NOTE TO READER

In accordance with National Instrument 51-102 *Continuous Disclosure Obligations*, part 4, subsection 4.3(3)(a) released by the Canadian Securities Administrators, Questor Technology Inc. discloses that the Company's independent auditor has not reviewed the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2023 and 2022.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Stated in Canadian dollars, unaudited

	Notes	**September 30, 2023**	December 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents		**$3,697,549**	$8,943,710
Investments	6	**9,623,163**	6,254,176
Trade, contract assets and other receivables		**1,373,612**	1,833,139
Inventory	3	**737,913**	1,622,815
Prepaid expenses and deposits		**226,670**	132,351
Current tax assets	9	**191,363**	79,436
Total current assets		**15,850,270**	18,865,627
Non-current assets			
Property and equipment	4	**7,355,298**	11,841,225
Right-of-use assets	7	**300,340**	499,462
Intangible assets	5	**4,280,080**	2,374,432
Deferred tax assets	9	**1,243,184**	291,807
Total non-current assets		**13,178,902**	15,006,926
Total assets		**$29,029,172**	$33,872,553
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables, accrued liabilities and provisions		**$1,322,022**	$970,503
Onerous contract liabilities		**113,037**	113,037
Deferred revenue		**578,970**	1,340,941
Current portion of lease obligations	7	**235,155**	279,490
Current portion of repayable government grant	8	**321,600**	321,600
Current portion of deferred grant benefits	8	**812,129**	834,374
Total current liabilities		**3,382,913**	3,859,945
Non-current liabilities			
Lease obligations	7	**92,725**	257,398
Deferred grant benefits	8	**30,607**	74,169
Repayable government grant	8	**310,860**	486,253
Total non-current liabilities		**434,192**	817,820
Total liabilities		**3,817,105**	4,677,765
Shareholders' equity			
Issued capital		**9,509,806**	9,390,136
Contributed surplus		**1,365,815**	1,560,422
Retained earnings		**14,348,875**	18,263,305
Accumulated other comprehensive loss		**(12,429)**	(19,075)
Total shareholders' equity		**25,212,067**	29,194,788
Total liabilities and shareholders' equity		**$29,029,172**	$33,872,553
Commitments and contingencies	14		

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

Approved by the Board of Directors:

(signed) Paul Huizinga
Paul Huizinga, Director

(signed) Audrey Mascarenhas
Audrey Mascarenhas, Director

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Stated in Canadian dollars except per share data, unaudited

		Three months ended September 30,		Nine months ended September 30,	
For the	Notes	**2023**	2022	**2023**	2022
Revenue	12	**$1,690,390**	$1,673,929	**$5,745,743**	$6,715,865
Cost of sales		**1,247,735**	1,189,555	**3,752,867**	5,168,786
Gross profit		**442,655**	484,374	**1,992,876**	1,547,079
Administration expenses	15	**1,162,952**	796,377	**2,956,429**	2,399,714
Research and development expenses	5	**42,831**	13,564	**285,619**	304,530
Share based payments (forfeitures)	11	**(252,471)**	122,031	**(74,937)**	341,277
Depreciation expense		**50,146**	32,295	**114,219**	97,923
Amortization of intangible assets		**166,007**	35,031	**236,070**	105,093
Impairment of non-financial assets	4	**3,550,000**	-	**3,550,000**	-
Net foreign exchange (gains) losses		**(49,827)**	(239,158)	**60,105**	(313,514)
Other (income) expense		**(47,718)**	(46,612)	**(231,089)**	(135,160)
Loss before tax		**(4,179,265)**	(229,154)	**(4,903,540)**	(1,252,784)
Income tax expense (recovery)	9	**(941,480)**	(216,843)	**(989,110)**	(416,942)
Loss for the period		**$(3,237,785)**	$(12,311)	**$(3,914,430)**	$(835,842)
Other comprehensive loss					
Items that may be reclassified to profit and loss in subsequent periods:					
Exchange gains (losses) on translating foreign operations		**65,608**	156,778	**6,646**	185,065
Total comprehensive income (loss)		**$(3,172,177)**	$144,467	**$(3,907,784)**	$(650,777)
Loss per share					
Basic and diluted	10	**$(0.12)**	$(0.00)	**$(0.14)**	$(0.03)

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Stated in Canadian dollars, unaudited

