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FOR: NEWQUEST ENERGY INC.

ASE SYMBOL: NQE.B

ASE, TSE SYMBOL: NQE.A

FEBRUARY 16, 1999

Newquest Releases Preliminary 1998 Annual Results and 1999 Objectives

CALGARY, ALBERTA--Newquest Energy Inc. announced today preliminary results for the twelve months ended December 31, 1998, subject to completion of the Company's independent financial audit and third party engineering.

Production during 1998 averaged 1,461 boepd comprised 88 percent natural gas and 12 percent medium and light quality crude oil, representing a 170 percent increase over the 541 boepd produced on average during 1997. Production during the fourth quarter of 1998 averaged 1,430 boepd, up from 1,364 boepd during the third quarter. All production increases have been as a result of the Company's exploratory and development drilling program, as opposed to production acquisitions.

Newquest participated in the drilling of twenty-three (21.86 net) wells during the year with a 95 percent average working interest, 70 percent drilling success rate and with all wells drilled as operator. The drilling program resulted in fourteen (13.11 net) gas wells, two (1.81 net) oil wells and seven (6.94 net) dry and abandoned wells.

While the Company's independent financial audit has not yet been finalized, petroleum and natural gas revenues approximated $10.1 million for the year, with cash flow from operations approximating $4.0 million. This translates to $0.37 per share cash flow ($0.31 per fully diluted share).

Newquest exited 1998 with $15.8 million in drawn bank loans, and approximately $17 million in bank loans and working capital deficit combined. The Company presently has a $20 million bank credit facility in place.

Natural gas commodity prices averaged $1.90/mcf at the plant gate during 1998 as compared to $1.72/mcf for 1997, and crude oil prices averaged $17.85/bbl compared to $25.60/bbl for the previous year.

Newquest has deferred its plant application with the Alberta Energy and Utilities Board to build its own gas processing facilities at Seal in North Central Alberta as a commercial offer has been presented by the existing plant operator that would accommodate Newquest's gas reserves. It is expected that a formal arrangement will be entered into with the plant operator over the immediate term, negating the need for Newquest to build its own gas processing facilities. Newquest's gas discoveries at Seal have not met original production expectations, and the Company will now look to maximize the reserve potential by maintaining the Seal production rates at the current level of between 12.0 mmcf/d and 15.0 mmcf/d of net sales gas.

Newquest's objectives for 1999 are to: capitalize on the Company's 88 percent natural gas production weighting; exploit exploration opportunities on the Company's 112,000 net acres of undeveloped land concentrated in its three core areas; benefit from acquisition opportunities in light of the present industry conditions, and; maintain debt levels within existing credit lines. Management views that production volumes can be maintained at existing levels with modest capital requirements.

While the Board of Directors has not yet formalized a capital expenditure budget for 1999, drilling activity will be reduced in light of the business environment, and as a result staff reductions have been implemented effective immediately. Mr. Taras Shklanka, Chairman, Chief Executive Officer and President, will assume full exploration responsibility with the balance of the Company's exploration personnel being released other than as needed on specific contract terms. Mr. Tom Code, Chief Operating Officer, will focus on exploitation and acquisition opportunities with the balance of the Company's operational personnel being released other than as needed on specific contract terms. These steps will see the Company's general and administrative budget reduce by approximately 60 percent from existing levels, while maintaining an exploratory and acquisition focus.

During the first six weeks of 1999 Newquest participated in the drilling of five wells with a 90 percent average working interest. The drilling program has been concentrated in the Company's North Central Core Area and has resulted in three (3.0 net) gas wells at Seal, one (.50 net) dry and abandoned gas target at Manning and one (1.0 net) dry and abandoned light oil target at Narrows.

Newquest is a Calgary based junior oil and gas exploration company with properties located in three core areas in the Province of Alberta. Newquest's securities are traded on The Toronto Stock Exchange under the trading symbol "NQE.A" and on The Alberta Stock Exchange under the trading symbols "NQE.A" and "NQE.B".

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