

Questerre updates operations

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CALGARY, May 04, 2020 - [Questerre Energy Corp.](#) (TSX,OSE:QEC) provided an update on activities during the COVID-19 crisis.

Michael Binnion, President and Chief Executive Officer, commented, "As noted in our annual report, we are focused on preserving liquidity. We entered this year with relatively low debt levels and have a lot of discretion on our capital spending. We deferred all non-essential investment, cutting our budget by over 80% or \$15 million. We spent around \$3 million in the first quarter, financed largely by our cash flow from operations. With the operators at Kakwa suspending their capital programs in this crisis, we expect minimal spending, if any, over the remainder of the year."

"Net of cash on hand, we expect to end the first quarter effectively less than 50% drawn on our \$20 million credit facility. With limited capital spending planned, we believe we have sufficient near-term liquidity. The facility is scheduled for its bi-annual review at the end of the second quarter." Commenting on the recent fiscal aid package for the oil and gas industry announced by the Federal Government of Canada, he added, "There are no guarantees, but we hope to qualify for some of this financial assistance. It will provide some additional flexibility for the next 12-18 months."

He further added, "We are also reducing overheads with the goal of eliminating \$1.5 million or one third of gross expenses last year. Effective April 1, 2020, we instituted a four-day work week with reductions in salaries of between 20% and 50% and a 20% reduction in Board fees. We are continuing to look at other opportunities to reduce overheads."

"Earlier this year, we were able to cover field lifting costs, including firm transportation and processing commitments, at prices between US\$20 and US\$30 per barrel. The collapse in oil prices last month and rising local discounts of up to 80% of the oil price due to reduced demand and lack of storage have made this situation much worse. Differentials have improved recently but we may shut in production either partially or completely when realized prices fall materially below break-even levels. If shut-in, we do not expect to see the reservoirs at Antler and Kakwa impacted from a productivity perspective but are working to minimize any effects."

Mr. Binnion added, "With the Government of Quebec actively seeking projects to contribute to the recovery and improve their self-sufficiency and independence, we are optimistic about the long-term value of our assets, particularly Quebec. Our Clean Tech Energy project can create significant benefits, both economic and environmental. We look forward to discussing these benefits with local communities and the government when the shutdown is lifted."

Questerre 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.

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 focus on preserving liquidity,

its estimate of capital spending in the first quarter, the amount of this spending financed by funds flow from operations, its expectation of minimal capital spending for the remainder of the year, its expectation that it will be drawn less than 50% on its credit facility at the end of the first quarter, its belief that it has sufficient near-term liquidity, the scheduled review of its credit facility, its hope that it qualifies for government financial assistance, its goal to reduce gross overhead expenses by one third, its review of other opportunities to reduce expenses, its view on the impact of low commodity prices including differentials on its operations, its plans to potentially shut in production either partially or completely, its expectation that the shut-ins will not impact the productive capacity of the reservoirs at Antler and Kakwa, its optimism about the long term value of its assets, particularly Quebec, the economic and environmental benefits of its Clean Tech Energy project and its plans to discuss the benefits of this project with local communities and the government when the shutdown is lifted.

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. 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: the effect of COVID-19 on the markets and the demand for oil and natural gas; commitments to cut oil production by OPEC and others; 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, 2019 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.

Certain information set out herein may be considered as "financial outlook" within the meaning of applicable securities laws. The purpose of this financial outlook is to provide readers with disclosure regarding Questerre's reasonable expectations as to the anticipated results of its proposed business activities for the periods indicated. Readers are cautioned that the financial outlook may not be appropriate for other purposes.

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