

FORM 51-102F3

MATERIAL CHANGE REPORT

1. **Name and Address of Company**

Questfire Energy Corp. (the “Corporation” or “Questfire”)
Suite 1100, 350 - 7th Avenue SW
Calgary, AB T2P 3N9

2. **Date of Material Change**

November 16, 2017

3. **News Release**

A press release was disseminated on November 16, 2017 via Globe Newswire.

4. **Summary of Material Change**

The Corporation Announces Demand by Lenders and Notice of Intention to Enforce Security

5.1 **Full Description of Material Change**

The Corporation announced that its lenders, Alberta Treasury Branches and The Toronto-Dominion Bank (the “Lenders”), have made demand upon Questfire for payment in full of Questfire’s debt. In addition, the Lenders have provided Questfire with a Notice of Intention to Enforce Security pursuant to subsection 244(1) of the Bankruptcy and Insolvency Act (Canada) and today the Lenders are seeking a court order to place Questfire in receivership. Due to a number of factors, Questfire has been placed in an untenable financial situation and is unable to obtain creditor protection.

In spite of Questfire working diligently to reduce bank debt by approximately \$10 million over the last one and a half years and also working to close a previously announced arrangement with Manito Energy Inc. (“Manitok”), the Lenders refused to grant Questfire further extensions of its credit facilities. Upon receiving the default notice from the Lenders and demand for repayment of the credit facilities in the amount of \$34 million, Questfire immediately halted stock trading and investigated options for creditor protection.

The record-low natural gas prices of July through October, which were largely a function of TCPL export restrictions and maintenance issues, have severely reduced Questfire’s funds flow. This was exacerbated by an inability to adequately hedge our production due to restrictions put in place by the Lenders and a series of short extensions to Questfire’s credit facilities. To address what became a four month period of negative funds flow, Questfire raised approximately \$1.3 million through the sale of non-producing assets, expecting that these funds would see it through the period of very low gas prices. Unfortunately, the banking syndicate refused to release these funds, has frozen Questfire’s bank accounts and has refused to provide additional liquidity even though Questfire is once again funds-flow-positive under current commodity prices.

The management and directors of Questfire are deeply disappointed with the likely outcome of the pending receivership application. They are of the view that the Manitok arrangement offered the opportunity to refinance and, potentially, fully repay all creditors and result in a larger, financially sound company with significant growth opportunities.

In light of the above, each of the Questfire’s four directors, being Richard Dahl, John Ramescu, Roger MacLeod and Neil Dell, has indicated their intention to resign following the approval of the receivership

court order.

The headwinds facing Questfire as a gas-weighted conventional junior exploration and production company have been numerous and significant. Record-low natural gas prices, an uncertain (if not hostile) government policy environment, increasing regulation at all levels, a lack of investor interest in Canadian junior oil and natural gas companies, and senior bank lenders looking to greatly and quickly reduce exposure to oil and natural gas have combined into the “perfect storm” that Questfire was unable to overcome.

Questfire appreciates the past support of our shareholders and the hard work and dedication of our staff, contractors and suppliers. The management and directors of Questfire truly wish circumstances and the outcome of this process were different.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this report.

5.2 Disclosure for Restructuring Transactions

Not Applicable.

6. Reliance on Section 7.1(2) or (3) of National Instrument 51-102

Not Applicable.

7. Omitted Information

None

8. Executive Officer

The name of the executive officers of the Corporation who is knowledgeable about the material change and this report is:

Richard Dahl,
President & CEO
(403) 263-6691

9. Date of Report

November 21, 2017