Questfire Energy Corp.

Condensed Interim Financial Statements

For the three months ended March 31, 2017

(amounts in Canadian dollars) (unaudited)

Questfire Energy Corp.
Condensed Interim Balance Sheets
(amounts in Canadian dollars) (unaudited)

	Note	March 31, 2017	December 31, 2016
		$	$
Assets			
Current assets			
Accounts receivable	4(c)	**5,108,935**	5,849,001
Deposits and prepaid expenses		**679,018**	675,048
Total current assets		**5,787,953**	6,524,049
Non-current assets			
Property and equipment	5	**85,096,199**	87,452,394
Exploration and evaluation assets	6	**383,309**	916,516
Deferred tax assets		**75,101**	-
Total assets		**91,342,562**	94,892,959
Liabilities			
Current liabilities			
Bank overdraft		**608,821**	974,010
Accounts payable and accrued liabilities		**9,313,882**	10,008,184
Risk management contracts	4(e)	**928,618**	2,957,743
Current portion of long-term contract obligation		**408,969**	395,163
Bank debt	7	**33,813,945**	33,514,750
Total current liabilities		**45,074,235**	47,849,850
Non-current liabilities			
Decommissioning provisions		**20,465,297**	20,432,168
Long-term contract obligation		**13,652,966**	13,760,534
Deferred tax liabilities		**-**	135,251
Total liabilities		**79,192,498**	82,177,803
Shareholders' Equity			
Share capital	8(b)	**10,388,613**	10,388,613
Contributed surplus		**2,111,584**	2,052,725
Retained earnings (deficit)		**(350,133)**	273,818
Total shareholders' equity		**12,150,064**	12,715,156
Total liabilities and shareholders' equity		**91,342,562**	94,892,959

Going concern (note 2)
Commitments (notes 4(e) and 11)
Subsequent events (notes 7, 8 and 12)

(Signed) "Richard Dahl", Director

(Signed) "Roger MacLeod", Director

See accompanying notes to the financial statements.

Questfire Energy Corp.

Condensed Interim Statements of Loss and Comprehensive Loss

(amounts in Canadian dollars) (unaudited)

	Note	Three months ended March 31, 2017	2016
		$	$
Revenue			
Oil and natural gas sales		**9,148,268**	7,284,889
Royalties		**(555,170)**	(284,441)
		8,593,098	7,000,448
Realized loss on risk management		**(738,229)**	-
Unrealized gain on risk management	4(e)	**2,005,565**	-
Total revenue		**9,860,434**	7,000,448
Expenses			
Production and operating		**4,415,639**	4,846,677
Transportation		**473,088**	470,814
General and administrative		**974,525**	1,221,511
Share-based compensation		**58,859**	153,970
Exploration and evaluation		**634,695**	237,403
Depletion and depreciation	5	**2,472,989**	2,959,960
Corporate reorganization		**113,116**	201,031
Total expenses		**9,142,911**	10,091,366
Operating Income (Loss)		**717,523**	(3,090,918)
Gain on sale of assets	5	**289,173**	-
Finance expense	9	**(1,840,999)**	(1,535,764)
Loss Before Income Taxes		**(834,303)**	(4,626,682)
Deferred income tax recovery		**210,352**	1,208,234
Loss and Comprehensive Loss for the Period		**(623,951)**	(3,418,448)
Loss per Share			
Basic and diluted	8(c)	**(0.03)**	(0.20)

See accompanying notes to the financial statements.

Condensed Interim Statements of Changes in Equity

(amounts in Canadian dollars) (unaudited)

	Note	Share capital	Equity component of convertible Class B shares	Contributed surplus	Retained earnings (deficit)	Total
		$	$	$	$	$
Balance, January 1, 2016		6,945,345	(2,061,132)	1,565,190	7,801,941	14,251,344
Share-based compensation		-	-	153,970	-	153,970
Loss for the period		-	-	-	(3,418,448)	(3,418,448)
Balance, March 31, 2016		6,945,345	(2,061,132)	1,719,160	4,383,493	10,986,866
Conversion of Class B shares		3,443,268	2,061,132	-	-	5,504,400
Share-based compensation		-	-	333,565	-	333,565
Loss for the period		-	-	-	(4,109,675)	(4,109,675)
Balance, December 31, 2016		10,388,613	-	2,052,725	273,818	12,715,156
Share-based compensation		-	-	58,859	-	58,859
Loss for the period		-	-	-	(623,951)	(623,951)
Balance, March 31, 2017		**10,388,613**	**-**	**2,111,584**	**(350,133)**	**12,150,064**

See accompanying notes to the financial statements.

