



CALGARY, ALBERTA – May 26, 2016

QUESTFIRE ENERGY CORP. ANNOUNCES 2016 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 interim financial statements and related management's discussion and analysis ("MD&A") for the three month period ended March 31, 2016.

Financial and Operating Highlights

	Three months ended March 31,	
	2016	2015
Financial		
Oil and natural gas sales	\$ 7,284,889	\$ 10,854,042
Funds flow from operations ⁽¹⁾	23,012	3,051,539
Per share, basic	-	0.18
Per share, diluted	-	0.13
Loss	(3,418,448)	(2,000,065)
Per share, basic and diluted	(0.20)	(0.12)
Capital expenditures	138,861	1,648,568
Working capital deficit <i>(end of period)</i> ⁽²⁾	11,077,120	4,102,872
Long-term contract obligation <i>(end of period)</i> ⁽³⁾	14,061,935	14,418,416
Long-term bank debt <i>(end of period)</i>	41,839,415	40,774,076
Shareholders' equity <i>(end of period)</i>	\$ 10,986,866	\$ 22,088,628
Shares outstanding <i>(end of period)</i>		
Class A	17,318,001	17,318,001
Class B	550,440	550,440
Options outstanding <i>(end of period)</i>	3,488,500	2,751,000
Weighted-average basic and diluted shares outstanding	17,318,001	17,318,001
Class A share trading price		
High	\$ 0.74	\$ 1.76
Low	0.38	1.18
Close	\$ 0.55	\$ 1.39

	Three months ended March 31,	
	2016	2015
Operations ⁽⁴⁾		
Production		
Natural gas (Mcf/d)	22,785	22,341
Natural gas liquids (NGL) (bbls/d)	744	689
Crude oil (bbls/d)	501	790
Total (boe/d)	5,043	5,203
Benchmark prices		
Natural gas		
AECO (Cdn\$/GJ)	\$ 1.74	\$ 2.60
Crude oil		
WTI (US\$/bbl)	33.45	48.63
Canadian Light (Cdn\$/bbl)	41.22	53.23
Average realized prices ⁽⁵⁾		
Natural gas (per Mcf)	1.97	2.87
NGL (per bbl)	25.40	33.25
Crude oil (per bbl)	32.35	42.51
Operating netback (per boe) ⁽⁶⁾	3.67	8.96
Funds flow netback (per boe) ⁽⁶⁾	\$ 0.05	\$ 6.52

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

⁽²⁾ Working capital deficit includes risk management contract assets and convertible Class B share liabilities of \$Nil and \$5,197,655, respectively (March 31, 2015 –\$1,695,519 and \$Nil, respectively). Excluding this, the working capital deficit would be \$5,879,465 (March 31, 2015 – \$5,798,391).

⁽³⁾ Long-term contract obligation excludes current portion of \$356,482 (March 31, 2015 – \$310,731), 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.

First Quarter 2016 Corporate Highlights

- Achieved average production of 5,043 boe per day for the quarter, 75 percent natural gas.
- Achieved sales of \$7.3 million and funds flow from operations of \$23,012 (\$Nil per basic share).
- Minimized capital spending with total capital expenditures of \$138,861.
- Incurred record-low operating costs of \$10.56 per boe, achieving a 9 percent reduction from first quarter 2015 operating costs of \$11.57 per boe.

President’s Message

The first quarter of 2016 saw the lowest average benchmark pricing for oil, natural gas and NGLs to date for Questfire. With our realized commodity prices at record lows in the first quarter we continued to aggressively focus on reducing all costs, minimizing capital spending and maintaining production. Operating costs for the quarter were \$10.56 per boe, a reduction of 9 percent from a year earlier and a record low for the Corporation. No drilling occurred in the quarter and capital spending was less than \$139,000. In order to further reduce our general and administrative costs, in February all of Questfire’s head office and field office staff went to a four-day workweek with a 20 percent salary reduction and a reduction in benefits. The resulting funds flow from operations of \$23,012 was modest but a significant accomplishment considering many operators experienced negative funds flow from operations for the quarter. Additional reductions in the number of staff and field operators have also occurred and we expect our 2016 G&A costs to be down by approximately 10 percent year-over-year.

A bright spot for Questfire has been the production performance of our low-decline asset base. We produced 5,043 boe per day in the first quarter, a decline of only 3 percent from the first quarter of 2015. This is a very modest decline considering we drilled only one well in 2015. Our base production decline rate is now in the 10 percent per year range which is very low by industry standards and a significant advantage in the current low-commodity-price, low-cash-flow environment. We expect to continue to defer drilling projects until commodity prices improve and will continue to pursue lower-cost optimization, workovers and recompletion projects to help offset production declines. Subsequent to the quarter, Questfire shut-in approximately 400 boe per day of higher-operating-cost natural gas production until natural gas prices recover. This will help to further reduce our per-boe operating costs.

As previously announced, Questfire engaged a financial advisor and initiated a strategic review process in the first quarter of 2016. This was a proactive decision taken by Questfire in order to evaluate all options including asset sales and corporate transactions. At the time of this report we have closed the sale of two minor non-core properties for approximately \$2 million. The process remains underway and may result in further asset sales prior to year-end.

In spite of the current low commodity prices, supply and demand fundamentals are at work and, we believe, will lead inevitably to a recovery in commodity prices. The overall supply of oil and natural gas in North America is declining due to record low drilling rig counts. The decline in U.S. shale gas production is now marked and unmistakable, at the same time as exports of LNG become regular and are set to climb dramatically. Excess world oil supply has declined to a very thin margin of only 2 or 3 percent even as the OPEC countries continue to produce at near full capacity. Worldwide capital spending for oil and gas projects has been significantly reduced, which will delay new supply coming to market. At the same time, demand has responded as expected. At approximately 95 million barrels per day, the world's oil consumption has never been higher and natural gas demand in North America is also at record high levels. At the time of this report, crude oil prices are very close to US\$50 per bbl WTI, an increase of over 45 percent from the average price of US\$33.45 per bbl in the first quarter.

In the meantime, we will continue to reduce costs, minimize capital spending with a focus on maximizing production and cash flow, while actively pursuing opportunities to sell assets and reduce debt. We are taking the necessary steps to get through this challenging commodity price environment and our longer-term goal of creating shareholder value has not changed.

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 March 31, 2016, 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

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 20-35 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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