Questerre engages Hatch for engineering on Jordan oil shale project

06.04.2018 | GlobeNewswire

THIS NEWS RELEASE IS NOT FOR DISSEMINATION OR DISTRIBUTION IN THE UNITED STATES OF AMERICA TO UNITED STATES NEWSWIRE SERVICES OR UNITED STATES PERSONS

CALGARY, Alberta, April 06, 2018 (GLOBE NEWSWIRE) -- Questerre Energy Corp. (“Questerre” or the “Company”) (TSX:QEC) (OSE:QEC) reported on the progress of the internal feasibility study for its oil shale project in Jordan.

The Company has recently engaged Hatch Ltd. (“Hatch”), a global engineering firm, to integrate and support its internal work on the technical and economic feasibility of this project.

Michael Binnion, President and Chief Executive Officer, commented, “This is an important milestone. Our preliminary feasibility work has been completed. It has not identified any red flags or unexpected technical challenges. It also suggests this project could be economic at today’s oil prices. We are looking forward to the results of the Hatch integration study later this summer to endorse our internal work.”

Commenting on next steps Mr. Binnion added, “Depending on the results of this integration study, we would move to pre-FEED engineering. These results and the subsequent pre-FEED and FEED engineering will form part of the proposed work program for the pre-development phase of a future concession agreement with the Jordanian government.”

Earlier this year, the Company completed a review of the last of its nine studies covering all four aspects of the production of crude oil from its project in Jordan. These include mining and feed preparation, retorting, power, including utilities and infrastructure, and marketing and refining. The studies were completed by independent engineering firms including Hatch to develop technical and cost-effective solutions for these processes. Due to the size of the existing Jordanian refining infrastructure and the market for crude products in Jordan, the Company has included the costs to upgrade the produced crude oil to finished products including gasoline and diesel. Hatch completed four of the nine studies and will integrate all the studies into an independent assessment. The design basis for this assessment will be an initial project capable of sustaining production of 50,000 bbls/d.

The feasibility study follows the assessment of the oil shale resource completed by an independent qualified resource evaluator, Millcreek Mining Group, in accordance with National Instrument 51-101 – *Standard*

DPIIP was the most specific assignable category of resources at the time of the Resource Assessment given the preliminary nature of the Resource Assessment, the nature of recovery of the hydrocarbons by means of mining and retorting and that a program of work to determine commercial viability using established technology had not yet been completed. In addition, as a result of the preliminary nature of the Resource Assessment, it did not contain any estimates regarding the timing or cost to obtain commercial development. The accuracy of resource estimates is, in part, a function of the quality and quantity of available data and of engineering and geological interpretation and judgment. Given the data available at the time the Resource Assessment was prepared, the estimates presented therein are considered reasonable. The availability of additional data and analysis, after the date of the estimates, may necessitate revisions. These revisions may be material. There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

For more information, including without limitation a description of the Jordan oil shale project, the low and high estimates and the significant positive and negative factors in respect of the resource estimates, please

see the Company’s press release dated October 27, 2016 and its Annual Information Forms available on the Company’s website at www.questerre.com and SEDAR at www.sedar.com.

Hatch Ltd. is a leading global consulting, engineering, technology, information systems and project management organization. Hatch has an extensive and major client base with a project portfolio exceeding C$40 billion. Hatch provides a full range of technology driven, valued added solutions and services to clients in the mining, minerals, metals, manufacturing, infrastructure and energy sectors.

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.

For further information, please contact:

Questerre Energy Corp.
Jason D’Silva, Chief Financial Officer
(403) 777-1185 | (403) 777-1578 (FAX) |Email: info@questerre.com

Advisory Regarding Forward-Looking Statements

This news release contains certain statements which constitute forward-looking statements or information (“forward-looking statements”) including the discovery of resources in respect of the Jordan oil shale project and the commercial viability of producing any resources so discovered, the Company’s opinion that its preliminary feasibility work has not identified any unexpected technical challenges, that preliminary feasibility work suggests the project could be economic at current oil prices, the Company’s expectations of the timing and results from the Hatch integration study, the timing and decision to proceed to pre-FEED and FEED engineering, the Company’s plans to include this in the pre-development phase of a future concession agreement with the Jordanian government and its plans to apply for this concession agreement.