Condensed Interim Statements of Cash Flows

(amounts in Canadian dollars) (unaudited)

	Note	Three months ended March 31, 2017	2016
		$	$
Cash flows related to:			
Operating Activities			
Loss		**(623,951)**	(3,418,448)
Add (deduct) items not involving cash:			
Unrealized gain on risk management	4(e)	**(2,005,565)**	-
Share-based compensation		**58,859**	153,970
Exploration and evaluation expenditures	6	**421,840**	-
Depletion and depreciation	5	**2,472,989**	2,959,960
Deferred income tax recovery		**(210,352)**	(1,208,234)
Finance expense	9	**1,840,999**	1,535,764
Gain on sale of assets	5	**(289,173)**	-
Funds flow from operations		**1,665,646**	23,012
Decommissioning costs incurred		**(386,968)**	(536,600)
Change in non-cash working capital	10	**(258,274)**	1,085,259
Cash from operating activities		**1,020,404**	571,671
Investing Activities			
Exploration and evaluation expenditures	6	**-**	(34,662)
Property and equipment expenditures	5	**(89,215)**	(104,199)
Disposal of property and equipment	5	**289,173**	-
Purchase of risk management contracts	4(e)	**(23,560)**	-
Change in non-cash working capital	10	**55,806**	131,318
Cash from (used in) investing activities		**232,204**	(7,543)
Financing Activities			
Net bank debt draws		**299,195**	432,942
Long-term contract obligation repayments		**(93,762)**	(81,728)
Interest and financing costs paid	9	**(1,337,114)**	(999,653)
Change in non-cash working capital	10	**244,262**	1,400
Cash used in financing activities		**(887,419)**	(647,039)
Increase (decrease) in cash and cash equivalents		**365,189**	(82,911)
Bank overdraft, beginning of period		**(974,010)**	(172,382)
Bank overdraft, end of period		**(608,821)**	(255,293)

See accompanying notes to the financial statements.

1. General business description

Questfire Energy Corp. ("Questfire" or the "Corporation") is engaged in the exploration for, and development and production of, oil and natural gas in Alberta. The Corporation's shares are listed on the TSX Venture Exchange (TSXV). The address and principal place of business of the Corporation is 1100, 350 – 7th Avenue S.W., Calgary, Alberta, T2P 3N9.

2. Basis of preparation

Statement of compliance

The condensed interim financial statements are unaudited and were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), interpretations of the International Financial Reporting Interpretations Committee (IFRIC), and Canadian generally accepted accounting principles (GAAP) as applicable to interim financial statements, including International Accounting Standard (IAS) 34, *Interim Financial Reporting*, and should be read in conjunction with the annual financial statements for the year ended December 31, 2016, which were prepared in accordance with IFRS. The disclosure provided is incremental to that included with the annual financial statements. Certain information and disclosure included in the notes to the annual financial statements is condensed in the interim financial statements or disclosed only on an annual basis.

The condensed interim financial statements were approved and authorized for issuance by Questfire's Board of Directors on May 23, 2017.

Going concern

The condensed interim financial statements were prepared on a going-concern basis, which assumes that the Corporation will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Corporation's ability to continue as a going concern is uncertain due to:

- Uncertainty regarding the borrowing base that will be provided by the lenders in May 2017 and the fact that the lenders are under no requirement to renew the current lending facility, which matures May 31, 2017;
- As at March 31, 2017, the Corporation had a working capital deficit of $38.4 million, excluding the risk management contracts (note 4(e));
- Over the course of the last year the Corporation has breached certain financial, operational and corporate covenants on its bank debt. It is uncertain that the lenders will continue to provide waivers or amendments;
- Management is pursuing additional sales of certain of its oil and gas properties to generate cash to reduce bank debt. The size and timing of such sales are uncertain; and
- Forecast funds flow from operations, when combined with cash finance expense and anticipated decommissioning costs and property and equipment expenditures, are positive for the remainder of 2017 when using commodity strip pricing forecasts; strip pricing forecasts, however, are not adequate to meet bank covenants. In addition, the direction and magnitude of commodity price movements through the remainder of 2017 remain uncertain.