	Notes	Issued capital	Contributed surplus	Retained earnings	Cumulative translation gain (loss)	Total Shareholder's equity
Balance at December 31, 2022		**$9,390,136**	**$1,560,422**	**$18,263,305**	**$(19,075)**	**$29,194,788**
Loss for the period		**-**	**-**	**(3,914,430)**	**-**	**(3,914,430)**
Share-based payments	11	**-**	**(74,937)**	**-**	**-**	**(74,937)**
Deferred share units settled	11	**16,876**	**(16,876)**	**-**	**-**	**-**
Restricted share units settled	11	**81,273**	**(81,273)**	**-**	**-**	**-**
Performance share units settled	11	**21,521**	**(21,521)**	**-**	**-**	**-**
Translation of foreign operations		**-**	**-**	**-**	**6,646**	**6,646**
Balance at September 30, 2023		**$9,509,806**	**$1,365,815**	**$14,348,875**	**(12,429)**	**$25,212,067**
Balance at December 31, 2021		$9,093,149	$1,472,506	$19,989,517	$(73,091)	$30,482,081
Loss for the period		-	-	(835,842)	-	(835,842)
Share-based payments	11	-	341,277	-	-	341,277
Restricted share units settled		84,773	(84,773)	-	-	-
Performance share units settled		65,501	(65,501)	-	-	-
Translation of foreign operations		-	-	-	185,065	185,065
Balance at September 30, 2022		$9,243,423	$1,663,509	$19,153,675	$111,974	$30,172,581

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Stated in Canadian dollars, unaudited

For the	Notes	Three months ended September 30 **2023**	2022	Nine months ended September 30, **2023**	2022
Cash flows from (used in) operating activities					
Loss for the period		**$(3,237,785)**	$(12,311)	**$(3,914,430)**	$(835,842)
Adjustments for:					
Income tax expense (recovery)		**(941,480)**	(216,843)	**(989,110)**	(416,942)
Depreciation of property and equipment and right-of-use assets	4,7	**610,591**	557,462	**1,658,804**	1,733,961
Amortization of intangible assets	5	**166,007**	35,031	**236,070**	105,093
Impairment	4	**3,550,000**	-	**3,550,000**	-
Lease interest	7	**5,020**	6,175	**17,768**	20,505
Share-based payments (forfeitures)	11	**(252,471)**	122,031	**(74,937)**	341,277
Gains on sale of property		**-**	(16,656)	**-**	(16,656)
Accrued investment interest	6	**(93,134)**	-	**(317,104)**	-
Realized interest on investments		**(26,998)**	-	**(36,057)**	-
Movements in non-cash working capital		**(105,067)**	(235,420)	**217,496**	(640,071)
Income tax refund (paid)		**(41,707)**	372,890	**(74,194)**	412,638
Net cash provided by (used in) operating activities		**(367,024)**	612,359	**274,306**	703,963
Cash flows from (used in) investing activities					
Payments for property and equipment	4	**(935)**	(86,823)	**(21,847)**	(109,477)
Payments for intangible assets	5	**(989,055)**	(557,742)	**(2,023,573)**	(1,091,623)
Redemptions (additions) of investments	6	**-**	-	**(3,052,128)**	(251,544)
Realized interest on investments		**26,998**	-	**36,057**	-
Unrealized foreign exchange on investments	6	**(29,099)**	-	**245**	-
Net cash used in investing activities		**(992,091)**	(644,565)	**(5,061,246)**	(1,452,644)
Cash flows from (used in) financing activities					
Receipt of government grant	8	**-**	100,000	**-**	901,209
Lease obligations payments	7	**(75,490)**	(64,867)	**(225,792)**	(188,842)
Payments for repayable government grant	8	**(80,400)**	-	**(241,200)**	-
Net cash provided by (used in) financing activities		**(155,890)**	35,133	**(466,992)**	712,367
Net increase (decrease) in cash		**(1,515,005)**	2,927	**(5,253,932)**	(36,314)
Cash and cash equivalents at beginning of the period		**5,156,382**	14,630,646	**8,943,710**	14,660,080
Effects of exchange rate changes on the balance of cash held in foreign currencies		**56,172**	38,709	**7,771**	48,516
Cash and cash equivalents at end of the period		**$3,697,549**	$14,672,282	**$3,697,549**	$14,672,282

