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CEQUENCE ENERGY LTD. AND OPEN RANGE ENERGY CORP. ANNOUNCE BUSINESS COMBINATION AND $32 MILLION EQUITY FINANCINGS

Calgary, May 31, 2012 - Cequence Energy Ltd. ("**Cequence**" or the "**Company**") (TSX: CQE) and Open Range Energy Corp. ("**Open Range**") (TSX: ONR) are pleased to announce they have entered into an arrangement agreement (the "**Arrangement Agreement**") whereby Cequence has agreed to acquire all of the issued and outstanding common shares of Open Range (the “**Arrangement**”). Cequence is also pleased to announce that it has entered into agreements with a syndicate of underwriters to issue up to $32 million of equity securities.

The Arrangement, which is highly accretive to Cequence on a cash flow basis, will provide Cequence with a multi-zone liquids-rich natural gas development area at Ansell/Sundance, which Cequence considers to be of high quality. Pro forma the Arrangement, Cequence believes it will be a significantly larger exploration and production company with an improved ability to fund the long term development of its extensive resource play at Simonette as well as its new core area at Ansell/Sundance and Edson.

The Arrangement

Under the terms of the Arrangement Agreement and the plan of arrangement, Open Range will be amalgamated with a wholly-owned subsidiary of Cequence and Open Range shareholders will receive 1.065 (the "**Exchange Ratio**") Cequence common shares ("**Cequence Shares**") for each Open Range common share (the "**Open Range Shares**"). Based on the five-day weighted average trading price of the Cequence Shares on the Toronto Stock Exchange (the "**TSX**") for the period ending May 30, 2012, the Exchange Ratio implies an aggregate value of approximately $103 million for all of the issued and outstanding Open Range Shares, and a value of $1.37 per Open Range Share.

The combined company will continue to be led by the current management team of Cequence. Scott Dawson, the President and CEO of Open Range and a member of the current Open Range Board of Directors, will join the Board of Directors of Cequence upon completion of the Arrangement.

Completion of the Arrangement is subject to the satisfaction of a number of conditions, including the approval of the shareholders of each of Cequence and Open Range. The Arrangement will need to be approved by 66 2/3% of the votes cash by Open Range shareholders, voting in person or by proxy, at a special meeting expected to be held on July 30, 2012 (the "**Open Range Meeting**"). The issuance of Cequence Shares to Open Range shareholders pursuant to the Arrangement will need to be approved by a simple majority of the Cequence shareholders, voting in person or by proxy, at a special meeting (the "**Cequence Meeting**") to be held concurrently with the Open Range Meeting. The Arrangement also requires the approval of the Court of Queen’s Bench of Alberta. The Arrangement is not subject to the completion of the prospectus financing. For more information regarding the Arrangement, see "Additional Arrangement Details" below.

$32 Million in Equity Financings

Prospectus Financing
Cequence has entered into an agreement with a syndicate of underwriters led by Peters & Co. Limited (the "Underwriters"), pursuant to which the Underwriters have agreed to purchase for resale to the public an aggregate of: (i) 8,350,000 Cequence Shares at a price of $1.20 per Cequence Share, (ii) 4,850,000 Cequence Shares to be issued on a "CEE flow-through" basis pursuant to the Income Tax Act (Canada) (the "CEE Flow-Through Shares") at a price of $1.45 per CEE Flow-Through Share, and (iii) 3,800,000 Cequence Shares to be issued on a "CDE flow-through basis" pursuant to the Income Tax Act (Canada) (the "CDE Flow-Through Shares") at a price of $1.32 per CDE Flow-Through Share, all by way of a "bought deal" short form prospectus offering for aggregate gross proceeds of $22 million. In addition, Cequence has granted the Underwriters a 15 percent over-allotment option to purchase 1,252,500 additional Cequence Shares, not issued on a flow-through basis, for additional gross proceeds of up to $1.5 million, if the over-allotment is exercised in full (collectively, the "**Prospectus Financing**").

The purchasers of CEE Flow-Through Shares will be entitled to renunciations of Canadian exploration expenses in an amount equal to the subscription amount from Cequence while purchasers of CDE Flow-Through Shares will be entitled to renunciations of Canadian development expenses in an amount equal to the subscription amount from Cequence. Closing of the Prospectus Financing is anticipated to occur on June 21, 2012 and is subject to the receipt of applicable regulatory approvals, including approval of the TSX.

