Report to Shareholders

Questfire Energy Corp. (“Questfire” or the “Corporation”) (TSX Venture: Q.A and Q.B) is pleased to announce its audited financial and operating results for the three-month period and year ended December 31, 2011.

2011 Corporate Highlights

- Questfire’s initial public offering closed on October 18, 2011 with gross proceeds of $6,176,000.
- Commenced trading on the TSX Venture Exchange on October 26, 2011 under the symbols Q.A and Q.B.
- Completed a 21-square-kilometer proprietary 3D seismic program in the W5 Exploration area. The preliminary results of the 3D seismic survey suggest up to six drilling locations prospective for light oil on Questfire land.
- Drilled two 100 percent working interest wells: a new pool natural gas well in the W4 Exploration area at Richdale and a light oil well in the W5 Exploration area at Niton.
- Exited the year with a 100 percent working interest land base of 21 sections (13,415 acres).

Subsequent to the year ended December 31, 2011, Questfire:

- Placed both wells drilled before year-end 2011 on-production;
- Drilled, completed and tested a third well in the Company’s W5 exploration area, which encountered a new Upper Mannville natural gas pool and flow-tested in January at 1.1 mmscf per day (170 boe per day), with gas analysis suggesting recoverable natural gas liquids will be in the range of 35-40 bbls/mmscf. The Corporation is evaluating tie-in and processing options for Q3 2012.
- Acquired an additional two sections of land at 100 percent working interest, bringing its total land base to 23 sections (14,695 acres).

President's Message

It is a great pleasure to report on Questfire's beginnings as a public company and to welcome our shareholders. Within four months of entering the public markets, Questfire was able to report drilling and testing three successful wells, all of which are oil or natural gas pool discoveries. As we reported in mid-February, two of the wells are now on production. We are off to a very good start, recording our first natural gas and oil sales in February.

Questfire's experienced management team is focused on medium to light oil opportunities in the W5 region of central Alberta and the W4 corridor in southern Alberta. We have a growing inventory of highly prospective medium to light oil exploration plays and we continue to actively grow our land base. All land and projects so far are held at 100 percent working interest, which combined with our relatively low number of shares outstanding means high leverage for shareholders to potential exploration drilling successes.

Our capital spending of $3.5 million in 2011 ($3.0 million in Q4, 2011 alone) added nearly 12 net sections of land, saw the shooting of a 21 square kilometer proprietary 3D seismic survey in our W5 Exploration area and allowed us to commence our initial three well exploration drilling program. In the near term we are preparing two 100% drilling locations for late Q1 2012, subject to weather and rig availability. One of the two wells will test a medium gravity oil prospect in our W4 Exploration Area at a depth of approximately 900 meters. We have the land over this play "tied-up" with 100 percent working interest. With success it could have significant and material upside for Questfire. The second well, also 100 percent working interest, will be drilled on our proprietary 3D seismic data in the W5 Exploration area and is targeting two light oil zones at a depth of approximately 1600 meters. With success Questfire has defined an additional six potential drilling locations on this 3D seismic survey.

Given the continued weakness in natural gas prices, with very few catalysts for price recovery in the near term, the industry focus has definitely shifted to oil. Although this is resulting in increased competition for oil prospects, especially large resource-style plays, offsetting this is that we are seeing fewer exploration-focused junior oil companies. I believe this is creating opportunities and a niche for Questfire.

Going forward, we will continue to execute our business plan of pursuing medium and light oil opportunities through the drill-bit while evaluating potential acquisitions that fit our business plan. Our balance sheet has no debt, creating flexibility for us to react to market conditions and to pursue opportunities as they arise.

In closing, I would like to thank our investors for their support, the management team at Questfire for their dedication and hard work and our Board of Directors for their guidance.

On behalf of the Board of Directors,

(Signed) "Richard H. Dahl"

Richard H. Dahl
President and Chief Executive Officer
March 13, 2012

Management's Discussion and Analysis

This management's discussion and analysis (MD&A) of financial condition and results of operations is for the three-month period and year ended December 31, 2011, including 2010 comparative periods, has been prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the audited financial statements and the notes thereto for the year ended December 31, 2011 as well as the Statement of Reserves Data and Other Oil and Gas Information. These documents, along with other statutory filings, are available on SEDAR at www.sedar.com and at the Corporation's website at www.questfire.ca.

