

Corporate Governance Guidelines

of
as adopted by
the Board of Directors of
Quest Resource Corporation
on December 29, 2005
and
amended on
March 5, 2008

Quest Resource Corporation
CORPORATE GOVERNANCE GUIDELINES

(Amended March 5, 2008)

The Board of Directors (the "Board") of Quest Resource Corporation (the "Company") has adopted these Corporate Governance Guidelines (these "Guidelines"), in order to assist the Board in the exercise of its responsibilities and to serve the best interests of the Company and the stockholders of the Company. These Guidelines assure the Board will have the necessary authority and practices in place to review and evaluate the Company's business operations as needed and to make decisions that are independent of the Company's management. They are also intended to align the interests of directors and management with those of the Company's stockholders.

These Guidelines should be interpreted in the context of all applicable laws and the Company's Articles of Incorporation, Bylaws, and other corporate governance documents of the Company. These guidelines are not intended to, nor do they, replace the legal obligations of the Board, but are intended to facilitate the efficient execution of such obligations. The Guidelines are necessarily subject to review and modification from time to time by the Board as the Board may deem appropriate and in the best interests of the Company's stockholders, and as required by applicable laws and regulations.

I. Role of Board.

On behalf of and for the benefit of the stockholders of the Company, the Board is to provide effective governance over the Company's affairs and oversight of the Company's business conducted by its employees, managers and officers under the direction of the Chief Executive Officer (the "CEO"). The Board is elected by the stockholders to assure that the long-term interests of the stockholders are being served. The Board serves as the ultimate decision-making body of the Company, except for those matters reserved to or shared with the stockholders.

II. Functions of Board.

A. Management and Management Oversight. The Board has the duty to manage, or to supervise the management of, the business and affairs of the Company. In fulfilling the duty to manage and to supervise management of the Company, a director has a duty to spend the time and effort necessary in order to be informed about the business and affairs of the Company and to discharge properly such director's responsibilities. In fulfilling the duty to manage and to supervise management of the Company's business and affairs, a director also has a duty to act in the best interests of the Company and its stockholders.

B. Specific Functions. At Board meetings, the Board shall review and discuss reports by management, board committees, outside auditors and other consultants. Such reports shall address the performance of the Company, its business plans and long-term strategy,

together with any potential opportunities, as well as challenges facing the Company. In addition to its general oversight of management, the Board or a committee thereof shall also perform a number of specific functions, including:

1. Selecting, evaluating and (upon determination by the Compensation Committee) compensating the CEO, overseeing CEO succession planning, and taking other appropriate actions, including removal, when warranted;
2. Providing counsel and oversight regarding the selection, evaluation, development and (upon determination by the Compensation Committee) compensation of senior management;
3. Reviewing, approving and monitoring fundamental financial and business strategies and major corporate actions;
4. Assessing major risks facing the Company and reviewing options for their mitigation;
5. Ensuring processes are in place for maintaining the integrity of the Company and its financial statements, compliance with law, high ethics and relationships with customers, suppliers, and stockholders, including periodic training for Company employees to assure that legal and ethical requirements are understood and current;
6. Review, and where appropriate, approve and evaluate policies for corporate conduct, including maintenance of disclosure controls and procedures, accounting, financial and other controls, and reviewing the adequacy of compliance systems and controls; and
7. Evaluating periodically the overall effectiveness of the Board.

C. Appointment of Committee Members. The Board has three committees: an Audit Committee, a Compensation Committee, and a Nominating Committee. The Board may add new committees or remove existing committees, as it deems advisable for purposes of fulfilling its primary responsibilities. Each of the Audit Committee, Compensation Committee and Nominating Committee consists solely of independent directors. The Board shall appoint the committee members and committee chairpersons according to criteria that it determines to be in the best interest of the Company and its stockholders, upon the recommendation of the Nominating Committee. The charters of each of the Audit Committee, the Compensation Committee and the Nominating Committee, which are published on the Company's website at www.qrcp.net, are fully incorporated herein and set forth, among other things, the purposes, duties and responsibilities, composition of, and qualifications of the members of, each such committee. The duties of the three committees may be described briefly as follows:

- **Audit Committee:** The Audit Committee oversees the work of the Company's internal accounting and audit processes. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the performance, independence and qualification of the Company's independent auditors.