The above matters cause material uncertainty which may cast significant doubt on the Corporation's ability to continue as a going concern. The Corporation and its Board of Directors continue to seek strategic alternatives for the Corporation. During the quarter, the Corporation raised $0.3 million in cash by disposing of non-core assets (note 5), which was applied to bank debt.

The condensed interim financial statements do not reflect any adjustments to the carrying amounts of the Corporation's assets, liabilities, revenues, expenses or balance sheet classifications that would be necessary if the going-concern assumption were not appropriate. The Corporation may, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business at amounts different from those reflected in the condensed interim financial statements.

Use of estimates and judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed interim financial statements and the reported amounts of revenue and expenses during the period. These estimates are reviewed periodically and, as adjustments become necessary, are reported in the period in which they become known. By their nature, these estimates and related future cash flows are subject to estimation uncertainty, and the impact on future financial statements could be material.

In preparing these condensed interim financial statements, the significant estimates and judgments made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those applicable to the financial statements for the year ended December 31, 2016.

3. Significant accounting policies

The accounting policies followed in these condensed interim financial statements are consistent with those for the year ended December 31, 2016. There are no new or amended accounting standards or interpretations adopted during the three months ended March 31, 2017 that had a material effect on the Corporation's condensed interim financial statements.

4. Financial instruments and risk management

a) Risk management overview

The Corporation's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk. This note presents information about changes to the Corporation's exposure to each of these risks, its objectives, policies and processes for measuring and managing risk, and its management of capital during the period. Further quantitative disclosure is included throughout these financial statements. Questfire employs risk management strategies and policies to ensure its risk exposure is consistent with its business objectives and risk tolerance. While the Board of Directors has overall responsibility for Questfire's risk management framework, Questfire's management monitors the risks and administers the risk management measures.

b) Fair value of financial instruments

The fair value of the long-term contract obligation at March 31, 2017, based on a discounted cash flow model assuming a 13.41 percent effective interest rate, is approximately $14.1 million (December 31, 2016 – $14.2 million).

c) Credit risk

The Corporation considers all accounts receivable greater than 90 days to be past due. At March 31, 2017, $1,024,468 is past due (December 31, 2016 – $868,271). The Corporation considers this amount fully collectible. As at March 31, 2017, approximately $285,000 of the past due balance relates to claims with the Orphan Well Association (December 31, 2016 – approximately $285,000).

d) Liquidity risk

The Corporation expects to repay its financial liabilities in the normal course of operations and to fund future operational, capital and other obligations through future operating cash flow, as well as future equity and debt financing. The next borrowing base re-determination on the Corporation's credit facility (note 7) is to occur on or before May 31, 2017. Assuming current economic conditions persist, management anticipates the borrowing base could be reduced and, if so, the Corporation will experience increased liquidity risk. Possible risk mitigation options are to sell assets or issue equity.

(amounts in Canadian dollars) (unaudited)

During the quarter ended March 31, 2017, the Corporation disposed of assets for approximately $0.3 million (note 5) in cash, which was used to reduce bank debt.

The timing of undiscounted cash flows relating to the financial liabilities outstanding at March 31, 2017 is outlined below:

	1 year	2 years	3 years	>3 years	Total
	$	$	$	$	$
Bank overdraft	608,821	-	-	-	608,821
Accounts payable and accrued liabilities	9,313,882	-	-	-	9,313,882
Risk management contracts	928,618	-	-	-	928,618
Bank debt [(1)]	33,813,945	-	-	-	33,813,945
Long-term contract obligation [(2)]	15,979,267	-	-	-	15,979,267

(1) Excludes future interest payable on amounts drawn on the bank credit facility.

(2) Includes the payments required if the long-term contract obligation is repaid within 48 months of inception.

The Corporation strives to ensure it will have sufficient access to funds to meet short-term obligations by actively monitoring its credit facilities, and coordinating payment cycles with revenue cycles.

The Corporation is also subject to commitments as disclosed in note 11.

e) Market risk

Market risks are as follows:

Foreign currency risk

At March 31, 2017 and December 31, 2016, the Corporation had no forward exchange rate contracts nor any working capital denominated in foreign currencies.

Interest rate risk

For the three months ended March 31, 2017, a 1 percent increase in interest rates would decrease income by approximately $62,000 (three months ended March 31, 2016 – approximately $77,000). The Corporation had no interest rate swaps or contracts as at or during the three months ended March 31, 2017 or 2016.

