CEQUENCE ENERGY LTD. PROVIDES OPERATIONAL UPDATE AND 2012 GUIDANCE

CALGARY, ALBERTA, February 14, 2012 – Cequence Energy Ltd. ("Cequence" or the "Company") (TSX: CQE) is pleased to provide an operational update and guidance on its 2012 capital budget.

OPERATIONAL UPDATE

The first half 2012 segment of Cequence's winter drilling program was designed to further delineate the Company's core Montney assets at Simonette and to preserve otherwise expiring acreage. Five gross (3.0 net) horizontal wells are budgeted to be drilled in the first six months of 2012 with initial results as follows:

- A 50 percent working interest Montney horizontal well at 1-34-61-26W5 has tested for 4 days at a final rate of 1,950 boepd (11.0 mmcf/d of natural gas and 120 bbls/d of free condensate) at a flowing casing pressure of 640 psi;
- A 50 percent working interest Montney horizontal well at 1-11-61-27W5 has tested for 7 days at a final rate of 1,520 boepd (8.9 mmcf/d of natural gas and 40 bbls/d of free condensate) at a flowing casing pressure of 325 psi;
- A 50 percent working interest Montney horizontal well at 13-9-62-26W5 has tested for 5 days at a final rate of 675 boepd (3.2 mmcf/d of natural gas and 140 bbls/d of free condensate) at a flowing casing pressure of 175 psi; and
- Cequence is currently drilling 2.0 gross (1.5 net) Montney horizontal wells that are expected to be completed in the first quarter of 2012.

A 100 percent working interest Montney horizontal well at 4-4-62-26W5 drilled late in 2011 was on stream in January 2012 and has produced for 45 days at an average rate of 900 boepd (4.4 mmcf/d of natural gas and an estimated 40 bbls/mmcf of natural gas liquids and condensate).

The Company believes the success of its Montney horizontal drilling program, in addition to existing vertical well control in the area, serves to de-risk approximately 36 net sections of land at Simonette for Montney liquids-rich gas development. As of the date of this press release, Cequence has internally estimated that there is approximately 1.4 tcf of Discovered Petroleum Initially In Place ("DPIIP") in the Montney underlying these lands [(1)]. The Company has an additional 34 net sections of land at Simonette that are considered highly prospective for the Montney. Cequence is continuing to evaluate two Montney horizontal wells completed in the fourth quarter of 2011 which appear prospective for light oil.

(1) Discovered Petroleum Initially in Place (DPIIP) is defined as the quantity of hydrocarbons that are estimated to be in place within a known accumulation, plus those estimated quantities in accumulations yet to be discovered. There is no certainty that it will be economically viable or technically feasible to produce any portion of this DPIIP except for those, which may, in the future, be identified as proved or probable reserves. There is no certainty that it will be commercially viable to produce any portion of the resources. A recovery project cannot be defined for this volume of DPIIP at this time, and as such, it cannot be further sub-categorized.

CAPITAL BUDGET

In response to the current low gas price environment, Cequence has taken steps to prudently manage its assets and preserve its balance sheet. Capital expenditures will be limited to capital projects critical to land retention, delineation of the Company's extensive Montney resource base at Simonette, and to capturing new liquids-weighted opportunities.

Capital Program

Cequence previously announced a first half 2012 capital budget of $100 million, including 15 gross (13.5 net) horizontal wells. This previous budget was based on an average 2012 gas price of $3.50 CAD per GJ and an average 2012 crude oil price of $88 USD per bbl WTI and was expected to yield average production of approximately 12,000 boepd for the first half of 2012.

Cequence's revised first half 2012 capital budget has been reduced to $36 million, or $25 million net of planned dispositions and land acquisitions. Cequence expects to drill 5 gross (3.0 net) horizontal wells in the first half of 2012 targeting the Montney at Simonette. Cequence does not currently expect to drill through spring break-up.

Capital expenditures for the full year 2012 are budgeted to be $81 million, net of planned dispositions of non-producing properties of approximately $17 million and expenditures on undeveloped land of $6 million. The capital budget includes the drilling of 13 gross (9.8 net) horizontal wells at Simonette. Planned drilling activities will focus on the Montney as it is expected to yield a high liquids content and represents the core of Cequence's resource base at Simonette. In addition, new prospects are expected to be tested in the Dunvegan and Falher in the third quarter of 2012.

Infrastructure

The Company is planning to spend approximately $5.5 million to complete the previously announced Aux Sable project. This infrastructure spending will extend the Company's gathering system at Simonette and is expected to be completed by April 1, 2012, pending regulatory approval. Upon completion of the project, operating costs at Simonette are expected to be approximately $4 per boe or $0.67 per mcfe.

