

Questerre reports third quarter 2018 results

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CALGARY, Nov. 15, 2018 - [Questerre Energy Corp.](#) ("Questerre" or the "Company") (TSX, OSE: QEC) reported today on its financial and operating results for the third quarter ended September 30, 2018.

Michael Binnion, President and Chief Executive Officer of Questerre, commented, "We were very pleased with the results from the first farm-in well at Kakwa North. The second well is being tested and a third farm-in well could spud early next year. By this time next year, we may see a similar ramp up in drilling to our adjacent Kakwa acreage." He further added, "In advance of the 2019 drilling program at Kakwa, we recently completed most of the planned infrastructure expansion, almost doubling the capacity of the central processing and water storage facilities. This resulted in reduced third quarter production. Our current production is over 1,800 boe/d."

Commenting on its Quebec assets he noted, "We still plan to move forward in Quebec despite the previous Government's decision to include the ban on hydraulic fracturing in the final regulations. Our optimism is based on the strength of our legal position and, more importantly, growing social acceptability."

He added, "At a court hearing early in the fourth quarter, the Superior Court justice agreed with the 'high importance' of the issues raised in our legal motion about the ultra vires actions of the past Government. We are now fast-tracked for a judicial review that will decide on permanently setting aside the fracking ban regulations. The hearing is scheduled for next February and we would expect a decision early in the spring. We are open to settling this legal proceeding with the new Government on a pragmatic basis that balances the legal issues and environmental protection."

Highlights

- Government of Quebec enacts *Petroleum Resources Act* and regulations
- Kakwa joint venture facilities expansion completed with gross capacity almost doubling to 43MMcf/d
- Kakwa North well tests at 2,900 boe/d and operator plans tie-in
- Average daily production of 1,414 boe/d for the quarter, impacted by the plant expansion, with adjusted funds flow from operations of \$2.62 million

Commenting on its oil shale project in Jordan, he added, "We have started the next phase of engineering. In addition to the long-life reserves with no real decline rate relative to shale oil and conventional production in North America, this project also benefits from upgrading and premium pricing to Brent. Following the results from the feasibility study by Hatch, we are looking at optimizing capital costs to improve returns for this multibillion-barrel deposit. We hope to begin negotiations with the Kingdom of Jordan for a concession agreement by year-end."

Volumes averaged 1,414 boe/d for the third quarter and 1,812 boe/d year to date compared to 1,643 boe/d and 1,270 boe/d for the same periods last year with production shut-ins this quarter longer than expected for infrastructure and other field work. Improved oil prices and higher volumes year to date contributed to adjusted funds flow from operations of \$13.28 million for the nine months ended September 30, up from \$4.23 million last year. Light oil and liquids represent almost 70% of corporate production volumes and the Company realized an average oil and liquids price of \$74/bbl year to date.

The Company reported a net loss of \$2.02 million for the current quarter (2017: \$2.64 million) and \$1.39

million for the year to date (2017: \$6.79 million).

Capital investment for the quarter focused primarily on Kakwa and totaled \$6.08 million (2017: \$4.91 million) and for the year to date period was \$22.19 million (2017: \$12.77 million).

The term "adjusted funds 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 news release contains certain statements which constitute forward-looking statements or information ("forward-looking statements") including the Company's plans to move forward in Quebec, its optimism in this regard being based on the strength of its legal position and growing social acceptability, the timing of the hearing on the Company's legal motion and the Company's expectations for a decision early in the spring, the Company's openness to setting this legal matter with the Government of Quebec, the spud of a third farm-in well at Kakwa North next year, the expectation of a similar ramp-up in drilling at Kakwa North to the Company's acreage at Kakwa, the Company's views that its proposed project in Jordan have no real decline rate relative to shale oil and other conventional production in North America, that the project would benefit from premium pricing to Brent, its plans to optimize capital costs to improve returns for this multibillion-barrel deposit, and the Company's hopes to commence negotiations with the Kingdom of Jordan for its concession agreement.

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 "adjusted funds flow from operations" which is a non-GAAP term. Questerre uses this measure 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 flows 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.

(\$ thousands)	Three months ended Sept. 30, Nine months ended Sept. 30,			
	2018	2017	2018	2017
Net cash from operating activities	\$ 4,729	\$ 7,983	\$ 11,252	\$ 9,904
Interest paid	30	226	158	634
Change in non-cash operating working capital	(2,139)	(6,271)	1,874	(6,309)
Adjusted Funds Flow from Operations	\$ 2,620	\$ 1,938	\$ 13,284	\$ 4,229

For further information, please contact:

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