Private Placement Financing
Cequence and the same syndicate of Underwriters, as agents (the "Agents"), have also entered into an agreement pursuant to which Cequence will offer, on a "bought deal" private placement basis (the "**Private Placement Financing**") up to 8,333,333 Cequence Shares at a price of $1.20 per Cequence Share to certain insiders. Closing of the Private Placement Financing is anticipated to occur on or before the effective date of the Arrangement and is subject to the receipt of applicable regulatory approvals, including approval of the TSX. In addition, as may be required by the rules of the TSX, the Private Placement Financing may be subject to the approval of the shareholders of Cequence at the Cequence Meeting, excluding the votes of insiders of Cequence participating in such private placement.

If the Private Placement Financing is fully subscribed, and the over-allotment option on the Prospectus Financing is exercised in full, the gross proceeds from both financings will be $33.6 million. The proceeds of the financings are expected to be used to fund Cequence's capital program and ongoing operations.

Highlights of the Pro Forma Combined Company

Benefits to Cequence Shareholders
In commenting on the benefits of the proposed Arrangement, Mr. Paul Wanklyn, President & CEO of Cequence, stated: "Cequence is very pleased to announce the acquisition of Open Range, which provides the Company with an additional core area, and greater scale and financial strength to pursue the development of our resource style opportunities in the Deep Basin. The acquisition is highly accretive to Cequence on a cash flow basis, and is being completed on attractive terms. We will have a large range of future drilling opportunities focused on two scalable, low-cost core areas at Simonette and Ansell/Sundance. We believe that Cequence will be even better positioned to realize the benefits of our significant resource potential and deliver short and long term value to our shareholders".

Management of Cequence believes the key attributes of the combined company *pro forma* the Arrangement include:

- current production of more than 14,500 boe/d, approximately 1,800 bbls/d of which is light oil and natural gas liquids;
- significant increase and accretion to corporate cash flow, which is estimated to be approximately $57 million on an pro forma annualized basis for 2012;
- improved corporate cash flow netback through low operating costs and total cash costs (operating, transportation, general and administrative ("G&A") and interest) of $9.65 per boe, resulting in the combined company expected to be one of the lowest cost producers in Western Canada;
- large pro forma inventory of liquids-rich drilling locations focused in two key resource style plays at Simonette and Ansell/Sundance, both with controlled infrastructure and low operating costs;
- the Ansell/Sundance property expands Cequence's position in its new emerging core area and land position in the Peco area of Alberta;
- exposure to the emerging Waskahigan light oil play, now on production through operated infrastructure;
- an increase in proved plus probable reserves to approximately 93.0 mmboe and approximately 49.4 mmboe on a proved basis, estimated as of December 31, 2011, based on independent engineering evaluations of each of Open Range and Cequence;
- extensive landholdings totalling 426,000 net acres, including undeveloped land of 295,000 net acres;
- pro forma June 30, 2012 net debt of approximately $110 million(1) on expected bank lines of $175 million, providing financial flexibility for ongoing capital expenditures;
- market capitalization of approximately $336 million and an enterprise value of approximately $454 million (1)(2); and
- tax pools estimated at $750 million.

These attributes will help position the larger, more efficient Cequence for future growth, added Mr. Wanklyn. "Based on a natural gas price of $3.00 per gigajoule at AECO, Cequence expects to grow its 2013 production with capital spending that will be less than corporate cash flow," he said.

Notes:

(1) Assuming the issue of a total 79.6 million Cequence Shares in connection with the Arrangement as well as a total of 25.3 million Cequence Shares for total gross proceeds of $32.1 in connection with the Prospectus Financing and the Private Placement Financing.

(2) Based on the closing price of the Cequence shares on the TSX on May 30, 2012 of $1.26.

Benefits to Open Range Shareholders

In the opinion of Open Range's management and Board of Directors, the transaction provides the following benefits to Open Range shareholders:

- Immediate creation of shareholder value, in the form of the exchange premium of 27 percent to the May 30, 2012 closing trading price;
- Strengthened opportunity for creation of longer-term shareholder value, through:
    - Greater diversity of production, assets and opportunity, and larger overall scale, all of which are beneficial in a period of volatile commodity prices;
    - Lower G&A per boe of production;

    - Opportunity for production and reserves growth in a range of play types, with improved optionality to respond to future commodity price changes; and
- Greater market liquidity.

