CEQUENCE ENERGY ANNOUNCES SECOND QUARTER FINANCIAL AND OPERATING RESULTS

CALGARY, August 10, 2017 – Cequence Energy Ltd. ("Cequence" or the "Company") (TSX: CQE) is pleased to announce its operating and financial results for the three and six month periods ended June 30, 2017. The Company's Consolidated Financial Statements and Management's Discussion and Analysis are available at cequence-energy.com and on SEDAR at www.sedar.com. Operational and financial highlights of the Company from the second quarter include:

- Increased funds flow from operations to $6.8 million or $0.03 per share, an increase of 336% from the same period in 2016, driven by higher prices and lower costs;
- Achieved average quarterly production of 8,502 boe/d, up 8% from the same period in 2016 despite significant weather access restrictions which shut-in or restricted approximately 850 boe/d in the quarter;
- Operating costs were $7.53/boe in the quarter, down 7% from the same period in 2016;
- Renewed the Company's $20 million senior credit facility until May 2018;
- Achieved production of 75,000 barrels of oil from the 9-11 Dunvegan well in approximately 155 operating days;
- The 2 new West Simonette Montney wells averaged IP 90 of approximately 695 boe/d per well (34% condensate); and
- Began pipeline work to tie-in the Dunvegan oil wells to minimize road ban truck out restrictions, with full operation commencing in mid-July.

(000's except per share and per unit amounts)	Three months ended June 30,			Six months ended June 30,		
	2017	**2016**	% Change	**2017**	**2016**	% Change
FINANCIAL						
Total revenue[1]	**17,810**	11,343	**57**	**37,164**	27,115	**37**
Comprehensive loss	**(94,899)**	(12,212)	**677**	**(89,648)**	(18,100)	**395**
Per share – basic and diluted	**(0.39)**	(0.06)	**550**	**(0.37)**	(0.09)	**311**
Funds flow from operations [2][5]	**6,781**	1,554	**336**	**14,127**	1,240	**1,039**
Per share, basic and diluted	**0.03**	0.01	**200**	**0.06**	0.01	**500**
Capital expenditures, before acquisitions (dispositions)	**2,536**	958	**165**	**17,582**	8,320	**111**
Capital expenditures, including acquisitions (dispositions)	**2,536**	1,096	**131**	**17,582**	8,247	**113**
Net debt [3]	**(67,862)**	(73,507)	**(8)**	**(67,862)**	(73,507)	**(8)**
Weighted average shares outstanding – basic and diluted	**245,528**	211,028	**16**	**245,528**	211,028	**16**
OPERATING						
Production volumes						
Natural gas (Mcf/d)	**42,719**	40,127	**6**	**43,959**	46,190	**(5)**
Crude oil (bbls/d)	**224**	178	**26**	**352**	198	**78**
Natural gas liquids (bbls/d)	**239**	244	**(2)**	**255**	240	**6**
Condensate (bbls/d)	**919**	748	**23**	**867**	904	**(4)**
Total (boe/d)	**8,502**	7,857	**8**	**8,800**	9,040	**(3)**

Sales prices						
Natural gas, including realized hedges ($/Mcf)	**2.83**	1.73	**64**	**2.81**	1.94	**45**
Crude oil and condensate, including realized hedges ($/bbl)	**60.11**	54.01	**11**	**61.37**	49.76	**23**
Natural gas liquids ($/bbl)	**26.11**	21.50	**21**	**28.12**	19.13	**47**
Total ($/boe)	**23.02**	15.86	**45**	**23.33**	16.48	**42**
Netback ($/boe)						
Price, including realized hedges	**23.02**	15.86	**45**	**23.33**	16.48	**42**
Royalties	**(1.20)**	0.17	**806**	**(1.43)**	(0.27)	**430**
Transportation	**(2.13)**	(1.08)	**97**	**(1.86)**	(1.13)	**65**
Operating costs	**(7.53)**	(8.13)	**(7)**	**(7.92)**	(9.13)	**(13)**
Operating netback	**12.16**	6.82	**78**	**12.12**	5.95	**104**
General and administrative(5)	**(1.53)**	(2.51)	**(39)**	**(1.40)**	(3.37)	**(58)**
Interest(4)	**(1.98)**	(2.24)	**(12)**	**(1.97)**	(1.93)	**2**
Cash netback	**8.65**	2.07	**318**	**8.75**	0.65	**1,246**