Cash Flow and Net Debt

The Company has budgeted cash flow of $37 million for 2012 using an average 2012 natural gas price of $2.50 CDN/GJ AECO and an average 2012 crude oil price of $101 USD per bbl WTI. An increase in average gas prices of $1.00 per GJ results in an increase to budgeted cash flow of approximately $17 million. Based on the Company's capital budget, net debt at the end of the second quarter of 2012 is expected to be approximately $55 million and year end 2012 net debt is budgeted to be approximately $90 million. Cequence's current syndicated bank facility is $110 million and is scheduled for review in May, 2012.

Production

Production for the first half of 2012 is forecast to average 10,200 boepd, prior to any production curtailments, which represents an increase of 18 percent over the first half of 2011. Production for the full year 2012 is forecast to average 9,800 boepd, prior to any production curtailments, an increase of 8 percent over budgeted 2011 production. In response to low natural gas prices, Cequence plans to shut in approximately 1.8 mmcf/d of high cost natural gas production in the Peace River Arch area of Northwest Alberta during the first quarter of 2012.

Guidance

Mr. Paul Wanklyn, President and Chief Executive Officer of Cequence, said the following: "Maintaining our balance sheet while moderating our growth profile in the current low natural gas price environment will allow Cequence the flexibility to add to our existing asset base by capitalizing on new opportunities as they arise. The stacked, liquids-rich targets at Simonette remain an excellent source of significant future production and reserves growth for Cequence, in an improved natural gas price environment."

Management provides the following guidance for the 2012 fiscal year, which was approved by the Cequence board of directors on February 13, 2012:

	2012
Average 2012 production, BOE/d [1]	9,800
Exit 2012 production, BOE/d [1]	10,000
Capital expenditures 2012 ($000's) [2]	92,000
Planned net dispositions ($000's)[3]	(11,000)
Operating costs ($ per boe)[4]	$8.05
Royalties (% revenue)	12
Crude – WTI (US$/bbl)	$101.00
Natural gas – AECO (Cdn$/GJ)	$2.50
Funds flow ($)	$37 million
December 31, 2012 Net debt ($)	$90 million
Basic shares outstanding, Dec 31 2012	161.86 million

Notes:

(1) Production figures are presented without giving effect to any anticipated production curtailments.
(2) Excludes the planned $11 million in net dispositions of non-core assets and undeveloped land discussed below.
(3) Includes the planned disposition of non-core assets with no attributed production for approximately $17 million and the planned acquisition of undeveloped land for approximately $6 million.
(4) Assumes that the AUX Sable project discussed above commences April 1, 2012.

Year End Results and Reserves

Cequence will release its year end financial and operating results and oil and gas reserves on March 8, 2012, after market close.

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 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 in this press release may include, but are not limited to, statements or information with respect to the Company's future production levels and rates and oil and NGL yields; business strategy and objectives; development and exploration plans and the anticipated results, risk profile and timing of such activities; commodity pricing; the timing and operational capacity of the Alliance/Aux Sable Deep Cut facility; anticipated capital expenditures (including, anticipated proceeds of dispositions and expenditures on acquisitions); and the Company's anticipated operating costs, cash flow and debt levels. 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, 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: field production rates and decline rates; future acquisition costs and disposition proceeds; 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 manor; the ability of the Company to obtain financing on acceptable terms; the ability to replace and expand oil and natural gas reserves through acquisition, development or 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 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.

Non- GAAP Measures

The press release contains references to terms commonly used in the oil and gas industry. These measures include "funds flow from operations". This measure is not defined under IFRS and should not be considered in isolation or as an alternative to conventional IFRS measures. This measure is not necessarily comparable to a similarly titled measure of another company. When this measure is used, it has been footnoted and the footnote to the applicable measure notes that the measure is "non-GAAP" and contains a description of how to reconcile the measure to the applicable financial statements. This measure should be given careful consideration by the investor.

Specifically, management of Cequence uses funds flow from operations as it is a non-GAAP measure used extensively in the Canadian energy sector for comparative purposes. Cequence defines the term "funds flow from operations" as cash flow from operating activities before adjustments for asset retirement expenditures, proceeds from sale of commodity contracts and net changes in non-cash working capital. Cequence evaluates its performance based on earnings and funds flow from operations. Cequence considers funds flow from operations a key measure as it demonstrates Cequence's ability to generate the cash flow necessary to fund future growth through capital investment and to repay debt. Cequence's calculation of funds flow from operations may not be comparable to that reported by other companies.

Non-GAAP measures do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers.

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.

*For fiscal 2011, the ratio between the average price of West Texas Intermediate ("**WTI**") crude oil at Cushing and NYMEX natural gas was approximately 24:1 ("**Value Ratio**"). The Value Ratio is obtained using the 2011 WTI average price of $95.11 (US$/Bbl) for crude oil and the 2011 NYMEX average price of $4.03 (US$/MMbtu) for natural gas. This Value Ratio is significantly different from the energy equivalency ratio of 6:1 and using a 6:1 ratio would be misleading as an indication of value.*

The TSX has neither approved nor disapproved the contents of this news release.