MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis ("MD&A") of financial condition and results of operations is provided to enable readers to assess the consolidated results of operations, liquidity and capital resources of Questor Technology Inc. ("Questor" or the "Company") as at and for the three and nine months ended September 30, 2020 compared to the same time periods ended September 30, 2019.

This MD&A, dated November 12, 2020, should be read in conjunction with the audited consolidated financial statements and notes thereto of Questor as at and for the year ended December 31, 2019 which are presented in Canadian dollars and prepared in accordance with International Financial Reporting Standards ("IFRS") and the annual MD&A for the year ended December 31, 2019 . The unaudited consolidated financial statements for the three and nine months ended September 30, 2020 (including comparatives) and this MD&A have been approved and authorized for issue by Questor's Board of Directors and Audit Committee.

Additional information relating to Questor can be found on the Company's website at www.questortech.com. The continuous disclosure materials of Questor, including its annual MD&A and audited consolidated financial statements, Management Information Circular and Proxy Statement, material change reports and news releases are also available through the Company's website or directly through the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

QUESTOR'S BUSINESS

Headquartered in Calgary, Alberta, with operations across North America, the Company provides specialized waste gas incineration products and services that destroy harmful pollutants in any waste gas stream at 99.99 percent efficiency enabling our clients to meet emission regulations, address community concerns and improve safety at industrial sites.

There are several methods for handling waste gases at oil and gas industrial facilities, the most common being combustion. Flaring and incineration are two methods of combustion accepted by many provincial and state regulators. Historically, the most common type of combustion has been flaring which is the igniting of natural gas at the end of a long metal tube or flare stack. This action causes the characteristic flame associated with flaring.

Incineration is the mixing and combusting of waste gas streams, air, and fuel in an enclosed chamber which are mixed at a controlled rate and ignited so that no flame is visible when operating properly. A correctly designed and operated incinerator can yield higher combustion efficiencies through proper mixing, gas composition, retention time, and combustion temperature. Combustion efficiency, generally expressed as a percentage, is represented by the amount of methane converted to CO2, or H2S converted to SO2. The more converted, the better the efficiency.

The Company designs, manufactures and services proprietary high efficiency waste gas incineration systems. The Company's incineration product line is based on clean combustion technology that was developed by the Company and initially patented in both Canada and the United States in 1999. The Company has continued to evolve the technology over the years making several improvements from the original patent which expired in November 2019. The Company currently has five new pending patent filings.

The Company's highly specialized technical team works with the client to understand the waste gas volume and composition allowing it to determine the correct incineration product specification to achieve 99.99 percent combustion efficiency. The incinerators vary in size to accommodate small to large amounts of gas handling ranging from 20 mcf/d to 5,000 mcf/d. The incinerators also vary in automation and instrumentation depending on the client's requirements. The Company's incinerators are currently used in multiple segments of the energy infrastructure industry including drilling, completions, production, midstream, downstream, and transportation and distribution.

The Company has three primary incinerator related revenue streams: sales, rentals and services. Incinerator services include hauling, commissioning, repairs, maintenance and decommissioning. The Company's current key incineration markets are Colorado, North Dakota, Mexico, Pennsylvania, Texas, Alberta and North East BC. The United States Environmental Protection Agency (EPA) issued regulations to reduce harmful air pollution arising from crude oil and natural gas industry activities with a particular focus on the efficient destruction of volatile organic compounds (VOC's) and hazardous air pollutants (HAP's) and has recently introduced methane emission reduction legislation. In conjunction with EPA regulations, Colorado's Regulation 7 mandates the use of enclosed combustion (incinerators) and now targets methane, resulting in a statewide focus on the responsible management of potentially fugitive hydrocarbons. North Dakota also has additional requirements that reflect some of the unique and specific needs that extend beyond the EPA's requirements. Pennsylvania is proposing legislation that will limit VOC emissions to 1.7t/year and 200t/year of methane per site, necessitating the need for highly efficient combustion equipment to deal with waste and fugitive gas emissions. California has banned open flaring by 2021. Other US states are working on enhancing regulations that deal with waste gas emissions. Mexico set a target to reduce methane emissions by 75 percent by 2025 creating an opportunity for the Company to eliminate the venting of methane through our clean combustion technology. Over 90 percent of the Company's incinerator rental fleet is in Colorado and North Dakota where regulation supports demand for its proprietary high efficiency waste gas incineration systems.