- **Compensation Committee:** The Compensation Committee shall be informed as to market levels of compensation and, based on evaluations and the Company's performance based on appropriate long-term and short-term goals, recommends executive compensation levels and packages to the Board. Compensation of the Chief Executive Officer and other executive officers will be determined by the Compensation Committee and ratified by the whole Board.
- **Nominating Committee:** The Nominating Committee is responsible for recommending to the Board individuals to be nominated as directors. The committee evaluates new candidates and current directors. The Nominating Committee also reviews the committee structure of the Board and the membership of the various committees at least annually and makes recommendations for any changes to the Board. The Nominating Committee performs other duties as described elsewhere in these guidelines, including assisting the Board with general oversight of the Company's corporate governance.

D. Approve Committee Functions. The Board committees should perform the functions set forth in their respective charters and annually review this performance. The respective committee chairperson shall report the conclusions of the committee's review to the full Board. Unless expressly provided in the committee charter, all committee actions require Board ratification before they become binding. This allows for full Board disclosure and assures that an in-depth analysis has been made on the relevant issues.

E. Setting Board Agenda. The Board shall be responsible for its agenda. At each annual Board meeting, the Chairman of the Board will propose for the Board's approval key issues of strategy, risk and integrity to be scheduled and discussed during the course of the next calendar year. Before that meeting, the Board will be invited to offer its suggestions. As a result of this process, a schedule of major discussion items for the following year will be established. The Chairman of the Board, or committee chair as appropriate, shall determine the nature and extent of information that shall be provided regularly to the directors before each scheduled Board or committee meeting. Directors are urged to make suggestions for agenda items, or additional pre-meeting materials, to the Chairman of the Board or appropriate committee chair at any time.

F. Strategic Planning. The Board expects management to provide leadership that is attuned to the changing business environment. The Board also looks to management for leadership in proposing changes of course, but retains the power of approval and of modification, which is exercised through formal Board action when appropriate. Major strategic and operational issues, including risk exposure and business opportunities, are discussed during regular Board meetings. In addition, formal presentations by management, either at those regular Board meetings, or at periodic off-site meetings are devoted to discussion of these issues.

III. Composition of the Board.

A. Selection of Chairman and CEO. The Board selects the Company's CEO and Chairman of the Board in a manner that it determines to be in the best interests of the Company's stockholders. The Board should be free to make this choice any way that seems best for the

Company at a given point in time. The Board does not have a policy on whether or not the roles of CEO and Chairman should be separate and, if they are to be separate, whether the Chairman should be selected from the non-employee Directors or be an employee.

B. Size of the Board. In accordance with the Company's Articles of Incorporation and Bylaws, the Nominating Committee shall develop policies regarding the size and composition of the Board and make recommendations to the Board regarding changes to the size and composition of the Board. Currently, the Board has six (6) members. The Board believes this is an appropriate number based on the Company's present circumstances. The Board periodically evaluates whether a larger or smaller slate of directors would be preferable.

C. Independent Directors. The Board shall be comprised of at least a majority of directors who, upon the determination of the Board, are independent of the Company and its management, in accordance with the rules and regulations of NASDAQ, the Securities and Exchange Commission and any other applicable laws and regulations. In order to be considered independent, a potential member of the Board must be free of any relationship with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company), or the management of the Company, that, in the judgment of the Board, would interfere with the potential member's exercise of independent judgment as a member of the Board. Directors who are not considered independent also make valuable contributions to the Board and to the Company by reason of their experience and wisdom.

