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CALGARY, May 15, 2015 /CNW/ - [Questerre Energy Corp.](#) ("Questerre" or the "Company") (TSX,OSE:QEC) reported today on its financial and operating results for the quarter ended March 31, 2015.

Michael Binnion, President and Chief Executive Officer, commented, "With the sustained decline in commodity prices we executed on a cost reduction strategy in the first quarter of this year. We implemented a restricted capital budget for the Montney. It included the expansion of our central facility and the completion of extended-reach horizontal wells with new techniques. Initial results from these new techniques are positive and we plan to use them for future wells. We also made a new oil pool discovery in the Halfway formation."

Highlights

- Encouraging initial results from one and a half mile horizontal wells with enhanced completion design at Kakwa-Resthaven area
- Expansion of joint venture facility underway to increase nameplate capacity to 30 MMcf/d plus liquids
- Red Leaf and Total to defer capsule construction to 2017 and advance optimization of capsule design for commercial development in the interim
- Average daily production of 1,257 boe/d with cash flow from operations of \$1.29 million for the quarter

Updating developments on its oil shale assets, he further added, "The timeline for first oil from the EcoShale capsule being built by Red Leaf and Total has been set back, likely by two years. The joint venture plans to use this delay to incorporate upgrades in the design. It is anticipated this work could reduce the EcoShale production costs during full commercial development to the US\$30/bbl to US\$40/bbl as originally estimated by Red Leaf."

The Company reported that production from the Kakwa Resthaven area averaged 819 boe/d (2014: 474 boe/d) and contributed to daily production of 1,257 boe/d for the Company during the first quarter of 2015 (2014: 1,133 boe/d). Notwithstanding condensate representing just under half of the production volumes from Kakwa, lower oil prices materially impacted revenue and cash flow in 2015. Cash flow from operations for the quarter was \$1.29 million (2014: \$5.54 million) with an average sales price of \$36.50/boe (2014: \$85/boe). The Company reported a net loss of \$0.56 million for the quarter compared to a profit of \$1.18 million for the prior year.

Capital investment in the quarter was approximately \$8.2 million. Over 90% of the capital was directed to the Montney for the completion of existing wells and the expansion of infrastructure including the central facility on its joint venture acreage. The Company anticipates it will incur an incremental \$6 million on these assets over the remainder of this year.

Questerre also reported today that Peder Paus, will retire as Chairman of the Board and step down from the board of directors at the Company's Annual General Meeting to be held in Calgary on June 9, 2015. Mr. Paus is a founding shareholder of the Company and has been instrumental to the Company's development since inception. Subject to shareholder approval, the Company plans to appoint Bjorn Inge Tonnessen, as Chairman of the Company. Mr. Tonnessen has been a director of the Company since 2007.

Mr. Binnion commented, "Mr. Paus has been integral to Questerre's success, working closely with management over the years. From raising the initial capital for the Company to diversifying the Company's portfolio after the moratorium in Quebec, he has played an active role in the Company's development. As he begins his retirement, we wish him the best of luck in his future endeavors." He added, "With our strong shareholder base in Norway, we are very pleased to have Mr. Tonnessen assume the role of Chairman."

The term "cash flow from operations" is a non-IFRS measure. Please see the reconciliation elsewhere in this press release.

[Questerre Energy Corp.](#) is leveraging its expertise gained through early exposure to shale and other non-conventional reservoirs. The Company has base production and reserves in the tight oil Bakken/Torquay of southeast Saskatchewan. It is bringing on production from its lands in the heart of the high-liquids Montney shale fairway. It is a leader on social license to operate issues for its Utica shale gas discovery in the St. Lawrence Lowlands, Quebec. In conjunction with a supermajor, it is at the leading edge of commercializing a proven process to unlock the massive resource potential of oil shale.

Questerre is a believer that the future success of the oil and gas industry depends on a balance of economics, environment and society. We are committed to being transparent and are respectful that the public must be part of making the important choices for our energy future.

This media release contains certain statements which constitute forward-looking statements or information ("forward-looking statements") including the initial results from the first extended reach horizontals, plans to use the new completion techniques

on future wells, the anticipated delay in the construction of the first commercial scale capsule, the potential realization of production costs of US\$30/bbl to US\$40/bbl for the EcoShale process and the anticipation the Company will incur an incremental \$7 million in capital expenditures over the remainder of 2015. Although Questerre believes that the expectations reflected in our forward-looking statements are reasonable, our forward-looking statements have been based on factors and assumptions concerning future events which may prove to be inaccurate. Those factors and assumptions are based upon currently available information available to Questerre. Such statements are subject to known and unknown risks, uncertainties and other factors that could influence actual results or events and cause actual results or events to differ materially from those stated, anticipated or implied in the forward-looking statements. As such, readers are cautioned not to place undue reliance on the forward looking information, as no assurance can be provided as to future results, levels of activity or achievements. The risks, uncertainties, material assumptions and other factors that could affect actual results are discussed in our Annual Information Form and other documents available at www.sedar.com. Furthermore, the forward-looking statements contained in this document are made as of the date of this document and, except as required by applicable law, Questerre does not undertake any obligation to publicly update or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.

This news release is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States or to or for the account or benefit of US persons (as such terms are defined in Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act")), absent registration or an exemption from registration. The securities offered have not been and will not be registered under the U.S. Securities Act or any state securities laws and, therefore, may not be offered for sale in the United States, except in transactions exempt from registration under the U.S. Securities Act and applicable state securities laws. This news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.

Barrel of oil equivalent ("boe") amounts may be misleading, particularly if used in isolation. A boe conversion ratio has been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil and the conversion ratio of one barrel to six thousand cubic feet is based on an energy equivalent conversion method application at the burner tip and does not necessarily represent an economic value equivalent at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalent of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

This press release contains the terms "cash flow from operations" which is a non-IFRS term. Questerre uses these measures to help evaluate its performance.

As an indicator of Questerre's performance, cash flow from operations should not be considered as an alternative to, or more meaningful than, cash flows from operating activities as determined in accordance with IFRS. Questerre's determination of cash flow from operations may not be comparable to that reported by other companies. Questerre considers cash flow from operations to be a key measure as it demonstrates the Company's ability to generate the cash necessary to fund operations and support activities related to its major assets.

For the quarter ended March 31,	2015	2014
(\$ thousands)		
Cash flows from operating activities	\$ 2,220	\$ 3,575
Net change in non-cash operating working capital	(935)	1,967
Cash flows from operations	\$ 1,285	\$ 5,542

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