Q2

2012

QUARTERLY REPORT

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2012

QUESTERRE ENERGY CORPORATION IS AN INDEPENDENT ENERGY COMPANY FOCUSED ON NON-CONVENTIONAL OIL AND GAS RESOURCES. THE COMPANY IS CURRENTLY DEVELOPING A PORTFOLIO OF OIL SHALE ASSETS IN NORTH AMERICA. IT IS ALSO SECURING A SOCIAL LICENSE TO COMMERCIALIZE ITS UTICA NATURAL GAS DISCOVERY IN QUEBEC. THE COMPANY IS UNDERPINNED BY LIGHT OIL ASSETS AND A STRONG BALANCE SHEET. QUESTERRE IS COMMITTED TO THE ECONOMIC DEVELOPMENT OF ITS RESOURCES IN AN ENVIRONMENTALLY CONSCIOUS AND SOCIALLY RESPONSIBLE MANNER. QUESTERRE'S COMMON SHARES TRADE ON THE TORONTO AND OSLO STOCK EXCHANGE UNDER THE SYMBOL QEC.

President's message

In the second quarter, we began working with Red Leaf on the scale up of their EcoShale process.

It has been an eventful few months since our investment. Total E&P USA appointed their CEO, John Bannerman, to the Red Leaf Board and seconded three senior personnel including the deputy project manager. Red Leaf has also engaged the project manager for the joint venture. The work program is scheduled to begin before year-end and will include a series of key de-risking milestones necessary to achieve first production by early 2014.

We also made a significant discovery in the liquids-rich Montney in Resthaven, Alberta. This discovery bolsters our conventional assets that will provide a source of future capital for our oil shale assets and Quebec. Work has begun on a pipeline tie-in for our first well that tested at gross rates of over 2,500 boe/d. We plan to begin drilling our second well before year-end. At Antler, we began work on our pilot waterflood.

In the quarter, we also helped organize and sponsor a group of Quebec farmers to meet Alberta farmers that took place early in the third quarter. This tour not only had great media but materially shifted opinions of the participants. An independent survey of these participants can be found at blog.questerre.com/en. I am seeing a momentum shift in opinions in Quebec on oil and gas and this tour to Alberta was a breakthrough showing Quebecers that oil and gas mixes naturally with farming.

Highlights

- Questerre invests with supermajor Total S.A. to commercialize Red Leaf's EcoShale In-Capsule process
- Completed and tested first Montney well with gross initial rates of over 2,500 boe/d
- Spring breakup suspended drilling program and municipal road bans shut-in production at Antler, Saskatchewan
- Production averaged 525 boe/d generating cash flow from operations of $1.22 million during the quarter
- Maintained financial strength with over $47 million in positive working capital and no debt

Oil Shale Mining

The joint venture with Total and its recent financing establish Red Leaf with the resources necessary to commercialize the EcoShale process.

We believe this process will economically unlock oil from the significant oil shale resources in North America. This will create another shift in energy markets, much as multi-stage hydraulic fracturing economically unlocked oil and gas from shale. The analogy extends further. Much like commercially developing a new shale play requires completion engineers with the mindset of exploration geologists, scaling the EcoShale process will also require equal parts of discipline and innovation.

This disciplined innovation will include a series of derisking projects prior to constructing the first commercial scale capsule in late 2013. This involves testing the various elements of the capsule design, including pipe strength, to ensure they will withstand the expected operating conditions during production. A test capsule will be built later this year to conduct some of these vital tests.

To begin large scale field operations in 2013, the joint venture is currently establishing the organizational structure, completing the necessary permitting and contract tendering. Based on this timeline, Red Leaf anticipates producing oil from its first commercial scale capsule by early 2014.

In conjunction with their field work in Utah, we are planning a work program with Red Leaf on our joint oil shale acreage in Wyoming. The first phase of this program is to validate an assessment of the oil resource on our 5,120 acres. We will initiate the permitting process for this core hole program and, subject to approvals, weather and equipment availability, conduct this program in the summer of 2013.

We will begin our second core hole program in Pasquia Hills, Saskatchewan later this summer. This six well program will assess the prospectivity of the eastern block of our 100,000 net acres. Our first ten well program for the western block was completed this winter and encountered 30m of the target Second White Specks shale in all the wells drilled.

Historical data on the Second White Specks shale indicates between 10-15 gallons/ton as compared to the Green River shale in Utah and Wyoming with 18-22 gallons/ton, which is among the richest surface oil shale in North America. The testing of the core data will provide updated numbers and help us quantify the scale of the resource at Pasquia Hills. Although we do not expect this shale to be as rich as the Green River shale, we see the large acreage position and royalties as low as 1%, compared to approximately 12% in Wyoming, materially enhancing the project economics.

Western Canada

The economics of our recent discovery targeting liquids rich natural gas in Resthaven, Alberta are among the best in the basin.

The relatively high proportion of condensate and natural gas liquids from this play enhance returns and mitigate the low natural gas prices as well as the differential from the West Texas Intermediate benchmark oil price. Based on the test results and adjacent wells, we estimate reserves of 4.5 Bcf and approximately 500,000 barrels of condensate and liquids per well. We expect this will be validated once the first well is put on production. Based on well costs of $11 million, these wells comfortably exceed our target recycle ratio, or the ratio of netback to our finding and development costs of 2 to 1.

These excellent economics account for the record land sale and drilling activity in the area. This activity and limited third party processing capacity has meant that, in the interim, we are only able to secure interruptible capacity at a processing plant with lower liquids recoveries.

As liquids recoveries are critical to the economics of this play, we have begun preliminary engineering work on constructing our own processing facilities to maximize recoveries. In parallel, we are also evaluating securing firm capacity for a plant expansion that would guarantee us volumes and improved recoveries.

The robust economics of drilling our light oil pool in Antler have been tested recently by declines in realized prices and capital cost inflation.

Our finding and development costs in Antler have increased by 10%-15% based primarily on higher equipment costs and, to a lesser extent, downhole issues with about 10% of our wells. Since March, netbacks have also weakened due to a $10-$20/bbl differential from the reference West Texas Intermediate price. These have challenged our ability to meet our target recycle ratio. As a result, we plan to defer our drilling program until we can realize improvements in capital costs and netbacks.

The economics of drilling wells in Antler improve significantly once the incremental reserves associated with a secondary recovery scheme are considered. Following a successful injectivity test, we will begin injecting water in this pilot horizontal well in the third quarter. We expect to see a response in the adjacent producing wells by year-end. With success, we plan to expand this pilot to up to two and a half additional sections next year.

Pending the results from the waterflood in Antler, we intend to reallocate capital from Antler to develop our new core area in Resthaven, Alberta focusing on liquids rich natural gas from the Montney. Our plans are to tie-in our first well and spud our second well later this year.

Operational and Financial

While spring breakup delayed completions and municipal road bans shut-in production in Antler, our performance for the quarter was also affected by lower oil prices and the double differential from Brent oil.

Spring breakup was compounded by the high ground moisture from the record flooding in 2011 and road bans by the local municipalities were strictly enforced from late March through to early May. This shut-in production from the majority of the Company's single well batteries for the quarter. It also severely restricted trucking of produced volumes from the main battery to the sales terminal, resulting in average daily production of 525 boe/d versus 725 boe/d in the first quarter.

Although the differential between the benchmark WTI and our realized price narrowed from over $18/bbl in March to $4/bbl in June, it averaged $10/bbl over the first two quarters of this year. This impacted lower crude prices and translated into a realized price of $83.40/bbl from $92.19/bbl in the previous quarter. Coupled with the lower volumes, we generated cash flow of $1.22 million in the second quarter.

Capital expenditures in the quarter were $5.19 million. Approximately 40% was incurred to finish the drilling and complete and test our Montney well at Resthaven. A further $2.01 million was invested in Antler and the remainder largely on the core program for our oil shale acreage in Saskatchewan.

Outlook

Total's belief in the magnitude of oil shale resources and the Red Leaf process having an important long term potential for global energy markets validates our strategic investment earlier this year.

Through this investment and our Board position, we are excited to be part of commercializing this process. It is an important part of executing our strategy to capturing large oil resources by looking in a new kind of rock. Assessing our oil shale acreage in Wyoming and Saskatchewan for this process will be a priority over the next year.

Our strategy also includes creating a reserve of value in the short term from our conventional assets. We will be allocating capital to drill another well in Resthaven this year while we accelerate the waterflood in Antler. We are also continuing to look for farm-in and acquisition opportunities with a bias towards oil to further grow this portfolio.

Michael Binnion
President and Chief Executive Officer

Management's Discussion and Analysis ("MD&A") was prepared as of August 13, 2012. This interim MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements of Questerre Energy Corporation ("Questerre" or the "Company") as at June 30, 2012 and for the three and six month periods ended June 30, 2012 and 2011, and the 2011 MD&A and audited annual consolidated financial statements of the Company for the year ended December 31, 2011. Additional information relating to Questerre, including Questerre's Annual Information Form for the year ended December 31, 2011 is available on SEDAR at www.sedar.com.

