

MEMOIRE



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INTRODUCTION

Presented by Peder Paus, Chairman of the Board of Directors of Questerre Energy Corporation (Questerre) on behalf of the Company.

Good afternoon, my name is Peder Paus and I have been Chairman of Questerre since my election in December 2000, although my experience and investment in Quebec dates back much further through our predecessor company called Terrenex Acquisition Corporation (Terrenex), where I was also a Director and meaningful shareholder.

Questerre is an independent exploration and production company focused on non-conventional oil and gas resources in North America. The majority of Questerre's shares are held in Norway which is where I have travelled from to be here today to present to you our view regarding shale gas production in Quebec.

Before I get in to the history of Questerre in Quebec, I would like to say a few words about the Province of Quebec and the Kingdom of Norway.

Québec and Norway are, in many areas, very alike. We are full of resources, plenty of space, stunning nature, a very long coast line, forests and farmland and more important, very proud people.

We both go through the four seasons, from bitter cold to the stunning sunny days during the summer.

We both bloom from the French revolution some 200 + years ago, with the sacred words implanted forever in us: "Liberte, egalite, fraternite."

Norway is celebrating as we speak their 200 years celebration of independence.

We both look up to our heroes in sport from hockey to curling.

This is the reason why I always promoted and worked for investments from Norway to Canada and particularly Quebec.

We both say that we all only use clean energy with hydroelectric power as a base and with numerous projects like wind and bio production. The truth is that we both probably use about 50 % fossil fuel in one form or another.

Quebec has not yet developed its oil and natural gas resources that are available inside their borders; Norway on the other hand has, and has developed the "Norwegian model" where the people share in these resources through The Government Pension Fund Global. This has become one of the largest investment funds in the world. In addition, the Norwegian Government has large holdings in Oil and Gas License on Norway's continental shelf (NCS) through the State's Direct Financial Interest (SDI).

These are managed by Petoro AS (which are partnered with all of the oil companies working on the continental shelves).

This does not mean that they are not conscientious about the environment, just the opposite: they are almost fanatic about it, but with a mind that is fairly balanced. They see the need for all energy sources focusing on the best and most friendly for the country.

As a long time banker in New York I often travelled and worked in Canada, and met so many interesting people and fell in love with the country. I joined Michael Binnion some 20 years ago as a co-investor in several projects and later formed Questerre Energy with him some 15 years ago, and we have been partners ever since.

HISTORY

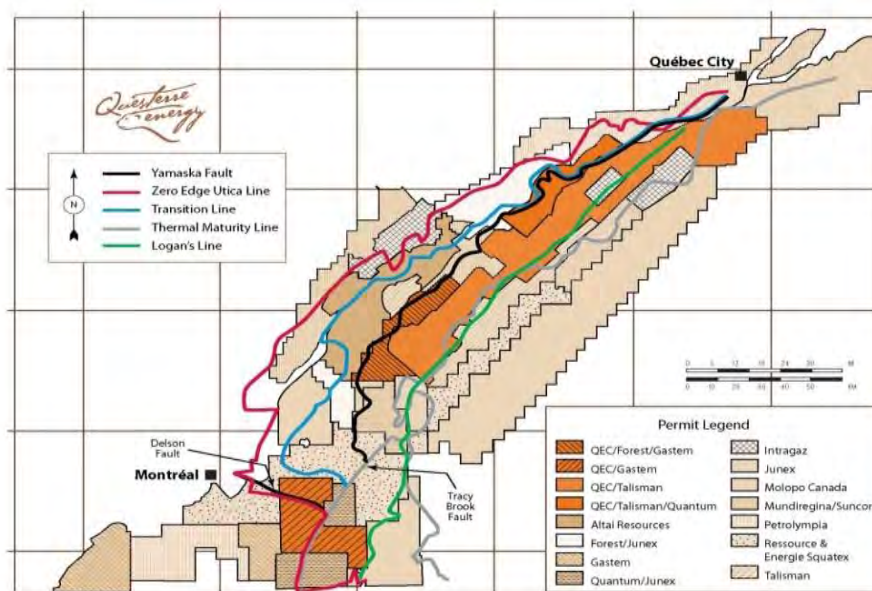
As I mentioned above, Questerre first became involved in Quebec through its founding shareholder, a company called Terrenex. In the late 1980's, Terrenex was granted permits totalling 1.8 million acres in the St. Lawrence Lowlands, located between Montreal and Quebec City on the south shore of the St. Lawrence River. Through early seismic and drilling, Terrenex was able to establish abundant gas shows and demonstrated that the Utica shale was a prolific source rock capable of generating high quality natural gas.

