Questfire Energy Corp. – Financial and Operating Highlights

	Three months ended December 31,		Year ended December 31,	
	2013	2012	**2013**	2012
Financial				
Oil and natural gas sales	**$ 15,900,716**	$ 212,957	**$ 40,537,638**	$ 509,124
Funds flow from (used in) operations [1]	**4,782,463**	(2,097,289)	**11,919,693**	(3,012,451)
Per share, basic	**0.37**	(0.16)	**0.92**	(0.24)
Per share, diluted	**0.08**	(0.16)	**0.25**	(0.24)
Loss	**(1,929,541)**	(1,390,346)	**(2,178,474)**	(3,524,622)
Per share, basic and diluted	**(0.15)**	(0.11)	**(0.17)**	(0.28)
Capital expenditures	**4,302,399**	77,257	**8,194,033**	2,570,321
Property acquisitions	**-**	-	**84,788,453**	-
Working capital deficit *(end of year)*			**47,554,483**	1,531,123
Non-current debentures *(end of year)*			**31,002,508**	1,352,811
Shareholders' deficiency *(end of year)*			**4,023,402**	2,073,926
Shares outstanding *(end of year)*				
Class A			**12,963,001**	12,813,001
Class B			**2,055,840**	555,840
Options outstanding *(end of year)*			**1,971,000**	1,281,000
Warrants outstanding *(end of year)*			**1,510,000**	1,510,000
Weighted-average basic shares outstanding	**12,963,001**	12,813,001	**12,910,809**	12,813,001
Weighted-average diluted shares outstanding	**12,963,001**	12,813,001	**12,910,809**	12,813,001
Class A share trading price				
High	**1.30**	0.50	**1.47**	1.20
Low	**0.92**	0.45	**0.50**	0.40
Close	**1.03**	0.50	**1.03**	0.50
Operations [2]				
Production				
Natural gas *(Mcf/d)*	**24,630**	411	**16,998**	366
NGL *(bbls/d)*	**718**	11	**441**	5
Crude oil *(bbls/d)*	**467**	2	**317**	2
Total *(boe/d)*	**5,290**	82	**3,591**	68
Benchmark prices				
Natural gas				
AECO *(Cdn$/GJ)*	**3.34**	3.05	**3.01**	2.27
Crude oil				
WTI *(US$/bbl)*	**97.46**	88.30	**97.98**	94.19
Edmonton par *(Cdn$/bbl)*	**86.26**	84.43	**93.24**	86.57
Average realized prices [3]				
Natural gas *(per Mcf)*	**3.66**	3.70	**3.24**	2.61
Natural gas liquids *(per bbl)*	**63.71**	58.76	**62.71**	62.15
Crude oil *(per bbl)*	**78.97**	73.24	**89.60**	77.95
Operating netback *(per boe)*	**12.98**	19.25	**13.19**	11.02
Funds flow netback *(per boe)*	**9.83**	(279.56)	**9.09**	(121.71)

(1) See "Additional GAAP measures".

(2) For a description of the boe conversion ratio, refer to the commentary in the Management's Discussion and Analysis under Basis of Barrel of Oil Equivalent.

(3) Before hedging.

2013 Corporate Highlights

- Achieved record average production of 3,591 boe per day for the year, with fourth quarter production of 5,290 boe per day, 78 percent natural gas.
- Achieved record quarterly sales in the fourth quarter of $15.9 million and funds flow from operations of $4.8 million ($0.37 per basic share).
- Achieved record annual sales of $40.5 million and funds flow from operations of $11.9 million for ($0.92 per basic share).
- Made capital expenditures of $8.2 million for the year, focused on drilling, well workovers, recompletions and facility maintenance and optimization.
- At year-end, corporate working interest reserves were 18.972 million boe for total proved and 25.687 million boe for proved plus probable.
- In the fourth quarter drilled a successful 100 percent working interest light oil well at Open Lake, and participated in a successful horizontal 14° API oil well in Auburndale (33 percent working interest). Combined, these projects added production of approximately 100 boe per day net (65 percent oil).
- In the fourth quarter participated at 50 percent working interest in a high-productivity Nisku liquids-rich natural gas recompletion in the Pembina field, expected to add 150 boe per day net production including 20 percent natural gas liquids.
- Subsequent to year-end, on March 26, 2014, Questfire repurchased $32.6 million of its 2013 Debentures, for a purchase price of $13.6 million. Concurrently, the Corporation agreed to purchase a minimum of 1.5 million Class B shares at $2.60 per share by way of an Issuer Bid open for acceptance until May 5, 2014.

President's Message

Two-thousand thirteen was a momentous and transformative year for Questfire and may also mark a turning point for western Canada's natural gas industry. Looking back to the fourth quarter of 2012 Questfire was a micro-cap junior natural gas company with three producing wells, 82 boe per day of production, six employees, negative funds flow from operations and very limited capital. A year later, in only Questfire's second full quarter of operations following the Advantage asset acquisition in April, we produced 5,290 boe per day, generating $15.9 million in sales with $4.8 million of quarterly funds flow from operations. We have built a high-quality organization with 25 office staff and 26 full-time field staff and contractors, and have a large inventory of drilling prospects with a low-decline, stable cash flow base to fund them.

Adding Value Per Share

One of the most notable aspects of our corporate transformation is that the number of basic Class A shares outstanding has remained essentially unchanged at 13.0 million. This means that Questfire has avoided dilution of the Class A shares and thus added significant value per share. Our debt levels are manageable and the recent 2013 Debenture redemption, announced on March 26, 2014, again adds significant value to the Corporation and reduces our overall debt by approximately $19 million. Once the Class B Issuer Bid is completed it will greatly reduce the risk of future Class A share dilution resulting from conversion of Class B shares.

This dramatic set of changes was achieved thanks to the efforts and hard work of the Questfire team over the last year. We have been very fortunate to attract talented and experienced office staff and field personnel of top quality, creating one of the best teams I have worked with in my career.

Based on the independent 2013 year-end corporate reserve evaluation prepared by GLJ Petroleum Consultants Ltd. ("GLJ") year-end working interest reserves stood at 18.972 million boe for total proved and 25.687 million boe for proved plus probable. The net present value of these reserves are significant and represent a large increase in value corporately and on a per share basis. The details of the GLJ reserve evaluation are contained in Questfire's Annual Information Form ("AIF") which has been filed on SEDAR.

Operational Successes

We are very pleased with our asset base, which continues to produce as expected, with a relatively low annual production decline rate of approximately 12 percent. Our large land base is yielding several promising oil plays and numerous natural gas opportunities.

