CEQUENCE ENERGY ANNOUNCES THIRD QUARTER FINANCIAL AND OPERATING RESULTS

CALGARY, November 10th, 2016 – Cequence Energy Ltd. ("Cequence" or the "Company") (TSX: CQE) is pleased to announce its operating and financial results for the three and nine month periods ended September 30, 2016. 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.

Third Quarter 2016 Highlights

Third quarter Company highlights and recent activities include:

- Achieved average third quarter production of 8,621 boe/d, an increase of 10 percent from the second quarter;
- Reduced Q3 2016 operating costs to $7.85/boe, a 29% decrease as compared to Q3 2015;
- Increased 2016 production guidance to 8,800 boe/d from 8,500 boe/d;
- Increased 2016 funds flow from operations guidance from $2 million to $8 million;
- Closed a disposition of tangible assets for proceeds of $5.1 million, prior to closing adjustments;
- In October, successfully completed a $10 million flow through share financing with proceeds being used to drill wells offsetting the strong 16-33-61-27W5 West Simonette Montney well. A two well pad has been licensed south west of 16-33; and
- Licensed two gross (1 net) Dunvegan oil wells in section 11-62-26W5 with spudding scheduled before year end.

(000's except per share and per unit amounts)	Three months ended September 30,			Nine months ended September 30,		
	2016	2015	% Change	**2016**	2015	% Change
FINANCIAL						
Production revenue	**14,071**	19,015	(26)	**40,746**	61,372	(34)
Total revenue[1]	**14,707**	19,383	(24)	**41,821**	64,779	(35)
Comprehensive loss	**(880)**	(99,070)	(99)	**(18,980)**	(103,487)	(82)
Per share – basic and diluted	**(0.00)**	(0.47)	(100)	**(0.09)**	(0.49)	(82)
Funds flow from operations [2][5]	**3,385**	5,139	(34)	**4,625**	20,704	(78)
Per share, basic and diluted	**0.02**	0.02	-	**0.02**	0.10	(80)
Capital expenditures, before acquisitions (dispositions)	**2,810**	4,656	(40)	**11,130**	47,086	(76)
Capital expenditures, including acquisitions (dispositions)	**(2,357)**	5,792	(141)	**5,890**	2,208	167
Net debt [3] [6]	**67,913**	53,633	27	**67,913**	53,633	27
Weighted average shares outstanding – basic and diluted	**211,028**	211,028	-	**211,028**	211,028	-
OPERATING						
Production volumes						
Natural gas (Mcf/d)	**44,320**	43,987	1	**45,562**	49,541	(8)
Crude oil (bbls/d)	**175**	199	(12)	**190**	138	38

Natural gas liquids (bbls/d)	**261**	485	(46)	**247**	534	(54)
Condensate (bbls/d)	**798**	807	(1)	**869**	984	(12)
Total (boe/d)	**8,621**	8,822	(2)	**8,899**	9,913	(10)
Sales prices						
Natural gas, including realized hedges ($/Mcf)	**2.28**	3.46	(34)	**2.05**	3.38	(39)
Crude oil and condensate, including realized hedges ($/bbl)	**53.78**	50.08	7	**51.00**	54.20	(6)
Natural gas liquids ($/bbl)	**24.09**	16.80	43	**20.89**	17.15	22
Total ($/boe)	**18.54**	23.88	(22)	**17.15**	23.94	(28)
Netback ($/boe)						
Price, including realized hedges	**18.54**	23.88	(22)	**17.15**	23.94	(28)
Royalties	**(0.80)**	(0.45)	78	**(0.44)**	(1.26)	(65)
Transportation	**(1.26)**	(1.63)	(23)	**(1.18)**	(1.84)	(36)
Operating costs	**(7.85)**	(11.03)	(29)	**(8.72)**	(9.13)	(4)
Operating netback	**8.63**	10.77	(20)	**6.81**	11.71	(42)
General and administrative (5)	**(2.49)**	(2.53)	(2)	**(3.08)**	(2.20)	40
Interest(4)	**(1.94)**	(2.06)	(6)	**(1.93)**	(1.91)	1
Cash netback	**4.20**	6.18	(32)	**1.80**	7.60	(76)

(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 nine months ended September 30, 2016, general and administrative expenses and funds flow from operations includes $410 ($0.52/boe) and $2,341 ($0.96/ boe) in restructuring charges, respectively.
(6) Prior period amounts have been adjusted to confirm to current period presentation.

Financial

Continued low natural gas prices resulted in funds flow from operations for the third quarter of $3.4 million. Realized sales prices of $18.54 /boe (including hedging) decreased 22 percent from the comparative period in 2015. Comprehensive loss for the third quarter was $0.9 million compared to a loss of $99.0 million for the same period in 2015 when the Company recorded impairment losses.

The Company incurred restructuring charges of $2.3 million in 2016 associated with the restructuring of the Company's management and a strategic reduction in Company staff concurrent with reduced drilling activity. The Company is beginning to realize costs savings from these measures as Q3 2016 G&A expenses, prior to restructuring charges, was $1.6 million representing a 25% decrease from prior year.

Third quarter operating costs improved to $7.85/boe, a decrease of 29 percent from the third quarter of 2015. The costs savings were achieved by managing several higher cost wells that were not economic at low natural gas prices and reducing key field expenses. The Company has engaged with its stakeholders to improve efficiency and reduce costs with a focus on chemical usage, trucking, equipment rentals, maintenance and water management.