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 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, environmental risks, competition from other producers and the ability to access sufficient capital from internal and external sources. Readers are 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.

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 6,000 cubic feet of natural gas equalling 1 barrel of oil. This is based on an energy equivalency conversion method applicable at the burner tip and does not necessarily represent a value equivalency at the wellhead which is approximately 30 Mcf to 1 bbl. Readers are cautioned that boe figures may be misleading, particularly if used in isolation.

Questfire's Board of Directors and Audit Committee have reviewed and approved the December 31, 2011 audited financial statements, the notes thereto and this MD&A. This MD&A is dated March 13, 2012.

Description of Business

Questfire Energy Corp. (the "Corporation" or "Questfire") was incorporated on January 15, 2010, and issued one Common Share for a subscription price of $1.00. On November 25, 2010, the Corporation raised $1,895,000 by way of a private placement of Common Shares issued on a "flow-through" basis at $0.20 per share and on August 18, 2011, the Corporation raised an additional $50,000 by way of a private placement of Common Shares at an issue price of $0.20 per share. On August 24, 2011, the articles of the Corporation were amended to remove the private company restrictions, to reclassify the Common Shares as Class A Shares, and to create the Class B shares. On October 18, 2011, the Corporation closed its initial public offering, raising gross proceeds of $6,176,000 and issuing 3,088,000 Class A Shares on a flow-through basis at $0.20 per share, and 555,840 Class B Shares on a flow-through basis at $10.00 per share. On October 26, 2011, the Corporation's Class A and Class B Shares commenced trading on the TSX Venture Exchange.

The Corporation is engaged in the acquisition, exploration, development and production of oil and natural gas reserves in Canada. Specifically, 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.

Results of Operations

The Corporation was incorporated on January 15, 2010 and completed its initial public offering on October 18, 2011. As such prior period results available for comparison are limited to general and administrative expenses, depreciation and finance income. Any references to the year ended December 31, 2010 is to the period from incorporation on January 15, 2010 to December 31, 2010.

	Three months ended December 31, 2011 (unaudited)	Three months ended December 31, 2010 (unaudited)	Year ended December 31, 2011 (audited)	Year ended December 31, 2010 (audited)
Exploration and evaluation expenditures	$ **(80,610)**	$ -	$ **(177,825)**	$ -
General and administrative expense	**(243,792)**	(33,372)	**(599,274)**	(53,852)
Stock-based compensation	**(25,327)**	-	**(25,327)**	-
Depreciation expenses	**(2,900)**	(4,400)	**(8,700)**	(4,400)
	(352,629)	(37,772)	**(811,126)**	(58,252)
Finance income	**13,140**	1,559	**23,547**	1,559
Finance expense	**(62,904)**	-	**(75,305)**	-
Net finance income (expense)	**(49,764)**	1,559	**(51,758)**	1,559
Loss, before income taxes	**(402,393)**	(36,213)	**(862,884)**	(56,693)
Deferred income tax recovery	**16,254**	-	**(15,160)**	-
Loss and comprehensive loss	$ **(418,647)**	$ (36,213)	$ **(847,724)**	$ (56,693)
Loss and comprehensive loss per share – basic and diluted	$ **(0.03)**	$ (0.01)	$ **(0.08)**	$ (0.06)

Production

To December 31, 2011 the Corporation had no production nor any oil or natural gas revenue.

Exploration and Evaluation (E&E) Expenditures

The Corporation recorded E&E expenditures of $80,610 in the fourth quarter of 2011 and $177,825 for the year ended December 31, 2011, compared to $nil for the respective periods in 2010. The increase is due to the start of geological salaries being paid in July 2011 and to 3.5 km^2 of 3D seismic in the Racosta area being acquired in the second quarter of 2011.

General and Administrative (G&A) Expense

G&A expense amounted to $243,792 in the fourth quarter of 2011, compared to $33,372 in the fourth quarter of 2010. G&A expense amounted to $599,274 for the year ended December 31, 2011, compared to $53,852 for the year ending December 31, 2010. Increases over 2010 are mainly due to executive officers being paid a salary starting in July 2011 and increased office activity in 2011 related to commencing operations.

Stock-Based Compensation

Stock-based compensation expense was calculated using the Black-Scholes option pricing model to estimate the fair value of each option granted. The Corporation recorded stock-based compensation expense of $25,327 in the fourth quarter and $25,327 for the year ended December 31, 2011, compared to $nil and $nil, respectively, for the same periods in 2010. The current year's increase over the prior years is a result of stock options being issued in October 2011. The Corporation records an expense each period with a corresponding charge to contributed surplus. This expense was recognized for the options granted to directors, officers, employees and consultants.