Although the efforts made by Terrenex and its partners did not result in commercial natural gas discoveries at the time, new technology and similarities identified with other plays in the basin, encouraged us to pursue the natural gas play in Quebec once again.

At the time in early 2000, Terrenex was seeking to farm-out an interest in its 939,846 acre in the St. Lawrence Lowlands concession. Questerre Energy Corporation saw the potential of this acreage and soon acquired these permits. In 2003, we applied for and were granted exploration licenses issued by Ministère de l'Énergie et des Ressources Naturelles.

Questerre understood that the scale of this project would require an extensive exploration program involving major investment, expertise and commitment, so, Questerre worked on it for years and began to market the play to significant oil and gas companies that we could bring on as a partner.

Questerre brought in Talisman Energy Inc. by farming-out part of its interest in close to 1 million acres of land in the St. Lawrence Lowlands. In 2006, The Partners drilled the first exploration well in Quebec, the Gentilly #1. This was the first well drilled in Quebec



to take a modern core and have it analyzed for shale gas potential.

By early 2008, Questerre increase its working interest in the St. Lawrence Lowlands by acquiring Terrenex in an all share transaction. The acquisition increased our leverage in the Utica shale gas play in Quebec by adding additional acreage and significant 2-D seismic data, giving Questerre an almost unparalleled technical database in the Lowlands.

From 2008 and 2010, Questerre came up with successive good news items from Quebec. The company's name was front page news in Norway almost weekly:

Questerre announces successful Shale Gas Test from Gentilly-Well in Quebec"

"Talisman Spuds La Visitation well"

"Utica well test up to 4 MMcf/d"

"QEC announces St. Edward #1 tests over 2mmcf/d"

"Questerre Utica shale discovery assessed at over 4 Tcf"

"QEC announces pilot horizontal program commences in Quebec"

"Utica well tests at 12 MMcf/d"

"Questerre to be included in Oslo Børs OBX Index"

"Questerre updates Utica resource and conventional reserves"

Questerre shares became the most successful story on the Oslo Stock exchange in Norway in 2010, and its best performer.



Several other Canadian companies tried to follow suit and more investment went from Norway to Canada than ever before.

I believe that the early work done by our people in Questerre and its partner, Talisman, was instrumental in the discovery that the "Utica shale", itself, was a major new natural gas resource on the world map. We also believe the Utica shale ranks among the top ten natural gas discoveries onshore North America. With over one million gross acres of exploration licenses in the Lowlands, Questerre was, and still is, deeply committed to the development of the Utica shale.

INVESTMENT

With excellent results from the early exploration wells drilled by Questerre and our partner, we knew that there would be a significant financial commitment required to be successful in our discovery. Questerre and its partner outlined an extensive exploration program, estimated to cost Questerre over 100 million dollars through 2009.

Questerre turned to the market to raise money for the project. Investors in Norway were very excited about the play in Quebec and the stability of the oil and gas sector in Canada. As a result I was proud to market and sell the issue on the back of my name and reputation in the country.

In June 2008, Questerre completed a private placement in Norway in which a total of 7,500,000 common shares were issued at 23.80 NOK (C\$4.70) per common share for gross proceeds of C\$35.25 million. The placement was more than five times oversubscribed and placed primarily with institutional investors. In conjunction with an equity offering completed in Canada, Questerre raised total gross proceeds of C\$75.9 million.



The success story in Quebec continued through 2009, based upon verification that substantial gas had been found in the St. Lawrence Lowlands.

Questerre needed to invest more funds for Quebec, and in March 2010, we raised another C\$129 million in Oslo and Canada for development of Quebec. This received front page stories and television coverage.

The deal was closed within the same day and Questerre had funds to go into serious pilot development with its stronger partner.