The Company services its key markets with field locations in Brighton and Fort Lupton, Colorado; Watford City, North Dakota and Grande Prairie, Alberta. The infrastructure at the field locations consist of field and maintenance technicians and technical sales staff. The facilities generally include, office space, maintenance shop and storage yard. We also have a sales presence in Texas and Pennsylvania. Personnel based out of Company's head office in Calgary, Alberta include Officers of the Corporation, management, engineering, technical sales, accounting and administration.

COVID-19 AND GLOBAL MACROECONOMIC CONDITIONS

The COVID-19 pandemic, continued low oil prices and slowing global economic activity have caused far-reaching concern and economic hardship for consumers, businesses and communities across the globe. In this time of uncertainty, our people are working hard to ensure that we continue to support our customers that depend on our products and services. This situation could impact the Company by causing operating, supply chain and project development delays and disruptions, labor shortages and shutdowns, including as a result of government regulation and prevention measures, which could have a negative impact on the Company's operations. Any deterioration in general economic and market conditions arising as a result of a public health threat could negatively affect demand for the Company's products and services, revenue, operating costs, timing and extent of capital expenditures, results of financing efforts, or credit risk and counterparty risk; which could have a negative impact on the Company's business.

In the third quarter and first nine months of 2020, the Company's operations and financial performance have suffered negative economic impacts, as COVID-19 and the macroeconomic environment continues to have a significant effect on our 2020 business results. It is difficult to predict how long these market conditions will negatively impact activity levels.

On March 27, 2020, in response to COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy (CEWS). The CEWS enables eligible Canadian employers who have been impacted by COVID-19 to apply for a subsidy of a specified amount of eligible employee wages under this program. The Company was eligible for the subsidy in the second and third quarter of 2020.

Notwithstanding the 2020 financial performance, the Company maintains a strong financial position accomplished through managing costs and maintaining capital discipline while providing best in class equipment and services to our customers. Our focus has not changed and remains consistent despite this downturn. We will continue to provide exceptional service to our customers while efficiently managing our costs. This disciplined strategy is focused on preserving our cash position.

The reality of a significant decline in demand for our equipment and services continued to be a challenge during the third quarter 2020; however, the Company believes that the changes made this year will leave us strongly positioned coming out of this downturn. The Company is focusing on gaining market share, educating our customers around our solutions for combating emissions, diversifying our business to lessen our dependence on oil and gas and expanding our waste heat to power offering. We will continue to build our digital capability focused on an emissions platform that will eventually enable us to credibly quantify emission reductions for our clients and guarantee a zero-hydrocarbon emissions site, with the end goal of monetizing the emission reduction offsets.

The Company believes that the clean technology industry will remain an integral component of resource development over the medium to long term and that the Company will be well positioned given its focus on top-tier service, quality and technology to meet our client's emission commitments in the future. The resilient companies that survive these challenging times will continue to focus on addressing the commitments they have made to their investors and the public, which includes reducing greenhouse gas emissions. The Company's proven, cost effective technology solutions will play an instrumental role in enabling these companies to meet their goals and targets.

The Canadian federal government has established a $750 million Emission Reduction Fund, with a focus on methane reduction, to create and maintain jobs through pollution reduction efforts. This goes a long way toward indicating the federal government does understand the importance of this industry and the struggles it currently faces. The Company is currently working with potential clients to offer products and services to support this initiative.

Since mid-June, the Company has seen some renewed interest in its products and services, including interest from non-traditional markets. The previously disclosed purchase order for Heat to Power equipment in the South Carolina is an example of product and market diversification. Another demonstration that our brand is growing came during the third quarter with the Company being awarded an incinerator sales contract in Western Canada outside of the traditional oil and gas market. All of these are very encouraging moving into the fourth quarter of 2020 and beyond.