Questerre is an independent energy company focused on non-conventional oil and gas resources. The Company is currently developing a portfolio of oil shale assets in North America. It is also securing a social license to commercialize its Utica natural gas discovery in Quebec. The Company is underpinned by light oil assets and a strong balance sheet. Questerre is committed to the economic development of its resources in an environmentally conscious and socially responsible manner.

The Company's common shares are listed on the Toronto Stock Exchange and Oslo Stock Exchange under the symbol "QEC".

Basis of Presentation

Questerre presents figures in the MD&A using accounting policies within the framework of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

All financial information is reported in Canadian dollars, unless otherwise noted. Certain amounts in prior years have been reclassified to conform to the current year's presentation.

Forward Looking Statements

Certain statements contained within this MD&A constitute forward-looking statements. These statements relate to future events or Questerre's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. We believe the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A.

This MD&A contains forward-looking statements pertaining to the following:

- the performance of the Company's oil and natural gas properties;
- the size of the Company's oil, natural gas liquids and natural gas reserves and production levels;
- estimates of future cash flow;
- projections of prices and costs;
- drilling plans and timing of drilling, recompletion and tie-in of wells by Questerre and its partners;
- weighting of production between different commodities;
- commodity prices, foreign exchange rates and interest rates;
- expected levels of royalty rates, operating costs, general and administrative costs, costs of services and other costs and expenses;

- capital expenditure programs and other expenditures and the timing and method of financing thereof;
- supply of and demand for oil, natural gas liquids and natural gas;
- expectations regarding Questerre's ability to raise capital and to continually add to reserves through acquisitions and development;
- the Company's ability to grow or sustain production and reserves through prudent management;
- the emergence of accretive growth opportunities and continued access to capital markets;
- the Company's future operating and financial results;
- schedules and timing of certain projects and Questerre's strategy for future growth; and
- treatment under governmental and other regulatory regimes and tax, environmental and other laws.

In particular, this MD&A contains the following forward-looking statements pertaining to the following:

- production volumes;
- timing of drilling programs and resulting cash flows;
- future oil and natural gas prices;
- operating costs;
- royalty rates;
- future development, exploration and acquisition activities, and related expenditures;
- the amount of future asset retirement obligations; and
- future liquidity and financial capacity.

With respect to forward-looking statements contained in this MD&A we have made assumptions regarding, among other things:

- future oil and natural gas prices;
- the continued availability of capital, undeveloped lands and skilled personnel;
- the costs of expanding the Company's property holdings;
- the ability to obtain equipment in a timely manner to carry out exploration, development and exploitation activities;
- the ability to obtain financing on acceptable terms;
- the ability to add production and reserves through exploration, development and exploitation activities; and
- the continuation of the current tax and regulatory regimes.

Actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A:

- volatility in market prices for oil, natural gas liquids and natural gas;
- counterparty credit risk;
- access to capital;
- changes or fluctuations in oil, natural gas liquids and natural gas production levels;
- liabilities inherent in oil and natural gas operations;
- adverse regulatory rulings, orders and decisions;
- attracting, retaining and motivating skilled personnel;
- uncertainties associated with estimating oil and natural gas reserves;
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and services;
- incorrect assessments of the value of acquisitions and targeted exploration and development assets;
- fluctuations in foreign exchange or interest rates;

- stock market volatility, market valuations and the market value of the securities of Questerre;
- failure to realize the anticipated benefits of acquisitions;
- actions by governmental or regulatory authorities including changes in royalty structures and programs, and income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry;
- limitations on insurance;
- changes in environmental or other legislation applicable to the Company's operations, and its ability to comply with current and future environmental and other laws; and
- geological, technical, drilling and processing problems, and other difficulties in producing oil, natural gas liquids and natural gas reserves.

Statements relating to "reserves" or "resources" are by their nature deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. We do not undertake any obligation to publicly update or revise any forward-looking statements except as required by applicable securities law.

BOE Conversions

Barrel of oil equivalent ("boe") amounts may be misleading, particularly if used in isolation. A boe conversion ratio has been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil and is based on an energy equivalent conversion method application at the burner tip and does not necessarily represent an economic value equivalency at the wellhead.

Additional IFRS and Non-IFRS Measures

This document contains the term "cash flow from operations", which is an additional IFRS measure. The Company uses this measure to help evaluate its performance.

As an indicator of Questerre's performance, cash flow from operations should not be considered as an alternative to, or more meaningful than, net cash from operating activities as determined in accordance with IFRS. Questerre's determination of cash flow from operations may not be comparable to that reported by other companies. Questerre considers cash flow from operations to be a key measure as it demonstrates the Company's ability to generate the cash necessary to fund operations and support activities related to its major assets.

Cash Flow from Operations Reconciliation

	Three months ended June 30,		*Six months ended June 30,*	
	2012	2011	**2012**	2011
Net cash from operating activities	**$ 3,538,782**	$ 3,247,212	**$ 4,279,582**	$ 4,113,708
Change in non-cash operating working capital	**(2,318,009)**	(979,536)	**232,345**	(209,082)
Cash flow from operations	**$ 1,220,773**	$ 2,267,676	**$ 4,511,927**	$ 3,904,626

This document also contains the terms "netbacks" and "working capital surplus", which are non-IFRS measures.

The Company considers netbacks to be a key measure as it demonstrates its profitability relative to current commodity prices. Operating netbacks per boe equal total petroleum and natural gas sales per boe adjusted for royalties per boe and direct operating expenses per boe.

The Company also uses the term "working capital surplus". Working capital surplus, as presented, does not have any standardized meaning prescribed by IFRS and may not be comparable with the calculation of similar measures for other entities. Working capital surplus, as used by the Company, is calculated as current assets less current liabilities excluding the current portions of the share based compensation liability and risk management contracts.

Select Information

	Three months ended		*Six months ended*	
As at/for the period ended June 30,	2012	2011	2012	2011
Financial ($, except common shares outstanding)				
Petroleum and Natural Gas Sales	3,444,473	4,138,050	8,767,631	8,103,439
Cash Flow from Operations	1,220,773	2,267,676	4,511,927	3,904,626
Per share - Basic	0.01	0.01	0.02	0.02
Per share - Diluted	0.01	0.01	0.02	0.02
Net Profit (Loss)	130,555	4,938,387	(1,702,731)	6,172,646
Per share - Basic	-	0.02	(0.01)	0.03
Per share - Diluted	-	0.02	-	0.03
Capital Expenditures, net of acquisitions and dispositions	5,188,353	1,305,781	19,980,026	8,549,261
Working Capital Surplus	47,350,400	131,312,369	47,350,400	131,312,369
Total Assets	256,759,200	250,973,021	256,759,200	250,973,021
Shareholders' Equity	233,859,513	234,312,816	233,859,513	234,312,816
Common Shares Outstanding	230,554,204	232,115,528	230,554,204	232,115,528
Weighted average - basic	230,945,633	233,610,707	231,029,836	233,981,259
Weighted average - diluted	232,955,303	236,472,552	232,728,584	237,475,415
Operations (units as noted)				
Average Production				
Crude Oil and Natural Gas Liquids (bbl/d)	441	401	529	425
Natural Gas (Mcf/d)	502	1,111	574	1,154
Total (boe/d)	525	586	625	617
Average Sales Price				
Crude Oil and Natural Gas Liquids ($/bbl)	83.40	102.50	88.53	94.76
Natural Gas ($/Mcf)	2.21	3.96	2.37	3.89
Total ($/boe)	72.10	77.60	77.08	72.56
Netback ($/boe)				
Petroleum and Natural Gas Sales	72.10	77.60	77.08	72.56
Royalties Expense	(6.06)	(6.25)	(4.85)	(6.08)
Percentage	8%	8%	6%	8%
Direct Operating Expense	(24.23)	(12.60)	(18.01)	(13.02)
Operating Netback	41.81	58.75	54.22	53.46
Wells Drilled				
Gross	-	1.00	9.00	9.00
Net	-	0.50	5.63	5.25

Highlights

- Questerre invests with supermajor Total S.A. to commercialize Red Leaf's EcoShale In-Capsule process
- Completed and tested first Montney well with gross initial rates of over 2,500 boe/d
- Spring breakup suspended drilling program and municipal road bans shut-in production at Antler, Saskatchewan
- Production averaged 525 boe/d generating cash flow from operations of $1.22 million during the quarter
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Second Quarter 2012 Activities

Oil Shale Mining

Early in the second quarter, Red Leaf Resources Inc. ("Red Leaf") announced that it had joint ventured with a US affiliate of the French-based supermajor Total S.A. ("Total") to develop oil shale in Utah. To primarily fund its share of costs under this joint venture, Red Leaf also reported that it had completed its US$100 million equity offering.

Questerre invested US$40 million in this equity offering to acquire just under 6% of the equity capital of Red Leaf. Questerre received a Board seat and appointed its President to the Red Leaf Board. Subsequently, Questerre increased its investment to US$43 million during the quarter.

