



CALGARY, ALBERTA – August 29, 2017

## QUESTFIRE ENERGY CORP. ANNOUNCES 2017 SECOND QUARTER FINANCIAL RESULTS

Questfire Energy Corp. (the “Corporation” or “Questfire”) (TSX Venture – Q.A) is pleased to announce that it has filed on SEDAR its unaudited financial statements and related management’s discussion and analysis (“MD&A”) for the three and six months ended June 30, 2017.

### Financial and Operating Highlights

|                                                              | Three months ended June 30, |              | Six months ended June 30, |               |
|--------------------------------------------------------------|-----------------------------|--------------|---------------------------|---------------|
|                                                              | 2017                        | 2016         | 2017                      | 2016          |
| <b>Financial</b>                                             |                             |              |                           |               |
| Oil and natural gas sales                                    | \$ 8,120,961                | \$ 6,287,350 | \$ 17,269,229             | \$ 13,572,239 |
| Funds flow from operations <sup>(1)</sup>                    | 1,020,086                   | 360,700      | 2,685,732                 | 383,712       |
| Per share, basic and diluted                                 | 0.04                        | 0.02         | 0.12                      | 0.02          |
| Loss                                                         | (1,826,430)                 | (5,226,363)  | (2,450,381)               | (8,644,811)   |
| Per share, basic and diluted                                 | (0.08)                      | (0.30)       | (0.11)                    | (0.50)        |
| Capital expenditures                                         | 75,202                      | 177,535      | 164,417                   | 316,396       |
| Proceeds from property dispositions                          | \$ -                        | \$ 1,950,000 | 289,173                   | 1,950,000     |
| Working capital deficit (end of period) <sup>(2)</sup>       |                             |              | 39,368,282                | 54,925,921    |
| Long-term contract obligation (end of period) <sup>(3)</sup> |                             |              | 13,541,641                | 13,964,898    |
| Shareholders’ equity (end of period)                         |                             |              | \$ 10,380,393             | \$ 5,928,460  |
| Shares outstanding (end of period)                           |                             |              |                           |               |
| Class A                                                      |                             |              | 22,822,401                | 17,318,001    |
| Class B                                                      |                             |              | -                         | 550,440       |
| Options outstanding (end of period)                          |                             |              | 3,000,500                 | 3,133,500     |
| Weighted-average basic and diluted shares outstanding        | 22,822,401                  | 17,318,001   | 22,822,401                | 17,318,001    |
| Class A share trading price                                  |                             |              |                           |               |
| High                                                         | \$ 0.37                     | \$ 0.69      | \$ 0.55                   | \$ 0.74       |
| Low                                                          | 0.10                        | 0.33         | 0.10                      | 0.33          |
| Close                                                        | \$ 0.12                     | \$ 0.33      | \$ 0.12                   | \$ 0.33       |

|                                             | Three months ended June 30, |         | Six months ended June 30, |         |
|---------------------------------------------|-----------------------------|---------|---------------------------|---------|
|                                             | 2017                        | 2016    | 2017                      | 2016    |
| <b>Operations</b> <sup>(4)</sup>            |                             |         |                           |         |
| Production                                  |                             |         |                           |         |
| Natural gas (Mcf/d)                         | 17,764                      | 19,872  | 18,808                    | 21,329  |
| Natural gas liquids (NGL) (bbls/d)          | 576                         | 696     | 624                       | 720     |
| Crude oil (bbls/d)                          | 304                         | 413     | 316                       | 457     |
| Total (boe/d)                               | 3,841                       | 4,421   | 4,075                     | 4,732   |
| Benchmark prices                            |                             |         |                           |         |
| Natural gas                                 |                             |         |                           |         |
| AECO (Cdn\$/GJ)                             | \$ 2.64                     | \$ 1.33 | \$ 2.60                   | \$ 1.53 |
| Crude oil                                   |                             |         |                           |         |
| WTI (US\$/bbl)                              | 48.27                       | 45.59   | 50.09                     | 39.52   |
| Canadian Light (Cdn\$/bbl)                  | 59.72                       | 55.01   | 62.27                     | 48.11   |
| Average realized prices <sup>(5)</sup>      |                             |         |                           |         |
| Natural gas (per Mcf)                       | 2.85                        | 1.51    | 2.84                      | 1.76    |
| NGL (per bbl)                               | 37.62                       | 28.23   | 38.69                     | 26.77   |
| Crude oil (per bbl)                         | 55.61                       | 46.84   | 56.42                     | 38.90   |
| Operating netback (per boe) <sup>(6)</sup>  | 7.22                        | 3.17    | 8.44                      | 3.44    |
| Funds flow netback (per boe) <sup>(6)</sup> | \$ 2.92                     | \$ 0.90 | \$ 3.64                   | \$ 0.45 |

<sup>(1)</sup> For a description of Funds flow from operations, refer to the commentary in the MD&A under Funds flow from operations under Critical Accounting Judgments, Estimates and Policies.

<sup>(2)</sup> Working capital deficit includes risk management contract and convertible Class B share liabilities of \$339,904 and \$Nil, respectively (June 30, 2016 – risk management contract and convertible Class B share liabilities of \$2,636,821 and \$5,310,867, respectively). Excluding this, the working capital deficit would be \$39,028,378 (June 30, 2016 – \$46,978,233).