During the fourth quarter Questfire participated in a number of exciting and successful drilling and recompletion projects. Late in the quarter we drilled a 100 percent working interest vertical infill oil well at Open Lake, which was placed on-production in the middle of the first quarter of 2014. The results are promising with production expected to stabilize in the 75 boe per day range. This success may lead to a further 10 to 12, 100 percent working interest drilling locations in the Open Lake field.

Questfire also participated in a successful horizontal oil well (33 percent working interest) in the Auburndale field in East Central Alberta. It is currently producing in excess of 120 barrels per day gross of 14° API oil and has created significant further drilling potential. Questfire also participated (50 percent working interest) in the recompletion of a liquids-rich Nisku gas well in the Pembina field. This well is expected to be placed on-production in mid-2014 at approximately 150 boe per day net. These diverse successes, coming within months of closing the Advantage acquisition, begin to illustrate the broad range of opportunities that we expected to find in our new assets, which had been under-capitalized and under-worked for many years.

Commodity Price Improvement

The fourth quarter also saw the start of the winter heating season in North America, which turned into one of the coldest winters in decades. Looking back, this may be a turning point in the natural gas industry. The winter's resulting high heating demand depleted natural gas storage to decade low weekly levels at the time of this report. Natural gas prices not only spiked in response to the winter's various cold snaps around the continent, but also increased in overall terms, driving sharply improved cash flow and growing optimism amongst natural gas-weighted producers. In addition, real progress is occurring on numerous LNG export projects in North America, which bodes well for expanded natural gas demand and, in turn, longer-term natural gas prices.

First Quarter 2014 Developments

The first quarter of 2014 saw a number of exciting and important events that we believe will create significant value for Questfire. First, the cold winter held natural gas prices at higher than forecast levels and, with the drastic reduction in storage and delay in the seasonal "turn" to net natural gas injection, we believe prices could exceed industry forecasts for the remainder of 2014. Approximately 70 percent of our natural gas production in 2014 has no ceiling price restriction. The result so far has been higher than forecast funds flow from operations for the first quarter, currently estimated at $6-$7 million. This is significantly higher than our estimated capital expenditures of $3.3 million for the quarter.

Second, on the operations front, the two successful oil wells drilled late in the fourth quarter were placed on production and production results support follow-up drilling. In addition, a 657-metre-deep stratigraphic test well was drilled in February on our 100 percent working interest lands in the Mannville field in East Central Alberta. The well encountered approximately 14 metres of oil-bearing sands in three

Mannville zones. A multi-well surface pad site is being acquired and the first horizontal well is being prepared, with a likely spud in May. With success, this 14° API oil play could support an additional 8 to 12, 100 percent working interest horizontal wells drilled by Questfire.

Third, as press-released on March 26, 2014, Questfire successfully negotiated and closed a deal to repurchase the $32.6 million of its convertible senior secured debentures due April 30, 2016 (the "2013 Debentures") for a purchase price of $13.6 million, which reduced the Corporation's debt by approximately $19 million. The Corporation also agreed to purchase by way of Issuer Bid a minimum of 1.5 million Class B shares at $2.60 per share. At this date, the Issuer Bid has been mailed to all Class B Shareholders and will be open for acceptance until May 5, 2014. The 2013 Debenture redemption and Class B Share purchase will simplify the overall capital structure and dramatically reduce future dilution risk to the Class A shareholders.

2014 Outlook

Questfire's Board of Directors has approved a conservative capital budget for 2014 of approximately $20 million, of which $13 million is to be allocated for drilling and completions. Drilling will be focused on infill vertical wells on our 100 percent working interest Open Lake light oil property and our emerging heavier oil horizontal plays in the Wildmere, Mannville and Auburndale fields in East Central Alberta, which have Questfire working interests ranging from 25 to 100 percent. These drilling projects impose relatively modest gross capital costs of approximately $1.5 million total cost per vertical well and $1.25 million per horizontal well. The horizontal wells are relatively shallow at 700-900 metres true vertical depth and do not require hydraulic fracturing. Facility and well optimization projects will continue to be pursued on our natural gas properties with the goal of reducing or eliminating gas production declines. Our original goal for the year had been to increase funds flow without adding to debt. Current commodity prices are already providing added flexibility.

Our current production forecast for 2014 is an average of 5,200-5,300 boe per day, with forecast funds flow from operations of approximately $25-$28 million. We expect to exit 2014 with production of approximately 5,500 boe per day with an oil and NGL weighting of 28 percent, an increase from the current 22 percent. An operations update will likely be issued in June with further drilling and production results and updated forecasts.

On behalf of the Board of Directors,

(Signed) "Richard Dahl"

Richard H. Dahl
President and Chief Executive Officer
April 8, 2014

Management's Discussion and Analysis

This management's discussion and analysis (MD&A) of operating and financial results of Questfire Energy Corp. ("Questfire" or the "Corporation") is dated April 8, 2014 and is based on currently available information. It should be read in conjunction with the audited financial statements and accompanying notes for the years ended December 31, 2013 and 2012. Unless otherwise noted, all financial information was prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, interpretations of the International Financial Reporting Interpretations Committee (IFRIC), and with Canadian generally accepted accounting principles (GAAP) as set out in Part 1 of the Chartered Professional Accountants Canada Handbook - Accounting. These documents, along with other statutory filings, including the Corporation's Annual Information Form, are available on SEDAR at www.sedar.com and at the Corporation's website at www.questfire.ca.

Refer to the end of the MD&A for commonly used abbreviations.

Readers should read the section Forward-Looking Statements at the end of the MD&A, which explains the basis for and limitations of statements throughout this report that are not historical facts and may be considered "forward-looking statements" under securities regulations.

Description of Business

The Corporation is engaged in the acquisition, exploration, development and production of oil and natural gas reserves in Canada. The Corporation's focus is to generate and develop its own prospects, acquire oil and natural gas properties directly and/or through farm-in, and participate with joint venturers and other industry partners in oil and natural gas exploration and development in Alberta. Questfire is traded on the TSX Venture Exchange under the symbols Q.A and Q.B.