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

1. DESCRIPTION OF BUSINESS

Questor Technology Inc., incorporated in Canada under the Business Companies Act (Alberta) is an environmental emissions reduction technology company founded in 1994, with global operations. The Company is focused on clean air technologies that safely and cost effectively improve air quality, support energy efficiency and greenhouse gas emission reductions. The Company designs, manufactures and services high efficiency clean combustion systems that destroy harmful pollutants, including Methane, Hydrogen Sulfide gas, Volatile Organic Hydrocarbons, Hazardous Air Pollutants and BTEX (Benzene, Toluene, Ethylbenzene and Xylene) gases within waste gas streams at 99.99 percent efficiency. This enables its clients to meet emission regulations, reduce greenhouse gas emissions, address community concerns and improve safety at industrial sites. The Company also has proprietary heat to power generation technology and is currently targeting new markets including landfill biogas, syngas, waste engine exhaust, geothermal and solar, cement plant waste heat in addition to a wide variety of oil and gas projects. The Company is also doing research and development on data solutions to deliver an integrated system that amalgamates all of the emission detection data available and demonstrates how Questor's clean combustion and power generation technologies can be used to help clients achieve zero emission targets.

The Company's common shares are traded on the TSX Venture Exchange under the symbol "QST". The address of the Company's corporate and registered office is 2240, 140 – 4th Avenue S.W. Calgary, Alberta, Canada, T2P 3N3.

2. BASIS OF PREPARATION

(a) Statement of compliance

These unaudited interim condensed consolidated financial statements (the "financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements are condensed as they do not include all of the information required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2022. All financial information is reported in Canadian dollars, unless otherwise noted. These financial statements were authorized for issue by the Company's Board of Directors on November 22, 2023.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments that have been measured at fair value.

(c) Accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements as of and for the year ended December 31, 2022. There are standards and interpretations that are issued, but not yet effective, however the Company does not expect them to have any significant impact on the Company's financial statements in the future periods.

(d) Significant accounting estimates and judgements

The preparation of the interim condensed consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported assets, liabilities, revenues, expenses and the disclosure of contingencies. Actual results may differ significantly from these estimates. A description of the significant accounting judgements, estimates and assumptions are set out in annual audited financial statements for the year ended December 31, 2022.

3. INVENTORY

	September 30, 2023	December 31, 2022
Materials and supplies	**$ 384,888**	$894,939
Work in progress	**353,025**	727,876
Total inventories	**$737,913**	$1,622,815

During the nine months ended September 30, 2023, the Company transferred $504,017 of inventory to property and equipment. The items transferred included materials and supplies to perform repairs and maintenance on certain rental units as well as four finished units that will be deployed in the rental fleet.

In accordance with IFRS, the Company reviews the carrying value of inventory to net realizable value and any impairment is recorded in cost of sales. During the nine months ended September 30, 2023, the Company recorded an impairment of $177,316 against slow moving inventory items and $nil in the same period of 2022.

4. PROPERTY AND EQUIPMENT

Cost	Rental incinerators and trailers	Light vehicles, tools & equipment	Office equipment & leasehold improvements	Total
Balance at December 31, 2022	$21,904,924	$1,323,773	$339,430	$23,568,127
Additions	**-**	**-**	**21,847**	**21,847**
Transfers	**504,017**	**-**	**-**	**504,017**
Foreign currency translation	**-**	**(1,511)**	**(49)**	**(1,560)**
Balance at September 30, 2023	**$22,408,941**	**$1,322,262**	**$361,228**	**$24,092,431**
Accumulated depreciation				
Balance at December 31, 2022	$10,517,264	$961,291	$248,347	$11,726,902
Depreciation charges included in:				
Cost of sales	**1,244,616**	**174,630**	**4,888**	**1,424,134**
Depreciation expense	**-**	**-**	**36,309**	**36,309**
Impairment	**3,550,000**	**-**	**-**	**3,550,000**
Foreign currency translation	**-**	**(170)**	**(42)**	**(212)**
Balance at September 30, 2023	**$15,311,880**	**$1,135,751**	**$289,502**	**$16,737,133**
Carrying amounts				
Balance at December 31, 2022	$11,387,660	$362,482	$91,083	$11,841,225
Balance at September 30, 2023	**$7,097,061**	**$186,511**	**$71,726**	**$7,355,298**

IFRS Impairment Assessment of Non-Financial Assets

At September 30, 2023, the Company performed its assessment of potential impairment indicators for its non-financial assets and noted the Company's net asset value was greater than its market capitalization. The Company's non-financial assets include property and equipment, right-of-use assets and intangible assets primarily comprised of the Company's waste heat to power research and development project. As a result of the impairment indicator noted, the Company performed an impairment test in accordance with IFRS for its one cash generating unit and determined that the recoverable amount was below the carrying value of the non-financial assets resulting in an impairment for the three and nine months ended September 30, 2023 of $3,550,000 compared $nil for the three and nine months ended September 30, 2022.

