



February 4, 2004

ALBERTA SECURITIES COMMISSION

4th Floor, 300 Fourth Avenue SW
Calgary, Alberta T2P 3C4
Attention: Executive Director

BRITISH COLUMBIA SECURITIES COMMISSION

P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Attention: Executive Director

ONTARIO SECURITIES COMMISSION

Suite 1903, Box 55, 20 Queen Street West
Toronto, Ontario M5H 3S8
Attention: Executive Director

Dear Sirs:

Re: **Questerre Energy Corporation**
MATERIAL CHANGE REPORT UNDER SECTION 146(1) of the *Securities Act* (Alberta)

This letter is intended as a statement setting forth certain matters that may be material changes in the affairs of Questerre Energy Corporation ("Questerre" or the "Corporation"). For convenience, this letter is itemized in the same manner as Form 27 of the *Securities Act* (Alberta). Concurrent with this filing, this letter is being filed with the Toronto Stock Exchange, being the only exchange on which the Corporation's shares are listed.

Item 1 - Reporting Issuer

Questerre Energy Corporation
1580 Guinness House
727 Seventh Avenue SW
Calgary, Alberta, T2P 0Z5

Item 2 - Date of Material Change

The material changes occurred on or about January 21, 2004 and December 22, 2003.

Item 3 - News Release

Press releases were issued on December 31, 2003 and November 28, 2003 by CCNMatthews, Calgary, Alberta.

Item 4 - Summary of Material Change

The Corporation has completed a private placement of 900,900 Common Shares at \$1.11 per Common Share. The Corporation has also issued 6,009,666 Common Shares on the conversion of 4,500,000 Series I Preferred Shares and the exercise of 1,509,666 Common Share Purchase Warrants ("Warrants") by Terrenex Acquisition Corporation ("Terrenex").

Item 5 - Full Description of Material Change

On January 21, 2004, the Corporation successfully closed a private placement of 900,900 Common Shares, issued on a flow-through basis, at \$1.11 per Common Share for net proceeds of \$999,999. The proceeds will be utilized to finance the A-5 well at the Beaver River Field in British Columbia. The sole subscriber of the private placement was Terrenex, a public investment company listed on the TSX Venture Exchange.

Pursuant to a standby equity commitment made by Terrenex on November 28, 2003, on December 22, 2003, Terrenex elected to fulfill the commitment through the exercise of 1,509,666 Warrants entitling it to acquire 1,509,666 Common Shares at \$1.11 per Common Share. Effective December 22, 2003, Terrenex also converted 4,500,000 Series 1 Preferred Shares into Common Shares of Questerre at \$1.00 per Common Share, resulting in the issuance of 4,500,000 Common Shares.

Subsequent to the completion of the private placement, the warrant exercise and conversion of Series 1 Preferred Shares, Terrenex and its wholly owned subsidiary, Cabernet Holdings Limited, hold 9,062,755 Common Shares of Questerre representing 21.52% of the issued and outstanding share capital.

Item 6 - Reliance of Section 146(2) of the *Securities Act* (Alberta)

N/A

Item 7 - Omitted Information

N/A

Item 8 - Senior Officer

The name of a senior officer of the Corporation who is knowledgeable about the material change and who can be contacted by the Commission is:

Michael R. Binnion, President and Chief Executive Officer
1580, 727 7th Avenue S.W.
Calgary, Alberta
T2P 0Z5
Phone: (403) 777-1185

Item 9 - Statement of Senior Officer

The foregoing accurately discloses the material change referred to in this report.

DATED this 4th day of February, 2004 at Calgary, Alberta.

Sincerely

QUESTERRE ENERGY CORPORATION

Per: *"signed" Michael R. Binnion*
Michael R. Binnion, President and Chief Executive Officer

CC: Toronto Stock Exchange

FOR IMMEDIATE RELEASE

December 31, 2003 – Questerre announces \$1 million private placement

Calgary, Alberta – Questerre Energy Corporation (QEC:TSX) (“Questerre” or the “Corporation”) would like to announce that it intends to complete a \$1 million private placement with Terrenex Acquisition Corporation (“Terrenex”), a founding shareholder of Questerre.

Terrenex will subscribe for \$1 million in common equity from treasury at a price of \$1.11 per common share. These common shares will be issued on a flow-through basis. The completion of this private placement is subject to all requisite Board and regulatory approval.

The Corporation intends to use the proceeds from this private placement for general working capital purposes.

Terrenex, a public investment company listed on the TSX Venture Exchange, currently holds 8.6 million common shares of Questerre prior to the completion of this proposed private placement. Four of the directors of Terrenex currently serve as directors or officers of Questerre.

Questerre Energy Corporation is a Calgary-based independent resource company actively engaged in the exploration for and development, production and acquisition of large-scale natural gas projects in Canada.

**THE TORONTO STOCK EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR
THE ACCURACY OR ADEQUACY OF THIS RELEASE**

For further information, please contact:

Michael R. Binnion, President

Tel: (403) 777-1185

Fax: (403) 777-1578

Web: www.questerre.com

Email: info@questerre.com

FOR IMMEDIATE RELEASE

November 28, 2003 – Questerre receives \$6.2 million common equity commitment

Calgary, Alberta – Questerre Energy Corporation (QEC:TSX) (“Questerre” or the “Corporation”) is pleased to announce that it has received a commitment from Terrenex Acquisition Corporation (“Terrenex”), a founding shareholder of Questerre, for \$6.2 million in common equity.

Subject to regulatory approval, Terrenex has made a standby commitment to invest \$1.7 million through, at its option, either the early exercise of 1.5 million Common Share Purchase Warrants at a price of \$1.11 per Common Share or a private placement at market price. Questerre may call on this commitment at any time after December 15, 2003 with five business days notice in writing.

Terrenex will also convert its \$4.5 million of Series I Preferred Shares into Common Shares of Questerre at \$1.00 per Common Share, resulting in the issuance of 4,500,000 Common Shares. This represents a 36% premium to the stated conversion price of the Preferred Shares based on the recent price of Questerre’s Common Shares.

Terrenex, a public investment company listed on the TSX Venture Exchange, currently holds 2.6 million Common Shares of Questerre before the aforementioned transactions. Four of the directors of Terrenex currently serve as directors or officers of Questerre.

Michael Binnion, Chief Executive Officer of Questerre and director of Terrenex, commented, “This commitment by Terrenex at a premium to the current market price confirms our confidence as founding shareholders in Questerre’s current prospects.”

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ACCURACY OR ADEQUACY OF THIS RELEASE**

For further information, please contact:

Michael R. Binnion, President

Tel: (403) 777-1185

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