Financial and Operating Results

Production

	Three months ended December 31, 2013	2012	Year ended December 31, 2013	2012
Volume				
Natural gas *(Mcf)*	**2,265,920**	37,815	**6,204,411**	134,135
NGL *(bbl)*	**66,054**	1,025	**160,995**	1,720
Crude oil *(bbl)*	**42,935**	174	**115,558**	676
Total *(boe)*	**486,642**	7,502	**1,310,622**	24,752
Daily average volume				
Natural gas *(Mcf/d)*	**24,630**	411	**16,998**	366
NGL *(bbls/d)*	**718**	11	**441**	5
Crude oil *(bbls/d)*	**467**	2	**317**	2
Total sales *(boe/d)*	**5,290**	82	**3,591**	68
Production weighting				
Natural gas	**78%**	84%	**79%**	90%
NGL	**13%**	14%	**12%**	7%
Crude oil	**9%**	2%	**9%**	3%
	100%	100%	**100%**	100%
Production by cash-generating unit (CGU) ***(boe/d)***				
Red Deer	**1,222**	-	**812**	-
South	**944**	-	**646**	-
Medicine Hat	**637**	-	**465**	-
Open Lake	**728**	-	**442**	-
East Central	**448**	5	**325**	42
Westerose	**343**	73	**267**	24
Brazeau River	**353**	-	**235**	-
Northwest	**275**	4	**221**	2
Crossfield	**319**	-	**173**	-
Edmonton	**21**	-	**5**	-
Total	**5,290**	82	**3,591**	68

Production declined slightly from the third quarter of 2013 due to natural production declines, as well as cooler weather, offset by facility maintenance performed in the third quarter that shut in a portion of a CGU for approximately one month.

The production added through the Advantage acquisition, which closed on April 30, 2013, accounted for 5,282 boe per day and 3,583 boe per day, respectively, in the three and twelve months ended December 31, 2013. In December 2013, Questfire's production averaged approximately 4,900 boe per day.

Sales

	Three months ended December 31, 2013 $	2012 $	Year ended December 31, 2013 $	2012 $
Natural gas	**8,301,485**	139,987	**20,087,916**	349,537
NGL	**4,208,546**	60,226	**10,095,440**	106,891
Crude oil	**3,390,685**	12,744	**10,354,282**	52,696
Total	**15,900,716**	212,957	**40,537,638**	509,124
Average realized prices				
Natural gas *($/Mcf)*	**3.66**	3.70	**3.24**	2.61
NGL *($/bbl)*	**63.71**	58.76	**62.71**	62.15
Crude oil *($/bbl)*	**78.97**	73.24	**89.60**	77.95
Combined average *($/boe)*	**32.67**	28.39	**30.93**	20.57

Natural gas sales increased in the fourth quarter over the third quarter of 2013 due to increased pricing, which more than offset slightly lower volumes. NGL sales increased during the fourth quarter of 2013 due to higher volumes than in the third quarter. Crude oil sales decreased during the fourth quarter of 2013 due to significantly lower prices than in the third quarter, resulting from a widening of the differential against WTI.

Realized commodity prices changed in step with the applicable underlying price benchmark. Questfire's natural gas production has an average heating value of 39.04 megajoules per cubic metre, realizing a price premium to the standard heating content. Questfire's NGL is comprised approximately 45 percent of condensate, the highest-priced NGL, and the grade of crude oil produced approximates that of Edmonton light. All of this is favourable to the Corporation's average realized prices. The Corporation has hedged a significant proportion of its production, which reduces price volatility (see "Risk Management" below).

Royalties

	Three months ended December 31, 2013 $	2012 $	Year ended December 31, 2013 $	2012 $
Royalties	**2,404,018**	1,766	**5,304,284**	31,057
Per boe	**4.94**	0.24	**4.05**	1.25
Percentage of sales	**15.1%**	0.8%	**13.1%**	6.1%

Questfire's royalty burdens include Crown, Indian, gross over-riding royalties and freehold royalties applicable on the Corporation's revenue. The increase in royalty expense from the 2012 comparative periods is due to the April 30 acquisition.

The increase in the royalty rate in the fourth quarter of 2013 is due to a change in estimate for the calculation of the gas cost allowance, which includes an amount pertaining to previous quarters.

Acquired operations comprised substantially all of the 2013 royalties.

Production and Operating Expense

	Three months ended December 31,		Year ended December 31,	
	2013	2012	**2013**	2012
	$	$	**$**	$
Production and operating expense	**6,731,104**	57,604	**16,768,668**	180,948
Per boe	**13.83**	7.68	**12.79**	7.31

Production and operating expenses increased on a boe basis from the comparative periods due to the larger proportion of non-operated and lower-working-interest production in the acquired assets, as well as to a number of the acquired assets having had little to no capital investment for a number of years, leading to under-utilized field facilities and general inefficiencies. Acquired operations comprised substantially all of the 2013 production and operating expense.

Production and operating expenses increased during the fourth quarter of 2013 from the third quarter of 2013 due to higher-than-anticipated operating cost adjustments in the final statement of adjustments associated with the acquired operations.

The Corporation is implementing a program of field-wide production optimization at a number of its properties to reduce per-boe operating costs in future periods. This project is anticipated to continue throughout 2014.

Transportation Expense

	Three months ended December 31,		Year ended December 31,	
	2013	2012	**2013**	2012
	$	$	**$**	$
Transportation expense	**448,385**	9,154	**1,175,079**	24,321
Per boe	**0.92**	1.22	**0.90**	0.99

Acquired operations comprised substantially all of the 2013 transportation expense.

Risk Management

Questfire's cash flow is highly variable, in large part because oil and natural gas are commodities whose prices are determined by worldwide and/or regional demand, supply and other factors, all of which are beyond Questfire's control. World prices for oil and natural gas have fluctuated widely in recent years. Material price declines could result in a reduction of the Corporation's net production revenue. Certain wells or other projects may become uneconomic because of a decline in oil and natural gas prices. All of these factors could result in a material decrease in Questfire's future net production revenue, causing a reduction in its oil and natural gas acquisition and development activities. A sustained material decline in prices from historical averages could limit Questfire's borrowing base, thereby reducing the bank credit available to Questfire, and could require that a portion of any bank debt be repaid.

Management of cash flow variability is an integral component of the Corporation's business strategy. Changing business conditions are monitored regularly and reviewed with the Board of Directors to establish risk management guidelines used by management in carrying out the Corporation's strategic risk management program. The risk exposure inherent in movements in the price of crude oil and natural gas is proactively managed by Questfire through the use of derivatives with investment-grade counterparties.

The Corporation considers these derivative contracts to be an effective means to manage cash flow and commodity price risk.

