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CALGARY, May 12, 2016 /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, 2016.

Michael Binnion, President and Chief Executive Officer, commented, "We continue to manage our reduced capital program with the goal of maintaining reserves and preserving our liquidity. During the first quarter, we participated in drilling two (0.5 net) wells on our Kakwa joint venture acreage. All in costs, on a per metre of horizontal drilled basis, are approximately 20% lower than last year, improving our returns in the current environment. We plan only to selectively participate in future wells depending on commodity prices and liquidity."

Highlights

- Participated in two (0.5 net) one and a half mile horizontal wells at Kakwa-Resthaven
- Quebec Government publishes new energy policy supporting exploitation of local oil and gas
- Commenced evaluation of retorting technologies for Jordan oil shale project
- Average daily production of 1,538 boe/d with cash flow from operations of $1.74 million for the quarter

Commenting on developments in Quebec, he noted, "Just after the quarter end, the Government of Quebec published their new energy policy. Later than anticipated, but as we expected, it allows for the exploitation of local oil and gas in the province. This is a major step forward for our gas discovery. It lays the groundwork for the new hydrocarbon legislation which should be released before this summer."

Updating developments on its oil shale assets, he further added, "We also invested very limited capital to appraise our oil shale project in Jordan which could have the right scale and rock properties. While Red Leaf re-engineers their capsule design to be economic at US$55-$60/bbl, we are testing our shale under two commercial retorting processes."

The Company reported that production from the Kakwa-Resthaven area averaged 1,159 boe/d (2015: 819 boe/d) and contributed to daily production of 1,538 boe/d for the Company during the first quarter of 2016 (2015: 1,257 boe/d). The decline in commodity prices in the quarter was mainly offset by the increased production volumes resulting in gross revenue declining just over 2% to $4.03 million. Lower general and administrative expenses and realized gains on hedged volumes contributed to cash flow from operations of $1.74 million in the quarter (2015: $1.26 million). The Company reported a net loss of $0.33 million for the quarter compared to a loss of $0.66 million for the prior year.

Capital investment declined by just under 50% from $8.2 million last year to $4.2 million in 2016. Consistent with prior quarters, over 80% of this amount was for the Kakwa-Resthaven area. The Company anticipates incremental investment in this area in 2016 could be up to $7 million.

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. It is pursuing oil shale projects with the aim of commercially developing these massive resources.

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.

Advisory Regarding Forward-Looking Statements

This media release contains certain statements which constitute forward-looking statements or information ("forward-looking statements") including the selective participation in future wells in the Kakwa-Resthaven area, the belief that the new energy policy in Quebec is a major step forward for the Company's gas discovery, the anticipated release of the new hydrocarbon legislation before this summer, the belief that the Company's project in Jordan could have the right scale and rock and the anticipation that incremental capital investment in the Kakwa-Resthaven area could be up to $7 million.

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.

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" and "working capital deficit" which are non-GAAP terms. 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 GAAP. 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 three months ended March 31,	2016	2015
($ thousands)		
Net cash from operating activities	1,699	2,220
Interest paid (received)	147	(5)
Net change in non-cash operating working capital	(106)	(953)
Cash flows from operations	1,740	1,262

Working capital surplus (deficit) is a non-GAAP measure calculated as current assets less current liabilities excluding risk management contracts.

SOURCE Questerre Energy Corp.

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