Red Leaf is a private Utah-based oil shale and technology company. Its principal assets are its proprietary EcoShale In-Capsule Technology to recover oil from shale and mineral leases in the states of Wyoming and Utah that are prospective for oil shale.

As part of its agreement with Red Leaf, Total has the right to license the EcoShale technology for use on other future oil shale projects worldwide and has become a shareholder of Red Leaf. It has also appointed its CEO to the Board of Red Leaf. Questerre also entered into a joint venture agreement with Red Leaf to develop its oil shale acreage in Wyoming and an agreement to obtain licenses to utilize the Red Leaf process.

The joint venture will launch an Early Production System ("EPS") to demonstrate the commercial scalability of Red Leaf's EcoShale In-Capsule Process on their oil shale acreage in the Uinta Basin of Utah. Total will fund an 80% share of the EPS expenses estimated at US$200 million. The EPS follows a successful field pilot. It is intended to prove the economic and environmental attributes of the process at a larger scale. Red Leaf and Total subsequently plan to launch an advanced commercial project on approximately 11,000 acres of jointly held acreage for oil shale. Total will also fund an 80% share of the first US$200 million of the commercial production phase of operations.

The joint venture is completing the requisite permitting, planning and engineering necessary to begin field work under the EPS this fall. Initial field work will focus on mitigating risks and testing the various parameters of capsule design in advance of constructing the first capsule in 2013.

During the second quarter, Questerre began analysis of the core data gathered this winter over its 100,000 net acres prospective for oil shale in the Pasquia Hills area of east central Saskatchewan. Over 700m of continuous core was obtained from 10 wells. The wells were drilled to an average depth of 100m with wireline logs obtained from surface to depth. Good core was recovered throughout the target formation with approximately 30m of the oil shale formation encountered in all wells drilled. The Company plans to expand this program with up to six additional core wells late this summer to further assess this acreage.

Western Canada

While weather delayed activities at Antler, the Company was able to finalize the drilling and completion of its first horizontal well targeting liquids-rich natural gas from the Montney shale in the Resthaven area of west central Alberta.

The well was successfully drilled to a measured depth of 5071m and subsequently completed with 15-stage fracture stimulations in the 1430m horizontal leg. On a 96 hour test, the well flowed 8.3 MMcf/d of natural gas and 1,150 bbl/d of condensate. These test results exceeded Management's expectations. The well is currently shut-in awaiting tie-in to a third party processing plant. Tie-in work has begun and is scheduled to be completed by the fourth quarter. In conjunction with its partners, Questerre is evaluating a follow-up location and has commenced preliminary engineering work for its own processing facilities. Questerre holds a 37.5% interest in this well before payout and a 25% interest in this well after payout. The Company also holds a 25% working interest in 16 contiguous sections of land in this area.

Development drilling of the light oil pool in Antler, Saskatchewan was suspended during spring breakup. Operations in the quarter consisted of the completion in late June of two (1.25 net) horizontal wells drilled during the first quarter. The Company currently has one (0.75 net) horizontal well targeting the Torquay/Bakken formation and two (1.25 net) vertical wells targeting the shallower Souris Valley formation awaiting completion. Production was also impacted by weather and related municipal road bans that effectively shut-in both single well batteries and our main battery for a significant portion of the second quarter of 2012.

Activity for the remainder of this year will focus on the completion of these existing wells and the implementation of the secondary recovery scheme. Although several infill locations have been identified, further drilling this year will likely be deferred pending an improvement in commodity prices and equipment availability.

St. Lawrence Lowlands, Quebec

The oversight committee conducting the strategic environmental assessment ("SEA") on shale gas development in Quebec published their first status report in May 2012.

The report detailed the working groups that have been established to assess the various issues including air quality, water, economic impacts, public participation and demonstration projects. The report also notes the experts that have met with the oversight committee to further their understanding of these issues, their visits to existing well sites in Quebec and their participation in various conferences and seminars.

For the coming fiscal year, the committee intends to begin the studies identified in its plan of implementation, conduct public consultations and undertake site visits to more established jurisdictions in Canada and the United States. The committee also announced that it expects to table its final report no later than November 2013. Questerre anticipates that no further operations, including the completion of the Fortierville and St. Gertrude horizontal wells, will be conducted until after this report is published.

Drilling Activities

In the second quarter of 2012, Questerre did not participate in the drilling of any wells. For the same period in 2011, Questerre participated in the drilling of one (0.50 net) oil well in Alberta and no natural gas wells.

Production

Three months ended June 30,	2012			2011		
	Oil and Liquids (bbl/d)	Natural Gas (Mcf/d)	Equivalent (boe/d)	Oil and Liquids (bbl/d)	Natural Gas (Mcf/d)	Equivalent (boe/d)
Saskatchewan	419	-	419	343	-	343
Alberta	22	502	106	58	685	172
British Columbia	-	-	-	-	426	71
	441	502	525	401	1,111	586

Six months ended June 30,	2012			2011		
	Oil and Liquids (bbl/d)	Natural Gas (Mcf/d)	Equivalent (boe/d)	Oil and Liquids (bbl/d)	Natural Gas (Mcf/d)	Equivalent (boe/d)
Saskatchewan	496	-	496	364	-	364
Alberta	33	526	121	61	680	174
British Columbia	-	48	8	-	474	79
	529	574	625	425	1,154	617

With drilling deferred during spring breakup and production shut-in due to weather and the related municipal road bans at Antler, corporate volumes in the second quarter declined materially from the preceding quarter. For the three months ended June 30, 2012, daily production averaged 525 boe/d as compared to 725 boe/d in the first quarter of 2012.

Production in the second quarter continued to be impacted by weather and the related municipal road bans. Residual moisture from last year's flooding in Saskatchewan remained high contributing to poor ground conditions. As a result, stringent enforcement of road bans implemented in late March remained in place until early May. These ground conditions and road bans shut-in production from the majority of the Company's single well batteries for the quarter. It also severely restricted trucking of produced volumes from the main battery to the sales terminal.

On a year to date basis, production increased marginally over the prior year, with the shut-ins being offset by the increased drilling in Antler in 2011 and the first quarter of 2012.

This drilling is responsible for the sustained increase in oil weighting over the prior year. Oil and liquids accounted for 84% of the Company's volumes in the second quarter of 2012, consistent with the previous quarter and up from 68% in the second quarter of 2011. Although natural gas represented only 16% of production volumes, Questerre expects this could increase in the fourth quarter of 2012 with the planned tie-in of its recently drilled liquids-rich gas well in the Resthaven area of Alberta. The Company is evaluating follow-on locations and the first could be drilled as early as the fourth quarter.

With additional capital being allocated to further drilling in Resthaven, Questerre intends to proportionately reduce its investment in Antler for the remainder of this year in light of volatility in current oil prices and differentials. The Company's plans for the remainder of this year at Antler include the completion of one (0.75 net) horizontal well, two (1.25 net) vertical wells and further pilot work on the waterflood. Subject to the timing of the tie-in of the Resthaven well, the Company expects its production for the remainder of this year to average between 650 to 850 boe/d with an exit rate over 1,000 boe/d.

Second Quarter 2012 Financial Results

Petroleum and Natural Gas Sales

Three months ended June 30,	2012			2011		
	Oil and Liquids	Natural Gas	Total	Oil and Liquids	Natural Gas	Total
Saskatchewan	$ 3,178,655	$ -	$ 3,178,655	$ 3,206,704	$ -	$ 3,206,704
Alberta	162,745	102,287	265,032	528,283	263,601	791,884
British Columbia	-	786	786	-	139,462	139,462
	$ 3,341,400	$ 103,073	$ 3,444,473	$ 3,734,987	$ 403,063	$ 4,138,050

Six months ended June 30,	2012			2011		
	Oil and Liquids	Natural Gas	Total	Oil and Liquids	Natural Gas	Total
Saskatchewan	$ 8,003,924	$ -	$ 8,003,924	$ 6,283,493	$ -	$ 6,283,493
Alberta	511,568	231,167	742,735	1,002,275	516,609	1,518,884
British Columbia	-	20,972	20,972	-	301,062	301,062
	$ 8,515,492	$ 252,139	$ 8,767,631	$ 7,285,768	$ 817,671	$ 8,103,439

Higher oil volumes in the quarter were offset by materially lower crude oil prices over the second quarter of 2011. In conjunction with lower natural gas volumes and prices, oil and gas revenue for the quarter declined to $3.44 million from $4.14 million in the second quarter of 2011.

Pricing

	Three months ended June 30,		*Six months ended June 30,*	
	2012	2011	2012	2011
Benchmark prices:				
Natural Gas - AECO, daily spot ($/Mcf)	1.89	3.87	2.02	3.83
Crude Oil - Edmonton light ($/bbl)	83.95	103.07	88.09	95.52
Realized prices:				
Natural Gas ($/Mcf)	2.21	3.96	2.37	3.89
Crude Oil and Natural Gas Liquids ($/bbl)	83.40	102.50	88.53	94.76

Crude oil prices experienced a sharp decline during the quarter with the benchmark WTI price falling from over US$100/bbl in April to under US$80/bbl in June. This correction was largely driven by growing concerns about the European sovereign debt crisis and slowing demand in China and North America. Domestic oil prices saw a more modest decline as the differential between the US WTI and Canadian Edmonton Light prices narrowed during the quarter to $4/bbl in June from almost $18/bbl in March. This differential has been fairly volatile and is expected to persist for the remainder of 2012 while rail and pipeline initiatives begin to relieve the robust inventories in the PADD II region.

