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November 10, 2021 – Questerre reports third quarter 2021 results

Calgary, Alberta -- Questerre Energy Corporation (“Questerre” or the “Company”) (TSX,OSE:QEC) reported today on its financial and operating results for the third quarter ended September 30, 2021.

Michael Binnion, President and Chief Executive Officer, commented, “The Quebec Premier’s announcement of plans to ban oil and gas extraction was very disappointing. This is particularly true for our shareholders, especially from Norway, that believed in the potential of natural gas in Quebec and financed the discovery over the last decade. He has been clear there will be financial compensation though it can never fully compensate us for the size of our giant discovery.”

He added, “While we strongly believe our project is very beneficial to public utility, reconciliation, the global environment, and the economic well-being of Quebecers, we still respect the prerogative of the Government to decide on their behalf. We will do our utmost to cooperate within our fiduciary duties.”

Highlights

- Quebec Premier announces plans to renounce oil and gas extraction
- Submitted application for carbon storage test in Quebec
- Wolinak of Abenaki First Nation in Quebec executes letter of interest for Clean Gas project
- Average daily production of 1,363 boe/d and adjusted funds flow from operations of \$3.6 million in the quarter

Consistent with prior periods, Kakwa continued to account for 80% of corporate production. With no drilling at Kakwa since early last year, production declined over the prior year. For the third quarter, daily production averaged 1,363 boe/d (2020: 1,875 boe/d) and for the nine months ended September 30, 2021, it averaged 1,507 boe/d (2020: 2,004 boe/d).

Higher commodity prices over the same period last year improved revenue and adjusted funds flow from operations in 2021. For the third quarter, petroleum and natural gas sales increased to \$7.4 million from \$5.4 million last year and \$21.5 million year to date from \$15.8 million in the prior year. The higher revenue contributed to adjusted funds flow from operations of \$3.6 million (2020: \$1.6 million) in the quarter and \$10.7 million for the nine months ended September 30 (2020: \$4.3 million).⁽¹⁾

The higher revenue also contributed to net income of \$2.0 million for the third quarter (2020: \$1.0 million loss) and \$5.8 million (2020: \$117.5 million loss) for the nine months ended September 30. In the prior year, the year-to-date loss reflects the impairment expense of \$113 million incurred in the first quarter largely because of the lower future oil prices. Capital expenditures in the quarter were \$0.5 million (2020: \$0.4 million) and \$1.5 million year to date (2020: \$3.7 million). The Company posted a working capital surplus of \$1.7 million at September 30, 2021 (2020: \$8.1 million deficit).

The term “adjusted funds flow from operations” and “working capital surplus (deficit)” 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 belief that its project is very beneficial to public utility, reconciliation, the global environment, and the economic well-being of Quebecers and the Company's plans to cooperate with the Government within its fiduciary duties.

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 effect of COVID-19 on the markets and the demand for oil and natural gas; 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, 2020, 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 September 30, 2021, liquids production including light crude and natural gas liquids accounted for 833 bbl/d (2020: 1,187 bbl/d) and natural gas including conventional and shale gas accounted for 3,178 Mcf/d (2020: 4,127 Mcf/d). For the nine-month period ended September 30, 2021, liquids production including light crude and natural gas liquids accounted for 898 bbl/d (2020: 1,309 bbl/d) and natural gas including conventional and shale gas accounted for 3,655 Mcf/d (2020: 4,168 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 (deficit)” 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	
	2021	2020	2021	2020
Net cash from operating activities	4,202	76	10,287	3,846
Interest received	(54)	(89)	(152)	(261)
Interest paid	111	146	367	477
Change in non-cash operating working capital	(681)	1,490	185	227
Adjusted Funds Flow from Operations	3,578	1,623	10,687	4,289

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