FINANCIAL OVERVIEW – FOR THE PERIODS ENDED SEPTEMBER 30, 2020 VERSUS 2019

CONSOLIDATED

For the	Three months ended September 30, 2020	2019	Nine months ended September 30, 2020	2019
(stated in CDN$)	***($)***	*($)*	***($)***	*($)*
Revenue	**1,066,851**	8,293,734	**6,587,045**	23,377,705
Gross Profit (Loss)	**(442,261)**	4,034,759	**1,507,868**	13,019,726
Profit (Loss) for the period	**(961,869)**	1,968,285	**(943,927)**	6,366,206
Per share — basic	**(0.04)**	0.07	**(0.03)**	0.23
Per share — diluted	**(0.04)**	0.07	**(0.03)**	0.23

As at	**September 30, 2020**	December 31, 2019
Working capital, end of period	**19,893,304**	17,425,861
Total assets, end of period	**39,820,873**	42,110,012
Total equity, end of period	**34,765,898**	35,333,667

THIRD QUARTER 2020 OVERVIEW

- The worldwide pandemic and resulting negative economic impact continued to affect the Company's financial results this quarter.
- The Company continues to be in a strong financial position at September 30, 2020:
  - Cash increased to $17.0 million from $13.5 million at December 31, 2019 and $15.2 million at June 30, 2020;
  - The Company has an undrawn $1.0 million revolving demand loan facility and an undrawn $5.0 million capital loan facility;
  - The Company entered into a repayable government assistance agreement with Western Economic Diversification Canada which provided $966,187 to help fund its operating costs. Repayment commences in 2023;
  - Cash reserves provide the working capital to thrive during tough market cycles;
  - A strong balance sheet will serve as a foundation to launch into new products and markets once the economy rebounds;
  - Capital expansion plans are suspended until there is a sustained economic recovery. This strategy preserves our liquidity while improving capital efficiency; and,
  - Increased focus on operating efficiencies and enhancing cash flow by working with our service providers to further reduce costs will serve us well during this difficult time.
- Revenue decreased $7.2 million for the three months ended September 30, 2020 versus the same period in 2019:
  - Revenue from incinerator rentals decreased from $4.0 million in 2019 to $0.6 million in 2020;
  - Incinerator equipment sales decreased from $3.6 million in 2019 to $0.3 million in 2020;
  - Incinerator service revenue decreased from $0.7 million in 2019 to $0.2 million in 2020;
- Gross loss of $0.4 million in 2020 compared to a gross profit of $4.5 million in 2019:
  - The Company continued its mitigation strategy during the third quarter 2020, revolving around
    - Managing operations infrastructure ensuring indirect operational resources are consistent with activity; and,
    - Commitment to supply chain management focused on procuring quality materials at competitive prices.
- The Company recorded a $0.1 million foreign exchange loss versus a $0.1 million gain in 2019. The foreign exchange losses resulted from the translation of cash and receivables that are held in U.S. dollars. The US dollar weakened versus the Canadian dollar during the third quarter.

CONSOLIDATED

Three months ended September 30,	**2020**	2019	Change
(stated in CDN$)	***($)***	*($)*	*(%)*
Revenue	**1,066,851**	8,293,734	(87)
Cost of Sales	**1,509,112**	4,258,975	(65)
Gross Profit (Loss)	**(442,261)**	4,034,759	>(100)
Gross Profit (Loss) (%)	**(41)**	49	>(100)

REVENUE

Revenue for the three months ended September 30, 2020 is $1.1 million versus $8.3 million in 2019, a decrease of $7.2 million. The following is a breakdown of revenue by the major service lines comprised of incinerator rentals ($0.6 million versus $4.0 million), equipment sales ($0.3 million versus $3.6 million) and incinerator service ($0.2 million versus $0.7 million).

Incinerator Rentals

Incinerator rentals for the three months ended September 30, 2020 decreased $3.4 million versus the same period in 2019.

The Company assesses performance of the rental revenue streams using the following parameters: 1) number of rental days, 2) revenue capacity, 3) utilization and 4) pricing. Revenue received from incinerator rentals during the three months ended September 30, 2020 is 86 percent lower than the same period of the prior year.

Rental utilization is a measure of the rental fleet asset deployment efficiency. Utilization performance for the three months ended September 30, 2020 is less than 10% which is significantly below the Company's target and historical activity. While the Company has recently seen a slight improvement in its rental market, customers are still very conservative with spending due to the impact of the worldwide pandemic and related low energy demand and prices.

