion and analysis ("MD&A") filed on Sedar at www.sedar.com.

Highlights:

- Corporate production was 8,895 boe/d (47 mmcf/d of natural gas and 1,122 bbls/d of oil and NGLs);
- Operating costs decreased by 26 percent from the third quarter of 2011 to $6.88 per boe;
- Funds flow of $10.8 million in the quarter, including net break fee proceeds;
- Maintained balance sheet strength with September 30, 2012 net debt and working capital deficiency of $48.3 million;
- New pool discovery in the Falher formation at Simonette produced at a facility restricted 30 day average gross rate of 1,300 boe/d (7.3 mmcf/d of natural gas and 113 bbls/d of condensate) (Cequence WI 65%) with current production of 1,040 boe/d;
- Revised 2012 exit production expected to increase to 9,000 boe/d from previous guidance of 8,400 boe/d; and
- Montney wells at Simonette continue to outperform model well expectations.

(000's except per share and per unit amounts)	**Three months ended September 30**			**Nine months ended September 30**		
	2012	2011	**% Change**	**2012**	2011	**% Change**
Financial ($)						
Production revenue (1)	**$ 17,814**	$ 27,144	**(34)**	**$ 53,711**	$ 78,469	**(32)**
Comprehensive loss	**(3,824)**	(1,884)	**103**	**(18,339)**	(4,560)	**302**
Per share, basic and diluted	**(0.02)**	(0.01)	**100**	**(0.11)**	(0.03)	**267**
Funds flow from operations (2)	**10,803**	10,438	**3**	**22,121**	32,260	**(31)**
Per share, basic and diluted	**0.06**	0.07	**(14)**	**0.13**	0.23	**(43)**
Production volumes						
Natural gas (Mcf/d)	**46,641**	52,694	**(11)**	**47,200**	48,035	**(2)**
Crude oil (bbls/d)	**606**	514	**18**	**636**	599	**6**
Natural gas liquids (bbls/d)	**516**	536	**(4)**	**503**	449	**12**
Total (boe/d)	**8,895**	9,833	**(10)**	**9,006**	9,054	**(1)**

Sales prices						
Natural gas, including realized hedges ($/Mcf)	**$ 2.61**	$ 4.04	**(35)**	**$ 2.39**	$ 4.18	**(43)**
Crude oil ($/bbl)	**83.38**	87.65	**(5)**	**84.48**	91.31	**(7)**
Natural gas liquids ($/bbl)	**41.89**	69.34	**(40)**	**58.64**	71.54	**(18)**
Total ($/boe)	**$ 21.77**	$ 30.00	**(27)**	**$ 21.77**	$ 31.75	**(31)**
Operating Netback ($/boe)						
Price	**$ 21.77**	$ 30.00	**(27)**	**$ 21.77**	$ 31.75	**(31)**
Royalties	**(1.13)**	(4.28)	**(74)**	**(1.30)**	(4.32)	**(70)**
Transportation	**(2.20)**	(2.06)	**7**	**(2.13)**	(2.25)	**(5)**
Operating costs	**(6.88)**	(9.36)	**(26)**	**(7.72)**	(9.16)	**(16)**
Operating netback	**$ 11.56**	$ 14.30	**(19)**	**$ 10.62**	$ 16.02	**(34)**
Capital Expenditures ($)						
Capital expenditures	**$ 16,818**	$ 31,222	**(46)**	**$ 67,661**	$ 93,266	**(27)**
Net acquisitions (dispositions) (4)	**20**	(15,513)	**(100)**	**(13,902)**	(23,023)	**(40)**
Total capital expenditures	**$ 16,838**	$ 15,709	**7**	**$ 53,759**	$ 70,243	**(23)**
Net debt and working capital (deficiency) ($) (3)	**(48,291)**	(7,745)	**524**	**(48,291)**	(7,745)	**524**
Weighted average shares outstanding (basic and diluted)	**191,612**	152,549	**26**	**172,832**	142,420	**21**
Undeveloped land (net acres)	**218,292**	262,000	**(17)**	**218,292**	262,000	**(17)**

(1) Production revenue is presented gross of royalties and includes realized gains on commodity contracts.
(2) Funds flow from operations is calculated as cash flow from operating activities before adjustments for decommissioning liabilities expenditures and net changes in non-cash working capital. For the three and nine months ended September 30, 2012, funds flow from operations included a $3,308 termination fee (net of transaction costs) related to an unsuccessful acquisition.
(3) Net debt and working capital (deficiency) is calculated as cash and net working capital less commodity contract assets and liabilities and demand credit facilities and excluding other liabilities.
(4) Represents the cash proceeds received from the sale of assets and cash paid for the acquisition of assets, as applicable.