(1) Total revenue is presented gross of royalties and includes realized gains (loss) 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.
(3) Net debt is calculated as working capital (deficiency) less the principal value of senior notes.
(4) Represents finance costs less amortization on transaction costs and accretion expense on senior notes and provisions.
(5) For the three and six months ended June 30, 2016, general and administrative expenses and funds flow from operations includes $201 and $1,931 in restructuring charges (2017 - $nil).

Financial

Funds flow from operations was $6.8 million for the second quarter and $14.1 million year to dat*e.* Funds flow in was significantly better than the previous year and reflects both improved crude oil and natural gas prices and the Company's lower cost structure. Realized sales prices (including hedging) increased 45 percent from the second quarter 2016 and 42 percent year to date. Comprehensive loss for the quarter ended June 30, 2017 was $94.9 million compared to a loss of $12.2 million in 2016. The Company recorded an impairment charge in the quarter from the prolonged decline in its third party reserve evaluators future oil and natural gas price forecast over the life of the Company's reserves.

Capital expenditures, net of dispositions, were $2.5 million in the second quarter and relate primarily to the completion of the Company's winter drilling program of 4.0 gross (3.0 net) wells at Simonette. There were no new wells spud in the quarter.

The Company has $67.9 million in net debt at June 30, 2017 which is comprised of $60 million in senior notes and a working capital deficiency of $7.9 million. The Company's senior credit facility of $20 million is currently undrawn and was reviewed in the quarter, with the maturity date extended one year to May 2018. The Company's next scheduled bank review is scheduled for November 2017.

Management believes that Cequence's exposure to commodity market pricing volatility is well hedged for 2017, including 65 percent of natural gas volumes in the third quarter at an average price of $2.80/GJ.

Operating costs for the quarter were $7.53/boe down 7% from the same period of 2016 while the operating netback improved by $5.34/boe to $12.16/boe.

Operational Update

Average production in the second quarter of 2017 of 8,502 boe/d was up 8 percent from the second quarter of 2016. Oil and condensate production increased by 23% or 217 bbl/d over the same period in 2016. The two Dunvegan oil wells (50% WI) brought on stream in January of 2017 continue their strong performance, with the 9-11-62-26W5 well having produced 75,000 bbls gross in 155 operating days.

Wet spring weather closed roads in the Simonette area which resulted in shut-down or restricted production from the Cequence operated 5-7-62-25 oil battery for 76 days (84%) of the second quarter. To mitigate these issues, in mid-July, Cequence commissioned a more reliable long term tie-in solution for the 5-7 oil facility. Production from the 5-7 facility averaged 162 bbl/d of oil (278 boe/d) net to Cequence in the second quarter while net production the last 14 days of July increased to 394 bbls/d oil and 966 boe/d net to Cequence.

Outlook

The Company provided full year guidance on May 11, 2017 which has been revised to include the results of the first half of the year performance and the current outlook for commodity prices. The revised guidance reflects the impact of the weather related volume restrictions experienced in the second quarter as well as the changes to commodity pricing and associated capital program since that time. In light of the current commodity pricing environment, capital preservation and prudent debt management are the primary focus points of the Company.

Despite the improved financial performance so far in 2017, the Company remains cautious on the outlook for commodity prices over the next twelve months as forward commodity prices remain low. The annual capital expenditure program has been reduced to $24 million from $29 million to closely match lower expected commodity prices and funds flow. Two net Dunvegan wells are planned to be spud in December 2017 with production expected to be achieved in Q1 2018. Any additional drilling activity for the remainder of the winter is not expected to be finalized until the fourth quarter of 2017.