<sup>(3)</sup> Long-term contract obligation excludes current portion of \$423,256 (June 30, 2016 – \$368,935), which is included in working capital deficit.

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

<sup>(5)</sup> Before hedging.

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

## Second Quarter 2017 Corporate Highlights

- Achieved average production of 3,841 boe per day for the quarter, 77 percent natural gas. Average production for the quarter was reduced by approximately 450 boe per day due to third-party facility downtime at Lookout Butte and Fir. Production capability was in the range of 4,500 boe per day.
- Achieved funds flow from operations of \$1.0 million on sales of \$8.1 million during the second quarter, with both figures significantly higher than in the second quarter of 2016 as a result of higher commodity prices.
- Incurred general and administrative (G&A) costs of \$1.0 million for the quarter, representing a 9 percent reduction from the second quarter of 2016.
- Minimized capital spending with no new drilling, resulting in total capital expenditures of \$75,202.
- Negotiated a potential corporate merger and an Arrangement Agreement, the details of which were disclosed in a press release issued on July 7.

## President's Message

Questfire's production base continued to exhibit a low base decline rate of approximately 10 percent per year, which has been a considerable advantage in the low-commodity-price environment. Our second quarter average production of 3,841 boe per day was lower than our estimated capability of 4,500 boe per day mainly due to third-party facility downtime at Lookout Butte and Fir. In spite of the lower than budgeted production, second quarter revenue of \$8.1 million and funds flow of \$1.0 million were significantly higher than for the same period in the prior year due to higher commodity prices.

The second quarter saw commodity prices declining gradually from the first quarter of 2017, due mainly to the resiliency of North American oil supply and a continued oversupply of natural gas. The longer-term fundamentals of supply and demand remain positive for both oil and natural gas with world oil demand currently at an all-time high and continuing to increase. Aggregate worldwide surplus oil production capacity continues to decline as investment in new oil and gas developments remains below the level needed to replace annual production declines. This is setting the stage for an inevitable increase in world oil prices. On the natural gas front, significant new LNG export capacity has been approved and is under construction in the United States and will be coming on-line over the coming months and years, thus creating more demand for North American natural gas.

During the quarter, Questfire entered into negotiations with Manito Energy Inc. ("Manitok") regarding a corporate merger. Subsequent to the end of the quarter the two parties finalized and executed an Arrangement Agreement, the details of which were disclosed via press release on July 7. Questfire's shareholders approved the Arrangement Agreement on August 15 and the parties were granted final court approval for the merger on August 21. The merger is expected to close on or before September 15.

Under the merger, Manitok will acquire all of the common shares of Questfire in exchange for common shares of Manitok on the basis of 2.25 Manitok shares for each Questfire share. The benefits of this merger for Questfire shareholders will be ownership in a larger company which will have a production base exceeding 10,000 boe per day, a large inventory of oil and gas drilling prospects, a more efficient cost structure, a stronger balance sheet, and conforming bank lines. Manitok intends to continue growing through drilling and strategic acquisitions. The merger will give Manitok greater economies of scale and better access to financing options. It is my belief that this merger thereby offers the strongest available opportunity to create value to Questfire's shareholders over the medium to long term through continued growth of the combined company and by realizing the benefits of higher future commodity prices.

On behalf of Questfire's management and Board of Directors I want to express my gratitude for the dedication and hard work of all our staff and for the support of our shareholders over the last 4 years in what has been an exceedingly challenging business environment.

Questfire Energy Corp. is an Alberta-based company formed to participate in oil and gas exploration, development and acquisitions focusing in the W4 and W5 regions of Alberta. The Corporation's shares trade on the TSX Venture exchange under the symbol Q.A. The Corporation has 22,822,401 Class A shares outstanding.

**To view a full copy of the Corporation's financial results for the period ended June 30, 2017, including the Corporation's unaudited financial statements and accompanying MD&A, please refer to the SEDAR website at [www.sedar.com](http://www.sedar.com) or contact the Corporation at Questfire Energy Corp., 1100, 350 – 7th Ave S.W., Calgary, Alberta, T2P 3N9.**

## **Reader Advisory**

*Petroleum and natural gas volumes are stated as a “barrel of oil equivalent” (boe), derived by converting gas to an oil equivalency in the ratio of 6,000 cubic feet of gas to one barrel of oil. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6,000 cubic feet of gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Readers are cautioned that boe figures may be misleading, particularly if used in isolation.*

*This news release contains certain forward-looking statements, including management’s assessment of future plans and operations, and capital expenditures and the timing thereof, that involve substantial known and unknown risks, uncertainties, and assumptions certain of which are beyond Questfire’s control. Such risks, uncertainties, and assumptions include, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources, the impact of general economic conditions in Canada, the United States and overseas, industry conditions, changes in laws and regulations (including the adoption of new environmental laws and regulations) and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. Questfire’s actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits, including the amount of proceeds, that Questfire will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive. All subsequent forward-looking statements, whether written or oral, attributable to Questfire or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this news release are made as at the date of this news release and Questfire does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.*

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To request a free copy of Questfire’s financial report or if you would like to be put on Questfire’s mailing list please contact Ronald Williams, Vice President, Finance and CFO at [rwilliams@questfire.ca](mailto:rwilliams@questfire.ca).

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