The Corporation has elected not to use hedge accounting and, accordingly, the fair value of the financial contracts is recorded at each period-end. The fair value may change substantially from period to period depending on commodity forward strip prices for the financial contracts outstanding at the balance sheet date. The change in fair value from period-end to period-end is reflected in the income for that period. As a result, income may fluctuate considerably.

At December 31, 2013, Questfire had the following crude oil and natural gas risk management contracts, with a total mark-to-market liability of $1,606,257:

Period	Commodity	Type of contract	Notional quantity	Pricing point	Contract price
Jan. 1/14 - Dec. 31/14	Natural gas	Fixed price	8,000 GJ/d	AECO 7A	Cdn$3.3575/GJ
Jan. 1/14 - Dec. 31/14	Natural gas	Purchased put (1)	5,000 GJ/d	AECO 7A	Cdn$3.00/GJ
Jan. 1/14 - Dec. 31/14	Natural gas	Purchased put (2)	10,000 GJ/d	AECO 7A	Cdn$3.00/GJ
Jan. 1/14 - Dec. 31/14	Crude oil	Fixed price	200 bbls/d	WTI NYMEX	Cdn$94.80/bbl

(1) The put contract requires the Corporation to pay a monthly premium of approximately $28,000 over the term for a total premium of $332,150.

(2) The put contracts required total premiums of $424,313 be paid by the Corporation at inception.

These contracts are considered financial instruments, and the resulting derivative financial asset or liability was recorded on the Corporation's balance sheet, with the unrealized gain or loss being recorded on the statement of loss and comprehensive loss.

	Three months ended December 31,		**Year ended December 31,**	
	2013	2012	**2013**	2012
	$	$	**$**	$
Realized gain on risk management contracts	**134,876**	-	**311,372**	-
Per boe	**0.28**	-	**0.24**	-
Unrealized gain (loss) on risk management contracts	**(1,704,383)**	-	**583,019**	-
Per boe	**(3.50)**	-	**0.44**	-

General and Administrative (G&A), Transaction Expense and Flow-Through Share Indemnity

	Three months ended December 31, 2013 $	Three months ended December 31, 2012 $	Year ended December 31, 2013 $	Year ended December 31, 2012 $
G&A	**1,486,949**	338,405	**4,001,331**	1,192,008
Transaction expense	**52,216**	-	**1,280,632**	-
Flow-through share (FTS) indemnity and penalties	**-**	1,840,817	**-**	1,840,817
Total	**1,539,165**	2,179,222	**5,281,963**	3,032,825
G&A cash expense per boe	**2.91**	45.11	**2.94**	48.16
Transaction expense per boe	**0.11**	-	**0.98**	-
FTS indemnity and penalties per boe	**-**	245.37	**-**	74.37
Total cash expense per boe	**3.02**	290.48	**3.92**	122.53
Non-cash G&A (office lease amortization) per boe	**0.15**	-	**0.11**	-
Total expense per boe	**3.17**	290.48	**4.03**	122.53

G&A increases over 2012 are mainly due to acquisition costs incurred in the amount of $52,216 and $1,280,632 in the respective three and twelve-month periods ended December 31, 2013, as well as increased office activity as Questfire started to operate the acquired assets. G&A expense per unit of production declined sharply period-over-period due to the Corporation's much higher production base resulting from the acquisition. Questfire expects G&A expense per boe of production to decline further in future periods as it operates the net assets for entire reporting periods and as it conducts field activities to add production volumes.

Share-Based Compensation

	Three months ended December 31, 2013 $	Three months ended December 31, 2012 $	Year ended December 31, 2013 $	Year ended December 31, 2012 $
Share-based compensation	**61,755**	27,361	**153,998**	109,443
Per boe	**0.13**	3.65	**0.12**	4.42

The increase in the three months and year ended December 31, 2013 from the comparative periods of 2012 is a result of stock options issued in 2013. These options were issued in association with the Corporation increasing staffing as a result of the asset acquisition closing during the second quarter of 2013.

The Corporation granted a total of 180,000 and 690,000 options in the respective three and twelve months ended December 31, 2013 at a Class A share weighted-average exercise price of $0.95 and $0.99 per option, respectively. There were 1,971,000 options outstanding at December 31, 2013 and 2,056,000 outstanding as of the date of this report. There were 854,000 options exercisable at December 31, 2013.

Exploration and Evaluation (E&E) Expenditures

	Three months ended December 31, **2013** $	2012 $	Year ended December 31, **2013** $	2012 $
E&E expense	**200,000**	62,500	**550,000**	252,424
Per boe	**0.41**	8.33	**0.42**	10.20
E&E impairment	**40,825**	-	**40,825**	999,309
Per boe	**0.08**	-	**0.03**	40.37

The decrease in overall E&E expenditures recognized during the year ended December 31, 2013 from 2012 is due to a $999,309 E&E impairment recorded in the first quarter of 2012. The decrease in E&E expense per unit of production is due to the Corporation's much higher production base following the closing of the asset acquisition.

Depletion and Depreciation (D&D)

	Three months ended December 31 , **2013** $	2012 $	Year ended December 31, **2013** $	2012 $
D&D	**3,211,518**	100,821	**8,439,015**	299,209
Per boe	**6.60**	13.44	**6.43**	12.09

The current periods' increase in D&D from the prior year's comparative periods is a result of the Corporation's higher production in 2013 as a result of the asset acquisition. On a per-boe basis, D&D decreased significantly as a result of the anticipated long reserve life of the assets acquired on April 30, 2013.

Impairment

	Three months ended December 31 , **2013** $	2012 $	Year ended December 31, **2013** $	2012 $
D&D	**-**	189,500	**-**	313,500
Per boe	**-**	25.26	**-**	12.67

The Corporation recorded write-downs of property and equipment of $124,000 and $189,500 during the respective third and fourth quarter of 2012. The impairments related to the Corporation's East Central and Northwest CGUs and were a result of management reducing its' assessment of the proved and probable reserves expected to be recovered from these assets in future periods. No property and equipment impairment was recognized in 2013.

