



Questerre reports first quarter 2023 results

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CALGARY, Alberta, May 10, 2023 -- Questerre Energy Corporation ("Questerre" or the "Company") (TSX, OSE: QEC) reported today on its financial and operating results for the quarter ended March 31, 2023.

Michael Binnion, President and Chief Executive Officer of Questerre, commented, "We are taking a more active role at Red Leaf, our 40% owned investee company, as they develop their core assets: a wax processing facility in the Uintah Basin with environmental permits in place and their patented technology to produce oil from shale that incorporates carbon capture."

He added, "We have been leading discussions with stakeholders including producers in the basin, prospective purchasers, and financial advisors. These have been very encouraging and support the business case for the wax project. Red Leaf has also been working closely with us and a potential licensee for a small-scale project using their technology in the Kingdom of Jordan."

We are following the legal process for our claim against the Quebec Government including the preparation of our damage assessment. As our Clean Gas remains a viable option to resolve the impending electricity energy shortage in the province, we are still seeking a business and political solution. During the quarter, the Quebec Ministry of Energy sent us a request for a proposal for pilot projects that would 'foster carbon neutrality and help attain targets in the fight against climate change.' This was followed by the announcement of a consultation process ahead of new legislation this fall on a new clean energy strategy for the province."

Highlights

- Red Leaf commissions pre-FEED engineering study for 40,000 bbl/d wax processing facility
- Government of Quebec seeks proposals for pilot projects
- Average daily production of 1,790 boe/d and adjusted funds flow from operations of \$4.3 million

Production volumes increased in the first quarter of 2023 to 1,790 boe/d from 1,288 boe/d last year following the conversion of its royalty interest at Kakwa North into a working interest in the fourth quarter of 2022. The impact of higher production volumes was largely offset by the lower crude and natural gas prices during the period. Petroleum and natural gas revenue totaled \$10.5 million in the period compared to \$9.6 million last year. The Company generated net income of \$0.9 million for the quarter (2022: \$2.4 million) and adjusted funds flow from operations of \$4.3 million unchanged from last year.

The Company incurred capital expenditures of \$3.2 million for the period (2022: \$4.9 million) and reported a working capital surplus of \$25.5 million as of March 31, 2023 (2022: \$1.2 million).

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.

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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 views on the prospectivity of discussions regarding Red Leaf's wax processing facility, that its Clean Gas remains a viable solution for the energy shortage in the province and its desire for a political and business solution to its dispute with the Government of Quebec.

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. 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 March 31, 2023, liquids production including light crude and natural gas liquids accounted for 1,022 bbl/d (2022: 814 bbl/d) and natural gas including conventional and shale gas accounted for 4,607 Mcf/d (2022: 2,843 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 March 31,	
	2023	2022
Net cash used in operating activities	\$ 4,648	\$ 4,904
Change in non-cash operating working capital	(370)	(586)
Adjusted Funds Flow from Operations	\$ 4,278	\$ 4,318

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