The Corporation granted a total of 1,281,000 options in the year ended December 31, 2011 at a price of $0.20 per option, and has recorded a total stock-based compensation expense since inception of $25,327. The remaining expense of $176,373, calculated under the Black-Scholes option pricing model, will be expensed through future earnings over the vesting periods of the options. There were no options outstanding prior to these grants, and no options are currently exercisable.

Depreciation

The Corporation recorded depreciation expense of $2,900 in the fourth quarter and $8,700 for the year ended December 31, 2011, compared to $4,400 in each of the respective periods in 2010. The increase is due to office furniture being acquired late in 2010 and only one quarter of depreciation to December 31, 2010 being incurred.

Finance Income

The Corporation earned finance income of $13,140 in the fourth quarter and $23,547 for the year ended December 31, 2011, compared to $1,559 in each of the respective periods of 2010. The Corporation raised its initial equity in November 2010 and completed its initial public offering in October 2011. The increases in finance income are a result of higher average cash balances in 2011 than in 2010. The Corporation's 2011 cash balances earned a yield of approximately 1.1 percent per annum.

Finance Expense

Finance expense (composed of Part XII.6 tax and accretion on the Class B Share liability) was $62,904 in the fourth quarter and $75,305 for the year ended December 31, 2011 compared to $nil in the respective periods of 2010. The increase is due to Part XII.6 tax being accrued related to the unspent portion of the flow-through share renunciations and accretion on the Class B Share liability starting in October 2011.

Deferred Income Tax

Deferred income tax expense was $16,254 in the fourth quarter and a recovery of $15,160 for the year ended December 31, 2011 compared to $nil in the respective periods of 2010.

Loss

The Corporation incurred a loss of $418,647 ($0.03 per share basic and diluted) in the fourth quarter and a loss of $847,724 ($0.08 per share basic and diluted) in the year ended December 31, 2011 compared to a loss of $36,213 and $56,693 ($0.01 and $0.06 per share basic and diluted, respectively) for the respective periods of 2010.

Supplemental Quarterly Information

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

	Three months ended			
	March 31, 2011	June 30, 2011	September 30, 2011	December 31, 2011
Net loss	$ (70,158)	$ (94,361)	$ (264,558)	$ (418,647)
Per share, basic	(0.01)	(0.01)	(0.03)	(0.03)
Capital expenditures	-	275,694	258,669	2,986,024
Total assets (end of period)	$ 1,781,495	$ 1,699,712	$ 1,796,508	$ 8,643,419

	Three months ended			
	March 31, 2010*	June 30, 2010	September 30, 2010	December 31, 2010
Net loss	$ (166)	$ (19,392)	$ (922)	$ (36,213)
Per share, basic	(166)	(19,392)	(922)	(0.01)
Capital expenditures	-	-	-	362,195
Total assets (end of period)	$ 1	$ 1	$ 1	$ 1,873,185

* Beginning at incorporation on January 15, 2010.

Capital Expenditures

	Three months ended December 31, 2011	**Year ended December 31, 2011**
Land	$ 499,853	**$ 880,924**
Geological and geophysical	625,633	**737,566**
Drilling and completions	902,163	**943,522**
Production equipment and facilities	109,641	**109,641**
Workovers and recompletions	842,708	**842,708**
Administrative capital	6,026	**6,026**
	$ 2,986,024	**$ 3,520,387**

The Corporation made capital expenditures in the three months ended December 31, 2011 of $2,986,024. During the fourth quarter of 2011, the Corporation acquired 4,921 acres of land, drilled two wells and commenced drilling a third well, in the W4 and W5 exploration areas. The Corporation also incurred costs of $621,741 related to the Corporation’s proprietary 3D seismic program.

For the year ended December 31, 2011 Questfire made expenditures of $3,520,387. The Corporation acquired 7,481 acres of land, drilled two wells and commenced drilling a third well in the W4 and W5 exploration areas. The Corporation also acquired 3.9 km^2 of 3D seismic data and incurred costs of $696,741 related to the Corporation's proprietary 3D seismic program.