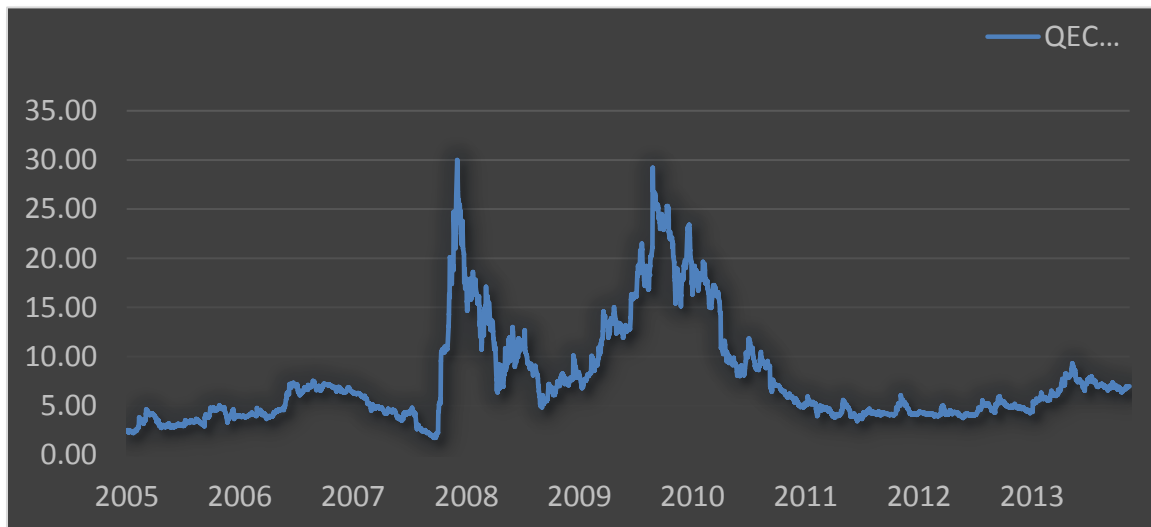
During the fall of 2010 things started to change following discussions on environmental assessment and public opposition to hydraulic fracturing or “fracking”.

The BAPE (Bureau d’audiences publiques sur l’environnement) report published by Minister Pierre Arcand in early March 2011, imposed a three year moratorium on natural gas exploration in Quebec, while studying and assessing the strategic environmental considerations of shale gas development. This report focused on increasing the understanding of shale gas by all stakeholders, promoting social acceptability by consultation and enhancing existing regulations.



BAPE report released in March 2011

Consequently, by year end 2010, Questerre lost over C\$1 billion or 72.4% of its shareholders value in the market.



The success story was overnight turned upside down by political events.

I am extremely proud that my fellow director and partner, Michael Binnion, has stood by my side to explain and tell the market and investors, small and large, in Oslo, New York and throughout Europe all the facts surrounding the losses of C\$1 billion that they suffered.

This extraordinary investment that Questerre and its shareholders made into the Quebec shale gas play cannot be ignored. Questerre was the first and most vocal in informing markets about the reasons it made sense to invest in Quebec. We are appealing to the Quebec government, citizens of Quebec and the BAPE for fairness. We have respected the BAPE moratorium, studies and consultations from when it was first announced in the fall of 2010, deferring our program, at great losses, as we awaited the strategic environmental assessment.

COMMITMENT TO QUEBEC

During the time since the moratorium on hydraulic fracturing was called in March 2011, we have made an extensive commitment to the stakeholders and communities in Quebec.

Questerre has published dozens of scientific reports, fact sheets, and presentations to help educate and address both technical questions and social license to operate concerns raised during the BAPE. We even created a whole section of our corporate website solely dedicated to shale gas and made all of our materials available in both French and English.



We have also worked tirelessly to provide educational materials for issues that were raised through our meetings with local mayors, MRC's and municipalities. We continue to meet regularly with mayors and community leaders in an effort to keep these relationships robust. The development of the Utica shale is not a 5 year or 10 year project. We are making a commitment of at least 20-30 years and we want to be a positive member of these communities throughout the project life.



AMBASSADORS

Our President and Chief Executive Officer, Michael Binnion, has been by far the strongest ambassador of Quebec's oil and gas industry and its potential. He has spent countless weeks in Quebec, meeting with interest groups, environmentalists and community leaders in an effort to build trust and give industry a voice in the unfolding debate. To further bridge that gap, he has been taking French lessons for close to 3 years to be able to interact in Quebec's first language.