Equipment Sales

Equipment sales for the three months ended September 30, 2020 decreased $3.3 million versus the same period in 2019. The Company has been awarded one new sales contract during the third quarter 2020 with an expected completion in 2020.

Service

Incinerator service revenue during the three months ended September 30, 2020 decreased $0.4 million versus the same period in 2019. The Company assesses performance of the service revenue streams by job volume and pricing. Job volumes are primarily linked to equipment rental and sales activity which decreased over the prior year.

GROSS PROFIT (LOSS)

Gross Profit (Loss) for the three months ended September 30, 2020 decreased by $4.4 million compared to the same period in 2019. The Company uses gross profit margin targets as a percentage of revenue to evaluate performance. The Company also measures performance by comparing gross margin contribution relative to revenue changes. For the three months ended September 30, 2020, gross profit decreased $4.4 million on a revenue decrease of $7.2 million. Gross profit was negatively impacted by global market conditions.

During the third quarter of 2020, the Company completed a review of the presentation of how it applied the CEWS subsidy as a reduction of the related expense on the consolidated statements of comprehensive income (loss). As a result of the review, management determined that a portion of the amounts initially allocated as reduction to cost of sales expenses related to the CEWS subsidy received in the second quarter of 2020 should have been applied to reduce administrative expenses in the period. For more detailed information, reference Note 22 of the consolidated financial statements.

CORPORATE

Three months ended September 30,	**2020**	2019	Change
(stated in CDN$)	***($)***	*($)*	*(%)*
Gross Profit (Loss)	**(442,261)**	4,034,759	>(100)
less corporate costs:			
Administration expenses	**474,599**	1,116,656	(57)
Depreciation of properties and equipment and right-of-use assets	**34,561**	26,308	31
Amortization of intangible assets	**100,533**	57,516	75
Net foreign exchange (gains) loss	**119,679**	(146,764)	>(100)
Other expense	**43,622**	228,250	>(100)
Profit (Loss) before tax	**(1,215,255)**	2,752,793	>(100)
Income tax expense (recovery)	**(255,316)**	784,508	>(100)
Profit (Loss) for the period	**(959,939)**	1,968,285	>(100)

ADMINISTRATIVE EXPENSES

Administrative expenses during the three months ended September 30, 2020 decreased $0.7 million compared to the same period in 2019. The Company mainly assesses general administration expense performance by monitoring headcount additions and related costs.

The main reasons for the decrease are as follows:

- Reduction in staff, salary reductions and reduced work schedules ($0.1 million);
- The CEWS program leading to a further reduction in salary expense ($0.3 million). This amount includes a reclass of costs related to the second quarter that was originally booked to Cost of Goods Sold;
- Reduction in stock-based compensation ($0.1 million).

FOREIGN EXCHANGE GAINS/LOSSES

The Company recorded a $0.1 million foreign exchange loss for the three months ended September 30, 2020 versus a $0.1 million gain in 2019. Foreign exchange gains and losses arise from the translation of net monetary assets or liabilities that are held in U.S. dollars. The foreign exchange losses incurred during the quarter are attributable to the translation of U.S. dollar-denominated monetary assets which depreciated against the Canadian dollar. The Canadian dollar strengthened versus the US dollar in the three months ended September 30, 2020.

The Company currently has limited commitments in US dollars and as a result has not implemented currency hedges. The Company will continue to monitor currency requirements and may implement currency strategies to satisfy obligations or commitments when they arise.

INCOME TAX

In the second quarter of 2019, the Government of Alberta enacted legislation that decreased the provincial corporate income tax rate from 12% to 11% effective July 2019, with a further 1% rate reduction every year on January 1 until the provincial corporate income tax rate is 8% on January 1, 2022. Subsequent to September 30, 2020, the Government of Alberta substantively enacted legislation to accelerate this reduction, lowering the corporate tax rate from 10% to 8%, effective July 1, 2020.

The Company recorded an income tax recovery of $0.3 million for the three months ended September 30, 2020 compared to a $0.8 million expense in 2019. The effective tax rate for the three months ended September 30, 2020 was 21 percent versus 35 percent for the same period in 2019. The current enacted tax rate for the Company is 23 percent.