Forward-looking statements are based on a number of material factors, expectations or assumptions of Questerre which have been used to develop such statements and information, but which may prove to be incorrect. Although Questerre believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them because Questerre can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. The Company choose to base their study on a 50,000 barrel per day project, as that is the amount of production required to justify the cost of upgrading the product produced by the Company, such cost being factored into such feasibility study. There is nothing to indicate that this level of production will actually be achieved in respect of the Jordan oil shale project, as there is no history of production and no reserves have been attributed to such property. Although the Company believes that this assumption is reasonable in light of the current information available to it at this time, there is a significant risk that such level of production will not be achieved and that the estimated total capital and operating costs set forth above will not be achieved.

Further, events or circumstances may cause actual results to differ materially from those predicted as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company, including, without limitation: whether the Company's exploration and development activities respecting its prospects will be successful or that material volumes of petroleum and natural gas reserves will be encountered, or if encountered can be produced on a commercial basis; the ultimate size and scope of any hydrocarbon bearing formations on its lands; that drilling operations on its lands will be successful such that further development activities in these areas are warranted; that Questerre will continue to conduct its operations in a manner consistent with past operations; results from drilling and development

activities will be consistent with past operations; the general stability of the economic and political environment in which Questerre operates; drilling results; field production rates and decline rates; the general continuance of current industry conditions; the timing and cost of pipeline, storage and facility construction and expansion and the ability of Questerre to secure adequate product transportation; future commodity prices; currency, exchange and interest rates; regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Questerre operates; and the ability of Questerre to successfully market its oil and natural gas products; changes in commodity prices; changes in the demand for or supply of the Company's products; unanticipated operating results or production declines; changes in tax or environmental laws, changes in development plans of Questerre or by third party operators of Questerre's properties, increased debt levels or debt service requirements; inaccurate estimation of Questerre's oil and gas reserve and resource volumes; limited, unfavourable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time-to-time in Questerre's public disclosure documents. Additional information regarding some of these risks, expectations or assumptions and other factors may be found under in the Company's Annual Information Form for the year ended December 31, 2017 and other documents available on the Company’s profile at www.sedar.com. The reader is cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements contained in this news release are made as of the date hereof and Questerre undertakes no obligations to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Resource Definitions

Resources encompasses all petroleum quantities that originally existed on or within the earth's crust in naturally occurring accumulations, including Discovered and Undiscovered (recoverable and unrecoverable) plus quantities already produced. "Total resources" is equivalent to "Total Petroleum Initially In Place". Resources are classified in the following categories:

Total Petroleum Initially In Place ("TPIIP") is that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered.

Discovered Petroleum Initially In Place ("DPIIP") is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of discovered petroleum initially in place includes production, reserves, and Contingent Resources; the remainder is unrecoverable.

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development but which are not currently considered to be commercially recoverable due to one or more contingencies. Economic Contingent Resources (“ECR”) are those contingent resources that are currently economically recoverable.

Undiscovered Petroleum Initially In Place ("UPIIP") is that quantity of petroleum that is estimated, on a given date, to be contained in accumulations yet to be discovered. The recoverable portion of undiscovered petroleum initially in place is referred to as "prospective resources" and the remainder as "unrecoverable."

Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development.

Unrecoverable is that portion of DPIIP and UPIIP quantities which is estimated, as of a given date, not to be recoverable by future development projects. A portion of these quantities may become recoverable in the future as commercial circumstances change or technological developments occur; the remaining portion may never be recovered due to the physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks. Uncertainty Ranges are described by the Canadian Oil and Gas Evaluation Handbook as low, best, and high estimates for reserves and resources as follows:

Low Estimate: This is considered to be a conservative estimate of the quantity that will actually be recovered.

It is likely that the actual remaining quantities recovered will exceed the low estimate. If probabilistic methods are used, there should be at least a 90 percent probability (P90) that the quantities actually recovered will equal or exceed the low estimate.

Best Estimate: This is considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

High Estimate: This is considered to be an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10 percent probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

Certain resource estimate volumes disclosed herein are arithmetic sums of multiple estimates of DPIIP, which statistical principles indicate may be misleading as to volumes that may actually be recovered. Readers should give attention to the estimates of individual classes of resources and appreciate the differing probabilities of recovery associated with each class as explained under this *Resource Definitions* section.