Finance Income and Expense

	Three months ended December 31, 2013 $	2012 $	Year ended December 31, 2013 $	2012 $
Finance income				
Interest on cash and cash equivalents	**-**	401	**-**	11,296
Finance expense				
Part XII.6 tax on flow-through shares	**-**	(9,221)	**-**	(37,420)
Interest on convertible debentures	**(535,842)**	(45,307)	**(1,486,777)**	(92,282)
Interest on demand loan	**(502,949)**	-	**(1,235,996)**	-
Financing costs	**-**	-	**(488,487)**	-
Accretion on decommissioning provision	**(501,121)**	(1,021)	**(1,349,591)**	(3,578)
Accretion on Class B share liability	**(385,689)**	(84,550)	**(1,122,087)**	(327,540)
Accretion on convertible debentures	**(318,986)**	(26,198)	**(885,558)**	(52,396)
	(2,244,587)	(166,297)	**(6,568,496)**	(513,216)
Net finance expense	**(2,244,587)**	(165,896)	**(6,568,496)**	(501,920)
Per boe	**(4.61)**	(22.11)	**(5.01)**	(20.28)

Convertible debenture accretion and interest on the convertible debentures have increased due to the convertible debenture issuances in June 2012 and on April 30, 2013.

Accretion on Class B shares and interest on demand loan have increased due to the Class B shares issued and debt incurred to complete the April 30, 2013 asset acquisition.

Decommissioning accretion increased due to the significant increase in the number of wells requiring future decommissioning as a result of the April 30, 2013 asset acquisition.

Deferred Income Tax

Deferred income tax recovery was $620,606 and $671,825 in the respective three months and year ended December 31, 2013, compared to recoveries of $1,190,521 and $1,711,210 in the respective comparative periods in 2012, and is due to the Corporation's 2013 losses being smaller than those incurred in 2012.

Loss

The Corporation incurred losses of $1,929,541 ($0.15 per share basic and diluted) and $2,178,474 ($0.17 per share basic and diluted), respectively, for the three months and year ended December 31, 2013, compared to losses of $1,390,346 ($0.11 per share basic and diluted) and $3,524,622 ($0.28 per share basic and diluted) for the respective comparative periods in 2012.

During the fourth quarter of 2013, Questfire received new information related to facts in force but unknown at the asset acquisition date, as a result of the final statement of adjustments, as well as revised reserve estimations as at April 30, 2013. This new information required retrospective measurement period adjustments to the purchase price equation. The measurement period adjustments did not result from events subsequent to the acquisition date.

The adjustments were made largely to better reflect market participant assumptions about facts and circumstances as of the acquisition date, such as the following: for decommissioning provisions, revised long-term expectations of well lives, estimated costs to reclaim and abandon the wells and facilities, revised well status, type, and working interests; for property and equipment, revised reserve estimates. The Corporation recalculated depletion and depreciation, and finance expense as though these changes were made upon acquisition. The impacts for the three months ended June 30, 2013 were: depletion and depreciation increased by $101,412, finance expense increased by $76,272 and deferred income tax expense was reduced by $44,421. The impacts for the three months ended September 30, 2013 were: depletion and depreciation increased by $148,752, finance expense increased by $108,378 and deferred income tax recovery increased by $64,282. The figures in this MD&A reflect these adjustments.

Selected Annual Information

Years ended December 31,	**2013 (1)**	2012	2011
	$	$	$
Oil and natural gas sales	**40,537,638**	509,124	-
Royalties	**(5,304,284)**	(31,057)	-
Net revenues	**35,233,354**	478,067	-
Funds flow from (used in) operations (2)	**11,919,693**	(3,012,451)	(777,099)
Per share, basic	**0.92**	(0.24)	(0.08)
Per share, diluted	**0.25**	(0.24)	(0.08)
Loss and comprehensive loss	**(2,178,474)**	(3,524,622)	(847,724)
Per share, basic and diluted	**(0.17)**	(0.28)	(0.08)
Total assets	**133,177,378**	5,613,123	8,643,419
Total non-current financial liabilities (3)	**46,090,945**	5,319,161	3,638,810

(1) The results for 2013 include the results of the asset acquisition from Advantage Oil & Gas Ltd. for the period of May 1, 2013 to December 31, 2013. The assets acquired comprised substantially all of the Corporation’s activities during this period.

(2) See “Additional GAAP measures”.

(3) Excludes decommissioning provisions and deferred tax liabilities.

Supplemental Quarterly Information

The following tables summarize key financial and operating information for the periods indicated:

Funds Flow from Operations

	Three months ended December 31,		Year ended December 31,	
	2013	2012	**2013**	2012
	$	$	**$**	$
Loss	**(1,929,541)**	(1,390,346)	**(2,178,474)**	(3,524,622)
Non-cash items:				
Unrealized loss (gain) on risk management	**1,704,383**	-	**(583,019)**	-
Acquired office lease amortization	**69,543**	-	**150,677**	-
Share-based compensation	**61,755**	27,361	**153,998**	109,443
D&D	**3,211,518**	100,821	**8,439,015**	299,209
Impairment	**-**	189,500	**-**	313,500
E&E non-cash items	**40,825**	-	**40,825**	999,309
Net finance expense	**2,244,586**	165,896	**6,568,496**	501,920
Deferred income tax recovery	**(620,606)**	(1,190,521)	**(671,825)**	(1,711,210)
Funds flow from (used in) operations	**4,782,463**	(2,097,289)	**11,919,693**	(3,012,451)

Netback Analysis

	Three months ended December 31,		Year ended December 31,	
	2013	2012	**2013**	2012
	$/boe	$/boe	**$/boe**	$/boe
Average sales price	**32.67**	28.39	**30.93**	20.57
Royalties	**(4.94)**	(0.24)	**(4.05)**	(1.25)
Production and operating expenses	**(13.83)**	(7.68)	**(12.79)**	(7.31)
Transportation expense	**(0.92)**	(1.22)	**(0.90)**	(0.99)
Operating netback	**12.98**	19.25	**13.19**	11.02
G&A, transaction expense, and flow-through share indemnity [1]	**(3.02)**	(290.48)	**(3.92)**	(122.53)
E&E expenditures [2]	**(0.41)**	(8.33)	**(0.42)**	(10.20)
Realized gain on risk management	**0.28**	-	**0.24**	-
Funds flow netback	**9.83**	(279.56)	**9.09**	(121.71)
Net finance expenses	**(4.61)**	(22.12)	**(5.01)**	(20.28)
Office lease amortization	**(0.15)**	-	**(0.11)**	-
D&D	**(6.60)**	(13.44)	**(6.43)**	(12.09)
Share-based compensation	**(0.13)**	(3.65)	**(0.12)**	(4.42)
Unrealized (loss) gain on risk management	**(3.50)**	-	**0.44**	-
Property and equipment impairment	**-**	(25.26)	**-**	(12.67)
E&E non-cash items	**(0.08)**	-	**(0.03)**	(40.37)
Deferred income tax recovery	**1.27**	158.70	**0.51**	69.14
Loss per boe	**(3.97)**	(185.33)	**(1.66)**	(142.40)

(1) Excludes the office lease amortization included below.