Operations

Cequence has experienced lower drilling costs in the last two wells drilled in 2012. Efficiencies have been gained through drilling from existing pad sites, experimenting with new drill bit technology, optimizing drilling mud systems and well-path planning. As a result, Cequence has experienced much shorter drilling times at significant cost savings.

The 10-16 Montney well was recently drilled to a measured depth of 5,600 meters and included 2,400 meters of horizontal section. Drilling operations were 14 days shorter than a previous long lateral at a cost of $4.7 million, or $0.8 million under budget. Cequence expects similar cost savings can be achieved on future wells. The completion of the 10-16 well has been delayed by operational challenges and surface access. The final stages of the frac operation are currently underway.

As natural gas prices strengthened in the third quarter, Cequence began producing from previously shut in natural gas wells. Currently, approximately 450 boe/d remains shut-in. The effect of shut-in wells in the third quarter was to decrease average production by approximately 500 boe/d.

Financial

Despite lower natural gas prices from the prior year, funds flow from operations increased to $10.8 million or $0.06 per share from $10.4 million or $0.07 per share in the third quarter of 2011. The increase in funds flow resulted from lower royalty expense, operating costs and the receipt of a termination fee of $3.3 million (net of transaction costs) related to an unsuccessful corporate acquisition. The Company recorded a comprehensive loss of $3.8 million compared to a comprehensive loss of $1.9 million in the third quarter of 2011 primarily due to an impairment expense incurred on certain non-core properties.

Cequence achieved another successful quarter of improving the Company's operating costs. Operating costs for the third quarter of 2012 were $6.88 per boe, a decrease of 26 percent compared to the third quarter of 2011, and 17 percent lower than the second quarter of 2012. Operating costs have benefitted from processing fee reductions as a result the Aux Sable natural gas processing arrangement, increased processing fee recoveries through Cequence owned facilities and the continued streamlining of the Company's operations.

Net debt and working capital deficiency at the end of the third quarter was $48.3 million. Cequence has a credit facility of $100 million.

The Company's financial statements and MD&A for the three and nine months ended September 30, 2012 are available on SEDAR at www.sedar.com.

Guidance

Cequence expects to exceed its previously disclosed 2012 guidance with exit production increasing from 8,400 boe/d to 9,000 boe/d. Average production is expected to increase to approximately 8,800 boe/d compared to the previous estimate of 8,700 boe/d. The revised production estimates are a result of higher productivity than originally forecasted from the Falher well completed in the third quarter.

Capital spending for 2012 has been increased by $6 million to $75 million as Cequence expects to accelerate the drilling of the winter program that was previously scheduled for 2013. Net debt is expected to be $58 million at year end or 1.3 times annualized fourth quarter funds flow. Forecasted 2012 funds flow is expected to increase to $32 million as a result of higher production levels.

The winter drilling program is focused at Simonette and each well is designed to add value through testing new zones, earning additional land, and expanding Cequence's resource base. One rig is currently drilling with a second rig expected to commence drilling in December 2012. Prior to spring break-up, Cequence has budgeted to drill three Montney wells, one Dunvegan well, and one Falher well.

In addition, in the first quarter of 2013 Cequence plans to spend $5.5 million to expand its Simonette compression and dehydration facility, along with additional pipeline looping to reduce existing bottlenecks. When completed, facility capacity from Simonette is expected to increase from 40 mmcf/d to 75 mmcf/d.

For the first half of 2013, Cequence is expecting capital spending of $42 million, average production of 9,600 boe/d and funds flow of $25 million. Net debt and working capital deficiency at June 30, 2013 is forecast to be $75 million.

Natural gas prices have continued to strengthen since reaching their low last spring. To provide greater certainty to the planned capital program, Cequence has hedged approximately one third of its 2013 production at an average price of $3.56 per mcf ($3.07 per GJ). Cequence expects to hedge up to 50 percent of 2013 natural gas production.