Scott Dawson, President & CEO of Open Range, stated: "We believe that this transaction is very attractive for Open Range shareholders, as it positions them to continue to participate in one of the best plays in the Deep Basin, while providing a premium to the stock price, and additional liquidity. We have high regard for the Cequence management team and the underlying asset base of Cequence, which we view as a best in class asset. I would like to thank the shareholders and employees of Open Range for their support and contributions."

Guidance

Cequence management provides the following updated guidance for the combined Company for 2012, which was approved by the Cequence board of directors on May 31, 2012:

	2012
Average 2012 production, BOE/d	11,200
Exit 2012 production, BOE/d	15,000
Capital expenditures 2012 ($000's) (1)	100,000
Net dispositions 2012 ($000's)	(14,000)
Operating costs ($ per boe)	$6.25
Royalties (% revenue)	13
Crude – WTI (US$/bbl)	$96.64
Natural gas – AECO (Cdn$/GJ)	$2.25
2012 Funds flow ($)	41 million
Q4, 2012 annualized funds flow from operations ($)	70 million
December 31, 2012 Net debt ($)(2)	135 million
Basic shares outstanding, Dec 31 2012(2)	267 million

Notes:

(1) Excludes the planned $14 million in net dispositions of non-core assets and undeveloped land as previously disclosed.

(2) Assuming the issue of a total 79.6 million Cequence Shares in connection with the Arrangement as well as a total of 25.3 million Cequence Shares for total gross proceeds of $32.1 in connection with the Prospectus Financing and the Private Placement Financing.

Additional Arrangement Details

The Arrangement will be effected pursuant to the provisions of the *Business Corporations Act* (Alberta). The completion of the Arrangement is subject to the satisfaction of a number of conditions, including the receipt of requisite shareholder, court and regulatory approvals.

Under the terms of the Arrangement Agreement, each of Open Range and Cequence has agreed that it will not solicit or initiate any inquiries or discussions regarding any other business combination or sale of assets. Each of Open Range and Cequence has granted the other the right to match any superior proposals. The Arrangement Agreement also provides for the payment of a reciprocal non-completion fee of $3.6 million under certain circumstances. Complete details of the Arrangement are set out in the Arrangement Agreement and plan of arrangement, which will be filed by each of Cequence and Open

Range on SEDAR and will be available for viewing under their respective SEDAR profiles on www.sedar.com.

The Board of Directors of Open Range has unanimously approved the Arrangement Agreement, and, based on a fairness opinion provided by National Bank Financial Inc., determined that the consideration to be received by Open Range shareholders pursuant to the Arrangement is fair, from to holders of Open Range Shares, is in the best interests of Open Range and the holders of Open Range Shares and unanimously resolved to recommend that holders of Open Range Shares vote in favour of the Arrangement. Management and directors of Open Range holding approximately 8.3 percent of the issued and outstanding Open Range Shares have entered into support agreements to vote their Open Range Shares in favour of the Arrangement at the Open Range Meeting.

Cequence anticipates that it will issue approximately 79.6 million Cequence Shares to acquire all the issued and outstanding Open Range Shares under the Arrangement, which represents more than 25% of the currently issued and outstanding Cequence Shares. As such, under the rules of the TSX, Cequence will be required to obtain the approval of a simple majority of its shareholders, voting in person or by proxy at the Cequence meeting, for the issuance of Cequence Shares pursuant to the Arrangement. The board of directors of Cequence has unanimously approved the Arrangement Agreement, and, based on a fairness opinion provided by Peters & Co. Limited, determined that the consideration to be paid by Cequence pursuant to the Arrangement is fair to the Cequence shareholders, is in the best interests of Cequence and unanimously resolved to recommend that holders of Cequence Shares approve the issuance of Cequence Shares pursuant to the Arrangement. Management, directors and certain shareholders of Cequence holding approximately 25 percent of the issued and outstanding Cequence Shares have entered into support agreements pursuant to which they have agreed to vote in favour of the issuance of Cequence Shares pursuant to the Arrangement at the Cequence Meeting.

The mailing of a joint information circular to the respective shareholders of Cequence and Open Range regarding the Cequence Meeting and the Open Range Meeting is expected to occur in late June 2012, with the respective shareholders meetings and closing of the Arrangement expected to be held in late July 2012, provided that all shareholder, court and regulatory approvals are obtained.