(2) Excludes the E&E non-cash items included below.

Selected Quarterly Information

Three months ended	**Dec. 31, 2013**	Sept. 30, 2013	June 30, 2013	March 31, 2013	Dec. 31, 2012	Sept. 30, 2012	June 30, 2012	March 31, 2012
Financial (000's, except per share amounts)								
Oil and natural gas sales	**15,901**	14,040	10,533	64	213	138	100	58
Funds flow from (used in) operations	**4,782**	5,212	2,877	(951)	(2,097)	(283)	(294)	(338)
Per share, basic	**0.37**	0.40	0.22	(0.07)	(0.16)	(0.02)	(0.02)	(0.03)
Per share, diluted	**0.08**	0.07	0.08	(0.07)	(0.16)	(0.02)	(0.02)	(0.03)
Net income (loss)	**(1,930)**	(527)	1,381	(1,103)	(1,390)	(568)	(385)	(1,182)
Per share, basic	**(0.15)**	(0.04)	0.11	(0.09)	(0.11)	(0.04)	(0.03)	(0.09)
Per share, diluted	**(0.15)**	(0.04)	0.04	(0.09)	(0.11)	(0.04)	(0.03)	(0.09)
Capital expenditures	**4,302**	4,371	84,098	211	77	777	600	1,116
Total assets *(end of quarter)*	**133,177**	132,676	130,318	5,552	5,613	6,328	6,870	5,552
Working capital (deficit) *(end of quarter)*	**(47,554)**	(44,374)	(43,136)	(2,838)	(1,531)	698	1,810	1,271
Shareholders' equity (deficit) *(end of quarter)*	**(4,023)**	(2,156)	(1,680)	(3,165)	(2,074)	(711)	(171)	79
Weighted-average basic shares outstanding	**12,963**	12,963	12,902	12,813	12,813	12,813	12,813	12,813
Weighted-average diluted shares outstanding	**12,963**	12,963	47,825	12,813	12,813	12,813	12,813	12,813
Operations								
Production								
Natural gas *(Mcf/d)*	**24,630**	25,443	17,479	79	411	397	385	272
NGL *(bbls/d)*	**718**	621	415	1	11	5	2	1
Crude oil *(bbls/d)*	**467**	447	342	5	2	3	3	-
Total *(boe/d)*	**5,290**	5,308	3,670	19	82	74	69	46
Average realized prices								
Natural gas *(per Mcf)*	**3.66**	2.58	3.60	3.48	3.70	2.47	1.97	2.03
NGL *(per bbl)*	**63.71**	66.21	55.64	63.26	58.76	64.97	67.78	75.36
Crude oil *(per bbl)*	**78.97**	102.61	87.16	84.01	73.24	83.52	75.92	N/A
Operating netback *(per boe)*	**12.98**	12.32	14.76	16.41	19.25	11.04	4.83	5.55
Funds flow netback *(per boe)*	**9.83**	10.67	8.61	(568.25)	(279.56)	(41.84)	(46.94)	(80.01)

Capital Expenditures

	Three months ended December 31,		**Year ended December 31,**	
	2013	2012	**2013**	2012
	$	$	**$**	$
Land	**121,100**	14,280	**223,098**	431,156
Geological and geophysical	**14,496**	-	**15,385**	79,217
Drilling and completions	**2,235,366**	44,461	**3,368,805**	1,392,486
Production equipment and facilities	**1,028,942**	18,447	**1,936,455**	602,638
Well workovers and recompletions	**898,362**	69	**2,540,823**	64,824
Office equipment	**4,133**	-	**109,467**	-
Property acquisition	**-**	-	**84,788,453**	-
	4,302,399	77,257	**92,982,486**	2,570,321

At December 31, 2013, the Corporation had E&E assets of $1,564,044. This included 126,642 net acres of undeveloped land.

At December 31, 2013, the Corporation had gross property and equipment of $131,204,910. This included 225,486 net acres of developed land and costs associated with the wells the Corporation has drilled and acquired to date. As well, it included $146,349 incurred since inception to purchase computer hardware and software, and associated office furniture for use by Questfire employees and consultants to evaluate oil and natural gas leads.

Share Capital and Option Activity

As at the date hereof, the Corporation had 13,013,001 Class A shares, 2,055,840 Class B shares, 2,056,000 stock options, and 1,460,000 warrants outstanding. Each Class B share is convertible (at Questfire's option) into Class A shares at any time after September 30, 2014 and on or before November 30, 2016. The number of Class A shares to be issued upon conversion of one Class B share is calculated by dividing $10 by the greater of $1 and the then-current market price of the Class A shares. If conversion has not occurred by the close of business on November 30, 2016, the Class B shares become convertible (at the shareholder's option) into Class A shares on the same basis. Effective at the close of business on December 31, 2016, all remaining Class B shares will be automatically converted into Class A shares.

The Corporation also has two convertible debenture issuances, each of which has particular conversion features. As at the date hereof, there are $1,435,000 of 2012 convertible debentures outstanding, which are convertible into Class A shares at the holder's option at any time before July 1, 2014 at a conversion price of $0.50 per Class A share. As of the date hereof, there are $Nil 2013 Debentures outstanding, as a result of the redemption on March 26, 2014.

Liquidity and Capital Resources

At December 31, 2013, the Corporation had a working capital deficit of $47,554,483. Funds flow from operations for the year ended December 31, 2013 was $11,919,693. The funds generated from operations, when combined with the available bank financing, are well in excess of the current working capital deficit, excluding the bank debt as it is considered unlikely to be called. Funds generated from operations are anticipated to be used for capital expenditures.

The Corporation's credit facility is a demand loan and as such, the bank could demand repayment at any time. Management is not aware of any indications that the bank would demand prepayment within the next 12 months. Indicators considered include the absence by the Corporation of any breach or default of bank covenants, and the recent completion of a credit facility. The Corporation further expects that it will have sufficient cash on hand to meet immediate obligations by actively monitoring its credit facilities through co-ordinating payment and revenue cycles each month and an active hedging program to mitigate commodity price risk and secure cash flows.

The bank line of credit had $41,000,000 drawn and $19,000,000 undrawn at December 31, 2013. The facility bears interest at a range of prime plus 1 percent to prime plus 3 percent per annum, depending on the Corporation's senior net debt to cash flow ratio, requires the Corporation to maintain an adjusted working capital ratio of at least 1:1 and is secured by all of the Corporation's assets.