For the purposes of testing impairment, the Company included discounted cash flows using forecast revenue and gross margin growth assumptions applied to recent performance, projected forward for a period of five years. Cash flow projections beyond the five-year period, were extrapolated based on a terminal value growth rate of two percent. A post-tax discount rate of seventeen percent was applied. This approach is considered a level three hierarchy in determination of the recoverable value of the non-financial assets.

5. INTANGIBLE ASSETS

Cost	Heat to power development	Software and data system	Patents and other	Total
Balance at December 31, 2022	$4,099,416	$238,010	$360,524	$4,697,950
Additions	**2,141,024**	**-**	**694**	**2,141,718**
Balance at September 30, 2023	**$6,240,440**	**$238,010**	**$361,218**	**$6,839,668**
Accumulated Amortization				
Balance at December 31, 2022	$1,868,918	$99,175	$355,425	$2,323,518
Amortization	**94,967**	**138,835**	**2,268**	**236,070**
Balance at September 30, 2023	**$1,963,885**	**$238,010**	**$357,693**	**$2,559,588**
Carrying Amounts				
Balance at December 31, 2022	$2,230,498	$138,835	$5,099	$2,374,432
Balance at September 30, 2023	**$4,276,555**	**$-**	**$3,525**	**$4,280,080**

During nine months of 2023, the Company capitalized costs of $2,141,024 ($1,090,314 in the nine months of 2022) associated with its waste heat to power project that is being partially funded by Sustainable Development Technology Canada ("SDTC") (see note 7). The Company has also expensed certain administrative costs relating to this waste heat to power project and other research and development project costs that do not yet meet the criteria for capitalization in the amount of $285,619 in the nine months of 2023 (2022 - $304,530).

See note 4 for a discussion regarding the Company's required impairment assessment of non-financial assets in accordance with IFRS.

6. INVESTMENTS AND BORROWING FACILITIES

The Company has invested in Canadian redeemable guaranteed investment certificates and US dollar redeemable term deposits with varying maturity dates from 90 days to one year. Interest is paid at maturity and ranges from a fixed annual rate of 3.25 to 4.90 percent.

Investments	
Balance at December 31, 2022	$6,254,176
Additions	**4,938,972**
Redeemed	**(1,886,844)**
Accrued interest	**317,104**
Foreign currency translation	**(245)**
Balance at September 30, 2023	**$9,623,163**

The Company has $100,000 letter of credit guarantee facility for use with suppliers as well as a corporate credit card program. There are no standby fees and no specified facility expiration or renewal date. The Company put CND$200,000 and USD$40,000 of cash into one-year redeemable term deposits which expire in June 2024, as general security for its corporate credit card program.

7. RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS

The Company's leasing activities comprise buildings and yard leases. As at September 30, 2023, the carrying amounts of the Company's recognized right-of-use assets are $300,340 (December 31, 2022 - $499,462). The following table sets out the movement in the lease obligations:

Lease Obligations	
Balance at December 31, 2022	$536,888
Interest	**17,768**
Lease payments	**(225,792)**
Foreign currency translation	**(984)**
Balance at September 30, 2023	**$327,880**
Lease obligations due within one year	$235,155
Lease obligations due beyond one year	92,725
	$327,880

See note 4 for a discussion regarding the Company's required impairment assessment of non-financial assets in accordance with IFRS.

8. GOVERNMENT GRANTS AND DEFERRED GRANT BENEFITS

(a) Western Economic Diversification Grant

Balance at December 31, 2022	$807,853
Accretion	**65,807**
Repayments	**(241,200)**
Balance at September 30, 2023	**$632,460**
Current portion	321,600
Long-term portion	310,860
	$632,460

Commencing January 1, 2023, the Company started repaying the loan in monthly installments of $26,800.

(b) Deferred grant benefits

	Sustainable Development Technology Canada	**Western Economic Diversification**	**Total**
Balance at December 31, 2022	$750,209	$158,334	$908,543
Recognized	**-**	**(65,807)**	**(65,807)**
Balance at September 30, 2023	**$750,209**	**$92,527**	**$842,736**
Current portion	750,209	61,920	812,129
Long-term portion	-	30,607	30,607
	$750,209	**$92,527**	**$842,736**

9. TAXES

Income tax expense (recovery) is recognized based on Management's best estimate of the weighted average annual effective income tax rate expected for the year.

