

Oslo, 10 November 2010

Mme Monique Gélinas  
Coordonnatrice du secrétariat de la commission  
Bureau d'audiences publiques sur l'environnement  
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Développement durable de l'industrie des gaz  
de schiste au Québec

**6212-09-001**

Ref: The sustainable development of the shale gas industry in Quebec

Dear Mme Gélinas,

We are writing to present some capital markets perspectives in relation to the development of the shale gas industry in Quebec. DnB NOR Markets is the investment banking arm of DnB NOR Bank, a \$300 billion, energy-focused commercial and investment banking firm. As a lead underwriter for Questerre Energy Corporation ("Questerre") on the Oslo Stock Exchange ("OSE"), we have closely followed the development of shale gas in Quebec for an extended period. We believe that the Utica shale gas play represents one of the largest energy opportunities in North America, given its relative gas-in-place, potential recovery factor and estimated economics. The Quebec oil & gas industry is at an important stage in its life cycle. The actions and decisions by the provincial and federal governments are being closely watched by investors and will have a significant impact on the ability of these investors to support the development of Quebec as a major gas-producing region.

DnB NOR Markets recently sent representatives to last month's Quebec Oil and Gas Conference. Our attendance was to not only show support for Questerre, one of our key investment banking relationships, but also to stay abreast of developments impacting the shale gas industry in Quebec.

To date we have witnessed a strong interest from our investors in Norway, Europe and the United States to provide capital to finance the development of the Quebec natural gas industry. Despite the early-stage nature of the play, our investors have been willing to provide over \$200 million to finance Questerre. This amount represents approximately 50% of all capital raised by TSX-listed companies involved with shale gas development in Quebec, clearly demonstrating the impact of the OSE investor base.

As a result of the interest by Norwegian and European investors, Questerre's shares are one of the most actively traded on the Oslo Stock Exchange, resulting in Questerre becoming part of the OBX index. The trading of Questerre's OSE-listed shares far exceeds that of its TSX-listed shares, typically by a factor of 9-to-1. In other words, our investors represent an attractive pool of capital to help the development of this key resource play.

Norwegian investors are comfortable with the risk / reward inherent in shale gas development, and are prepared to support early-stage exploration/development companies for years until the ultimate opportunity is realized. This level of support is due in part to a perceived lack of political risk as well as an established regime for handling environment matters. Investors are increasingly rating the attractiveness of resource plays based not only on the underlying economics but also the level of regulatory visibility / sovereign risk, the attractiveness of the fiscal regime, and the potential environmental issues / liabilities operators face.

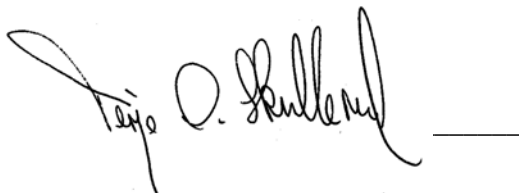
Quebec has scored highly on all of these counts. However, some investors are concerned there may have been a subtle shift in the attitude of the Quebec government in prioritizing the evolution of a local oil & gas industry. This is of concern to us as we do not want to see investors lose confidence in the Quebec opportunity due to uncertainties in relation to the regulatory framework. This may result in capital being diverted into other energy plays that provide investors with greater visibility. We have noticed that the decision by the Quebec government to suspend oil and gas activity in certain parts of the province have created some uncertainty with investors. This is confirmed by the performance of Questerre's shares since the end of September, which are down 35% vs. the overall Oslo market which is up 8%. We believe investors are looking for more information and therefore are overestimating the potential risks for companies operating in the Quebec shale gas play. In order for investors to be willing to provide capital for the growth of companies such as Questerre, they must be able to determine the theoretical valuation.

Currently, the lack of clarity on some key legislative and environmental issues makes it difficult to accurately price some of the value opportunities in the region. This creates a more challenging capital-raising environment for operators and ultimately may constrain the development of shale gas companies in Quebec. As many of the players in Quebec are small undercapitalized companies with above average business risk we emphasise the importance of regulatory visibility as a stabilizing factor in building investor interest in this space.

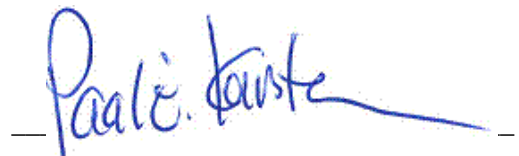
We continue to believe that the long-term outlook for the Quebec oil & gas industry is very attractive and will ultimately prove to be one of, if not the most, attractive shale gas play in North America. Equity and debt capital will be available to support its development once the legal and environmental framework for production of oil & gas in Quebec is understood. Just as important will be the signal effect of future announcements made by the Quebec government. Investors are looking for signs that the discussion is heading in a positive direction.

We remain prepared to support Questerre and others in helping to make the Quebec oil & gas industry a success and hope that we can act as a valuable discussion partner during this process.

Best Regards  
for DnB NOR Bank ASA  
DnB NOR Markets



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Head of Corporate Finance



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