The size of the Corporation's capital expenditures will be affected by the total funding available through varying combinations of the funds generated from operations, additional debt or equity as market conditions may allow, and potential asset sales if the Corporation so chooses. Management believes that if a farm-out or asset sale were to be conducted, funds received would be sufficient to eliminate the current working capital deficit.

The Corporation generally relies on operating cash flows, equity issuances and its credit facility to fund its capital requirements and provide liquidity. From time to time, the Corporation may access capital markets to meet its additional financing needs and to maintain flexibility in funding its capital programs. Future liquidity depends primarily on funds flow generated from operations, drawing on existing credit facilities and accessing debt and equity markets. Bank debt is classified as a short-term liability as it is a demand loan and could require repayment within one year. The Corporation generated funds flow from operations for the year ended December 31, 2013.

The Corporation believes that the 2012 convertible debentures, which mature on June 30, 2014, will be converted into Class A shares but has adequate operating cash flow to repay the amounts if required. Subsequent to year-end, on March 26, 2014, the non-current convertible debentures were fully redeemed for cash consideration of $13.6 million (see note 21, Subsequent Events, to the Corporation's consolidated financial statements for the year ended December 31, 2013).

Off-Balance-Sheet Arrangements

The Corporation does not have any special-purpose entities nor is it a party to any arrangements that would be excluded from the balance sheet.

Commitments

At December 31, 2013, the Corporation is committed under a lease on its office premises expiring July 31, 2014 for future minimum rental payments, excluding estimated operating costs, of $252,415 for 2014.

Subsequent Events

On March 4, 2014, the Corporation entered into a new office lease agreement, commencing August 1, 2014 for a period of five years with future minimum rental payments, excluding estimated operating costs, of $167,340 for 2014, $401,616 for each of 2015, 2016, 2017, and 2018, and $234,276 for 2019.

On March 26, 2014, the Corporation executed an agreement with Advantage to repurchase all of the 2013 Debentures that were issued as part of the Advantage acquisition. These debentures were repurchased for $13.6 million, which will result in a gain of approximately $17-18 million that will be recognized in the first quarter of 2014. Questfire also agreed that it would make an offer to purchase, by way of Issuer Bid, all of its 2,055,840 issued and outstanding Class B shares at a purchase price of $2.60 per share. Advantage has agreed to tender all of its 1,500,000 Class B shares to the Issuer Bid.

Concurrent with the above transactions, the Corporation entered into a facilities joint venture agreement with Stream Asset Financial Questfire LP ("SAFQ LP"), effective March 26, 2014. The Corporation received $15.0 million, which was used to fund the aforementioned repurchases, in exchange for beneficial ownership of Questfire's natural gas processing facilities at Lookout Butte and Medicine Hat, Alberta. Questfire will operate the facilities and continue to process its Lookout Butte and Medicine Hat natural gas production through the facilities. The Corporation will pay an annual facility tariff fee of $2,326,300 for 17.5 years, after which beneficial ownership will be transferred back to Questfire.

Questfire has the option to terminate the JVA on payment of an amount which will provide SAFQ LP with an annual compound annual yield on its investment of 13.25 percent for a minimum of 48 months or until the option is exercised. Upon the payment of aggregate processing fees to SAFQ LP of a minimum of 130 percent of its investment, SAFQ LP will have the option to sell back to Questfire its interest in the facilities for the sum equal to the total remaining scheduled processing payments using a 17.5 percent discount rate back to the time of exercise of the option by SAFQ LP.

This transaction effectively leaves substantially all of the economic risks and rewards of ownership with Questfire and will be accounted for similar to a sale and leaseback transaction, whereby Questfire will continue to record the facility as property and equipment on its balance sheet and will account for the $15.0 million sale price and the annual facility tariff fee payments as debt and interest expense respectively.

The Corporation negotiated with a syndicate of Canadian banks for the provision, effective March 26, 2014, of a revised revolving credit facility in the amount of $55.0 million (replacing the existing $60.0 million revolving credit facility) and a new $5.0 million non-revolving development demand line. The $55.0 million revolving credit facility will be revised to $52.5 million on September 30, 2014, and $50.0 million on December 31, 2014.

The financial and reporting covenants, security and interest rates remain the same as in the previous revolving credit facility. In addition, a new operational covenant requires the Corporation to enter into hedging contracts for at least 50 percent of its forecast natural gas production for 2015 and 2016, at a price equal to or above $3.00 per GJ, before July 1, 2014.

Related-Party Transactions

The Corporation retains a law firm to provide legal services, in which one of the Corporation's directors, Roger MacLeod, is a partner. Legal fees in the amount of $328,738, in the year ended December 31, 2013 (year ended December 31, 2012 - $80,339) were incurred by Questfire to the law firm, of which $30,000 (year ended December 31, 2012 - $34,000) was charged to debenture issuance costs, $75,061 (year ended December 31, 2012 - $46,339) to general and administrative expenses, $175,999 (year ended December 31, 2012 - $Nil) to transaction costs and $47,678 (year ended December 31, 2012 - $Nil) to financing expense. At December 31, 2013, $21,230 (December 31, 2012 - $24,824) related to these amounts was included in accounts payable and accrued liabilities and was due under normal credit terms.

Hedging

The Corporation initiated an active hedging program during 2013, with the objective to provide a measure of downside protection for its greater revenue and cash flow from operations associated with the asset acquisition that closed on April 30, 2013. At December 31, 2013, the Corporation's hedges covered approximately 75 percent of forecast production for the first quarter of 2014 and approximately 73 percent of forecast production for the year (see "Risk Management" above).

Critical Accounting Judgments, Estimates and Policies

The Corporation's critical accounting judgements, estimates and policies are described in notes 2 and 3 to the December 31, 2013 annual financial statements. Certain accounting policies are identified as critical because they require management to make judgments and estimates based on conditions and assumptions that are inherently uncertain, and because the estimates are of a magnitude to have a material impact on revenue, expenses, funds flow from operations, net income and/or other important financial results. These accounting policies could result in materially different results should the underlying conditions change or the assumptions prove incorrect.

Critical accounting estimates are those estimates that require management to make particularly subjective or complex judgments about matters that are inherently uncertain. Estimates and underlying assumptions are reviewed on an ongoing basis and any revisions to accounting estimates are recognized in the same period.

Management's assumptions are based on factors that, in management's opinion, are relevant and appropriate. Management's assumptions may change over time as operating conditions change.