Commodity price risk

At March 31, 2017, Questfire had the following crude oil and natural gas risk management contracts with a total mark-to-market liability of $928,618:

Period	Commodity	Type of contract	Notional quantity	Pricing point	Contract price
May 1/16 - Dec. 31/17	Natural Gas	Swap	5,000 GJ/d	AECO 7A	Cdn$2.010/GJ
Apr. 1/17 - May 31/17	Natural Gas	Swap	2,500 GJ/d	AECO 7A	Cdn$2.600/GJ
Feb. 1/17 - May 31/17	Crude Oil	Costless collar	100 bbls/d	WTI Nymex	US$48.00/bbl-US$54.80/bbl
Feb. 1/17 - May 31/17	Crude Oil	Purchased put [(1)]	100 bbls/d	WTI Nymex	US$51.75/bbl
Feb. 1/17 - May 31/17	Crude Oil	Swap	125 bbls/d	WTI Nymex	US$52.50/bbl

(1) Requires the Corporation to pay a monthly premium of US$3.00 per bbl over the term for a total premium of US$36,000.

(amounts in Canadian dollars) (unaudited)

Reconciliation of changes of fair value in Questfire's risk management contracts:

Three months ended	**March 31, 2017**
	$
Fair value of contracts, beginning of period	(2,957,743)
Contracts entered into (purchased put)	23,560
Change in fair value of contracts	2,005,565
Fair value of contracts, end of period	**(928,618)**

Commodity price sensitivities – risk management positions

The following summarizes the sensitivity of the fair value of Questfire's risk management contracts to fluctuations in commodity prices, with all other variables held constant. Management believes the price fluctuations identified below are a reasonable measure of volatility. Fluctuating commodity prices could have resulted in unrealized gains or losses on the Corporation's risk management contracts at March 31, 2017, affecting profit or loss for the three months ended March 31, 2017 as follows:

Commodity	**Sensitivity range**	**Increase**	**Decrease**
		$	$
Natural gas	± $0.10 per Mcf – AECO 7A contracts	(106,024)	106,022
Crude oil	± $1.00 per bbl – WTI Nymex	(11,961)	12,801

f) Capital management

The Corporation considers its capital structure to include shareholders' equity, long-term contract obligation and bank debt. The balance of each of these items is as follows:

As at	**March 31, 2017**
	$
Bank debt	**33,813,945**
Long-term contract obligation	**14,061,935**
Shareholders' equity	**12,150,064**

There were no changes to the Corporation's approach to capital management during the three months ended March 31, 2017.

(amounts in Canadian dollars) (unaudited)

5. Property and equipment (P&E)

	Oil and natural gas interests	Corporate and other	Total
	$	$	$
Cost			
Balance, December 31, 2016	129,208,207	252,670	129,460,877
Additions	89,215	-	89,215
Transfers from E&E (note 6)	111,367	-	111,367
Decommissioning provision	(83,788)	-	(83,788)
Balance, March 31, 2017	**129,325,001**	**252,670**	**129,577,671**
Accumulated depletion and depreciation			
Balance, December 31, 2016	41,852,647	155,836	42,008,483
Depletion and depreciation	2,467,173	5,816	2,472,989
Balance, March 31, 2017	**44,319,820**	**161,652**	**44,481,472**
Balance, December 31, 2016	87,355,560	96,834	87,452,394
Balance, March 31, 2017	**85,005,181**	**91,018**	**85,096,199**

To date, the Corporation has not capitalized any interest nor general and administrative expenses to P&E.

Future capital costs required to develop proved plus probable reserves in the amount of $85.7 million (December 31, 2016 – $85.7 million) are included in the depletion calculation for oil and natural gas interests.

During the three months ended March 31, 2017, the Corporation disposed of assets in the Westerose cash-generating unit (CGU) for proceeds of $300,000, before $10,827 in transaction costs, resulting in a gain on sale of assets of $289,173. The assets disposed of had a carrying value of $Nil.

At March 31, 2017 the Corporation performed a review of each of its P&E and E&E CGUs for any indicators of impairment or impairment reversals and determined that there were none. Accordingly, no impairment tests were performed.

6. Exploration and evaluation (E&E) assets

	March 31, 2017
	$
Balance, December 31, 2016	916,516
Additions	-
Transfers to P&E (note 5)	(111,367)
Expenses	(421,840)
Balance, March 31, 2017	**383,309**

E&E assets consist of the Corporation's exploration projects which are pending the determination of proved and/or probable reserves. Expenses represent the Corporation's share of costs relating to expired mineral rights leases.