Spending will be targeted within cash flow, with 2017 production volumes expected to average between 8,500 to 8,700 boe/d. The Company may adjust its capital expenditure program should commodity prices increase or decrease significantly. In addition, natural gas prices have been volatile in July and August resulting is some periods of very low prices. Should these conditions persist the Company may choose to shut in some natural gas wells until prices improve to preserve well economics.

The Company expects recent improvement to operating and general and administrative costs to continue throughout 2017. Based on forecasted commodity prices of US$ 49.25/bbl WTI and CDN$ 2.50/GJ natural gas, Cequence expects funds flow from operations of $23 million for 2017.

(000's, except per share and per unit references)	Revised Guidance Year ended December 31, 2017	Original Guidance Year ended December 31, 2017
Average production, BOE/d (1)	8,500-8,700	9,000 - 9,200
Funds flow from operations ($)(2)	23,000	28,000 - 29,000
Funds flow from operations per share(2)	0.10	0.12
Capital expenditures, ($)	24,000	29,000
Operating and transportation costs ($/boe)	10.25	10.00
G&A costs ($/boe)	1.60	1.65
Royalties (% revenue)	8	8
Crude – WTI (US$/bbl)	49.25	50.00
Natural gas – AECO (CDN$/GJ)	2.50	2.75
Period end, net debt ($) (3)	65,000	64,000 - 65,000
Weighted average basic shares outstanding	245,500	245,500

(1) Average production estimates on a per boe basis are comprised of 85% natural gas and 15% oil and natural gas 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 is calculated as working capital (deficiency) less the aggregate principal amount of the senior notes.

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.

For further information contact:

Todd Brown, Chief Executive Officer, (403) 806-4049, tbrown@cequence-energy.com
David Gillis, Chief Financial Officer, (403) 806-4041, dgillis@cequence-energy.com

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, statements or information with respect to its guidance and outlook: business strategy and objectives; the Company's 2017 capital program and operational and drilling plans; transportation cost expectations; future production levels and productive capacity; G&A and operating costs expectations; bank review timing; the benefits to be derived from the Company's hedging program; funds flows; debt levels; and expected future oil and gas prices including marketing arrangements. 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.

Additional Advisories

"BOEs" or “barrels of oil equivalent”, a term commonly used in the oil & gas industry, may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet of gas: one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Within the MD&A references are made to terms commonly used in the oil and gas industry, including operating netback, cash netback, net debt, funds flow from(used in) operations and total revenue.

Operating netback is not defined by IFRS in Canada and is referred to as a non-GAAP measure. Operating netback equals per boe revenue less royalties, operating costs and transportation costs. Management utilizes this measure to analyze operating performance of its assets and operating areas, compare results to peers and to evaluate drilling prospects.

Cash netback is not defined by IFRS in Canada and is referred to as a non-GAAP measure. Cash netback equals operating netback less per boe general and administrative expenses and interest expense. Management utilizes this measure to analyze the Company’s per boe profitability for future capital investment or repayment of debt after considering cash costs not specifically attributable to its assets or operating areas.

Net debt is a non-GAAP measure that is calculated as working capital (deficiency) less the principal value of senior notes. For this calculation, Cequence uses the principal value of the senior notes rather than the carrying value on the statement of financial position as it reflects the amount that will be repaid upon maturity. Cequence uses net debt as it provides an estimate of the Company’s assets and obligations expected to be settled in cash.

Funds flow from (used in) operations is a non-GAAP term that represents cash flow from operating activities before adjustments for decommissioning liabilities expenditures and net changes in non-cash working capital. The Company evaluates its performance based on earnings and funds flow from (used in) operations. The Company considers funds flow from (used in) operations 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 (used in) operations may not be comparable to that reported by other companies. Funds flow from (used in) operations per share is calculated using the same weighted average number of shares outstanding used in the calculation of comprehensive income (loss) per share.*

Total revenue equals production revenue gross of royalties and including realized gain (loss) on commodity contracts. Management utilizes this measure to analyze revenue and commodity pricing and its impact on operating performance.

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