Realized prices for the second quarter of 2012 reflected this differential and continued to track the Edmonton Light benchmark price. In the second quarter of 2012, the realized price was $83.40/bbl (2011: $102.50/bbl) as compared to an Edmonton Light price of $83.95/bbl (2011: $103.07/bbl) and a WTI price of US$93.49/bbl (2011: US$102.56/bbl).

Natural gas prices declined relative to the prior quarter and prior year. This decline has resulted in natural gas trading competitively with coal, resulting in increased demand for natural gas for power generation. Further support for prices has been provided by the reduction in gas directed rig activity by almost one third over the prior year. Notwithstanding, further reductions in dry gas, liquids-rich gas and associated gas drilling will be necessary along with increased demand from the power sector to strengthen prices in the longer term.

Higher heat content natural gas realized prices of $2.21/Mcf in the second quarter of 2012 (2011: $3.96/Mcf) as compared to the benchmark AECO price of $1.89/Mcf (2011: $3.87/Mcf).

Royalties

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	**2012**	2011
Saskatchewan	**$ 207,431**	$ 198,957	**$ 578,643**	$ 353,166
Alberta	**81,846**	131,026	**(26,643)**	311,927
British Columbia	**22**	3,202	**119**	14,021
	$ 289,299	$ 333,185	**$ 552,119**	$ 679,114
% of Revenue:				
Saskatchewan	**7%**	6%	**7%**	6%
Alberta	**31%**	17%	**-4%**	21%
British Columbia	**3%**	2%	**1%**	5%
Total Company	**8%**	8%	**6%**	8%

The Company's effective royalty rate year over year for the second quarter was consistent at 8% and, on a year to date basis, it has declined to 6% from 8% in 2011. The rates on production from Alberta for the three and six month periods in 2012 include prior period amounts. Excluding these amounts, the second quarter 2012 rate for Alberta would be 16% and for the first six months of 2012 would be 23%.

Operating Costs

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	**2012**	2011
Saskatchewan	**$ 871,595**	$ 264,144	**$ 1,545,804**	$ 538,703
Alberta	**280,222**	190,491	**474,185**	447,076
British Columbia	**5,710**	217,209	**28,547**	468,469
	$ 1,157,527	$ 671,844	**$ 2,048,536**	$ 1,454,248
$/boe:				
Saskatchewan	**22.86**	8.46	**17.12**	8.18
Alberta	**29.05**	11.65	**21.53**	13.80
British Columbia	**-**	33.62	**19.61**	32.76
Total Company	**24.23**	12.60	**18.01**	13.02

Operating costs for the second quarter increased, on a unit of production basis, to $24.23 from $13.50 in the preceding quarter and $12.60 in the same period in 2011.

With approximately 75% of the operating costs relating to Saskatchewan, this accounts for the majority of the variance. As the Antler field was completely shut-in for a part of the second quarter due to road bans, the fixed costs were allocated over fewer volumes increasing the cost per unit of production. The Company expects the cost per boe will reduce in the latter half of 2012 with fewer shut-ins. In Alberta, the increased operating costs on a unit of production basis is mainly due to the declining production and the relatively fixed proportion of costs in Vulcan, Southern Alberta. The significant decrease in operating costs from BC is due to the disposition of the Beaver River Field in the second quarter of last year and the shut-in of the Greater Sierra wells early in the second quarter of 2012.

General and Administrative Expenses

	Three months ended June 30,		*Six months ended June 30,*	
	2012	2011	**2012**	2011
General and administrative expenses, gross	**$ 1,821,046**	$ 1,901,181	**$ 3,772,011**	$ 3,510,699
Capitalized expenses and overhead recoveries	**(734,796)**	(627,902)	**(1,503,787)**	(1,145,494)
General and administrative expenses, net	**$ 1,086,250**	$ 1,273,279	**$ 2,268,224**	$ 2,365,205

Net general and administrative expenses ("G&A") decreased 15% in the second quarter of 2012 from the prior year second quarter due to lower gross G&A expenses and higher capitalized expenses and overhead recoveries. The lower gross G&A is due to higher staffing costs being offset by lower investor & public relations expenses, legal fees and stock exchange fees. The gross G&A for the first six months of 2012 was higher then the same period in 2011; however, with the increase in the capitalized expenses and overhead recoveries, net G&A decreased by 4%. The gross G&A increase resulted from higher staffing costs being greater than the offsets noted in the quarter over quarter change above.

Other Income and Expenses

Questerre reported interest income of $0.56 million for the first six months of the year (2011: $0.91 million) and $0.23 million for the three months ended June 30, 2012 (2011: $0.45 million). The interest is from the cash invested in Guaranteed Investment Certificates issued by Canadian chartered banks and credit unions and from the investment in convertible bonds in the second quarter of 2012. The decrease in the interest income is as expected with the lower cash balances in 2012 and the investment in convertible bonds for a portion of the second quarter of 2012.

The pre-exploration expense of $0.03 million in the second quarter of 2012 (2011: $0.04 million) and $0.05 million for the first six months of 2012 (2011: $0.04 million) relates to activities before the legal right to explore is acquired.

Marketable securities represent investments in shares of public companies which are designated as available for sale and are stated at fair value. Changes in fair value are recognized in other comprehensive income (loss) for the period in which they arise. The Company recorded a loss, net of deferred tax, of $0.10 million in the second quarter of 2012 (2011: ($1.39 million)) and a gain, net of deferred tax, in the first six months of 2012 of $1.90 million (2011: ($1.39 million)).

In the first six months of 2012, Questerre sold all of the marketable securities for proceeds of $5.41 million resulting in a realized gain of $0.29 million. With the sale of the marketable securities in the first six months of 2012, $0.29 million (2011: $nil) of other comprehensive income (loss) was reclassified to net profit (loss).

In the second quarter of 2012, Questerre disposed of a non-core property in Alberta resulting in a gain of $0.22 million.

Questerre invested in Transeuro Energy Corp. senior secured convertible bonds in the second quarter of 2012. They mature May 22, 2015 and have a coupon rate of 12%. The change in fair value of the investment in convertible bonds in the second quarter of 2012 resulted in a loss of $0.11 million (2011: $nil).

The gain on foreign exchange, net of deferred tax, through other comprehensive income (loss) of $0.67 million in the second quarter of 2012 (2011: $nil) and $0.59 million for the first six months of 2012 (2011: $nil) is due to the change in the exchange rate relating to the US dollar investments.

Share Based Compensation

Under the Company's current share based compensation plan, fair values are determined at each reporting date using the Black-Scholes option pricing model. Periodic changes in fair value are recognized in net profit (loss) as share based compensation expense (recovery) with a corresponding change to the liability. Obligations for cash payments are recorded as a share based compensation liability based on the fair value of the liability at the reporting date.

The Black-Scholes model calculates a theoretical value of the options based on the price of the Company's shares, its volatility, risk-free rate and expected life. Due to the increase in the Company's share price in 2012, the Black-Scholes values have increased resulting in an expense in the first six months of 2012.

Share based compensation expense for the second quarter of 2012 was $0.27 million as compared to $1.09 million in the prior quarter and $0.10 million in the second quarter of 2011. For the first six months of 2012, share based compensation was an expense of $1.35 million compared to a recovery of $0.85 million in the same period of 2011. As mandated by existing accounting standards, this represents the change in the estimated fair value of stock options outstanding using the Black-Scholes pricing model.

Depletion, Depreciation, Impairment and Accretion

Depletion and depreciation expense for the first six months of 2012 increased 50% to $4.38 million from $2.92 million in the same period in 2011. The increase in the expense is due to a 47% increase in the depletion and depreciation rate to $38.54/boe (2011: $26.18/boe) and a marginal increase in production volumes.

The higher depletable base in the second quarter of 2012 accounts for the 43% increase, on a unit of production basis, to $38.41/boe (2011: $26.90/boe). With the higher rate being partially mitigated by a 10% decrease in production volumes, gross depletion and depreciation expense increased to $1.83 million (2011: $1.43 million).

The impairment of assets of $0.09 million in the second quarter of 2012 (2011: $0.15 million) and $1.74 million for the first six months of 2012 (2011: $0.23 million) relate to undeveloped land expiries within the exploration and evaluation asset pool.

Questerre recognized $0.03 million in accretion expense for the second quarter of 2012 (2011: $0.04 million) and $0.03 million in the prior quarter. Year to date, the accretion expense is $0.07 million (2011: $0.09 million). The decrease year over year relates to the sale of the Questerre Beaver River Inc. subsidiary in May 2011 offset by the new liabilities incurred relating to drilling and acquisitions. As at June 30, 2012, the estimated net present value of the total asset retirement obligation is $6.45 million, based on a total future undiscounted liability of $8.91 million.