Peters & Co. Limited is acting as financial advisor to Cequence in connection with the Arrangement and has provided Cequence's Board of Directors with its verbal opinion that, as of the date of such opinion, the consideration to be paid by Cequence pursuant to the Arrangement is fair, from a financial point of view, to the Cequence shareholders. Cormark Securities L.P. acted as strategic advisor to Cequence. National Bank Financial Inc. is acting as financial advisor to Open Range in connection with the Arrangement and has provided Open Range's Board of Directors with its verbal opinion that, as of the date of such opinion, subject to review of the final documentation in respect of the Arrangement, the consideration to be received by the Open Range shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Open Range shareholders.

Further Information

Cequence is a publicly traded Canadian energy company involved in the acquisition, exploitation, exploration, development and production of natural gas and crude oil in western Canada. Further information about Cequence may be found in its continuous disclosure documents filed with Canadian securities regulators at www.sedar.com.

Open Range is a publicly traded Canadian energy company with focused operations in the Deep Basin region of Alberta. Further information about Open Range may be found in its continuous disclosure documents filed with Canadian securities regulators at www.sedar.com.

Forward Looking Information

Certain information included in this press release constitutes forward-looking information under applicable securities legislation. Such forward-looking information is 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 information typically contains 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 information in this press release may include, but is not limited to, information with respect to: operational decisions and the timing thereof, development and exploration plans and the timing thereof; future production level; timing for completion of the Arrangement, the Prospectus Financing and the Private Placement Financing, the availability of an increased credit facility following completion of the Arrangement, the use of proceeds from the Prospectus Financing and the Private Placement Financing, and the anticipated benefits resulting from the transactions described in this press release. Forward-looking information is based on a number of factors and assumptions which have been used to develop such information but which may prove to be incorrect. Although each of Cequence and Open Range believe that the expectations reflected in its forward-looking information is reasonable, undue reliance should not be placed on forward-looking information because neither Cequence nor Open Range can give 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 and are implicit in, among other things: cash flow projections and netbacks; anticipated operating costs; bank debt levels; combined reserves; field production rates and decline rates; the ability of Cequence to secure adequate product transportation; the ability of Cequence and Open Range to complete the Arrangement and, if completed, the ability of Cequence to realize the anticipated benefits of such Arrangement; the timely receipt of any required regulatory approvals (including Court and shareholder approvals); the ability of Cequence to obtain qualified staff, equipment and services in a timely and cost efficient manner to develop its business; Cequence's ability to operate the properties in a safe, efficient and effective manner; the ability of Cequence to obtain financing on acceptable terms; the ability to replace and expand oil and natural gas reserves through acquisition, development of exploration; the timing and costs of pipeline, storage and facility construction and expansion; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters; and the ability of Cequence 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 information is 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 Cequence or Open Range, as applicable, and described in the forward-looking information. The material risk factors affecting Cequence and its business are contained in Cequence's Annual Information Form which is available under Cequence's issuer profile on SEDAR at www.sedar.com. The forward-looking information contained in this press release is made as of the date hereof and Cequence undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by applicable securities laws. The forward looking information contained in this press release is expressly qualified by this cautionary statement.

Additional Advisories

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 Bbl 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.

Included herein is an estimate of pro forma annualized cash flow for 2012 assuming completion of the Arrangement. To the extent such estimate constitutes future oriented financial information or a financial outlook, the estimate was approved by management of Cequence on May 31, 2012, and such future oriented financial information or financial outlook is included herein to provide readers with an understanding of Cequence's anticipated cash flow following completion of the Arrangement. Readers are cautioned that the information may not be appropriate for other purposes.

Non-GAAP Measures

Within this press release, reference is made to terms commonly used in the oil and gas industry such as "netback" and "net debt", which are not defined by IFRS in Canada and are referred to as a non-GAAP measures. Netbacks are calculated by Cequence by subtracting royalty, operating and transportation costs from total revenue and is used by management of Cequence to analyze operating performance. Net debt is calculated by Cequence as cash and net working capital less commodity contract assets and liabilities and demand credit facilities and excluding other liabilities and is used by management of Cequence to assess the Company's debt situation. Non-GAAP financial measures do not have a standardized meaning prescribed by IFRS and are therefore may not be comparable to similar measures presented by other issuers.

The Toronto Stock Exchange has neither approved nor disapproved the contents of this press release.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The Subscription Receipts and Cequence Shares to be offered have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended and may not be offered or sold in the United States or to a U.S. person absent registration or an applicable exemption from the registration requirements.

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