

CALGARY, Feb. 23, 2017 /CNW/ - [Questerre Energy Corp.](#) ("Questerre" or the "Company") (TSX,OSE:QEC) reported today on its fourth quarter 2016 results and preliminary financial and operating results for the year ended December 31, 2016. The Company also reported certain results of its December 31, 2016 Reserves Assessment and Evaluation of its oil and natural gas properties, as evaluated by McDaniel & Associates Consultants Ltd. ("McDaniel") with an effective date of December 31, 2016, prepared in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101 &ndash; Standards of Disclosure for Oil and Gas Activities (the "Report").

Michael Binnion, President and Chief Executive Officer, commented, "Despite a challenging start, 2016 turned out to be very good year. The passage of modern hydrocarbon legislation in Quebec after six years of public consultations and studies was a huge breakthrough. The updated Quebec resource assessment including the assignment of economic contingent resources supports the significant economic potential of our acreage."

He added, "We also saw positive results in the Montney. Although we selectively participated in new wells to preserve liquidity last year, the results from longer wells with improved completions have contributed to an improvement in our type curves. Our proved and probable EUR (expected ultimate recovery) for new locations, as estimated in the Report, has increased to 1.01 MMBoe from 0.93 MMBoe last year. The results adjacent to our operated acreage at Kakwa North were also very encouraging. They have resulted in additional locations being booked on both our operated and non-operated acreage."

He further added, "Based on these results, we plan to participate in up to 8 (2.0 net) additional wells at Kakwa in 2017. In Quebec, we are looking forward to the introduction of the new environmental law and the hydrocarbon regulations. We also plan to continue our step by step approach with a focus on local acceptability."

#### 2016 Highlights

- Quebec government endorses new hydrocarbon legislation
- Quebec resource assessment includes best estimate of risked economic contingent resources of 314 Bcf (52 million boe) with a risked NPV-10 of \$424 million<sup>(1)</sup>
- Jordan resource assessment best estimate of discovered petroleum initially in place of between 7.8 billion barrels to 12.2 billion barrels<sup>(1)</sup>
- Corporate total proved plus probable reserves of 15.78 MMBoe with a before income tax NPV-10% of \$155.59 million
- Adjusted funds flow from operations of \$7.05 million with average daily production of 1,373 boe/d for the year

<sup>(1)</sup>For more information regarding the resource assessments, please see the Company's press releases dated October 27, 2016 and February 8, 2017. There is no certainty that it will be commercially viable to produce any portion of the resources.

Commenting on the Company's oil shale assets, he noted, "The updated resource assessment for our oil shale acreage in Jordan confirmed the existence of a significant deposit. Our focus this year is to assess the feasibility of commercially developing this acreage using well established technologies."

Regarding the Company's 2016 year-end reserve assessment he added, "Corporate total proved plus probable gross reserves grew by over 20% or 3.4 MMBoe from 12.92 MMBoe to 15.78 MMBoe, net of production during the year. This growth has been entirely in the Montney which currently represents approximately 90% of our total reserves. The before tax NPV-10% estimated for the corporate proved and probable reserves using McDaniel's year-end 2016 price forecast is \$155.59 million."

For the year ended December 31, 2016, the Company reported adjusted funds flow from operations of \$7.05 million (2015: \$9.78 million) and \$1.94 million for the fourth quarter (2015: \$2.27 million). Production averaged 1,373 boe/d for the year (2015: 1,582 boe/d) with a 58% oil and liquids weighting unchanged from the prior year and 1,261 boe/d for the fourth quarter (2015: 1,648 boe/d). As at December 31, 2016, the Company reported a working capital deficit of \$17.02 million (2015: \$21.48 million).

For the year ended December 31, 2016, the Company reported net income before taxes of \$0.61 million (2015: loss of \$71.41 million). The net income before taxes for 2016 includes the reversal of the impairment charge of \$23.5 million incurred in 2015 relating to its Quebec assets in light of the passage of the hydrocarbon legislation in the province and its updated resource assessment. In 2015, the Company incurred an impairment charge of \$69.62 million reflecting write-downs in the value of its investment in Red Leaf and impairments in the carrying value of its producing assets and exploration and evaluation assets due to, among other factors, commodity prices.

The Company also reported on the status of its credit facility review that was conducted in the fourth quarter of 2016. The lender has advised that the primary credit facility will be renewed at \$23 million from \$25 million. The facility will include a \$22.9 million

revolving operating demand facility ("Credit Facility A"). Credit Facility A can be used for general corporate purposes, ongoing operations, capital expenditures within Canada, and acquisition of petroleum and natural gas assets within Canada.

In accordance with the requirements of National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities of the Canadian Securities Administrators, the Company anticipates filing its Annual Information Form that includes more detailed disclosure relating to petroleum and natural gas activities for the 2016 fiscal year at the end of March 2017 as set out in the Report.