Deferred Taxes

In the second quarter of 2012, Questerre reported a deferred tax expense of $0.29 million (2011: $0.10 million) and for the first six months of 2012 a deferred tax expense of less than $0.01 million (2011: $0.24 million). Consistent with prior periods, Questerre had sufficient tax pool deductions to offset taxable income in 2012.

Capital Expenditures

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	**2012**	2011
Saskatchewan	**$ 2,855,445**	$ 393,871	**$ 15,503,507**	$ 6,434,561
Alberta	**2,085,527**	356,092	**3,753,686**	349,077
Quebec	**342,538**	508,529	**657,715**	1,588,019
Manitoba	**3,160**	26,096	**18,704**	111,465
British Columbia	**16,352**	17,343	**25,846**	51,691
Corporate	**60,331**	3,850	**195,568**	14,448
	5,363,353	1,305,781	**20,155,026**	8,549,261
Dispositions	**(175,000)**	-	**(175,000)**	-
Total	**$ 5,188,353**	$ 1,305,781	**$ 19,980,026**	$ 8,549,261

Questerre incurred net capital expenditures of $5.19 million in the second quarter of 2012 (2011: $1.31 million) and $19.98 million for the first half of the year (2011: $8.55 million), primarily on its light oil assets in Saskatchewan. The Company's significant capital expenditures for the first six months of 2012 consisted of the following:

- In Saskatchewan, $15.50 million was incurred mainly to drill, complete and tie-in several wells. In the first half of 2012, the Company spud a total of eight (5.25 net) wells in the province. The Company has been able to complete all of the wells drilled in 2012 except for one (0.75 net) horizontal well and one (0.75 net) vertical well and was also able to complete three (2.50 net) wells drilled during the fourth quarter of 2011. Included in the Saskatchewan total is $1.61 million relating to the evaluation of the Pasquia Hills area prospective for oil shale.
- The $3.75 million spent in Alberta relates to the drilling and completion of one (0.38 net) well in the Montney shale in Alberta.
- In the St. Lawrence Lowlands of Quebec $0.66 million was invested primarily working on to secure the Company's social license to operate.
- The disposition of $0.18 million related to the sale of a non-core property in Alberta.

The Company's significant capital expenditures for the first half of 2011 consisted of the following:

- In Saskatchewan, $6.43 million was incurred primarily to drill, complete and tie-in several wells. In the first half of 2011, the Company spud a total of eight (4.75 net) wells in the Antler area of Saskatchewan.
- $1.59 million was invested in the St. Lawrence Lowlands, Quebec where the Company continued to focus on the evaluation of the Utica shale.
- The significant portion of the $0.35 million of Alberta expenditures related to the drilling of one (0.50 net) oil well in the second quarter of 2011.
- The $0.11 million incurred in Manitoba primarily related to acquiring land rights.

Liquidity and Capital Resources

Questerre reported a working capital surplus of $47.35 million at June 30, 2012 as compared to a surplus of $104.48 million at December 31, 2011.

The Company's current assets consist of cash and cash equivalents of $51.13 million, $2.11 million in investments in convertible bonds, $6.83 million of accounts receivable and $0.49 million in deposits and prepaid expenses. Current liabilities of $13.21 million represent accounts payable and accrued liabilities.

The Company believes it is sufficiently capitalized with a working capital surplus of $47.35 million at June 30, 2012, positive cash flow from operations and no debt to fund its capital investment program for 2012. The capital program is expected to include investments in its conventional assets including its assets in Saskatchewan and Alberta and its non-conventional assets.

The majority of future capital spending that may be incurred in Quebec over the next 3 to 5 years is contingent upon the results of the strategic environmental assessment, the introduction of new hydrocarbon legislation and the results of the pilot program conducted by Questerre and its partners. Subject to these considerations, Questerre anticipates the ongoing development of its light oil assets will provide a further source of capital for future activities in Quebec or any of the Company's other assets, including its oil shale assets.

Cash Flow from Operations and Net Cash from Operating Activities

Cash flow from operations in the second quarter of 2012 of $1.22 million was $1.05 million or 46% lower than the prior year second quarter. Year-to-date, the cash flow from operations of $4.51 million was $0.61 million or 16% higher than the first six months of 2011. The decrease in the cash flow from operations in the current quarter from the second quarter of 2011 is primarily due to lower petroleum and natural gas sales and interest income and higher operating costs. The year-over-year increase is mainly due to higher petroleum and natural gas sales offset by lower interest income and higher operating costs.

Net cash from operating activities for the first six months of 2012 was $4.28 million compared to $4.11 million in the same period in 2011. The increase in net cash from operating activities of $0.17 million was due to the negative change in the non-cash working capital of $0.44 million being offset by the increase in the cash flow from operations of $0.61 million as discussed above.

Share Capital

The following table provides a summary of the outstanding common shares and options as at the date of the MD&A, the current quarter end and the preceding year-end.

	August 13, 2012	June 30, 2012	December 31, 2011
Common shares	230,804,204	230,554,204	231,300,028
Stock options	22,086,669	22,299,169	22,674,169
Weighted average common shares			
Basic		231,029,836	233,025,712
Diluted		232,728,584	235,975,196

In the first six months of 2012, 755,824 common shares have been purchased under the Normal Course Issuer Bid for consideration of $0.52 million. At June 30, 2012, 522,824 common shares had not been cancelled and an additional 42,000 had not been cancelled or settled. Subsequent to June 30, 2012, these transactions have been settled and the common shares have been cancelled and returned to Treasury.

There have been 110,000 options granted, 400,000 options forfeited, 75,000 options expired and 10,000 options exercised during the first six months of 2012.

Risk Management

The Company's activities in the petroleum and natural gas industry expose it to a variety of financial risks, including credit, liquidity and market risks associated with commodity prices, exchange rate and interest rate fluctuations. There have been no changes to the Company's risks from those detailed in the MD&A for the year ended December 31, 2011.

The Company may use financial instruments to reduce corporate risk in certain situations. In the first quarter of 2012, Questerre entered into the following commodity risk management contracts with the corresponding fair values as at June 30, 2012:

	Volumes	Average Price	Term		Fair Value Asset
WTI NYMEX oil swap	150 bbl/d	$103/bbl	Feb. 1, 2012 - Dec. 31, 2012	$	426,555
WTI NYMEX oil swap	150 bbl/d	$99.65/bbl	Jan. 1, 2013 - Dec. 31, 2013		506,251
				$	932,806

The unrealized gain recorded in net profit (loss) for the first six months of 2012 was $0.93 million (2011: $nil). The realized gain recorded in net profit (loss) for the first six months of 2012 was $0.11 million (2011: $nil).

Internal Controls over Financial Reporting

Questerre is required to comply with National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings". The 2012 certificate requires that the Company disclose in the interim MD&A any changes in the Company's internal controls over financial reporting ("ICFR") that occurred during the period that have materially affected, or are reasonably likely to materially affect the Company's ICFR.

Management completed an assessment of the ICFR. During the process of management's assessment, it was determined that certain weaknesses existed in ICFR. The weaknesses are the result of the Company's size and limited number of staff and include: (i) the inability to achieve complete segregation of duties; and (ii) having insufficient staff with the required technical tax knowledge to deal with complex and non-routine matters. The Company believes that these weaknesses are mitigated by: (i) the President and Chief Executive Officer and the Chief Financial Officer overseeing all material transactions; (ii) the audit committee, comprised of independent members of the Board of Directors, reviewing the quarterly interim and annual audited financial statements with management; (iii) the Board of Directors' approval of the financial statements based on the audit committee's recommendation after its review; and (iv) the Company consulting with its third party expert advisors as needed in connection with the recording and reporting of complex and non-routine transactions.

