

# Questerre reports third quarter 2023 results

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CALGARY, Nov. 09, 2023 - [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, 2023.

Michael Binnion, President, and Chief Executive Officer, commented, "We have been transforming ourselves into a carbon technology company. This change in strategy is to allow us to unlock the giant resources we have discovered but have been blocked from producing in an increasingly ESG focused world. Our initial approach to the use of carbon technology was as a cost centre, or part of the new cost of doing business. With increasing prices on carbon, we are now seeing the potential for this to be a profit centre."

He added, "Interest in carbon capture and storage is growing in Quebec, and this business could be independent of our Clean Gas production. We are pursuing a carbon storage pilot project under the existing legislation as a step towards a business and political solution in Quebec. We continue our fiduciary obligations to preserve our legal rights before the Court. Our motion to suspend key elements of Bill 21 was heard in late October. We are awaiting the Court's decision."

Reporting on the Company's 40% investment in Red Leaf, he added, "Carbon storage is also integral to the development of their assets in the Uintah Basin, Utah. In addition to their permit for a wax processing facility, they own the rights for carbon sequestration over 7,000 acres. Discussions are ongoing with partners to assess this potential. They are also advancing the design of a small-scale commercial project for their oil shale technology with a consortium of Jordanian companies."

## Highlights

- Designing expanded carbon storage pilot project in Quebec
- Red Leaf designing small-scale commercial project in Jordan for oil shale technology
- Average daily production of 1,830 boe/d with adjusted funds flow from operations of \$3 million

Consistent with prior periods, Kakwa continued to account for 80% of corporate production. With the incremental working interest volumes at Kakwa North and one (0.25 net) well at Kakwa Central brought on production in the quarter, production increased over the prior year. For the third quarter, daily production averaged 1,830 boe/d (2022: 1,629 boe/d) and for the nine months ended September 30, 2023, it averaged 1,866 boe/d (2022: 1,609 boe/d).

The higher production volumes were offset by the lower commodity prices in the current year. For the quarter, petroleum and natural gas sales totaled \$10.7 million compared to \$11.6 million last year and \$32 million year to date compared to \$38.2 million in the prior year. Operating costs increased by an additional \$1 million in the period as two workovers went over budget due to downhole operational problems. Combined with the lower prices, this contributed to adjusted funds flow from operations of \$3 million (2022: \$5.2 million) in the quarter and \$12.6 million for the first three quarters of the year (2022: \$21.7 million).

The higher operating costs also contributed to a net loss of \$0.4 million for the quarter (2022: \$2.8 million profit) and a net profit of \$2.3 million (2022: \$14.2 million) for the nine months ended September 30, 2023. Capital expenditures in the quarter were \$0.9 million (2022: \$1.7 million) and \$6.6 million year to date (2022: \$9.4 million).

As at September 30, 2023, effectively no amounts were drawn on the facility and the Company held unrestricted cash and term deposits of \$33.3 million. The Company had a net working capital surplus of \$30.2 million (2022: \$14.4 million surplus).

The term "adjusted funds flow from operations" and "working capital surplus" are non-IFRS measures.

Please see the reconciliation elsewhere in this press release.

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 view that this business could be independent of its Clean Gas production, that a pilot could be a step towards a business and political solution in Quebec and Red Leaf's plans to advance the design of a small-scale commercial project for its technology with partners. Forward-looking statements are based on several 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 implementation of Bill 21 by the Government of Quebec 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, 2022, and other documents available on the Company's profile at [www.sedar.com](http://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.

(1) For the three-month period ended September 30, 2023, liquids production including light crude and natural gas liquids accounted for 1,050 bbls/d (2022: 987 bbls/d) and natural gas including conventional and shale gas accounted for 4,677 Mcf/d (2022: 3,852 Mcf/d). For the nine-month period ended September 30, 2023, liquids production including light crude and natural gas liquids accounted for 1,077 bbls/d (2022: 986 bbls/d) and natural gas including conventional and shale gas accounted for 4,734 Mcf/d (2022: 3,739 Mcf/d).

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,		
	2023	2022	2023	2022	
Net cash from operating activities	2,382	8,413	11,163	23,477	
Change in non-cash operating working capital	652	(3,230	) 1,483	(1,823	)
Adjusted Funds Flow from Operations	3,034	5,183	12,646	21,654	

Working capital surplus is a non-GAAP measure calculated as current assets less current liabilities excluding risk management contracts and lease liabilities.

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