In making its determination whether a member has a relationship with the Company and its management, either directly, or as a partner, stockholder or officer of an organization that has a relationship with the Company or its management, which interferes with the member's exercise of independent judgment, the Nominating Committee will broadly consider all of the relevant facts and circumstances relating to all relationships with the Company and its management and any transactions between the Company and a director. In order to aid this assessment, each director shall disclose any relationship and all transactions between the Company and such director. Among those facts and circumstances that the Nominating Committee will consider, are the member's commercial, industrial, consulting, legal, accounting, charitable, familial and close personal relationships to the Company and its management. The Nominating Committee will not, however, generally consider a member's ownership of stock of the Company in making its assessment of whether a member has a material relationship to the Company, except as required under applicable law with respect to members of the Audit Committee.

The Nominating Committee and the Board shall review, on an annual basis, the independence of members of the Board.

D. Qualifications.

Members of the Board shall be persons who have the highest personal and professional integrity and who have demonstrated the kind of ability and judgment to work effectively with other members of the Board to serve the long-term interests of the stockholders. Members should act in a thorough and inquisitive manner, be objective and have practical wisdom and mature judgment. The Nominating Committee works with the Board as a whole on an annual basis to determine the appropriate characteristics, skills and experience for the Board as a whole

and its individual members. In evaluating the suitability of individual Board members, the Board takes into account many factors, including, but not limited to, the following:

- general understanding of management, marketing, accounting, finance and other elements relevant to the success of the Company in today's business environment;
- an understanding of the principal operational, financial and other plans, strategies and objectives of the Company;
- the results of operations and the financial condition of the Company and its significant business segments for recent periods;
- an understanding of the relative standing of the Company's significant business segments vis-à-vis competitors;
- educational and professional background; and
- diversity of role and gender of the Board.

The Board evaluates each individual in the context of the Board as a whole, with the objective of recommending a group that can best perpetuate the success of the business and represent stockholder interests through the exercise of sound judgment using its diversity of experience in these various areas. In determining whether to recommend a director for re-election, the Nominating Committee also considers the director's past attendance at meetings and participation in and contributions to the activities of the Board.

Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and should be committed to serve on the Board and its Committees for an extended period of time. Each Board member is expected to ensure that other existing and planned future commitments do not materially interfere with the member's service as an outstanding director. Directors should offer their resignation in the event of any significant change in their personal circumstances, including a change in their principal job responsibilities. The Board, and specifically the Nominating Committee, would then evaluate whether the Board should accept the resignation based on a review of whether the individual continues to satisfy the Board's membership criteria in light of his or her new occupational status.

Service on boards and/or committees of other organizations should be consistent with the Company's conflict of interest policies and permit sufficient time to be spent on fulfilling duties and responsibilities to the Company.

The Board does not believe that arbitrary term limits on directors' service are appropriate, nor does it believe that directors should expect to be renominated until they reach the mandatory retirement age. Directors who have served on the Board for an extended period of time are able to provide valuable insight into the operations and future of the Company based on their experience with and understanding of the Company's history, policies and objectives. The Board self-evaluation process described below will be an important determinant for Board tenure and will help ensure that the Board remains composed of high functioning members that are able to

keep their commitments to Board service. The Board believes that 75 is an appropriate retirement age for outside directors, although the full Board may nominate candidates over 72 years old for special circumstances.

IV. Conflicts of Interest.

The Board expects its members, as well as officers and employees of the Company, to act ethically at all times and to acknowledge their adherence to the policies comprising the Company's Code of Business Conduct and Ethics (the "Code of Ethics") available on the Company's website at www.qrcp.net.

V. The Selection of the Board of Directors.

A. Election of the Board of Directors. The Board is currently divided into three classes. Each year 1/3 of the directors are elected by the stockholders of the Company to serve a three-year term. Between annual stockholders meetings, the Board may elect directors to fill any vacancies in accordance with the Company's Bylaws.

