



CALGARY, ALBERTA – AUGUST 23, 2013

QUESTFIRE ENERGY CORP. ANNOUNCES 2013 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, 2013.

Financial and Operating Highlights

	Three months ended		Six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Financial				
Oil and natural gas sales	\$ 10,532,541	\$ 100,018	\$ 10,596,662	\$ 158,044
Funds flow from operations	2,876,531	(294,011)	1,925,284	(632,520)
Per share, basic	0.22	(0.02)	0.15	(0.05)
Per share, diluted	0.08	(0.02)	0.09	(0.05)
Net income (loss)	1,514,377	(384,985)	411,434	(1,566,731)
Per share, basic	0.12	(0.03)	0.03	(0.12)
Per share, diluted	0.05	(0.03)	0.03	(0.12)
Capital expenditures	81,470,348	600,202	81,680,863	1,715,961
Working capital (deficit) (end of period)			(43,135,885)	1,038,652
Non-current debentures (end of period)			(30,416,934)	(1,300,415)
Shareholders’ equity (deficiency) (end of period)			(1,546,735)	(170,756)
Shares outstanding (end of period)				
Class A			12,963,001	12,813,001
Class B			2,055,840	555,840
Options outstanding (end of period)			1,466,000	1,281,000
Weighted-average basic shares outstanding	12,902,012	12,813,001	12,857,752	12,813,001
Weighted-average diluted shares outstanding	47,825,181	12,813,001	14,451,568	12,813,001
Class A share trading price				
High	1.47	0.90	1.47	1.20
Low	0.50	0.40	0.50	0.40
Close	1.25	0.47	1.25	0.47
Operations				
Production				
Natural gas (Mcf/d)	17,479	385	8,827	329
NGL (bbls/d)	415	2	209	1
Crude oil (bbls/d)	342	3	174	1
Total (boe/d)	3,670	69	1,854	58

	Three months ended		Six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Benchmark prices				
Natural gas				
AECO (Cdn\$/GJ)	3.35	1.80	3.19	1.92
Crude oil				
WTI (US\$/bbl)	94.29	93.49	94.32	98.21
Edmonton par (Cdn\$/bbl)	92.94	84.20	90.77	88.34
Average realized prices				
Natural gas (per Mcf)	3.60	1.97	3.60	2.00
Natural gas liquids (per bbl)	55.64	67.78	55.66	70.66
Crude oil (per bbl)	87.16	75.92	87.12	75.92
Operating netback (per boe)	14.77	4.83	14.77	5.10
Funds flow netback (per boe)	8.61	(46.82)	5.74	(59.92)

Second Quarter 2013 Corporate Highlights

- On April 30, 2013 Questfire closed the previously announced Advantage asset acquisition of approximately 5,600 barrels of oil equivalent (boe) per day of conventional producing assets, comprised of 81 percent natural gas and 19 percent light oil and NGLs.
- Averaged production of 3,670 boe per day (80 percent natural gas) for the quarter. Exited the quarter with a production rate of approximately 5,500 boe per day (80 percent natural gas).
- Achieved record quarterly sales of \$10.5 million.
- Achieved record funds flow from operations of \$2.9 million (\$0.22 per basic share).

President's Message

During the second quarter of 2013 the Questfire team closed the previously announced acquisition of approximately 5,600 boe per day of conventional producing assets located in Alberta comprised of approximately 81 percent natural gas and 19 percent light oil and natural gas liquids (NGLs). The acquired assets have a relatively low base decline rate of approximately 12 percent annually and have transformed Questfire from a micro-cap junior oil and natural gas start-up to a mid-sized junior producer with stable production and solid cash flow.

During the second quarter our main focus was to manage the transition to a larger asset and production base. Questfire's head office was relocated within downtown Calgary to a significantly larger space. The Calgary management and technical team was greatly expanded with the addition of 14 experienced staff and consultants. Field operations now include 35 experienced staff and contractors. Questfire's Board of Directors was expanded from four directors to five and now includes three independent directors. Numerous programs have been implemented and initiated, including corporate and site-specific emergency response plans (ERPs), an expanded corporate safety program, a pipeline integrity program, maintenance and production reporting systems and a seismic data base system, to name a few. The Questfire team has worked very hard on all levels to ensure a smooth transition to a larger asset and production base. As a result, the second quarter saw Questfire achieve all-time highs on all fronts including production, revenue and cash flow.

Current production is in the range of 5,500 boe per day with approximately 21 percent light oil and NGLs. Questfire's strategy for the remainder of 2013 is to employ a modest capital budget of approximately \$12 million, to be financed primarily from cash flow. It will be focused mainly on increasing light oil production via drilling and recompletion opportunities on our asset base and also on the maintenance and optimization of our producing natural gas assets. With success, Questfire has sufficient bank line room (approximately \$17 million) to accelerate oil development.

Reflecting the critical importance of safeguarding the Corporation's cash flow, Questfire has hedges in place for the remainder of 2013 that cover approximately 70 percent of current production in order to maximize cash flow protection in what continues to be a volatile natural gas price environment.

In the longer term, the fundamentals for the continued strengthening of natural gas prices are in place. Overall North American natural gas production appears to have plateaued, while drilling rig counts appear to have bottomed out, with many basins experiencing declining production. On the demand side recent developments including approvals for liquefied natural gas (LNG) exports from the United States and progress on Canadian LNG export projects bodes well for increasing demand and prices over the next several years. Our asset base includes numerous natural gas drilling and recompletion opportunities that represent significant latent upside value and which we plan to exploit as natural gas prices improve.

In the meantime the Questfire team will continue to carefully manage the asset base with the goals of increasing our oil production and overall cash flow without significantly increasing overall debt.

Questfire has issued 75,000 options to a director pursuant to its stock option plan. The options have an exercise price of \$0.65 per share and will expire on August 22, 2023. The Corporation has determined that exemptions from the various requirements of TSX Venture Exchange Policy 5.9 are available for the grant of stock options to the director. The Corporation has further determined that an exemption from the various requirements of Multilateral Instrument 61-101 is available as the fair market value of the grant of options is less than 25% of the market capitalization of the Corporation.

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 and six months ended June 30, 2013, 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., 500, 400 – 3rd Ave S.W., Calgary, Alberta, T2P 4H2.

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.

FOR FURTHER INFORMATION PLEASE CONTACT:

Mr. Richard Dahl
President and CEO
(403) 263-6691
(403) 263-6683 (fax)

Mr. Ronald Williams
Vice President, Finance and CFO
(403) 263-6658
(403) 263-6683 (fax)

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

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Not for dissemination in the United States or to U.S. persons.