New accounting standards

Questfire adopted the following new and revised standards, along with any amendments, effective January 1, 2013, with no material impact on the Corporation's interim or annual financial statements or MD&A:

i) IFRS 7, *Financial Instruments: Disclosures*
ii) IFRS 10, *Consolidated Financial Statements*
iii) IFRS 11, *Joint Arrangements*
iv) IFRS 12, *Disclosure of Interests in Other Entities*
v) IFRS 13, *Fair Value Measurement*
vi) IAS 1, *Presentation of Financial Statements*
vii) IAS 28, *Investments in Associates and Joint Ventures* (amended in 2011)
viii) IAS 32, *Financial Instruments: Presentation*
ix) IAS 36, *Impairment of Assets*

Decommissioning provisions

Under the Corporation's previous accounting policy for decommissioning provisions, the estimate of the expenditure required to settle the present obligation at the balance sheet date was recorded on a discounted basis using the pre-tax risk-free interest rate and the future cash flow estimates were adjusted to reflect the risks specific to the liability. As at January 1, 2013, the Corporation voluntarily changed its accounting policy to use a credit-adjusted risk-free interest rate, and future cash flow estimates will not be adjusted to reflect the risks specific to the liability. The Corporation believes the change in discount rate provides reliable and more relevant information to the users of the financial statements as the discount rate is more consistent with the Corporation's cost of capital. The change in policy must be applied retrospectively and has resulted in property and equipment at December 31, 2012 decreasing by $71,000 with a corresponding decrease to decommissioning provisions of $71,000. Deferred tax, depletion and accretion amounts related to prior periods were not adjusted, as any changes would be immaterial.

Additional GAAP measures

Questfire uses "funds flow from operations" (cash generated from operating activities before changes in non-cash working capital and decommissioning provision costs incurred), a Canadian GAAP measure that is not defined under IFRS. Funds flow from operations should not, however, be considered an alternative to, or more meaningful than, cash generated from operating activities, net income (loss), or other measures determined in accordance with IFRS, as an indicator of the Corporation's performance. Management uses funds flow from operations to analyze operating performance and leverage, and believes it is a useful supplemental measure as it provides an indication of the funds generated by Questfire's principal business activities prior to consideration of changes in working capital and remediation expenditures.

Non-GAAP measures

This MD&A includes references to financial measures commonly used in the oil and natural gas industry. The term "operating netback" (oil and natural gas sales less royalties and production, operating, and transportation expenses) does not have any standardized meaning under IFRS, which have been incorporated into GAAP, as set out in Part 1 of the Chartered Professional Accountants Canada Handbook - Accounting, and may not be comparable with similar measures presented by other companies.

Basis of Barrel of Oil Equivalent

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 (Mcf) of natural gas equalling 1 barrel (bbl) or oil. This is based on an energy equivalency conversion method applicable at the burner tip and does not represent a value equivalency at the wellhead, which under current commodity price conditions is in the range of 20-25 Mcf to 1 bbl. Readers are cautioned that boe figures may be misleading, particularly if used in isolation.

Forward-Looking Statements

This document contains forward-looking statements. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could influence actual results or events and cause actual results or events to differ materially from those stated, anticipated or implied. Such forward-looking statements necessarily involve risks including but not limited to those associated with oil and natural gas exploration, property development, production, marketing and transportation, such as dry holes and non-commercial wells, facility and pipeline damage, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, production declines, health, safety and environmental risks, competition from other producers and the ability to access sufficient capital from internal and external sources. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "project", or similar words suggesting future outcomes. The Corporation cautions readers and prospective investors in the Corporation's securities not to place undue reliance on forward-looking information as, by its nature, it is based on current expectations regarding future events that involve a number of assumptions, inherent risks and uncertainties, which could cause actual results to differ materially from those anticipated by the Corporation. Readers are further cautioned not to place undue reliance on forward-looking statements, as no assurances can be given as to future results, levels of activity or achievements.

The forward-looking information included herein is expressly qualified in its entirety by this cautionary statement. It is made as of the date hereof and the Corporation assumes no obligation to update or revise any forward-looking information to reflect new events or circumstances, except as required by law.

Abbreviations

The following summarizes the abbreviations used in this document:

Crude Oil and Natural Gas Liquids

bbl	barrel
Mbbl	thousand barrels
bbls/d	barrels per day
boe	barrel of oil equivalent
Mboe	thousand barrels of oil equivalent
boe/d	barrel of oil equivalent per day
NGL	natural gas liquids

Natural Gas

Mcf	thousand cubic feet
MMcf	million cubic feet
Mcf/d	thousand cubic feet per day
GJ	Gigajoule. One Mcf of natural gas is about 1.05 GJ
MMBtu	one million British thermal units. One GJ is about 0.95 MMBtu.

Other

AECO	refers to the AECO Hub, a natural gas storage facility located in Suffield and Countess, Alberta
$000s	thousands of dollars
IFRS	International Financial Reporting Standards
IAS	International Accounting Standard

Corporate Information

BOARD OF DIRECTORS

RICHARD DAHL (1)(2)(3)
President & CEO
Questfire Energy Corp.
Calgary, Alberta

NEIL DELL (1)(3)(4)
Independent Businessman
Calgary, Alberta

ROGER MACLEOD (1)(2)(4)
Partner
Davis LLP
Calgary, Alberta

JOHN RAMESCU (3)(4)
Vice President, Land
Questfire Energy Corp.
Calgary, Alberta

STEPHEN BALOG
President
West Butte Management Inc.
Calgary, Alberta

Notes:
(1) Audit Committee
(2) Corporate Governance Committee
(3) Reserves Committee
(4) Compensation Committee

OFFICERS AND KEY PERSONNEL

RICHARD DAHL
President & Chief Executive Officer

DARREN KISSER
Vice President, Engineering and Operations

FRED LAUDEL
Vice President, Exploration

JOHN RAMESCU
Vice President, Land

BRUCE SHEPARD
Vice President, Exploitation

RONALD WILLIAMS
Vice President, Finance & Chief Financial Officer

RODNEY KELLER
Project Manager

GRAHAM NORRIS
Corporate Secretary

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Alberta Treasury Branches

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GLJ Petroleum Consultants Ltd.
Calgary, Alberta

LEGAL COUNSEL
Davis LLP
Calgary, Alberta

TRANSFER AGENT
Olympia Trust Company
Calgary, Alberta

STOCK EXCHANGE LISTING
TSX Venture Exchange
Symbols: Q.A and Q.B