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QUESTFIRE ENERGY CORP. ANNOUNCES 2015 THIRD 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 interim financial statements and related management’s discussion and analysis (“MD&A”) for the three and nine month periods ended September 30, 2015.

Financial and Operating Highlights

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Financial				
Oil and natural gas sales	\$ 9,854,087	\$ 17,614,154	\$ 31,311,111	\$ 55,700,544
Funds flow from operations ⁽¹⁾	2,628,266	5,102,045	8,916,000	17,902,295
Per share, basic	0.15	0.29	0.51	1.23
Per share, diluted	0.11	0.24	0.39	0.60
Income (loss)	(5,330,460)	648,466	(9,234,620)	23,195,263
Per share, basic	(0.31)	0.04	(0.53)	1.59
Per share, diluted	(0.31)	0.03	(0.53)	0.81
Capital expenditures	2,309,671	9,926,522	4,872,305	16,342,849
Property acquisitions (dispositions)	\$ -	\$ -	-	(3,792,346)
Working capital deficit (end of period) ⁽²⁾			7,544,177	10,478,521
Long-term contract obligation (end of period) ⁽³⁾			14,246,294	14,480,340
Long-term bank debt (end of period)			39,062,046	37,000,000
Shareholders’ equity (end of period)			\$ 15,203,140	\$ 22,141,002
Shares outstanding (end of period)				
Class A			17,318,001	17,318,001
Class B			550,440	550,440
Options outstanding (end of period)			3,291,000	2,646,000
Weighted-average basic shares outstanding	17,318,001	17,298,436	17,318,001	14,575,822
Weighted-average diluted shares outstanding	17,318,001	18,838,010	17,318,001	30,134,021
Class A share trading price				
High	\$ 1.60	\$ 2.75	\$ 1.95	\$ 2.75
Low	1.00	2.35	1.00	0.95
Close	\$ 1.00	\$ 2.51	\$ 1.00	\$ 2.51

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Operations ⁽⁴⁾				
Production				
Natural gas (Mcf/d)	20,684	23,936	21,233	23,152
Natural gas liquids (NGL) (bbls/d)	627	712	638	661
Crude oil (bbls/d)	522	507	638	449
Total (boe/d)	4,596	5,208	4,815	4,969
Benchmark prices				
Natural gas				
AECO (Cdn\$/GJ)	\$ 2.76	\$ 3.81	\$ 2.62	\$ 4.57
Crude oil				
WTI (US\$/bbl)	46.43	97.17	51.00	99.61
Canadian Light (Cdn\$/bbl)	55.10	97.71	59.09	100.53
Average realized prices ⁽⁵⁾				
Natural gas (per Mcf)	2.95	4.16	2.85	4.98
NGL (per bbl)	31.72	63.87	35.13	70.66
Crude oil (per bbl)	50.13	91.40	49.73	93.67
Operating netback (per boe) ⁽⁶⁾	8.65	15.74	9.04	19.07
Funds flow netback (per boe) ⁽⁶⁾	\$ 6.22	\$ 10.65	\$ 6.78	\$ 13.20

⁽¹⁾ For a description of Funds flow from operations, refer to the commentary in the MD&A under Additional GAAP measure.

⁽²⁾ Working capital deficit includes risk management contract assets of \$418,474 (September 30, 2014 – liability of \$764,107). Excluding this, the working capital deficit would be \$7,962,651 (September 30, 2014 – \$9,714,414).

⁽³⁾ Long-term contract obligation excludes current portion of \$332,821 (September 30, 2014 – \$357,853), which is included in working capital deficit.

⁽⁴⁾ For a description of the boe conversion ratio, see “Reader Advisory”.

⁽⁵⁾ Before hedging.

⁽⁶⁾ For a description of Operating netback and Funds flow netback, refer to the commentary in the MD&A under Non-GAAP measures.

Third Quarter 2015 Corporate Highlights

- Achieved average production of 4,596 boe per day for the quarter, 75 percent natural gas, in spite of an estimated 555 boe per day of production restrictions on the Nova Gas Transmission System (NGTL).
- Achieved quarterly sales of \$9.9 million and funds flow from operations of \$2.6 million (\$0.15 per basic share).
- Incurred operating costs of \$11.99 per boe for the quarter, achieving a decrease of 20 percent from the third quarter of 2014. Operating costs through September 2015 were \$11.98 per boe, a decrease of 22 percent from the first nine months of 2014. Both decreases were due to success in the Corporation’s production optimization and operating efficiency efforts. Combined with G&A, the Corporation experienced a \$5.9 million decrease (23 percent) in controllable costs for the first nine months of 2015 as compared to 2014.
- Made capital expenditures for the quarter of \$2.3 million, well within funds flow of \$2.6 million.
- Drilled and completed the Corporation’s first horizontal multi-stage fractured Falher gas well in the Morningside area of central Alberta.

