NEWS RELEASE

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CEQUENCE ENERGY INC. ANNOUNCES INVESTMENT BY CPPIB CREDIT INVESTMENTS INC., AND PROVIDES OPERATIONAL UPDATE AND REVISED GUIDANCE

CALGARY, ALBERTA, October 3, 2013, Cequence Energy Inc. ("Cequence" or the "Company") (TSX: CQE) is pleased to announce that it has entered into definitive documentation and expects to complete later today a transaction (the "Transaction") with CPPIB Credit Investments Inc., ("CII"), a wholly-owned subsidiary of Canada Pension Plan Investment Board ("CPPIB"), for an initial investment by CII of $60 million in unsecured five year notes (the "Notes") with a further $60 million of notes available at a future date, subject to the approval of both CII and Cequence on terms to be confirmed at the time of issuance. In addition, Cequence has granted CII 3.0 million warrants to purchase common shares (the "Warrants"). The investment will allow Cequence to capitalize on its recent successes at Simonette and accelerate the development of this project.

Paul Wanklyn, the President & CEO of Cequence, commented that "We are extremely pleased to have executed this investment transaction with CPPIB. The Notes are expected to provide us with liquidity and financial flexibility which will allow us to prudently accelerate the development of our world class Simonette project in the Deep Basin. We are very pleased to have CPPIB as a strategic financial partner in assisting us to achieve this growth without unduly diluting shareholders, who will benefit from this accelerated development. We believe that the Notes are an important and appropriate step in capitalizing Cequence as a larger, more self-sustaining exploration and development company."

The Notes carry a 9% coupon rate and were issued at par. The Notes, which have make whole and other change of control provisions, have been issued pursuant to a trust indenture with a Canadian trust company (the "Indenture"), which will be available under the Company's profile on SEDAR at www.sedar.com. The Indenture contains certain covenants regarding the incurrence of additional debt, the creation of liens in connection with indebtedness, dividends and other distributions, asset sales and other matters, and customary events of default. The Warrants will expire on October 3, 2020 and were issued with an exercise price of $2.03 which was based at a 30 percent premium to the 30 trading day volume weighted average trading price of the Cequence common shares on the TSX ending on the day immediately preceding the closing date.

The proceeds from the Notes issuance will be used for non-permanent repayment of indebtedness, capital expenditures and general corporate purposes. The Company's credit facility borrowing base has been re-determined and is now $120 million and will be undrawn after giving effect to the issuance of the Notes. The majority of the Company's capital expenditures are discretionary and can be adjusted upwards or downwards in light of prevailing market conditions.

With respect to the Transaction, Peters & Co. Limited acted as financial advisor to Cequence and Cormark Securities Inc., GMP Securities LP and CIBC World Markets acted as strategic advisors to Cequence.

Guidance

The financial flexibility afforded by the Notes will allow Cequence to accelerate the development of the Company's development of its Simonette project beginning in the fourth quarter of 2013. Capital expenditures are budgeted to increase by $13 million to $110 million for 2013 with an additional 3.0 (2.5 net) wells scheduled to be drilled prior to year end. Average 2013 production guidance for the year will not be affected as Cequence does not expect the additional wells to be producing before year end. The 2013 exit production rate is expected to increase to 12,000 boepd. The Company currently has two rigs operating at Simonette and one non-operated rig drilling at Ansell.

Capital expenditures for 2014 are budgeted to be $120 million which the Company expects will increase average production to approximately 13,500 to 14,000 boepd, representing approximately 40 percent growth over guidance provided earlier in the year. The capital program will consist of 11.0 Montney wells at Simonette, 1.0 Wilrich well at Simonette and 4.0 (2.0 net) Wilrich wells at Ansell.

