



CEQUENCE ENERGY ANNOUNCES THE COMPLETION OF ITS EQUITY RIGHTS OFFERING AND REFINANCING OF ITS \$60 MILLION NOTES, AND PLANNED SHARE CONSOLIDATION

CALGARY, September 13, 2018 – Cequence Energy Ltd. (TSX: CQE) (“**Cequence**” or the “**Company**”) is pleased to announce the successful completion of its previously announced equity rights offering (the “**Rights Offering**”), which was over-subscribed and raised the maximum available gross proceeds of \$8,593,476. Cequence issued a total of 245,527,883 common shares under the Rights Offering and now has a total of 491,055,766 common shares issued and outstanding. Although Cequence had standby commitments in place from two of its directors, no funds were required under the standby commitments as a result of the Rights Offering being over-subscribed.

Cequence is also pleased to announce the closing of its previously announced refinancing of its existing \$60 million senior notes due October 3, 2018 (the “**Notes**”). Pursuant to a refinancing agreement dated July 26, 2018 with CPPIB Credit Investments Inc. (“**CPPIB Credit**”), a wholly owned subsidiary of Canada Pension Plan Investment Board, the Notes have been refinanced with a \$60 million second lien senior secured term loan facility due October 3, 2022 (the “**Term Loan**”). Further information about the Term Loan can be found in the Company’s press release of July 27, 2018, available under the Company’s profile on SEDAR at www.sedar.com.

In connection with the Term Loan, Cequence issued CPPIB Credit warrants to purchase 36,829,182 common shares of the Company at an exercise price of \$0.10 per share at any time until September 13, 2022.

Concurrently with the closing of the Rights Offering and the Term Loan, Cequence has also entered into an amended and restated credit agreement (the “**Amended and Restated Credit Agreement**”) with its senior lenders to amend its senior secured credit facility (the “**Credit Facility**”). Under the terms of the Amended and Restated Credit Agreement, the Credit Facility has been extended to May 31, 2019 with a borrowing base of \$7 million.

The common shares of the Company issued pursuant to the Rights Offering were issued on a flow-through basis, entitling the holders thereof to receive renunciations of Canadian development expenses from the Company as contemplated under the *Income Tax Act* (Canada). In order to receive such renunciations subscribers or their brokers under the Rights Offering must submit a completed Subscription and Renunciation Agreement to the Company. More information about the Rights Offering, including a copy of the Subscription and Renunciation Agreement, can be found in the Company’s Rights Offering Circular dated July 27, 2018 which is available under the Company’s profile on SEDAR.

The net proceeds from the Rights Offering are being used to drill 2.0 gross oil wells (2.0 net) in the Dunvegan formation at Simonette. The greater financial flexibility provided by the Term Loan and renewed Credit Facility will help the Company continue to develop this light oil play. The previously disclosed 3 gross (2.0 net) first quarter 2018 wells are all above Company expectations with the 100% working interest 15-4 well having produced approximately 100,000 bbls in 120 operating days.

“We are very pleased that over 80% of the rights issued to eligible shareholders were exercised, and that additional subscriptions for common shares exceeding the maximum number of shares available under the offering were received, as this is a strong endorsement from our shareholders about the quality of the company’s assets and its prospects for the future” commented Todd Brown, the Company’s President and Chief Executive Officer. Cequence’s Executive Chairman, Don Archibald, stated “thanks to the support of our shareholders and the collaborative relationship we have with our lenders, we were able to

complete these significant steps to increase the company's financial flexibility, allowing it to focus on developing its Dunvegan assets, which continue to surpass our expectations in terms of economic results."

Share Consolidation

Following the Rights Offering, the Company intends to consolidate its issued and outstanding Common Shares. The proposed basis for the share consolidation is one (1) post-consolidation Common Share for every twenty (20) pre-consolidation Common Shares (the "**Share Consolidation**"). Cequence plans to hold a special meeting of shareholders for the purposes of voting on the Share Consolidation. The Meeting is planned for October 22, 2018 and the record date for the Meeting is September 21, 2018. Further information about the Meeting and the Share Consolidation will be provided to the Company's shareholders in a Notice of Meeting and Management Information Circular, to be sent to shareholders following the record date.

Advisors

Peters & Co. Limited acted as financial advisor to Cequence. Norton Rose Fulbright Canada LLP acted as legal counsel to the Company.

About Cequence

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.

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Forward-looking Statements or Information

Certain statements included 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 in this press release may include, but are not limited to: the use of the proceeds from the Rights Offering; the impact of the completion of Cequence's debt refinancing; and the Company's continued development of its Dunvegan assets and the financial and economic performance of those assets. 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. Although the Company believes that the expectations reflected in such forward-looking statements or information are reasonable, 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 of exploration; the timing and costs of pipeline, storage and facility construction and expansion 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 on 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.