7. Bank debt

The Corporation has a $23.0 million extendible revolving term credit facility and an approximately $7.5 million supplemental facility with a syndicate of Canadian banks (the "Syndicate"), and a $5.0 million operating facility with one member of the Syndicate (together the "Credit Facility"), for a total available amount of approximately $35.5 million. The Credit Facility provides that advances may be made by way of direct advances, bankers' acceptances or standby letters of credit, with advances secured by a $150 million first charge demand debenture on the Corporation's oil and natural gas interests.

The Credit Facility bears interest at a floating rate based on the applicable Canadian prime rate, plus between 2.0 percent and 6.0 percent depending on the Corporation's ratio of senior debt, which excludes amounts under the long-term contract, to earnings before interest, taxes, depreciation and amortization (EBITDA) as defined by the agreement, effectively adjusting earnings for all other non-cash items. Amounts under the supplemental facility bear interest at an additional 2 percent to those under the revolving term credit facility and the operating facility. All proceeds from asset sales, operations, debt and equity issuances, excluding flow-through shares, will permanently reduce the availability of the supplemental facility and will be fully applied against the remaining balance. Cash proceeds from operations are considered cash proceeds from oil and natural gas sales after risk management gains and losses, royalties, transportation, production and operating expenses, maintenance P&E expenditures and mandatory decommissioning costs (not to exceed $750,000), general and administrative expenses and interest. Cash payments of at least $100,000 per month must be paid towards the outstanding bank debt starting January 2017. The Corporation has made the required $100,000 payments through May 2017. Should the loan not be extended, it matures on May 31, 2017.

The Corporation is subject to certain reporting, operational and financial covenants under its Credit Facility. The reporting covenant requires Questfire to maintain a liability management rating (LMR), as reported by the Alberta Energy Regulator (AER), of at least 1.10:1 at all times. This was met, as Questfire has maintained an LMR of 1.25 or higher since this metric was established as a covenant.

The operational covenant requires Questfire to maintain overall production volume of at least 80 percent of that forecast by the Corporation and approved by the Syndicate. This covenant has been met.

The first financial covenant requires Questfire to have, at the end of each quarter, maximum consolidated net debt of $47.5 million, which for purposes of the covenant is calculated as long-term bank debt and working capital, excluding risk management contracts. The consolidated net debt covenant, including letters of credit, at March 31, 2017 has been met at a balance of $38.6 million. The second financial covenant requires Questfire to generate minimum monthly EBITDA, as defined by the agreement, of 80 percent of that forecast by the Corporation and approved by the Syndicate. This covenant was not met for certain months in 2017. The third financial covenant requires Questfire to have a cumulative negative monthly cash flow variance of no more than $0.5 million from the amount forecast by the Corporation in August 2016 and approved by the Syndicate. This covenant was not met for certain months in 2017. The fourth financial covenant requires Questfire to hedge between 40 percent and 60 percent of its proved developed producing production through May 31, 2017 by January 31, 2017. This covenant was met.

The Corporation is also subject to several corporate covenants. The first corporate covenant required Questfire to dispose of several specific minor oil and natural gas properties for no less than $0.425 million before January 31, 2017. This covenant was breached; a waiver, however, was issued and one of the properties was sold for $0.3 million (note 5). The second corporate covenant required Questfire to enter into a term sheet in the amount of no less than $67 million by January 31, 2017 in order to pay out the Syndicate by February 28, 2017. If either of these deadlines was not met, a minimum of $5 million must be raised by March 15, 2017, of which a minimum of $2.5 million must be used to drill a minimum of two wells and a minimum of $2.5 million must be used to repay the supplemental facility. Such funds raised must come from sources other than asset dispositions, cash flow or the Credit Facility. This covenant was breached, and the deadlines were extended as discussed below.

During the three months ended March 31, 2017, the Corporation entered into an amended Credit Facility with the Syndicate. The amendments included revising the dates of the second corporate covenant from February 28 to March 31, 2017 and from March 15 to the earlier of April 30, 2017 and the date which is 30 days from the date the Syndicate determines that a corporate merger will not be entered into. This covenant was breached.

(amounts in Canadian dollars) (unaudited)

Subsequent to the quarter the Corporation entered into an amended Credit Facility with the Syndicate. The amendments included the removal of the second corporate covenant.