## SUMMARY OF OIL AND GAS RESERVES

as of December 31, 2016

### FORECAST PRICES AND COSTS

RESERVES CATEGORY	LIGHT AND MEDIUM CRUDE OIL		CONVENTIONAL NATURAL GAS		SHALE GAS		NATURAL GAS LIQUIDS	
	Gross <sup>(1)</sup>	Net <sup>(2)</sup>	Gross <sup>(1)</sup>	Net <sup>(2)</sup>	Gross <sup>(1)</sup>	Net <sup>(2)</sup>	Gross <sup>(1)</sup>	Net <sup>(2)</sup>
	(Mbbbl)	(Mbbbl)	(MMcft)	(MMcft)	(MMcft)	(MMcft)	(Mbbbl)	(Mbbbl)
Proved								
Developed Producing	705.0	669.2	332.9	317.5	3,862.3	3,585.9	747.6	576.0
Developed Non-Producing	56.1	46.6	293.1	261.5	813.5	743.3	173.1	138.4
Undeveloped	296.4	280.9	-	-	16,836.0	15,062.0	3,288.6	2,712.6
Total Proved	1,057.4	996.7	626.0	579.0	21,511.8	19,391.2	4,209.4	3,427.0
Probable	398.9	375.1	258.2	232.4	20,705.2	18,583.1	2,936.1	2,285.8
Total Proved Plus Probable	1,456.3	1,371.9	884.2	811.4	42,217.0	37,974.3	7,145.5	5,712.8

(1) Gross reserves are working interest reserves before royalty deductions.

(2) Net reserves are working interest reserves after royalty deductions plus royalty interest reserves.

## SUMMARY NET PRESENT VALUES OF FUTURE NET REVENUE

as of December 31, 2016

### FORECAST PRICES AND COSTS

RESERVES CATEGORY	BEFORE INCOME TAXES DISCOUNTED AT					AFTER INCOME TAXES DISCOUNTED AT				
	(%/YEAR)					(%/YEAR)				
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%
	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)
Proved										
Developed Producing	61.3	48.9	40.5	34.6	30.3	61.3	48.9	40.5	34.6	30.3
Developed Non-Producing	9.9	8.3	7.3	6.5	5.9	9.9	8.3	7.3	6.5	5.9
Undeveloped	95.7	58.0	35.1	20.5	10.8	95.7	58.0	35.1	20.5	10.8
Total Proved	166.9	115.2	82.8	61.6	47.1	166.9	115.2	82.8	61.6	47.1
Probable	156.7	103.1	72.8	54.1	41.7	140.8	95.9	69.3	52.3	40.8
Total Proved Plus Probable	323.6	218.3	155.6	115.7	88.8	307.7	211.1	152.1	113.9	87.9

### SUMMARY OF PRICE FORECASTS

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
AECO Spot Price (\$C/MMBtu)	3.40	3.15	3.30	3.60	3.90	3.95	4.10	4.25	4.30
Edmonton Light Crude Oil (\$C/bbl)	69.80	72.70	75.50	81.10	86.60	88.30	90.00	91.80	93.70

[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 significant 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 news release contains certain statements which constitute forward-looking statements or information ("forward-looking statements") including its estimated future net revenues, the Company's drilling plans at Kakwa in 2017, the introduction of new environmental and hydrocarbon laws and regulations in Quebec, the Company's focus on obtaining social acceptability in Quebec, its plans to assess the feasibility of commercial development in Jordan and the filing of an Annual Information Form. In

addition, statements relating to reserves and resources are deemed to be forward-looking information as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated and can be profitably produced in the future.

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](http://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.

All evaluations and reviews of future net revenue are stated prior to any provision for interest costs or general and administrative costs and after the deduction of estimated future capital expenditures for wells to which reserves have been assigned. The estimated future net revenue from the production of disclosed oil and gas reserves does not represent the fair market value of the Company's reserves. There is no assurance that such price and cost assumptions will be attained and variances could be material. The recovery and reserve estimates of crude oil, NGLs and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered.

Actual light and medium crude oil, shale gas and natural gas liquids reserves may be greater than or less than the estimates provided herein. All of the Company's light and medium crude oil, shale gas and natural gas liquids reserves are located in Canada.

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.

The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

This press release contains the terms "adjusted funds 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, adjusted funds flow from operations should not be considered as an alternative to, or more meaningful than, cash flow from operating activities as determined in accordance with GAAP. Questerre's determination of adjusted funds flow from operations may not be comparable to that reported by other companies. Questerre considers adjusted funds 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.

	Quarter Ended December 31		Year Ended December 31	
	2016	2015	2016	2015
(\$ thousands)				
Cash flow from operating activities	2,701	1,783	6,719	8,957
Interest paid	328	122	912	225
Net change in non-cash operating working capital (1,086)		364	(586)	596
Adjusted funds flows from operations	1,943	2,269	7,045	9,778

Working capital surplus (deficit) is a non-GAAP measure calculated as current assets less current liabilities excluding the current portion of the share based compensation liability and risk management contracts.

Contact  
[Questerre Energy Corp.](http://QuesterreEnergyCorp.com), Jason D'Silva, Chief Financial Officer, (403) 777-1185 | (403) 777-1578 (FAX) | Email:  
info@questerre.com