10. ISSUED CAPITAL

For the	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Loss for the period	**$(3,237,785)**	$(12,311)	**$(3,914,430)**	$(835,842)
Weighted average number of common shares, basic and diluted	**28,001,018**	27,767,561	**27,954,632**	27,778,903
Basic and diluted loss per share	**$(0.12)**	$(0.00)	**$(0.14)**	$(0.03)

The Company is authorized to issue an unlimited number of common shares. As of September 30, 2023, the Company has 28,031,774 shares issued and outstanding (December 31, 2022 – 27,923,299).

The calculation of diluted loss per share for the periods ended September 30, 2023 and September 30, 2022 excludes the effects of Stock Options, PSU's, RSU's and DSU's, as their impacts would be anti-dilutive.

11. SHARE-BASED PAYMENTS

The Company has a stock option plan, restricted share unit plan, performance share unit plan and deferred share unit plan for the directors, officers, consultants, key employees and affiliates of the Company. Total share-based payment costs associated with these plans for the nine months ended September 30, 2023 were $74,937 recovery due to the significant number of share based forfeitures this period compared to $341,277 expense for the same period in 2022.

(a) Stock options

The following table provides a continuity of the Company's stock option plan in units.

	Number	Exercise price[1]
December 31, 2022	**134,000**	**4.39**
Granted	**10,000**	**0.85**
Forfeited	**(115,000)**	**4.72**
Balance at September 30, 2023	**29,000**	**1.87**
Exercisable at September 30, 2023	**16,500**	**2.26**

[1] Weighted average

(b) Performance Share Unit, Restricted Share Unit and Deferred Share Unit Plans

The following table provides a continuity of the Company's PSU, RSU and DSU plans in units.

	PSU's	RSU's	DSU's
Balance at December 31, 2022	243,135	352,358	16,876
Granted	**206,856**	**145,000**	**5,172**
Forfeited	**(249,157)**	**(279,258)**	**(5,172)**
Settled	**(57,501)**	**(70,348)**	**(16,876)**
Balance at September 30, 2023	**143,333**	**147,752**	**-**

Subsequent to September 30, 2023, the Board approved a change to the Director compensation structure such that each independent board member will receive deferred share units valued at $35,000 which vest in one year, as their annual compensation. The Board also approved the issuance of 100,000 stock options, 330,000 restricted share units and 150,000 performance share units to the President and CEO under the terms of the new employment contract. These restricted share units will vest two-thirds on the one-year anniversary of the grant date and one third on the second anniversary of the grant date. The stock options and performance share units granted will vest in accordance with the Company's current vesting schedule disclosed in the 2022 annual consolidated financial statements.

12. REVENUE BY GEOGRAPHIC SEGMENT

The Company reports its financial results as one reportable segment as this is how the financial information is reviewed by the chief decision makers of the Company. The following tables provides information regarding revenue on a geographic basis as determined by the location of the customer or third party and the location of the Company's non-current assets on a geographic basis.

For the three months ended September 30, 2023	**Canada**	**United States**	**Consolidated**
Equipment sales	**$609,870**	**$31,043**	**$640,913**
Equipment rentals	**4,950**	**744,529**	**749,479**
Equipment service & repairs	**65,355**	**234,643**	**299,998**
	$680,175	**$1,010,215**	**$1,690,390**
For the three months ended September 30, 2022	Canada	United States	Consolidated
Equipment sales	$809,102	$-	$809,102
Equipment rentals	-	661,676	661,676
Equipment service & repairs	76,594	126,557	203,151
	$885,696	$788,233	$1,673,929

For the nine months ended September 30, 2023	**Canada**	**United States**	**Consolidated**
Equipment sales	**$1,996,913**	**$405,346**	**$2,402,259**
Equipment rentals	**4,950**	**2,472,545**	**2,477,495**
Equipment service & repairs	**218,098**	**647,891**	**865,989**
	$2,219,961	**$3,525,782**	**$5,745,743**
For the nine months ended September 30, 2022	Canada	United States	Consolidated
Equipment sales	$4,252,817	$8,569	$4,261,386
Equipment rentals	-	1,926,643	1,926,643
Equipment service & repairs	133,433	394,403	527,836
	$4,386,250	$2,329,615	$6,715,865

Intangible assets

As at	**September 30, 2023**
Canada	**$4,280,080**
United States	**-**
	$4,280,080

Property and equipment and right-of-use assets

As at	**September 30, 2023**
Canada	**389,961**
United States	**7,265,677**
	7,655,638

13. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, investments, trade, contract assets and other receivables, trade payables, accrued liabilities and provisions, and a repayable government grant. The Company did not hold any derivative financial instruments during the period.