B. Nominations for Election to the Board of Directors. In accordance with its charter, the Nominating Committee shall recommend to the Board, and the Board shall recommend to the stockholders, on an annual basis, and as otherwise needed, nominees for election as directors at the next annual meeting of stockholders.

VI. Meetings of the Board of Directors.

A. Meetings of the Board. The Board shall have a regular meeting at least four times a year, as determined by the Board, and may have special meetings as called pursuant to the Company's Bylaws. A director is expected to regularly attend meetings of the Board, and of those committees of the Board on which a director may sit, with the understanding that on occasion a director may be unable to attend a meeting. A director who is unable to attend a meeting is expected to notify the Chairman of the Board or the chairperson of the appropriate committee in advance of such meeting. Each member of the Board is required to attend the annual meeting of the Board. To the extent practical, committee meetings should be held in conjunction with regularly scheduled Board meetings.

B. Meeting Materials. Information, data and other materials relevant to the matters to be considered at each meeting of the Board shall be, to the extent practicable, distributed in writing or electronically to the Board sufficiently prior to the meeting to permit review by members of the Board in advance of the meeting. Directors are expected to review these materials before the meeting. This will help facilitate the efficient use of time at Board meetings to deliberate and make decisions on key Company issues. In preparing this information, management should ensure that the materials being distributed are as concise as possible while giving directors sufficient information to make informed decisions. The Board acknowledges that certain items to be discussed at Board meetings are of an extremely sensitive nature and that the distribution of materials on these matters prior to Board meetings may not be appropriate.

C. Meetings of Non-Management Directors. Non-management directors shall meet regularly in executive session, without the presence of the Company's management, at least

four times a year, as determined by the Board. Executive sessions of the non-management directors may be called and chaired by the chairman of the Audit Committee. These executive session discussions may include such topics as the non-management directors determine, but actions of the Board generally should be taken separately at a Board meeting.

D. Board Meeting Agenda. The Chairman of the Board or a majority of the Directors shall set the date, time, place and length of each meeting and the agenda of items to be addressed at each meeting, which agenda shall be circulated in advance of the meeting. The Board will review the Company's long-term strategic plans and the most significant financial, accounting and risk management issues facing the Company at least one Board meeting each year. The Board expects that meeting agendas will include on a regular basis a review of financial performance and a review of the Company's business strategies and practices.

E. Director Access to Employees. The Board expects that senior officers of the Company will regularly attend Board and committee meetings, present proposals and otherwise assist in the work of the Board. The Board shall have access to the Company employees for the purposes of obtaining all the information necessary for the Board to fulfill its duties. The Board may establish a procedure by which it will make inquiry of Company employees. Further, the Company's management, at the discretion of the Board, is permitted to invite any employee to any meeting of the Board at which such employee's presence and expertise would be helpful to the Board in having a full understanding of an issue under consideration.

F. Access to Independent Advisors. The Board shall also have the authority to obtain advice and seek assistance from internal and external legal, accounting and other advisors as it deems appropriate. The Board shall have sole authority to approve the fees of such consultants or advisors and other retention terms as it deems appropriate, all at the Company's expense.

G. Reliance by the Board and Committees on Others. The Board, and each member of the Board in his or her capacities as such, shall, in the performance of such member's duties, be fully protected in relying, in good faith, upon the records of the Company and upon such information, opinions, reports or statements, or other information prepared for or presented to them by officers and other employees of the Company, Committees of the Board, or counsel, public accountants or other persons as to matters which the member reasonably believes are within such person's professional competence and who has been selected with reasonable care by or on behalf of the Company.

A member of a Committee shall, in the performance of such member's duties, be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Committee by any of the Company's officers or employees, or other committees of the Board, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company.

VII. Compensation of Directors.

A. Executive Officers on the Board. Executive officers of the Company who serve on the Board shall not receive any additional compensation from the Company in exchange for their services as directors.

