

Cequence Energy Ltd. Announces Termination of Arrangement Agreement with Open Range Energy

CALGARY, July 3, 2012 /CNW/ - Cequence Energy Ltd. ("Cequence") (TSX: CQE) announces that Open Range Energy Corp. ("Open Range") (TSX: ONR) has notified Cequence that: (i) the board of directors of Open Range has determined that a proposal received from another publicly traded oil and gas company (the "Competing Bidder") is financially superior to the consideration offered pursuant to the previously announced agreement (the "Arrangement Agreement") between Cequence and Open Range whereby Cequence agreed to acquire all of the common shares of Open Range; (ii) the board of directors of Open Range has approved an agreement with the Competing Bidder whereby the Competing Bidder agreed to acquire all of the common shares of Open Range; and (iii) Open Range has terminated the Arrangement Agreement with Cequence.

In accordance with the terms of the Arrangement Agreement, Open Range paid Cequence a termination fee of \$4.6 million concurrently with the termination of such agreement.

Cequence does not currently intend to reconsider the transaction with Open Range in light of the value of the transaction between Open Range and the Competing Bidder and overall market conditions, underscoring its commitment to make disciplined investment decisions to achieve growth. Cequence will continue to focus on the development of its excellent portfolio of exploration opportunities in the Deep Basin area. Further, Cequence will continue to pursue opportunities to acquire assets which management anticipates will provide accretive growth opportunities.

Cequence has a strong balance sheet with net debt of approximately \$40 million, before giving effect to the termination fee discussed above, and 190.5 million common shares outstanding.

In commenting on the Arrangement Agreement being terminated, Paul Wanklyn, the President and CEO of Cequence, stated "While we are disappointed that the proposed transaction with Open Range will not proceed, we remain no less enthusiastic about Cequence's prospects than we previously were. While another party seeking to purchase Open Range supports our view that the Open Range assets would have been an attractive addition to our portfolio, our primary asset remains our holdings at Simonette, which are opportunity-rich. We are pleased that our previously announced Aux Sable project at Simonette has been operational since June 1, 2012 and we expect to see ongoing future benefits through lower operating costs and higher netbacks at Simonette as a result. Cequence is well capitalized, and will continue to take the most prudent steps possible to deliver value to our 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.

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: the previously announced equity financings of Cequence; Cequence's net debt; Cequence's pursuit of acquisition opportunities; and the development of its asset base. 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 Cequence believes that the expectations reflected in its forward-looking information is reasonable, undue reliance should not be placed on forward-looking information because Cequence cannot 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 and Cequence's continuous disclosure, 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 timely receipt of any required regulatory 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 and 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 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

Non-GAAP Measures: Within this press release, reference is made to terms commonly used in the oil and gas industry such as "net debt", which is not defined by IFRS in Canada and is referred to as a non-GAAP measure. 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.

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