Overall at December 31, 2011 the Corporation had E&E assets of $3,390,131. These included 12,607 acres of undeveloped land and costs associated with two wells that are still being evaluated. The Corporation also had 3.9 km^2 of 3D seismic data in the Richdale area and 21 km^2 of 3D seismic data in the Thorsby area. There were also costs incurred and capitalized for surveying and licensing of certain wells to be drilled in 2012.

As well, $6,026 and $30,856 were incurred and capitalized in 2011 and 2010 respectively, to purchase computer systems and printers for use by management to evaluate potential oil and natural gas prospects.

Reserves

The reserves data set forth below is based on an evaluation by GLJ Petroleum Consultants Ltd. (GLJ), an independent reserves evaluator, with an effective date of December 31, 2011. The reserves data summarizes the oil, NGL and natural gas reserves of Questfire and the net present value of future net revenues for these reserves using forecast prices and costs. The forecast prices and costs used are summarized below.

The reserves data conforms to the requirements of National Instrument 51-101 – Standards of Disclosure for Oil & Gas Activities (NI 51-101). The Corporation engaged GLJ to provide an evaluation of proved and proved plus probable reserves and no attempt was made to evaluate possible reserves. All of Questfire's reserves are in Alberta, Canada. The full Statement of Reserves Data and Other Oil and Gas Information is available on SEDAR at www.sedar.com.

It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There is no assurance that the forecast prices and costs and cost assumptions will be attained, and variances could be material. The recovery and reserve estimates of the Corporation's crude oil, NGL and natural gas reserves provided below are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, NGL and natural gas reserves may be greater than or less than the estimates provided.

Summary of Company Interest Crude Oil, Natural Gas and Natural Gas Liquids Reserves (forecast prices and costs)

As at December 31, 2011	Natural gas (mmcf)		NGL (mbbls)		Total (mboe)	
	TCI (1)	Net (2)	TCI (1)	Net (2)	TCI (1)	Net (2)
Proved						
Developed producing	-	-	-	-	-	-
Developed non-producing	340	303	5	4	62	54
Undeveloped	-	-	-	-	-	-
Total proved	340	303	5	4	62	54
Probable	140	117	2	2	25	21
Total proved plus probable	481	419	7	5	87	75

(1) Total Company Interest; includes working interest reserves.
(2) Net reserves are Total Company Interest reserves, net of royalties.

Proved developed non-producing reserves are reserves on wells that had been drilled by December 31, 2011 and were subsequently completed and classified as proved, but were not producing as of the effective date of the engineering report. These wells required minor capital expenditures to bring them on production. Questfire had a total of 62,000 boe of reserves classified as proved non-producing. Proved undeveloped reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when a substantial proportion of the cost of drilling a well) is required to render them capable of production. These reserves have a 90 percent probability of being recovered. The GLJ reserve report contains a high proportion of proved non-producing and probable reserves due to all of the Corporation's wells being new wells not yet on-stream at December 31, 2011.

Summary of Net Present Values of Future Net Revenue (forecast prices and costs) as at December 31, 2011 ($000)

	Net present values before income taxes discounted at 5%	10%	15%
Proved			
Developed producing	-	-	-
Developed non-producing	847	770	706
Undeveloped	-	-	-
Total proved	847	770	706
Probable	447	385	336
Total proved plus probable	1,293	1,155	1,042

The prices used in the above table were GLJ forecast prices as at January 1, 2012. The estimated future net revenues are presented before deducting future estimated site restoration costs, and are reduced for estimated future abandonment costs and future capital costs associated with non-producing, undeveloped and probable additional reserves. Estimated values disclosed do not necessarily represent fair market value.

GLJ Petroleum Consultants Ltd. Forecast Price File Effective January 1, 2012

	Cdn$/US$ exchange rate	WTI crude oil US$	Edmonton light crude oil Cdn$	Henry Hub natural gas US$/mmbtu	AECO-C spot natural gas Cdn$/mmbtu
2012	0.98	97.00	97.96	3.80	3.49
2013	0.98	100.00	101.02	4.50	4.13
2014	0.98	100.00	101.02	5.00	4.59
2015	0.98	100.00	101.02	5.50	5.05
2016	0.98	100.00	101.02	6.00	5.51
2017	0.98	100.00	101.02	6.50	5.97
2018	0.98	101.35	102.40	6.76	6.21
2019	0.98	103.38	104.47	6.89	6.33
2020	0.98	105.45	106.58	7.03	6.46
2021	0.98	107.56	108.73	7.17	6.58
2022 and thereafter	0.98	+2%/yr	+2%/yr	+2%/yr	+2%/yr