B. Compensation of Directors on the Audit Committee. The only compensation that directors of the Company who serve on the Audit Committee may receive are director's fees. Director's who serve on the Audit Committee may receive higher compensation than directors who do not serve on the Audit Committee.

C. Management Review and Report Regarding Director Compensation. The Compensation Committee of the Company shall, at least on an annual basis, review and make a report to the Board of Directors regarding the Company's director compensation practices in relation to other U.S. companies of comparable size and to the Company's competitors. The review of director compensation shall include a review of both direct and indirect forms of compensation. Any change in director compensation shall require the recommendation of the Compensation Committee, with full consideration and agreement by the full Board.

D. Director Fees. The director's fee for directors, including directors on the Audit Committee, may be received in the form of cash and/or stock, options, or other in-kind consideration ordinarily made available to corporate directors.

VIII. Evaluation of Management; Succession Planning.

A. Evaluation of Management. The Compensation Committee shall lead the Board in its annual evaluation of the management of the Company. The Compensation Committee shall solicit comments from all directors and executive officers, prepare a report to the Board with an assessment of the performance of management and make recommendations for improvement of the management of the Company. The Board of Directors will discuss the CEO's performance in an executive session of non-management Directors. The evaluation should be based on objective criteria including performance of the business, accomplishment of long-term strategic objectives, development of management, etc. The Board's evaluation of the CEO's performance will be a significant factor in the Board's annual review of the CEO's compensation. The Board shall annually review and ratify corporate goals and objectives relevant to the CEO's compensation.

B. Succession Planning. The Board shall be responsible for preparing a succession plan for the position of CEO and revising the plan on an ongoing basis, as needed. Pursuant to the plan of succession, the Board will, on an ongoing basis, evaluate potential successors to the CEO. To assist the Board in making its evaluation of potential successors to the position of CEO, the sitting CEO shall present to the Board, on an annual basis, or more frequently as needed, a report providing an assessment of senior managers and their respective potential to succeed the CEO, and other senior executive officers. In addition, the CEO shall include in such annual report, revising the report on an ongoing basis, as needed, a short-term emergency succession plan which sets forth the temporary delegation of authority to certain officers of the Company if the CEO or other senior executive officers, should unexpectedly become unable to

perform their duties. The short-term succession plan shall provide for such a delegation of authority until the Board has an opportunity to appoint a permanent successor.

IX. Director Orientation and Continuing Education.

The Company shall provide each new director with a director orientation program to familiarize the director with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, Code of Business Conduct and Ethics, securities law compliance policies, Corporate Governance Guidelines, principal officers, and internal auditors. Further, each director may participate in independent continuing director educational programs as are necessary in order to maintain the requisite level of expertise to perform his or her responsibilities as a director, including programs addressing legal, financial and regulatory issues.

X. Annual Performance Evaluation of the Board of Directors.

A. Annual Performance Evaluation of the Board. The Nominating Committee is responsible for conducting an annual evaluation of the performance of the full Board and shall report its conclusions to the Board. The Nominating Committee's report should generally include an assessment of the Board's compliance with the principles set forth in these guidelines, as well as identification of areas in which the Board could improve its performance and these guidelines could be improved.

B. Annual Performance Evaluation of Committees. Each Board committee is responsible for conducting an annual evaluation of its performance and shall report its conclusions to the full Board. The Committee's report should generally include an assessment of its compliance with its charter, as well as identification of areas in which the committee could improve its performance and the related charter could be improved.

C. Annual Performance Evaluation of Directors. The Nominating Committee shall lead the Board in its annual evaluation of the skills and characteristics of individual Board members, as well as the composition of the Board as a whole. The Nominating Committee shall solicit comments from other directors and management, assess the independence of non-management directors, prepare a report to the Board and take action to effect changes in the membership of the Board where deemed appropriate.