"Our team is excited about the potential of the significant Simonette project in the Alberta Deep Basin" said Paul Wanklyn, President and CEO of Cequence. "Our recent Falher discovery adds to the resource potential in this liquid rich area which already included the Montney, Wilrich and Dunvegan. Our Montney results are outperforming our expectations and our infrastructure including roads, drilling pads and gathering systems are largely in place which will add to future capital efficiencies. The recent announcement by ExxonMobil regarding its acquisition of Celtic Exploration for approximately $3 billion further validates our assessment that the Simonette/Resthaven area of the Deep Basin represents one of the most prospective areas in Western Canada for liquids-rich natural gas opportunities."

Management provides the following guidance for the six months ending June 30, 2013, which was approved by the Cequence board of directors on November 13, 2012:

	2013
Average production, BOE/d (1)	9,600
Capital expenditures ($)	$42 million
Operating costs ($ per boe)	$6.75
Royalties (% revenue)	11
Crude – WTI (US$/bbl)	$91.00
Natural gas – AECO (Cdn$/GJ)	$3.30
Funds flow from operations ($) (2)	$25 million
Annualized funds flow from operations ($)	$50 million
June 30, 2013 net debt and working capital deficiency ($) (3)	$75 million
Basic shares outstanding	191.8 million

Notes:

(1) Comprised of 49.8 mmcf/d of natural gas and 1,300 boe/d of oil and liquids

(2) Funds flow from operations is calculated as cash flow from operating activities before adjustments for decommissioning liabilities expenditures and net changes in non-cash working capital.

(3) Net debt and working capital (deficiency) is calculated as cash and net working capital less commodity contract assets and liabilities and demand credit facilities and excluding other liabilities.

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Forward Looking Statements or Information

Certain statements included or incorporated by reference in this press release constitute forward-looking statements or forward-looking information under applicable securities legislation. Such forward-looking statements or information are provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes, such as making investment decisions. Forward-looking statements or information typically contain statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "project" or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking statements or information concerning Cequence in this press release may include, but are not limited to, statements or information with respect to: guidance and forecasts; capital spending; hedging objectives; business strategy and objectives; drilling, development, exploration, operational acquisition and disposition plans and the timing, associated costs and results thereof; future net debt and fundsflow; commodity pricing and expected royalties; future production levels, including the composition thereof. Forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. The Company believes that the expectations reflected in such forward-looking statements or information are reasonable, however, undue reliance should not be placed on forward-looking statements because the Company can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this press release, assumptions have been made regarding, among other things: the impact of increasing competition; the timely receipt of any required regulatory approvals; the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner; the ability of the operator of the projects which the Company has an interest in to operate the field in a safe, efficient and effective manner; the ability of the Company to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development or exploration; the timing and costs of operating the Company's business; and the ability of the Company to secure adequate product transportation; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters; and the ability of the Company to successfully market its oil and natural gas products. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used.

Forward-looking statements or information are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by the Company and described in the forward-looking statements or information. These risks and uncertainties may cause actual results to differ materially from the forward-looking statements or information. The material risk factors affecting the Company and its business are contained in the Company's Annual Information Form which is available at SEDAR at www.sedar.com.

The forward-looking statements or information contained in this press release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise unless required by applicable securities laws. The forward looking statements or information contained in this press release are expressly qualified by this cautionary statement.

Additional Advisories

The press release contains references to terms commonly used in the oil and gas industry. Netback is not defined by IFRS in Canada and is referred to as a non-GAAP measure. Netbacks equal total revenue less royalties, operating costs and transportation costs. Management utilizes this measure to analyze operating performance.

Funds flow from operations is a non-GAAP term that represents cash flow from operating activities before adjustments for decommissioning liability expenditures and changes in working capital. The Company evaluates its performance based on earnings and funds flow from operations. The Company considers funds flow from operations to be a key measure as it demonstrates the Company's ability to generate the cash flow necessary to fund future growth through capital investment and to repay debt. The Company's calculation of funds flow from operations may not be comparable to that reported by other companies. Funds flow from operations per share is calculated using the same weighted average number of shares outstanding used in the calculation of income (loss) per share.

The foregoing outlook and guidance has been provided to assist readers in analyzing the Company's anticipated development strategies and prospects and it may not be appropriate for other purposes and actual results could differ from the guidance provided above. Cequence refers to initial production rates which may not be indicative of long term well performance.

Boes are presented on the basis of one Boe for six Mcf of natural gas. Disclosure provided herein in respect of Boes may be misleading, particularly if used in isolation. A Boe conversion ratio of 6 Mcf:1 Boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.