Reserves by Major Property

As at December 31, 2011

				Proved plus probable discounted @		
Area	Proved developed producing (mboe)	Total proved (mboe)	Proved plus probable (mboe)	5% ($000)	10% ($000)	15% ($000)
Richdale	-	62	87	1,293	1,207	1,042
Total	-	62	87	1,293	1,207	1,042

Total Company Reserve Reconciliation

	Total proved				Total proved plus probable			
	Crude oil (mbbls)	Natural gas (mmcf)	NGL (mbbls)	Total (mboe)	Crude oil (mbbls)	Natural gas (mmcf)	NGL (mbbls)	Total (mboe)
December 31, 2010	-	-	-	-	-	-	-	-
Additions, through drilling	-	340	5	62	-	481	7	87
Technical revisions	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	-	-
December 31, 2011	-	340	5	62	-	481	7	87

In 2011 Questfire added 87,000 boe of proved plus probable reserves, all resulting from exploration drilling with proved reserves accounting for 71 percent of the total reserves at year-end.

Undeveloped Land

Undeveloped land is an important component of an exploration and production company's asset base as it represents future drilling opportunities. At December 31, 2011, Questfire held 12,607 net acres of undeveloped land. Questfire prepared an internal evaluation of its undeveloped land holdings and estimates its value to be approximately $1,157,193.

Share Capital and Option Activity

As at December 31, 2011 and as of this date the Corporation has 12,813,001 Class A Shares and 555,840 Class B Shares outstanding.

There were 1,281,000 options to acquire Class A Shares outstanding at December 31, 2011 and as of this date at an average exercise price of $0.20 per share, which were granted to directors, officers, employees and consultants of the Corporation pursuant to its stock option plan. Nil options are exercisable as at December 31, 2011 and as of this date.

Liquidity and Capital Resources

At December 31, 2011 the Corporation had working capital of $2,725,558 (excluding the flow-through share premium), which included cash and cash equivalents of $4,473,765. There is no assurance that debt and future equity financings will be available on acceptable terms to meet the Corporation's ongoing capital requirements.

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

Pursuant to the provisions of its initial public offering completed on October 18, 2011, the Corporation is committed to expending $6,176,000 by December 31, 2012 on activities that will qualify as Canadian exploration expenses (CEE) for income tax purposes. To December 31, 2011, the Corporation incurred approximately $732,319 of eligible expenditures.

The Corporation is committed under a software licence agreement expiring January 1, 2014 to making future minimum payments estimated at $58,677 for 2012 and $58,677 for 2013.

The Corporation entered into a lease for office space that runs to August 31, 2013. The estimated remaining amounts due under the lease, exclusive of estimated related operating expenses and taxes, are $68,220 for 2012 and $45,480 for 2013.

Related-Party Transactions

During the year ended December 31, 2011, the Corporation incurred $147,975 of legal fees to Davis LLP, of which a partner is also a director of Questfire. Of this amount, $133,675 was charged to share issuance costs and $14,300 was charged to general and administrative expenses. As at December 31, 2011 $15,000 of the amount above was included in accounts payable.

Hedging

The Corporation had no hedges in place as at December 31, 2011 and does not anticipate hedging in the immediate future.

Risks and Uncertainties

The oil and natural gas industry is subject to numerous risks that can affect cash flow from operating activities and the ability to grow. Further discussion can be under "Risk Factors" in the Corporation's Prospectus dated September 30, 2011.

Critical Accounting Estimates

The Corporation's accounting policies are described in note 3 to the financial statements. Certain accounting policies are identified as critical accounting policies because they require management to make judgments and estimates based on conditions and assumptions that are inherently uncertain. These accounting policies could result in materially different results should the underlying conditions change or the assumptions prove incorrect.

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.

Assessment of commercial reserves

Amounts recorded for depletion and depreciation and amounts used for impairment testing are based on estimates of proved and probable petroleum and natural gas reserves, production rates, commodity prices, future costs and other relevant assumptions. The impact of changes in such estimates on the financial statements of future periods could be material. The Company's reserve estimates are evaluated annually by an independent qualified reservoir engineering firm pursuant to National Instrument 51-101 Standards of Disclosure for Oil & Gas Activities.