Questerre respects the fact that everyone has a say in the debate and discussion surrounding the development of the Utica shale in the St. Lawrence Lowlands. We have worked hard to do our part and participate actively wherever an opportunity exists. Mr. Binnion has given testimony to the standing committee on natural resources relating to shale gas, as it pertains to energy security in the National Assembly.

As president of the Quebec Oil and Gas Association, he has presented a memoire during the special consultations and public hearings on: Bill 37, An Act prohibiting certain activities to search for or exploit natural gas in shale rock; and also during the special consultations and public hearings to examine the acceptability for Québec of Enbridge Pipelines Inc.'s proposed project to reverse the flow of pipeline 9B eastward between North Westover and Montréal. Such an ambassador would normally be welcomed with open arms; however even with opposition Michael continues to work tirelessly for Quebec's resource industry.



CONCLUSION

Clearly the BAPE and moratorium imposed by the Government has had a detrimental effect, with no compensation, not only on Questerre but all the other entrepreneurial companies in the St. Lawrence Lowlands like Junex, Gastem and others. Our companies have spent great efforts and capital to develop an industry to provide very much needed natural gas energy for the province of Quebec and to the benefit of all parties involved.

Norwegian investors will survive, however the reputation of Quebec as a safe place to invest has received a scare that will not easily be forgotten.

The recently completed Strategic Environmental Assessment report published by the BAPE concluded that, if the exploration and production is done to the highest industry standards, it would be safe.

The industry has learned a lot since the last well was drilled in Quebec some four years ago. Drilling techniques have improved, fracking practice has become transparent, water use has been reduced and openness in the industry has become more standard.

Questerre would welcome participation from local industry and government in the development and ownership of a fair system that would build a framework for the future benefit of the province, the people and the economy. And most importantly, to take away the myth of secrecy of the industry.

We must take a step by step approach in achieving this.

We are proposing a demonstration production project. One that would see industry, government and the local community come together to evaluate the conditions under which Quebec could create a thriving oil and gas industry.

This demonstration project would not only validate the safety of the industry in developing these discoveries, but also to rebuild the confidence that investors have lost in Quebec over the last three years. The government should help rebuild this confidence. To demonstrate to the markets in Oslo, New York and London that Quebec is open for business. If a successful demonstration project was accomplished, investors might change their minds about Quebec.

Norway has developed its offshore oil and gas industry with more than 60 international private companies involved on a partnership basis with parallel investment and partnership through the "Norwegian model", with each and every partner. With 50 years of history, the Norwegian Government has laid the groundwork for the greatest possible value creation from its petroleum resources. This has and will continue to benefit the entire Norwegian population. Today the SPU (State Pension Fund outside the country) has C\$1000 billion, or in perspective about C\$200, 000 per capita. Through continued active long-term policies, they will ensure that this relationship with industry will continue to hold true for many years to come.

Like I told you at the beginning of my presentation, Québec and Norway share a lot of things in common. So, in my opinion, there is no reason why Québec could not follow the example of Norway by developing their natural gas and oil resources to create wealth and prosperity for the people and the public finance.

Québec already had a historic economic success by developing hydroelectricity during the sixties and seventies. Today, the energy sector is still the main driver of the world economy. Québec should not miss that opportunity.

The development of the gas industry in Quebec, with very high initial capital requirements will need a balanced tax structure, foreseeable regulations and close cooperation with all parties involved in order to be successful for the Province and stakeholders involved.

Questerre has over the last few years, gained valuable operational experience in an expensive and difficult shale gas play in the Montney formation in Western Canada and is ready to apply that knowledge to future operations in Quebec.

I hope that the outcome of the hearings will be positive for the industry, so that the development of the natural gas energy source in Quebec can go forward to secure stable and clean energy in the province for the next 100 years.

We at Questerre are owned by Norwegians and we endeavor to meet the expectations of our Norwegian stakeholders on social responsibility. We have shown and will continue to make all efforts to work for a safe, open and prosperous industry. We are anxious to get the green light to go forward in Quebec.

Thank you for listening to us.