President's Message

The third quarter of 2015 continued to be very challenging for the oil and gas industry, with all commodity prices continuing at or near multi-year lows. Questfire's realized commodity prices in the quarter were lower by 29 percent for natural gas, 50 percent for natural gas liquids and 45 percent for crude oil than in the third quarter of 2014.

Questfire continued to focus on factors under its control, namely reducing controllable costs, maximizing production and exercising capital spending discipline. I'm pleased to report that the ongoing efforts of all Questfire staff have resulted in operating costs for the first nine months of \$11.98 per boe, a 22 percent reduction from the same period of 2014. General and administrative costs (G&A) for the first nine months of 2015 have been reduced by \$0.9 million or 18 percent from the same period of 2014. Combined operating and G&A costs have been reduced by an impressive \$5.9 million or 23 percent for the first nine months of 2015 from the same period of 2014.

Questfire's production base continues to perform well with a base decline rate of approximately 12 percent per year, very low by industry standards and a significant advantage in the current low commodity price environment. Like many producers in Alberta, however, Questfire has experienced significant and unprecedented production restrictions throughout 2015 due to maintenance and repair activities conducted on the Nova Gas Transmission System (NGTL). Questfire has had an average estimated 359 boe per day of production restricted through the first 9 months of the year, including 555 boe per day in the third quarter of 2015. Without these NGTL restrictions Questfire's production would have been in the range of 5,100-5,200 boe per day for the first nine months of 2015. This production capability is impressive when compared to our 2014 average production rate of 5,103 boe per day and considering no new wells were drilled in 2015 until the end of the third quarter. Our low base decline rate along with low-cost production optimization and well reactivation projects have helped to keep our production capability more or less flat in 2015.

For the first nine months of 2015 our capital spending of \$4.9 million was within our cash flow and our overall bank debt and working capital deficit of \$46.6 million is within our \$55 million bank line. A large portion of our capital spending occurred late in the third quarter of 2015 with the drilling of the Corporation's first 100 percent working interest horizontal, multi-stage-fractured Falher gas well in the Morningside field of central Alberta. The well spud on August 26th and was drilled to a total measured depth of 3,229 metres, including a horizontal lateral of 1,340 meters and was completed with a 13 stage, 50 tonne per stage fracture stimulation. Total costs for drilling, completing and equipping this well were approximately \$2.4 million with production commencing in mid-October.

Questfire is very pleased with the results of this first horizontal Falher gas well. Production at the end of the first 30 days is approximately 2.0 mmcf per day plus 25 bbls per mmcf of natural gas liquids (NGL), for 360 boe per day total production at a 50 percent drawdown. The NGL are comprised mainly of the more valuable butane and pentane-plus components.

Accordingly, these results have helped prove up an additional nine horizontal drilling locations on this play with an average 87.5 percent working interest. Two additional horizontal locations are currently being prepared for drilling from the existing padsite, with drilling likely to commence in the first quarter of 2016.

Our total capital spending for 2015 is forecast to be approximately \$6.5 million, including abandonments and reclamations, which is within our forecast cash flow of \$10.6 million. One of Questfire's key goals for 2015 was to maintain capital spending within cash flow. I'm pleased that we're on track to achieve this goal in spite of volatile commodity prices and significant, non-controllable third-party production restrictions.

We expect to see a slow steady recovery in natural gas and oil prices. Supply and demand fundamentals in reaction to recent low commodity prices are behaving as expected. Drilling rig counts in North America are more than 50 percent lower than a year ago, contributing to a halt in supply growth. North America's total gas production rate peaked in early 2015 and is on a downward trend. Similarly, North American oil production peaked in mid-2015 and is showing decline. Many large-scale oil developments and capital spending world-wide have been deferred. On the demand side, world oil consumption of approximately 94 million barrels per day has never been higher and natural gas consumption in North America has seen significant increases due to increased demand for electrical power generation, industrial use and growing exports to Mexico. North America's first exports of liquefied natural gas are expected to commence in the first quarter of 2016, with additional projects coming on-line in 2016 and beyond.

Going forward, the Questfire team will remain focused on further cost reductions, continued capital spending discipline and selectively drilling wells which have high-impact potential and positive economics, such as the Morningside Falher gas play.

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 17,318,001 Class A shares and 550,440 Class B shares outstanding.

To view a full copy of the Corporation's unaudited financial results for the period ended September 30, 2015, including the Corporation's unaudited financial statements and accompanying MD&A, please refer to the SEDAR website at www.sedar.com or contact the Corporation at Questfire Energy Corp., 1100, 350 – 7th Ave S.W., Calgary, Alberta, T2P 3N9.

Reader Advisory

Reserves and petroleum and natural gas volumes are stated as a "barrel of oil equivalent" (boe), derived by converting gas to an oil equivalency in the ratio of 6,000 cubic feet of gas to one barrel of oil. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6,000 cubic feet of gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead which under current commodity price conditions is approximately 20 Mcf to 1 bbl. Readers are cautioned that boe figures may be misleading, particularly if used in isolation.

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.

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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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