Impairment

The Corporation monitors internal and external indicators of impairment relating to its intangible and tangible assets, which may indicate that the carrying value of the assets may not be recoverable. The assessment of impairment indicators involves judgment.

E&E asset are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. Oil and natural gas properties are reviewed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. The assessment of impairment depends on estimates of reserves, production rates, future prices, future costs and other relevant assumptions.

Decommissioning provision

Amounts recorded for decommissioning provision and the related accretion expense require the use of estimates with respect to the amount and timing of decommissioning and restoration costs. Revisions to the estimated timing of funds flows or to the original estimated undiscounted cost could result in an increase or decrease to the obligation.

Share-based payments

Estimating the fair value of the options granted requires the input of several variables including estimated volatility of the issuer's stock price over the life of the option, future interest rates, and the estimated life of the option. Changes in these estimates would alter the option's fair value and the related expense as determined by the valuation model.

Valuation of E&E assets

The value of E&E assets depends on the discovery of economically recoverable reserves, which in turn depends on future oil and natural gas prices, future capital expenditures and environmental and regulatory restrictions.

Valuation of accounts receivable

The valuation of accounts receivable is based on management's best estimate of the provision for doubtful accounts.

Income Taxes

The amounts recorded for deferred income taxes are based on estimates as to the timing of the reversal of temporary differences and tax rates currently substantively enacted. They are also based on estimates of the probability of the Corporation utilizing certain tax pools and assets which, in turn, depends on estimates of proved and probable reserves, production rates, future petroleum and natural gas prices and changes in legislation, tax rates and interpretations by taxation authorities. The availability of tax pools is subject to audit and interpretation by taxation authorities.

Share capital, flow-through share premium and convertible Class B Shares

The amounts recorded as share capital, flow-through share premium and convertible Class B Shares are based on factors including estimated value of Class A Shares on issue date excluding the flow-through provision, estimated borrowing rates the Corporation would be able to borrow funds at, and other relevant assumptions.

Changes in Accounting Policies

The following pronouncements by the International Accounting Standards Board (IASB) will become effective for financial reporting periods beginning on or after January 1, 2013 and have not yet been adopted by the Corporation. All of these new or revised standards permit early adoption with transitional arrangements, depending upon the date of initial application:

IFRS 9 – "Financial Instruments" addresses the classification and measurement of financial assets.

IFRS 10 – "Consolidated Financial Statements" builds on existing principles and standards and identifies the concept of control as the determining factor in whether an entity should be included in the consolidated financial statements of the parent company.

IFRS 11 – "Joint Arrangements" establishes the principles for financial reporting by entities when they have an interest in arrangements that are jointly controlled.

IFRS 12 – "Disclosure of Interest in Other Entities" provides the disclosure requirements for interests held in other entities, including joint arrangements, associates, special-purpose entities and other off-balance-sheet entities.

IFRS 13 – "Fair Value Measurement" defines fair value, requires disclosure about fair value measurements and provides a framework for measuring fair value when it is required or permitted within the IFRS standards.

International Accounting Standard (IAS) 1 – "Presentation of Financial Statements" requires corporations to group items presented within other comprehensive income based on whether they may be subsequently reclassified to profit or loss.

IAS 19 – "Employee Benefits" revises the recognition, presentation and disclosure requirements for defined benefit plans.

IAS 27 – "Separate Financial Statements" revises the existing standard which addresses the presentation of parent-company financial statements that are not consolidated financial statements.

IAS 28 – "Investments in Associate and Joint Ventures" revises the existing standard, prescribes the accounting for investments and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

The Corporation has not completed its evaluation of the effect of adopting these standards on its financial statements.

Additional Information

Additional information regarding the Corporation is available on SEDAR at www.sedar.com or can be obtained by contacting the Corporation at Questfire Energy Corp., Suite 400, 703 – 6th Ave S.W., Calgary, Alberta, T2P 0T9.

Corporate Information

BOARD OF DIRECTORS

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

NEIL DELL (1)(2)(3)
Independent Businessman
Calgary, Alberta

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

JOHN RAMESCU (2)(3)
Vice President, Land
Questfire Energy Corp.
Calgary, Alberta

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

MICHAEL DER
Corporate Secretary

GRAHAM NORRIS
Assistant Corporate Secretary

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LEGAL COUNSEL
Davis LLP
Calgary, Alberta

TRANSFER AGENT
Olympia Trust Company
Calgary, Alberta

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