XI. Reporting of Concerns to Non-Employee Directors or the Audit Committee.

In accordance with the Audit Committee Financial Matters Compliance Policy dated March __, 2008, any person with a concern about the conduct of anyone at the Company or who has concerns about the Company's financial statements, disclosure, accounting, internal controls or auditing matters, may communicate, without fear of retaliation, that concern directly to any non-employee director or to any member of the Audit Committee.

Complaints may be made anonymously to the Audit Committee if the person making the complaint deems it appropriate by:

1. Calling the ethics hotline maintained by the Company. For English speaking

North America, call (800) 398-1496. For Spanish speaking North America, call (800) 216-1288 (from Mexico, dial 001-800-216-1288);

2. Submitting the information via facsimile to (215) 689-3885;
3. Submitting the information by email to reports@lighthouse-services.com; or
4. If you are an employee of Quest Resource Corporation or a subsidiary, submitting an employee web report at <http://www.lighthouse-services.com> (click on "submit a report"); username: QRCPhotline; password: qrcppass.

Persons desiring to report via e-mail may set up an account with Hotmail or another provider. Note it is your responsibility to alert the provider that the account holder information is confidential and should not be disclosed to any third party. This policy prohibits anyone from the Company from attempting to determine the owner of such account.

All such concerns will be forwarded to the Audit Committee for their review and investigation as necessary. The status of all outstanding concerns addressed to the non-employee directors or the Audit Committee will be reported to the directors on a regular basis. The Audit Committee may direct special treatment, including the retention of outside advisors or counsel, for any concern addressed to them.

XII. Board Interaction with Outside Interested Parties.

From time to time, at the request of management, individual Board members may meet or otherwise communicate with various constituencies that are involved with the Company. Where comments from the Board are appropriate, they will normally come from the Chairman of the Board.

XIII. Communications with Stockholders.

A. Stockholder Communications to the Board. Stockholders may contact an individual director, including the Chairman of the Board and the chairman of any committee of the Board, the Board as a group or a specified Board committee or group, including the independent directors as a group, by sending a letter to the attention of the appropriate person (c/o the Chief Financial Officer) (which may be marked as confidential) addressed to our corporate secretary at the Company's corporate headquarters located at 9520 N. May Avenue, Suite 300, Oklahoma City, Oklahoma 73120. All communications received by the corporate secretary will be forwarded promptly to all the members of the Board or the individual director, as appropriate. If a communication to an individual director deals with a matter regarding the Company, the Chief Financial Officer or appropriate officer will forward the communication to the entire Board, as well as the individual director.

Neither the Board nor a specific director is required to respond to a stockholder communication. To avoid selective disclosure, the Board or the individual directors may respond to a stockholder's communication only if the communication involves information which is not

material or which is already public. In which case, the Board, as a whole, or the individual director may respond, if at all:

1. Directly, following consultation with the office of the corporate secretary or other advisors, as the Board determines appropriate;
2. Indirectly through the office of the corporate secretary or other designated officer, following consultation with the corporate secretary or other advisors, as the Board determines appropriate;
3. Directly, without additional consultation; indirectly through the office of the corporate secretary or other designated officer, without additional consultation; or
4. Pursuant to such other means as the Board determines appropriate from time to time.

If the communication involves material non-public information, the Board or individual director will not provide a response to the stockholder. The Company may, however, publicly provide information responsive to such communication if (following consultation with the office of the corporate secretary or other advisors, as the Board determines appropriate) the Board determines disclosure is appropriate. In which case, the responsive information will be provided in compliance with Regulation FD and other applicable laws and regulations.

Concerns about questionable accounting or auditing matters or possible violations of the Code of Business Conduct and Ethics should be reported pursuant to the procedures outlined under Code of Business Conduct and Ethics or the Audit Committee Financial Matters Compliance Policy, each of which are available on the Company's website at www.qrcp.net.

B. Attendance at Annual Meeting. Each director is encouraged to attend the Company's annual meeting of stockholders.

XIV. Disclosure of Corporate Governance Guidelines.

These guidelines shall be made available on the Company's website at www.qrcp.net.