There were no significant changes in Questerre's ICFR during the quarter ended June 30, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

It should be noted that a control system, including the Company's disclosure and internal controls and procedures, no matter how well conceived can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

Quarterly Financial Information

	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011
Production (boe/d)	525	725	743	604
Average Realized Price ($/boe)	72.10	80.68	85.42	77.93
Petroleum and Natural Gas Sales	3,444,473	5,323,158	5,839,520	4,330,124
Cash Flow from Operations	1,220,773	3,291,154	3,149,746	3,008,565
Per share - Basic	0.01	0.01	0.01	0.01
Per share - Diluted	0.01	0.01	0.01	0.01
Net Profit (Loss)	130,555	(1,833,286)	(4,030,018)	1,758,768
Per share - Basic	-	(0.01)	(0.02)	0.01
Per share - Diluted	-	-	-	0.01
Capital Expenditures, net of acquisitions and dispositions	5,188,353	14,791,673	12,490,404	19,726,206
Working Capital Surplus	47,350,400	55,051,962	104,480,657	114,194,728
Total Assets	256,759,200	267,006,166	258,409,889	258,890,553
Shareholders' Equity	233,859,513	233,136,765	232,877,970	236,592,124
Weighted Average Common Shares Outstanding				
Basic	230,945,633	231,114,039	232,055,963	232,115,528
Diluted	232,955,303	232,694,570	233,991,289	234,382,606

	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010
Production (boe/d)	586	650	605	649
Average Realized Price ($/boe)	77.60	67.78	58.33	49.47
Petroleum and Natural Gas Sales	4,138,050	3,965,389	3,246,637	2,953,980
Cash Flow from Operations	2,267,676	1,636,950	2,599,486	1,438,666
Per share - Basic	0.01	0.01	0.01	0.01
Per share - Diluted	0.01	0.01	0.01	0.01
Net Profit (Loss)	4,938,387	1,234,259	(3,011,526)	(1,652,678)
Per share - Basic	0.02	0.01	(0.01)	(0.01)
Per share - Diluted	0.02	0.01	-	-
Capital Expenditures, net of acquisitions and dispositions	1,305,781	7,243,480	20,916,846	8,606,402
Working Capital Surplus	131,312,369	130,616,809	136,076,978	154,531,153
Total Assets	250,973,021	261,365,161	260,548,991	261,433,625
Shareholders' Equity	234,312,816	232,275,278	238,686,128	239,189,258
Weighted Average Common Shares Outstanding				
Basic	233,610,707	234,434,615	234,126,067	234,021,347
Diluted	236,472,552	238,509,767	238,754,183	240,363,560

The general trends over the last eight quarters are as follow:

- The increased capital spending in Saskatchewan has generated production and cash flow growth but production decreases in both Beaver River and Vulcan have generally offset the Saskatchewan production gains. This was compounded with the sale of Questerre Beaver River Inc. in the second quarter of 2011 and the significant shut-ins of the Antler field due to road bans in the second quarter of 2012.
- With an increasing percentage of Questerre's volumes being comprised of higher netback oil and liquids volumes and the corresponding increase of the realized oil and liquids pricing, petroleum and natural gas sales and cash flow from operations have increased in recent quarters with the exception of the second quarter of 2012 as noted above.
- In the third quarter of 2010, the decreased net loss from previous quarters was primarily due to the gain on extinguishment of liabilities related to Magnus entities. In the first quarter of 2011, with the adoption of the liability method of accounting for stock options, the decrease in the fair value of the stock options at the end of the quarter created a gain for share based compensation and overall a net profit. In the second quarter of 2011, the higher profit was primarily due to the gain on the sale of the Questerre Beaver River Inc. subsidiary. In the fourth quarter of 2011, an impairment loss of $6.99 million was recorded creating the only quarterly loss in 2011.
- In general, the working capital surplus has decreased as the capital expenditures have been higher than the cash flow from operations. The significant decline in the first quarter of 2012 was due to the US$40 million investment in Red Leaf.

Condensed Consolidated interim Balance Sheets *(unaudited)*

(Canadian dollars)	Note	June 30, 2012	December 31, 2011
Assets			
Current Assets			
Cash and cash equivalents		$ 51,129,343	$ 107,566,398
Marketable securities	2	-	3,274,768
Investment in convertible bonds	3	2,111,098	-
Accounts receivable		6,833,226	10,431,385
Current portion of risk management contracts	11	684,448	-
Deposits and prepaid expenses		489,974	349,375
		61,248,089	121,621,926
Investments	4	44,341,561	494,506
Risk management contracts	11	248,358	-
Property, plant and equipment	5	85,716,868	75,462,470
Exploration and evaluation assets	6	56,286,139	51,582,526
Goodwill		2,345,944	2,345,944
Deferred tax assets		6,572,241	6,902,517
		$ 256,759,200	$ 258,409,889
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities		$ 13,213,241	$ 17,141,269
Current portion of share based compensation liability	9	2,632,128	2,097,637
		15,845,369	19,238,906
Share based compensation liability	9	602,216	487,041
Asset retirement obligation	7	6,452,102	5,805,972
		22,899,687	25,531,919
Shareholders' Equity			
Share capital	8	306,859,623	307,856,902
Contributed surplus		16,068,010	14,588,016
Accumulated other comprehensive income (loss)		588,592	(1,612,967)
Deficit		(89,656,712)	(87,953,981)
		233,859,513	232,877,970
		$ 256,759,200	$ 258,409,889

Commitments and contingencies (note 12).

The notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Comprehensive income *(unaudited)*

(Canadian dollars)	Note	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
Revenue					
Petroleum and natural gas sales		$ 3,444,473	$ 4,138,050	$ 8,767,631	$ 8,103,439
Royalties		(289,299)	(333,185)	(552,119)	(679,114)
Petroleum and natural gas revenue, net of royalties		3,155,174	3,804,865	8,215,512	7,424,325
Expenses					
Direct operating		1,157,527	671,844	2,048,536	1,454,248
General and administrative		1,086,250	1,273,279	2,268,224	2,365,205
Pre-exploration		25,695	40,750	49,817	40,750
Gain on risk management contracts	11	(1,394,139)	-	(1,044,362)	-
Gain on divestiture		(220,214)	-	(220,214)	-
Gain on sale of subsidiary		-	(4,682,182)	-	(4,682,182)
Loss on investment in convertible bonds	3	110,602	-	110,602	-
Loss on foreign exchange		2,076	-	2,076	-
Reclass from OCI on sale of marketable securities	2	(28,806)	-	(285,178)	-
Bad debt expense		-	174,395	-	347,834
Depletion and depreciation	5	1,834,832	1,434,338	4,383,513	2,923,344
Impairment of assets	6	91,602	153,622	1,743,991	230,395
Accretion of asset retirement obligation	7	34,341	44,063	66,564	90,391
Share based compensation (recovery)	9	266,140	103,048	1,354,902	(853,727)
		2,965,906	(786,843)	10,478,471	1,916,258
Interest income		228,576	448,684	563,682	907,574
Profit (loss) before taxes		417,844	5,040,392	(1,699,277)	6,415,641
Deferred taxes		287,289	102,005	3,454	242,995
Net profit (loss)		130,555	4,938,387	(1,702,731)	6,172,646
Other comprehensive income (loss), net of tax					
Gain (loss) on marketable securities	2	(101,526)	(1,393,600)	1,898,145	(1,393,600)
Gain on foreign exchange		670,553	-	588,592	-
Reclass to profit (loss) on sale of marketable securities		(28,806)	-	(285,178)	-
		540,221	(1,393,600)	2,201,559	(1,393,600)
Total comprehensive income		$ 670,776	$ 3,544,787	$ 498,828	$ 4,779,046
Net profit (loss) per share					
Basic and diluted	8	$ -	$ 0.02	$ (0.01)	$ 0.03

The notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Changes in Equity *(unaudited)*

(Canadian dollars)	Note	Six months ended June 30, 2012	2011
Share Capital			
Balance, beginning of period		$ 307,856,902	$ 311,652,770
Options exercised		8,700	995,480
Repurchase of shares under normal course issuer bid	8	(1,005,979)	(3,535,497)
Balance, end of period		306,859,623	309,112,753
Contributed Surplus			
Balance, beginning of period		14,588,016	18,888,735
Reclassification of share based compensation	9	994,499	(7,356,671)
Repurchase of shares under normal course issuer bid	8	485,495	744,330
Balance, end of period		16,068,010	12,276,394
Accumulated Other Comprehensive Income (Loss)			
Balance, beginning of period		(1,612,967)	-
Other comprehensive income (loss)		2,201,559	(1,393,600)
Balance, end of period		588,592	(1,393,600)
Deficit			
Balance, beginning of period		(87,953,981)	(91,855,377)
Net profit (loss)		(1,702,731)	6,172,646
Balance, end of period		(89,656,712)	(85,682,731)
Total Shareholders' Equity		$ 233,859,513	$ 234,312,816

The notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows *(unaudited)*

(Canadian dollars)	Note	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
Operating Activities					
Net profit (loss)		$ 130,555	$ 4,938,387	$ (1,702,731)	$ 6,172,646
Adjustments for:					
Depletion and depreciation	5	1,834,832	1,434,338	4,383,513	2,923,344
Impairment of assets	6	91,602	153,622	1,743,991	230,395
Accretion of asset retirement obligation	7	34,341	44,063	66,564	90,391
Share based compensation (recovery)	9	266,140	103,048	1,354,902	(853,727)
Unrealized gain on risk management contracts	11	(1,275,398)	-	(932,806)	-
Gain on divestiture		(220,214)	-	(220,214)	-
Gain on sale of subsidiary		-	(4,682,182)	-	(4,682,182)
Loss on investment in convertible bonds	3	110,602	-	110,602	-
Loss on foreign exchange		2,076	-	2,076	-
Reclass from OCI on sale of marketable securities	2	(28,806)	-	(285,178)	-
Bad debt expense		-	174,395	-	347,834
Deferred taxes		287,289	102,005	3,454	242,995
Cash paid on exercise of stock options		-	-	-	(567,070)
Abandonment expenditures		(12,246)	-	(12,246)	-
Cash flow from operations		1,220,773	2,267,676	4,511,927	3,904,626
Change in non-cash working capital		2,318,009	979,536	(232,345)	209,082
Net cash from operating activities		3,538,782	3,247,212	4,279,582	4,113,708
Investing Activities					
Property, plant and equipment expenditures	5	(1,968,465)	(686,947)	(13,884,899)	(6,478,186)
Exploration and evaluation expenditures	6	(3,394,888)	(618,834)	(6,270,127)	(2,071,075)
Sale of property, plant and equipment		175,000	-	175,000	-
Disposition of subsidiary		-	(705,986)	-	(705,986)
Proceeds from sale of marketable securities	2	3,062,556	-	5,412,122	-
Purchase of investments	4	(3,109,350)	(494,506)	(43,170,850)	(494,506)
Purchase of convertible bonds	3	(2,223,776)	-	(2,223,776)	-
Change in non-cash working capital		(8,408,110)	(5,315,739)	(238,123)	(5,936,732)
Net cash used in investing activities		(15,867,033)	(7,822,012)	(60,200,653)	(15,686,485)
Financing Activities					
Proceeds from issue of share capital		4,500	217,250	4,500	537,050
Repurchase of shares under normal course issuer bid	8	(395,540)	(2,791,167)	(520,484)	(2,791,167)
Net cash used in financing activities		(391,040)	(2,573,917)	(515,984)	(2,254,117)
Change in cash and cash equivalents		(12,719,291)	(7,148,717)	(56,437,055)	(13,826,894)
Cash and cash equivalents, beginning of period		63,848,634	135,296,679	107,566,398	141,974,856
Cash and cash equivalents, end of period		$ 51,129,343	$ 128,147,962	$ 51,129,343	$ 128,147,962
Cash interest received		$ 46,851	$ 375,359	$ 823,761	$ 791,359

The notes are an integral part of these condensed consolidated interim financial statements.

1. Nature of Operations and Basis of Presentation

Questerre Energy Corporation ("Questerre" or "the Company") is a full cycle exploration and production company. The Company targets scalable high-impact projects and has developed a portfolio of exploration and production assets. The condensed consolidated interim financial statements of the Company as at June 30, 2012 and for the three and six months ended June 30, 2012 and 2011 comprise the Company and its wholly owned subsidiaries in those periods owned.

Questerre is incorporated under the laws of the Province of Alberta and is domiciled in Canada. The address of its registered office is 1650, 801 – 6th Avenue SW, Calgary, Alberta.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") and have been prepared following the same accounting policies and method of computation as the annual consolidated financial statements for the year ended December 31, 2011 with the exception of deferred taxes. Taxes in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss. The disclosures provided below are incremental to those included with the annual consolidated financial statements. Certain information and disclosures normally included in the notes to the annual consolidated financial statements have been condensed or have been disclosed on an annual basis only. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2011, which have been prepared in accordance with IFRS as issued by the IASB.

These condensed consolidated interim financial statements of Questerre were approved by the Board of Directors on August 13, 2012.

2. Marketable Securities

Marketable securities represent investments in shares of public companies. The following table sets out the changes in marketable securities:

	June 30, 2012	December 31, 2011
Balance, beginning of period	$ 3,274,768	$ -
Proceeds on sale of subsidiary	-	2,800,000
Purchase of marketable securities	-	2,326,944
Sale of marketable securities	(5,412,122)	-
Gain (loss) on marketable securities	2,137,354	(1,852,176)
Balance, end of period	$ -	$ 3,274,768

For the period ended June 30, 2012, the gain on marketable securities of $2,137,354 (June 30, 2011: ($1,600,000)) was recorded in other comprehensive income (loss) net of deferred tax of $239,209 (June 30, 2011: $206,400).

3. Investment in Convertible Bonds

In the second quarter of 2012, Questerre invested in Transeuro Energy Corp. ("Transeuro") senior secured convertible bonds. They mature May 22, 2015 and have a coupon rate of 12%. This financial asset has been designated to be measured as fair value through profit or loss.

The following table sets out the changes in the investment in convertible bonds:

		June 30, 2012
Balance, beginning of period	$	-
Purchase of convertible bonds		2,223,776
Loss on investment in convertible bonds		(110,602)
Loss on foreign exchange		(2,076)
Balance, end of period	$	2,111,098

4. Investments

In the first quarter of 2012, Questerre successfully concluded its letter of intent with Red Leaf Resources Inc. ("Red Leaf"), a private Utah based oil shale and technology based company. Red Leaf's principal assets are its proprietary EcoShale In-Capsule Technology to recover oil from shale and mineral leases in the states of Wyoming and Utah prospective for oil shale. Questerre has invested US$43 million in Red Leaf.

The investments balance is comprised of the following private company investments:

		June 30, 2012		December 31, 2011
Red Leaf	$	43,821,300	$	-
Investment in other private company		520,261		494,506
	$	44,341,561	$	494,506

The following table sets out the changes in investments:

		June 30, 2012		December 31, 2011
Balance, beginning of period	$	494,506	$	-
Purchase of investments		43,170,850		494,506
Gain on foreign exchange		676,205		-
Balance, end of period	$	44,341,561	$	494,506

For the period ended June 30, 2012, the gain on foreign exchange of $676,205 (2011: $nil) was recorded in other comprehensive income (loss) net of deferred tax of $87,613 (2011: $nil).

5. Property, Plant and Equipment

Reconciliation of the property, plant and equipment assets:

	Oil and Natural Gas Assets	Other Assets	Total
Cost or deemed cost:			
Balance, December 31, 2010	$ 72,543,248	$ 1,579,105	$ 74,122,353
Additions	23,240,878	181,239	23,422,117
Acquisitions	11,338,805	-	11,338,805
Transfer from exploration and evaluation assets	241,741	-	241,741
Disposals	(3,780,304)	(631,464)	(4,411,768)
Balance, December 31, 2011	103,584,368	1,128,880	104,713,248
Additions	14,356,657	195,568	14,552,225
Transfer from exploration and evaluation assets	85,686	-	85,686
Balance, June 30, 2012	$ 118,026,711	$ 1,324,448	$ 119,351,159
Depletion, depreciation and impairment losses:			
Balance, December 31, 2010	$ 24,488,470	$ 1,384,476	$ 25,872,946
Depletion and depreciation	7,048,579	126,353	7,174,932
Impairment	614,668	-	614,668
Disposals	(3,780,304)	(631,464)	(4,411,768)
Balance, December 31, 2011	28,371,413	879,365	29,250,778
Depletion and depreciation	4,329,190	54,323	4,383,513
Balance, June 30, 2012	$ 32,700,603	$ 933,688	$ 33,634,291

	Oil and Natural Gas Assets	Other Assets	Total
Net book value:			
At December 31, 2011	$ 75,212,955	$ 249,515	$ 75,462,470
At June 30, 2012	$ 85,326,108	$ 390,760	$ 85,716,868

During the period ended June 30, 2012, the Company capitalized administrative overhead charges of $505,012 (2011: $243,877) directly related to development activities. Included in the June 30, 2012 depletion calculation are future development costs of $11,885,725 (December 31, 2011: $18,896,000).

6. Exploration and Evaluation ("E&E") Assets

Reconciliation of the E&E assets:

		June 30, 2012		December 31, 2011
Carrying amount, beginning of period	$	51,582,526	$	49,762,437
Additions		6,533,290		6,977,661
Acquisitions		-		1,555,103
Transfers to property, plant and equipment		(85,686)		(241,741)
Impairment (incl. undeveloped land expiries)		(1,743,991)		(6,470,934)
Carrying amount, end of period	$	56,286,139	$	51,582,526

During the period ended June 30, 2012, the Company capitalized administrative overhead charges of $1,034,319 (2011: $832,732) directly related to E&E activities.

The impairment (incl. undeveloped land expiries) expense for the period ended June 30, 2012 only relates to undeveloped land expiries.

7. Asset Retirement Obligation

The Company's asset retirement and abandonment obligations result from its ownership interest in oil and natural gas assets. The total asset retirement obligation is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities and the estimated timing of the costs to be incurred in future periods. The Company has estimated the net present value of the asset retirement obligation to be $6,452,102 as at June 30, 2012 (December 31, 2011: $5,805,972) based on an undiscounted total future liability of $8,913,871 (December 31, 2011: $8,184,477). These payments are expected to be made over the next 33 years. The discount factor, being the risk-free rate related to the liabilities, is between 0.99% and 2.32% (December 31, 2011: 0.95% and 2.49%). An inflation rate of 3% over the varying lives of the assets is used to calculate the present value of the asset retirement obligation.