Fair values

The carrying amounts of the current financial assets and current financial liabilities recognized in the Company's consolidated financial statements at the end of each reporting period approximate their fair value due to their short period to maturity except for the repayable government grant. Judgment is required in interpreting market data to develop the estimates of fair value. These estimates are not necessarily indicative of the amounts we could realize in current markets. The fair value of the government grant is determined based on market-based prices and is classified as Level 2 on the fair value hierarchy.

Credit risk

Credit risk arises from the potential that one or more counterparties fail to meet their obligations. A substantial amount of the Company's trade and contract receivables, which relate to the Company's revenues, are with customers in the oil and gas industry and are subject to normal industry credit risks. The Company mitigates this risk through its credit policies and practices including the use of credit limits and approvals, and by monitoring the financial condition of its customers. Payment terms with customers vary by contract. Standard payment terms are 30 days from the invoice date.

The Company is also exposed to the risk of dependence on a few customers for a significant amount of the Company's revenue. The Company notes that equipment sales revenue which comprises a significant portion of total revenue, generally relates to a small number of customers each year but these customers change each year. The Company bills and collects equipment revenue throughout the contract which reduces collection risk. There is a concentration of rental and related service repair revenue. There were two customers who comprised 80 percent and 74 of total rental, service and repair revenue for the three months and nine months ended September 30, 2023, (for the three and nine months ended September 30, 2022 – 81 percent and 89 percent respectively).

Liquidity risk

The Company has positive net working capital as of September 30, 2023 of $12,467,357 (December 31, 2022 - $15,005,682).

Foreign currency risk

The Company is exposed to foreign exchange risk associated with foreign operations where assets, liabilities, revenue and costs are denominated in US dollars. The impact of this exposure is recorded as a cumulative translation adjustment in other comprehensive income.

The Company is also exposed to the impact of foreign currency fluctuations in its Canadian operations on sales and purchases of products and services from vendors primarily in the United States which resulted in a foreign exchange gain of $49,827 and a loss of $60,105 for the three and nine months ended September 30, 2023 respectively (for the three and nine months ended September 30, 2022 – gain of $239,158 and 313,514 respectively). The Company mitigates some of the foreign currency risk by keeping a US dollar bank account to receive US payments and fund US dollar purchases.

14. COMMITMENTS AND CONTINGENCIES

The Company has lease commitments for premises and storage facilities as disclosed in note 22 of the 2022 annual financial statements. As at September 30, 2023, the Company has entered into purchase commitments for materials required to build the 1500kw prototype unit for its waste heat to power research and development project in the amount of $420,178.

During the nine months ended September 30, 2023, the Company continued to pursue its claim against Emissions RX related to infringement on the Company's intellectual property. From time to time, the Company is also subject to other legal proceedings, settlements, investigations, claims and actions arising from the normal course of business. While the final outcome of such actions and proceedings cannot be predicted with certainty, the Company believes that the resolution of such matters will not have a material impact on the Company's financial position or results of operations as at September 30, 2023.

15. RELATED PARTY TRANSACTIONS

The Company defines key management personnel as being the Board of Directors, Chief Executive Officer, Chief Financial Officer and VP Global Operations and Customer Experience. In addition to their salaries, benefits and directors' fees, the Company also provides non-cash benefits including participation in the Company's stock option, restricted performance and deferred share unit plans.

The Company's Chief Executive Officer employment agreement in effect at the time of termination stipulated that in the event of termination without cause, the executive officer is entitled to any unpaid annual base salary and all accrued but unpaid bonuses and vacation pay through to the date of termination and a severance payment equal to eighteen months of their annual base salary. The Company paid the CEO $102,566 for accrued vacation and termination pay owing under applicable Alberta employment standards legislation.

The Chief Executive Officer proposed to the Board of Directors that she would forgo the eighteen months annual base salary severance owed pursuant to her employment contract at the time of termination and the Board of Directors accepted this proposal. The new employment terms agreed between the Company and the CEO have a similar severance clause of eighteen months annual base salary. The Company has also agreed to pay a $150,000 signing bonus to the CEO as part of the new employment terms.

During the three months ended September 30, 2023, the Company amended the Chief Financial Officer and VP Global Operations and Customer Experience's employment agreements to provide severance benefits in the event of termination without cause in the amounts of twelve and six months of annual base salary respectively.

During the three months ended September 30, 2023, the Company paid US$19,700 of consulting fees to a director for recruitment services.