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QUESTFIRE ENERGY CORP. ANNOUNCES 2012 SECOND QUARTER FINANCIAL RESULTS

Questfire Energy Corp. (the “Corporation” or “Questfire”) (TSX Venture – Q.A, Q.B) is pleased to announce that it has filed on SEDAR its unaudited financial statements and related management’s discussion and analysis (“MD&A”) for the three month and six month periods ended June 30, 2012.

Second Quarter 2012 Corporate Highlights

- Averaged 69 boepd (93 percent natural gas) with low operating and transportation costs of \$9.07/boe and an average royalty rate of 13%.
- Added 6 sections (3,840 acres) of land bringing the Corporation’s land base to 29 sections (18,535 acres) all at 100 percent working interest.
- Raised \$1,510,000 in unsecured senior convertible debentures.

President’s Message

The second quarter of 2012 continued to be a challenging time in a variety of ways for the oil and natural gas industry in Western Canada. Daily spot prices for Alberta natural gas sank to 15-year lows. World oil prices also declined by approximately 20 percent. Along with volatility in commodity prices, equity markets also remain volatile, with investors being averse to risk due in part to continuing economic uncertainty around the world. Consequently, the access to capital for junior oil and natural gas companies has become very limited.

In light of these factors, Questfire continued to be very cautious with respect to capital spending in the second quarter of 2012. The Corporation continued to prospect for light oil drilling opportunities and spent approximately \$600,000 in the quarter, with the majority (\$383,000) spent on acquiring 6.0 sections (3,840 acres) of Crown lands prospective for light oil drilling. This newly acquired land is held at 100 percent working interest and brings the Corporation’s total land base to 29 sections (18,535 acres) all at 100 percent working interest. An additional \$94,000 was spent preparing a drilling location at Thorsby for drilling in the third quarter of 2012. Subsequent to the quarter end the well was drilled but unfortunately proved to be unsuccessful and was abandoned.

With this conservative approach no new wells were drilled or production added in the second quarter. Although the Corporation achieved operating and transportation costs of \$9.07/boe, which is low for a combined oil and natural gas producer with a small scale of operations, as well as low royalty rate of 13%, production for the quarter averaged a modest 69 boepd (93

percent natural gas). This resulted in modest cash flow from production (revenue less royalties, production and transportation expenses) and a net loss for the quarter.

Going forward, the third quarter should see higher average production and cash flow, with the planned tie-in of the Corporation's liquids-rich gas well drilled and completed in the Thorsby field in the first quarter of 2012. This tie-in is expected to occur in the second half of August with first production in early September. Based on flow test results the well is expected to produce at an initial rate of approximately 0.5 mmscfd with 15 to 20 bbls/d of natural gas liquids or approximately 100 boepd. The corporation will remain conservative in its capital spending while investigating all potential sources of additional capital and funding. The management team at Questfire continues to prospect for oil-drilling opportunities while evaluating producing oil and natural gas assets that are for sale

We are currently seeing a slow resolution to the North American natural gas oversupply issues, via sharply reduced natural gas drilling, particularly of "dry" gas targets, and increased natural gas consumption for power generation. This is leading to a slow improvement in natural gas pricing, with signs of some stability and investor confidence returning to the equity markets.

Questfire Energy Corp. is an Alberta-based company formed to participate in oil and gas exploration, development and acquisitions focusing in the W4 and W5 regions of Alberta. The Corporation's shares trade on the TSX Venture exchange under the symbols Q.A and Q.B. The Corporation currently has 12,813,001 Class A shares and 555,840 Class B shares outstanding.

To view a full copy of the Corporation's unaudited financial results for the three months and six months ended June 30, 2012, including the Corporation's accompanying MD&A, please refer to the SEDAR website at www.sedar.com or contact the Corporation at Questfire Energy Corp., 400, 703 – 6th Ave S.W., Calgary, Alberta, T2P 0T9.

Reader Advisory

This news release contains certain forward-looking statements, including management's assessment of future plans and operations, and capital expenditures and the timing thereof, that involve substantial known and unknown risks, uncertainties, and assumptions certain of which are beyond Questfire's control. Such risks, uncertainties, and assumptions include, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources, the impact of general economic conditions in Canada, the United States and overseas, industry conditions, changes in laws and regulations (including the adoption of new environmental laws and regulations) and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. Questfire's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits, including the amount of proceeds, that Questfire will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive. All subsequent forward-looking statements, whether written or oral, attributable to Questfire or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this news release are made as at the date of this news release and Questfire does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Petroleum and natural gas volumes are converted to an equivalent measurement basis referred to as a “barrel of oil equivalent” (boe) on the basis of 6 thousand cubic feet of natural gas equalling 1 barrel of oil. This is based on an energy equivalency conversion method applicable at the burner tip and does not necessarily represent a value equivalency at the wellhead which is approximately 30 Mcf to 1 bbl. Readers are cautioned that boe figures may be misleading, particularly if used in isolation.

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To request a free copy of Questfire’s financial report or if you would like to be put on Questfire’s mailing list please contact Ronald Williams, Vice President, Finance and CFO at rwilliams@questfire.ca

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