

Questerre reports net profit for third quarter of 2019

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CALGARY, Nov. 13, 2019 - [Questerre Energy Corp.](#) (‘Questerre’ or the ‘Company’) (TSX,OSE:QEC) reported a net profit of \$1.33 million and production of just over 2,300 boe/d for the third quarter ended September 30, 2019.

Michael Binnion, President and Chief Executive Officer of Questerre, commented, ‘Exceptional well results drove an increase in production and positive earnings for the third quarter in spite of soft commodity prices. We continue to see the benefits of efficiency gains with lower well costs and higher production. Many of these efficiency gains relate to a smaller environmental footprint, in particular with respect to water recycling. We were also excited to see the results from the Lower Montney interval offsetting our Kakwa acreage.’

He added, ‘In the third quarter, results include a 5% royalty interest on an additional 5,000 boe/d of production from farm-in wells at Kakwa North where Questerre holds a 50% working interest after payout. Based on drilling results, our partner chose to drill a fourth and final farm in well to earn 50% of the Company’s Kakwa North and Kakwa South acreage. Based on the results to date, our capital requirements will grow next year when we start a 50/50 joint drilling program.’

Commenting on developments in Quebec, he noted, ‘We have advanced the engineering for our ‘zero, zero, zero’ Clean Tech Energy project to create what may be the world’s first near-zero emissions natural gas field in Quebec. We are developing the detailed project plans as well as the preliminary modelling of the environmental benefits with our coalition partners.’

Questerre is committed to being a leader in integrating clean technologies to transform and transition hydrocarbons as part of a future energy diet with lower emissions.

Highlights

- Average daily production of 2,343 boe/d for the quarter with adjusted funds flow from operations of \$5.04 million and net profit of \$1.33 million
- Operator spuds fourth farm-in well at Kakwa North
- Baseline study of ‘business as usual’ environmental impacts of Ohio Utica development underway to assess impacts of Clean Tech Energy project in Quebec
- Commissioned mining feed preparation study for Jordan to reduce emissions and improve efficiencies

Consistent with prior quarters, Kakwa continued to account for over 80% of corporate volumes. Production averaged 2,343 boe/d in the third quarter (2018: 1,414 boe/d) and 2,108 boe/d for the first nine months of 2019 (2018: 1,812 boe/d). Petroleum and natural gas revenue of \$8.69 million for the quarter (2018: \$6.89 million) increased over the same period last year and the prior quarter with higher volumes. Year to date, revenue of \$23.81 million (2018: \$26.51 million) declined over the prior year due to lower crude oil and liquids prices.

The Company generated adjusted funds flow from operations of \$5.04 million for the quarter (2018: \$2.62 million) and \$10.25 million for the first nine months of 2019 (2018: \$13.28 million). The Company reported a net profit of \$1.33 million for the quarter (2018: \$2.02 million loss) and a loss of \$1.7 million year to date (2018: \$1.39 million loss).

Capital investment was primarily at Kakwa and totaled \$6.76 million for the quarter (2018: \$6.08 million) and \$17.19 million for the first nine months of 2019 (2018: \$22.19 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 an energy technology and innovation company. It is leveraging its expertise gained through early exposure to low permeability reservoirs to acquire significant high-quality resources. We believe we can successfully transition our energy portfolio. With new clean technologies and innovation to responsibly produce and use energy, we can sustain both human progress and our natural environment.

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 Company's view that it continues to see the benefits of efficiency gains with lower well costs and higher production, its view that the efficiency gains relate to a smaller environmental footprint, the timing for completion and tie-in for the fourth farm-in well at Kakwa North, the timing of a joint drilling program at Kakwa North, the expectation that this will increase capital requirements with a joint drilling program, and the advancement of the engineering for the Company's Clean Tech Energy project to create the world's first near-zero emissions natural gas field in Quebec. 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" and "working capital surplus" 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 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,	
	2019	2018	2019	2018
Net cash from operating activities	4,017	4,729	6,616	11,252
Interest received	(293) -	(328) -
Interest paid	181	30	536	158
Change in non-cash operating working capital	1,133	(2,139) 3,423	1,874
Adjusted Funds Flow from Operations	5,038	2,620	10,247	13,284

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