The following table provides a reconciliation of the Company's total asset retirement obligation:

		June 30, 2012		December 31, 2011
Balance, beginning of period	$	5,805,972	$	7,219,342
Revisions due to change in discount rates		156,305		1,029,172
Revisions due to change in estimates		-		201,290
Liabilities incurred		480,721		925,596
Liabilities acquired		-		251,318
Liabilities disposed		(45,214)		-
Liabilities settled		(12,246)		(36,987)
Sale of subsidiary		-		(3,939,426)
Accretion		66,564		155,667
Balance, end of period	$	6,452,102	$	5,805,972

8. Share Capital

The Company is authorized to issue an unlimited number of Class A common voting shares. The Company is also authorized to issue an unlimited number of Class B common voting shares and an unlimited number of preferred shares, issuable in one or more series. At June 30, 2012, there were no Class B common voting shares or preferred shares outstanding.

a) Issued and outstanding – Class A Common Shares

	Number		Amount
Balance, December 31, 2010	234,131,728	$	311,652,770
Issued on exercise of options	767,000		995,480
Repurchased under normal course issuer bid	(3,598,700)		(4,791,348)
Balance, December 31, 2011	231,300,028		307,856,902
Issued on exercise of options	10,000		8,700
Repurchased under normal course issuer bid	(755,824)		(1,005,979)
Balance, June 30, 2012	**230,554,204**	**$**	**306,859,623**

b) Normal course issuer bid

In the first six months of 2012, 755,824 common shares have been purchased under the Normal Course Issuer Bid for consideration of $520,484 with adjustments to share capital, on an average cost basis, of $1,005,979 and to contributed surplus of $485,495. At June 30, 2012, 522,824 common shares had not been cancelled and an additional 42,000 had not been cancelled or settled. Subsequent to June 30, 2012, these transactions have been settled and the common shares have been cancelled and returned to Treasury.

c) Per share amounts

Basic net profit (loss) per share is calculated as follows:

	Three months ended June 30,				Six months ended June 30,			
		2012		2011		**2012**		2011
Net profit (loss)	**$**	**130,555**	$	4,938,387	**$**	**(1,702,731)**	$	6,172,646
Issued common shares at beginning of period		**231,109,028**		234,623,728		**231,300,028**		234,131,728
Effect of options exercised for shares		**6,703**		-		**3,352**		374,033
Effect of treasury stock reacquired		**(170,098)**		(1,013,021)		**(273,544)**		(524,502)
Weighted average number of common shares outstanding (basic)		**230,945,633**		233,610,707		**231,029,836**		233,981,259
Basic net profit (loss) per share	**$**	**-**	$	0.02	**$**	**(0.01)**	$	0.03

Diluted net profit per share is calculated as follows:

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Net profit (loss)	$ 130,555	$ 4,938,387	$ (1,702,731)	$ 6,172,646
Weighted average number of common shares outstanding (basic)	230,945,633	233,610,707	231,029,836	233,981,259
Effect of outstanding options	2,009,670	2,861,845	1,698,748	3,494,156
Weighted average number of common shares outstanding (diluted)	232,955,303	236,472,552	232,728,584	237,475,415
Diluted net profit per share	$ -	$ 0.02	$ -	$ 0.03

Under the current stock option plan, options can be exchanged for common shares of the Company or for cash at the Company's discretion. As a result, they are considered potentially dilutive and are included in the calculation of diluted net profit per share. Diluted per share amounts are not calculated when there is a net loss. The average market value of the Company's shares for purposes of calculating the dilutive effect of options was based on quoted market prices for the period that the options were outstanding.

9. Share Based Compensation

The Company has a stock option program that provides for the issuance of options to its directors, officers and employees at or above grant date market prices. The options granted under the plan generally vest evenly over a three-year period starting at the grant date or one year from the grant date, or at the end of three years. The grants generally expire five years from the grant date or five years from the commencement of vesting.

The number and weighted average exercise prices of the stock options are as follows:

	June 30, 2012		December 31, 2011	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	22,674,169	$2.27	20,035,835	$2.47
Granted	110,000	0.70	6,220,000	0.99
Forfeited	(400,000)	1.62	(1,006,666)	1.71
Expired	(75,000)	1.28	(1,105,000)	1.27
Exercised	(10,000)	0.45	(1,470,000)	0.72
Outstanding, end of period	22,299,169	$2.28	22,674,169	$2.27
Exercisable, end of period	12,440,356	$2.35	10,196,237	$2.12

The following table provides a reconciliation of the Company's share based compensation liability:

	June 30, 2012	December 31, 2011
Balance, beginning of period	$ 2,584,678	$ -
Amount transferred on modification of option plan	-	9,231,368
Amount transferred to contributed surplus	(994,499)	(3,451,705)
Share based compensation expense (recovery)	1,354,902	(2,259,924)
Capitalized share based compensation expense	293,463	120,439
Reclassification to share capital on exercise of stock options	(4,200)	(458,430)
Cash payment for options surrendered	-	(597,070)
Balance, end of period	$ 3,234,344	$ 2,584,678
Current portion	$ 2,632,128	$ 2,097,637
Non-current portion	602,216	487,041
	$ 3,234,344	$ 2,584,678

10. Capital Management

The Company believes it is well capitalized with positive cash flow from operations (an additional IFRS measure defined as net cash from operating activities before changes in non-cash operating working capital), no debt and a working capital surplus (defined as current assets less current liabilities excluding the current portions of the share based compensation liability and risk management contracts) of $47.35 million consisting mainly of cash and cash equivalents.

The volatility of commodity prices have a material impact on Questerre's cash flow from operations. Questerre attempts to mitigate the effect of lower prices by entering into risk management contracts, shutting in production in unusually low pricing environments, reallocating capital to more profitable areas and reducing capital spending based on results and other market considerations.

The Company considers its capital structure to include shareholders' equity and any outstanding debt. The Company will adjust its capital structure to minimize its cost of capital through the issuance of shares, securing credit facilities and adjusting its capital spending. Questerre monitors its capital structure based on the current and projected cash flow from operations.

	June 30, 2012	December 31, 2011
Shareholders' equity	$ 233,859,513	$ 232,877,970

11. Financial Risk Management and Determination of Fair Values

a) Overview

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development, production, and financing activities such as credit risk, liquidity risk and market risk. The Company manages its exposure to these risks by operating in a manner that minimizes this exposure.

b) Fair value of financial instruments

The Company's financial instruments as at June 30, 2012 included cash and cash equivalents, marketable securities, investment in convertible bonds, accounts receivable, risk management contracts, deposits, investments and accounts payable and accrued liabilities. As at June 30, 2012, the fair values of the Company's financial assets and liabilities equaled their carrying values due to the short-term maturity, except for marketable securities, investment in convertible bonds and the risk management contracts which are recorded at fair value. The investments have been valued at June 30, 2012 and no differences have been noted from the assets carrying value.

Disclosures about the inputs to fair value measurements are required, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

<u>Level 1 Fair Value Measurements</u>

Level 1 fair value measurements are based on unadjusted quoted market prices.

Marketable securities – The fair value of marketable securities is determined by the closing bid price per share as at the balance sheet date multiplied by the number of shares.

As the marketable securities are recorded at fair value using quoted market prices they are classified as Level 1 of the hierarchy.

<u>Level 2 Fair Value Measurements</u>

Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices.

The Company's financial derivative instruments are carried at fair value as at June 30, 2012 and are considered a Level 2 instrument. The fair value is determined by reference to independent monthly forward settlement prices and currency rates.

<u>Level 3 Fair Value Measurements</u>

Level 3 fair value measurements are based on unobservable information.

Investments and investment in convertible bonds – The fair values are determined using valuation models where significant inputs are not derived from observable market data.

As at each reporting period, the Company will assess whether a financial asset is impaired, other than those classified as fair value through profit or loss. Any impairment loss will be included in net profit (loss) for the period.

c) Market risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates will affect the Company's net profit (loss) or the value of its financial instruments. The objective of the Company is to mitigate exposure to these risks while maximizing returns to the Company.

<u>Commodity price risk</u>

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for oil and natural gas are impacted by not only the relationship between the Canadian and United States dollar but also world economic events that dictate the levels of supply and demand. The Company may enter into oil and natural gas contracts to protect, to the extent possible, its cash flows from future sales. The contracts reduce the volatility in sales revenue by locking in prices with respect to future deliveries of oil and natural gas.

As at June 30, 2012, the Company had the following outstanding commodity risk management contracts:

	Volumes	Average Price	Term		Fair Value Asset
WTI NYMEX oil swap	150 bbl/d	$103/bbl	Feb. 1, 2012 - Dec. 31, 2012	$	426,555
WTI NYMEX oil swap	150 bbl/d	$99.65/bbl	Jan. 1, 2013 - Dec. 31, 2013		506,251
				$	932,806

The net risk management position is as follows:

		June 30, 2012
Risk Management Assets:		
Current portion	$	684,448
Non-current portion		248,358
	$	932,806

The unrealized gain recorded in net profit (loss) for the first six months of 2012 was $932,806 (2011: $nil). The realized gain recorded in net profit (loss) for the first six months of 2012 was $111,556 (2011: $nil).

The value of Questerre's commodity price risk management contracts fluctuate with changes in the underlying market price of crude oil. The impact on Questerre's net profit (loss) if the CDN $ WTI price were to change by + or - $5 would be + or - $411,750.

12. Commitments and Contingencies

In the second quarter of 2012, the $0.50 million secured loan agreement with Transeuro was terminated. No amount was ever drawn on the credit facility by Transeuro.

Corporate Information

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Russ Hammond

Peder Paus

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Bjorn Inge Tonnessen

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