Capital expenditures, net of dispositions, were ($2.4) million in the third quarter and $5.9 million year to date. In the third quarter, the Company disposed of a compression facility and pipelines at Simonette for total proceeds of $5.1 million. The Company has taken a cautious approach to capital spending in 2016 as commodity prices remain low, with a focus on cost reduction strategies.

The Company had $67.9 million in net debt at September 30, 2016 which is comprised of $60 million in senior notes carrying a five-year term (October 2018) and a working capital deficiency of $7.9 million.

On October 28, 2016, the Company successfully completed a $10 million CDE flow through share financing. With drilling operations expected to resume in November, the Company has a budgeted capital program through winter breakup of approximately $25 million. The Company expects to fund the capital program from funds flow from operations, proceeds of the recent financing and its senior credit facility.

Cequence has continued its efforts to protect its balance sheet with an active hedging program. Approximately 40 percent of its estimated 2017 natural gas production,, net of royalties is hedged at an average price of $2.70/GJ.

Operations and Production

Production averaged 8,621 boe/d in the third quarter and 8,899 boe/d year to date. As gas prices improved through the month of August, Cequence re-started wells at Simonette. Although production is affected by NGTL pipeline maintenance, Cequence estimates 2016 exit production rates to be approximately 8,500 to 8,800 boed.

As a result of its cost saving initiatives, Q3 operating costs decreased 29% from Q3 2015 to $7.85/boe. By focusing on specific drivers and working with key stakeholders, Cequence believes it has created a sustainable field cost structure that provides low cost incremental production additions. These cost initiatives have included: establishing an infield water disposal scheme, reducing tank and compressor rentals, reducing chemical treating requirements, and optimizing usage of field labour and maintenance programs.

Outlook

The Company has executed on its 2016 strategy to lower costs and protect its balance sheet. Lower costs combined with higher production have driven an increase in expected 2016 funds flow from operations to $8 million from $2 million. The Company restarted some shut in production with the improvement in commodity prices in the third quarter and is increasing 2016 annual production guidance to 8,800 boe/d.

The Company's Simonette Montney well at 16-33-61-27W5 continues its strong production performance with its Q3 exit production rate of approximately 780 boe/d (79% gas). This well has been exceeding the Company's internal estimation that it would be a 7 bcf model well. With the recently completed $10 million equity financing, two offsetting Montney wells have been licensed at 1-36-61-1W6 and 8-36-61-1W6. These wells are planned to be drilled and completed similarly to the 16-33 well with lateral lengths of approximately 3,000 m with a cemented coil shift frac system deploying 70+ sleeves. Cequence plans to spud the well pair in November. The Western Simonette area is characterized as having free field condensate rates of greater than 35 bbl/mmcf, gross overriding royalties of less than 3%, and low H2S treating requirements.

In addition to the planned Montney wells, two gross (one net) Dunvegan oil wells have been licensed in section 11-62-26W5M north of the successful 7-11-62-26W5 well. Cequence anticipates starting operations on this two well pad before the end of 2016.

The Company anticipates all the wells from the winter drilling program will be on production by the end of the first quarter and first half 2017 production is expected to increase to 9,000-9,500 boe/d. The Company will continue to emphasize cost control in its operations and is budgeting first half funds flow from operations of $11-12 million.

(000's, except per share and per unit references)	**May 2016 Guidance 2016**	**Revised Guidance 2016**	**Six Months Ended June 30, 2017**
Average production, BOE/d (1)	8,500	8,800	9,000-9,500
Funds flow from operations ($)(2) (4)	2,000	8,000	11,000-12,000
Funds flow from operations per share(2)	0.01	0.04	0.05
Capital expenditures, prior to dispositions ($)	14,000	22,000	15,500
Capital expenditures, net of dispositions ($)	7,000	17,000	15,500
Operating and transportation costs ($ per boe)	11.30	10.25	10.25
G&A costs ($) (4)	8,500	8,800	3,000
Royalties (% revenue)	6	4	8
Crude – WTI (US$/bbl)	43.00	43.50	50.00
Natural gas – AECO (Cdn$/GJ)	1.90	2.00	2.75
Period end, net debt ($) (3)	70,000	64,000	67,000-69,000
Weighted average basic shares outstanding	211,000	216,900	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.
(4) 2016 annual G&A costs include $2.3 million in restructuring charges.

Board of Director Change

As a result of increasing time commitments from his other ventures, Mr. Robert C. Cook resigned from the Cequence Board of Directors effective November 10th, 2016. Mr. Cook has served on the Cequence board since the merger with Temple in 2010. We want to thank Mr. Cook for his dedication and the guidance he provided to Cequence Energy and wish him all the best in his future endevours.

The Board of Directors is pleased to announce the appointment of Todd Brown to the Board of Directors effective November 10, 2016.

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, statements or information with respect to its guidance and outlook: business strategy and objectives; the Company's capital spending plans; future production levels and productive capacity; operations and drilling plans; expected cost savings; funds flows; hedging strategy and the execution thererof; debt levels; and expected future oil and gas prices. 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

The press release contains references to terms commonly used in the oil and gas industry.

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 term 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.

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 nine months ended September 30, 2016 the ratio between the average price of West Texas Intermediate ("WTI") crude oil at Cushing and NYMEX natural gas was approximately 18:1 ("Value Ratio"). The Value Ratio is obtained using the first nine months of 2016 WTI average price of $41.27 (US$/Bbl) for crude oil and the first nine months 2016 NYMEX average price of $2.34 (US$/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.