Cequence is pleased to provide the following updated guidance for 2013 and 2014:

	2013	**2014**
Average production, BOE/d [1]	10,000	13,500 - 14,000
Average production per share[2]	47	65
Exit production, BOE/d	12,000	15,000
Funds flow from operations ($)[3]	$50 million	$85 million
Funds flow from operations per share	$0.24	$0.39
Capital expenditures ($)	$110 million	$120 million
Wells drilled	16(13.8)	16(14)
Operating costs ($ per boe)	$7.00	$6.85
Royalties (% revenue)	9	8
Crude – WTI (US$/bbl)	$95.75	$95.75
Natural gas – AECO (Cdn$/GJ)	$3.00	$3.50
December 31, net debt and working capital deficiency ($) [4]	$110 million	$145 million
Basic shares outstanding	211 million	211 million

Notes:
(1) Average production estimates on a per BOE basis are comprised of 85% natural gas and 15% oil and natural gas liquids.
(2) Calculated as average production per million shares.
(3) 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.
(4) Net debt and working capital (deficiency) is calculated as cash and net working capital less commodity contract assets and liabilities, demand credit facilities and the aggregate principal amount of the Notes and excluding other liabilities.

Cequence will remain disciplined in its approach to capital spending and intends to manage its balance sheet accordingly. To protect against fluctuating commodity prices Cequence anticipates increasing its existing hedge positions. Currently, Cequence has hedged approximately 50% of its remaining 2013 natural gas production volumes at an average price of $3.63 per mcf and 27% of its 2014 natural gas production volumes net of royalties at an average price of $4.06 per mcf.

About CPPIB Credit Investments Inc.:

CPPIB Credit Investments Inc. is a multi-faceted global credit investment program wholly owned by Canada Pension Plan Investment Board (CPPIB). Since its inception, the group has invested approximately C$11.0 billion of capital. With investments in the Americas, Europe and Asia, the team is focused on providing debt financing across the entire capital structure including term loans, high-yield bonds, mezzanine lending and other solutions for corporations.

CPPIB is a professional investment management organization that invests the funds not needed by the Canada Pension Plan (CPP) to pay current benefits on behalf of 18 million Canadian contributors and beneficiaries. In order to build a diversified portfolio of CPP assets, CPPIB invests in public equities, private equities, real estate, infrastructure and fixed income instruments. Headquartered in Toronto, with offices in London and Hong Kong, CPPIB is governed and managed independently of the Canada Pension Plan and at arm's length from governments. At June 30, 2013, the CPP Fund totalled C$188.9 billion. For more information about CPPIB, please visit www.cppib.com.

About Cequence

Cequence is a publicly traded Canadian energy company involved in the exploration, exploitation, acquisition, 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.

An updated corporate presentation is available on the Company's website at www.cequence-energy.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 concerning Cequence in this press release may include, but are not limited to, statements or information with respect to: expected timing of closing; use of proceeds; guidance, forecasts and related assumptions; capital spending; hedging objectives and positions; business strategy and objectives; drilling, development, exploration, operational acquisition and disposition plans and the timing, associated costs and results thereof; future net debt and funds flow; commodity pricing and expected royalties; future production levels, including the composition thereof. 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. 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: 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 or exploration; the timing and costs of operating the Company's business; 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.

Additional Advisories

The press release contains references to terms commonly used in the oil and gas industry. Netback is not defined by IFRS in Canada and is referred to as a non-GAAP measure. Netbacks equal total revenue less royalties, operating costs and transportation costs. Management utilizes this measure to analyze operating performance.

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

The foregoing outlook and guidance has been provided to assist readers in analyzing the Company's anticipated development strategies and prospects and it may not be appropriate for other purposes and actual results could differ from the guidance provided above. Cequence refers to initial production rates which may not be indicative of long term well performance.

Additional Advisories

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 the second quarter of 2013, the ratio between the average price of West Texas Intermediate ("WTI") crude oil at Cushing and NYMEX natural gas was approximately 25:1 ("Value Ratio"). The Value Ratio is obtained using the first half 2013 WTI average price of $94.22 (US$/Bbl) for crude oil and the first half 2013 NYMEX average price of $3.75(US$/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.