At March 31, 2017, $33.8 million of the Credit Facility was drawn (December 31, 2016 – $33.5 million). For the three months ended March 31, 2017, the average effective interest rate was 9.3 percent (three months ended March 31, 2016 – 4.7 percent).

At March 31, 2017, the Corporation had letters of credit outstanding of $200,000, reducing the borrowing capacity under the Credit Facility.

8. Share capital

a) Authorized – Unlimited number of Class A and Class B common shares with no par value.

b) Issued – Class A shares

	Shares	Amount
	#	$
Balance, March 31, 2017 and December 31, 2016	**22,822,401**	**10,388,613**

c) Loss per share

The following sets forth the computation of per-share amounts:

Three months ended March 31,	**2017**	2016
Numerator		
Loss attributable to Class A shares	**$ (623,951)**	$ (3,418,448)
Denominator		
Weighted-average number of shares outstanding for basic and diluted per-share calculation	**22,822,401**	17,318,001
Basic and diluted loss per share attributable to Class A shares	**$ (0.03)**	$ (0.20)

For the three months ended March 31, 2017, the Corporation excluded the following instruments from the calculation of diluted loss per share as they would be anti-dilutive:

i. Stock options – 3,083,500 (three months ended March 31, 2016 – 3,488,500), with a weighted-average exercise price of $0.69 (three months ended March 31, 2016 – $0.81).
ii. Class B shares – Nil (three months ended March 31, 2016 – 550,440).

d) Share-based compensation

During the three months ended March 31, 2017, the Corporation granted nil options (three months ended March 31, 2016 – nil options) to acquire Class A shares. The options previously granted vest one-third on each of the first, second and third anniversaries of grant and expire ten years from grant.

(amounts in Canadian dollars) (unaudited)

The following provides information with respect to stock option transactions:

Three months ended	**March 31, 2017**	
	Options	Weighted-average exercise price
	#	$
Outstanding, beginning of period	3,133,500	0.69
Forfeited	(50,000)	0.97
Outstanding, end of period	**3,083,500**	**0.69**

The following provides information about stock options outstanding at March 31, 2017:

Range of exercise prices ($)	**Number outstanding**	**Weighted-average remaining contractual life (years)**	**Options outstanding – weighted-average exercise price ($)**	**Number exercisable**	**Options exercisable – weighted-average exercise price ($)**
0.20 - 0.65	1,311,000	4.62	0.22	1,311,000	0.22
0.95 - 1.00	1,517,500	7.33	0.99	1,009,722	0.99
1.30	255,000	8.04	1.30	85,000	1.30
	3,083,500	**6.24**	**0.69**	**2,405,722**	**0.58**

Subsequent to the end of the quarter, 75,000 options to acquire Class A shares, with a weighted-average exercise price of $0.98 per share, were forfeited as a result of staffing reductions in 2016.

9. Finance expense

Three months ended March 31,	**2017**	2016
	$	$
Finance expense		
Interest on bank debt (note 7)	**782,440**	499,989
Interest on long-term contract obligation	**487,604**	499,664
Financing costs	**67,070**	-
Cash finance expense	**1,337,114**	999,653
Accretion on decommissioning provisions	**503,885**	425,313
Accretion on convertible Class B share liability	**-**	110,798
Non-cash finance expense	**503,885**	536,111
Total finance expense	**1,840,999**	1,535,764

(amounts in Canadian dollars) (unaudited)

10. Supplemental cash flow information

Changes in non-cash working capital are comprised of:

Three months ended March 31,	**2017**	2016
	$	$
Cash flows relating to:		
Accounts receivable	**740,066**	1,009,584
Deposits and prepaid expenses	**(3,970)**	92,917
Accounts payable and accrued liabilities	**(694,302)**	115,476
Changes in non-cash working capital	**41,794**	1,217,977
Changes in non-cash working capital relating to:		
Operating activities	**(258,274)**	1,085,259
Investing activities	**55,806**	131,318
Financing activities	**244,262**	1,400
	41,794	1,217,977

11. Commitments

As part of its normal operations, Questfire has committed to paying certain amounts over the next five years and thereafter as follows:

	2017	**2018**	**2019**	**2020**	**2021**	**Thereafter**
	$	$	$	$	$	$
Office lease	575,315	767,087	447,467	-	-	-

Questfire's commitments related to its long-term contract obligation are disclosed in note 4(d) and to its risk management program in note 4(e).

12. Subsequent events

Subsequent to the end of the quarter, modifications were made to the Credit Facility, as disclosed in note 7.