



CALGARY, ALBERTA – MAY 23, 2013

## **QUESTFIRE ENERGY CORP. ANNOUNCES 2013 FIRST 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 period ended March 31, 2013.

### **First Quarter 2013 Corporate Highlights**

- Completed a detailed due diligence review of Advantage Oil & Gas Ltd.’s non-core assets, which was completed to Questfire’s satisfaction, and signed a binding Purchase and Sale Agreement on February 5, 2013 to acquire the Advantage assets as previously announced.
- Secured bank financing in support of the Advantage asset acquisition and negotiated remaining purchase consideration, which included a \$44 million vendor take-back, three-year convertible debenture and 1.5 million Questfire Class B Shares.
- Subsequent to the period ended March 31, 2013, on April 30, 2013 closed the previously announced Advantage asset acquisition. Closing adjustments resulted in the convertible debenture principal being reduced from \$44 million to approximately \$32.6 million at closing.

### **President’s Message**

During the first quarter of 2013 the Questfire team focused its efforts on closing the previously announced asset acquisition from Advantage Oil & Gas Ltd. The due diligence review of titles, field operations and environmental issues required considerable effort in a short period of time and was finalized by the end of January. A binding, detailed Purchase and Sale Agreement was negotiated and signed on February 5, 2013, marking a strategic turning point for Questfire.

During the quarter, the Corporation secured bank financing with an operating demand loan from the National Bank of Canada, based on Questfire’s greatly enlarged asset base. The details and agreements required to close the acquisition were negotiated and finalized. Exiting the quarter, Questfire was moving towards the planned closing.

During the first quarter of 2013 natural gas prices reached levels approximately double those of the prior year period, mainly due to cold winter weather in North America, which increased natural gas consumed for residential heating. In addition, natural gas supply in Canada continued to decline during the quarter. It also now appears that natural gas supply in the United States has reached a plateau due to the continuing decline in the number of active natural gas drilling rigs. By the end of the first quarter, natural gas storage in North America had fallen below the five-

year weekly average, a turnaround from the record levels of a year ago, which bodes well for natural gas prices going forward.

Subsequent to the end of the quarter, the Advantage acquisition closed on April 30, 2013. The cash flow from the assets between the effective date of November 1, 2012 and the closing date reduced the Advantage convertible debenture from \$44 million to \$32.6 million, which is a larger than expected reduction and very positive for Questfire. As of May 1, 2013, Questfire is a mid-sized junior producer with approximately 5,500 boe per day of production (of which approximately 20% is light oil and natural gas liquids), and forecast cash flow of approximately \$14 million for the eight remaining months of 2013.

The Questfire team is now busy prioritizing drilling and recompletion opportunities, adding staff and putting the systems and controls in place to manage a larger production base. We intend to update the markets on our development plans in an operational update in the second quarter 2013 report. Questfire has entered into natural gas prices hedges for the remainder of 2013 that will secure a natural gas floor price of approximately \$3.00 per GJ on approximately 75 percent of our natural gas production, thereby protecting cash flow.

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 12,963,001 Class A shares and 2,055,840 Class B shares outstanding.

**To view a full copy of the Corporation's unaudited financial results for the three months ended March 31, 2013, including the Corporation's accompanying MD&A, please refer to the SEDAR website at [www.sedar.com](http://www.sedar.com) or contact the Corporation at Questfire Energy Corp., 400, 703 – 6<sup>th</sup> 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](mailto:rwilliams@questfire.ca)

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