CONSOLIDATED

Nine months ended September 30,	**2020**	2019	Change
(stated in CDN$)	***($)***	*($)*	*(%)*
Revenue	**6,587,045**	23,377,705	(72)
Cost of Sales	**5,079,177**	10,357,979	(51)
Gross Profit	**1,507,868**	13,019,726	(88)
Gross Profit (%)	**23**	56	(59)

REVENUE

Revenue for the nine months ended September 30, 2020 is $6.6 million versus $23.4 million in 2019, a decrease of $16.8 million. The following is a breakdown of revenue by the major service lines comprised of incinerator rentals ($3.4 million versus $13.2 million), equipment sales ($2.5 million versus $8.1 million) and incinerator service ($0.7 million versus $2.1 million).

Incinerator Rentals

Revenue received from incinerator rentals during the nine months ended September 30, 2020 is 74 percent lower than the prior year. Activity has been severely hampered by the overall economic downturn.

Equipment Sales

Equipment sales for the nine months ended September 30, 2020 decreased $5.6 million versus the same period in 2019. The Company has finalized a few sales contracts in 2020, but activity has been severely hampered by the overall economic downturn.

Service

Incinerator service revenue during the nine months ended September 30, 2020 decreased $1.4 million versus the same period in 2019. The Company assesses performance of the service revenue streams by job volume and pricing. Job volumes are primarily linked to equipment rental and sales activity which decreased over the prior year.

GROSS PROFIT

Gross Profit for the nine months ended September 30, 2020 was $1.5 million versus $13.0 million in 2019, a decrease 88 percent. The Company uses gross profit margin targets as a percentage of revenue to evaluate performance. The Company also measures performance by comparing gross margin contribution relative to revenue changes. For the nine months ended September 30, 2020, gross profit decreased $11.5 million on a revenue decrease of $16.8 million. Gross profit was negatively influenced by overall global market conditions.

CORPORATE

Nine months ended September 30,	**2020**	2019	Change
(stated in CDN$)	***($)***	*($)*	*(%)*
Gross Profit (Loss)	**1,507,868**	13,019,726	(88)
less corporate costs:			
Administration expenses	**2,643,257**	3,382,788	(22)
Depreciation of properties and equipment and right-of-use assets	**104,418**	80,688	29
Amortization of intangible assets	**214,957**	172,548	25
Net foreign exchange (gains) loss	**(462,586)**	127,392	>(100)
Other expense	**173,428**	423,494	(59)
Profit (Loss) before tax	**(1,165,606)**	8,832,816	>(100)
Income tax expense (recovery)	**(223,609)**	2,466,610	>(100)
Profit (Loss) for the period	**(941,997)**	6,366,206	>(100)

ADMINISTRATIVE EXPENSES

Administrative expenses during the nine months ended September 30, 2020 decreased $0.7 million compared to the same period in 2019. The Company mainly assesses general administration expense performance by monitoring headcount additions and related costs.

The main reasons for the decrease are as follows:

- The CEWS program leading to a reduction in salary expense ($0.3 million);
- Reduction in legal fees ($0.4 million);
- Reduction in stock-based compensation ($0.1 million).

FOREIGN EXCHANGE GAINS/LOSSES

The Company recorded a $0.5 million foreign exchange gain for the nine months ended September 30, 2020 versus a loss of $0.1 million in 2019. Foreign exchange gains and losses arise from the translation of net monetary assets or liabilities that are held in U.S. dollars. The foreign exchange gains incurred during the nine months ended September 30, 2020 are attributable to the translation of U.S. dollar-denominated monetary assets which appreciated against the Canadian dollar.

The Company currently has limited commitments in US dollars and as a result has not implemented currency hedges. The Company will continue to monitor currency requirements and may implement currency strategies to satisfy obligations or commitments when they arise.

INCOME TAX

In the second quarter of 2019, the Government of Alberta enacted legislation that decreased the provincial corporate income tax rate from 12% to 11% effective July 2019, with a further 1% rate reduction every year on January 1 until the provincial corporate income tax rate is 8% on January 1, 2022. Subsequent to September 30, 2020, the Government of Alberta substantively enacted legislation to accelerate this reduction, lowering the corporate tax rate from 10% to 8%, effective July 1, 2020.

The Company recorded an income tax recovery of $0.2 million for the nine months ended September 30, 2020 compared to an expense of $2.5 million in 2019. The effective tax rate for the nine months ended September 30, 2020 was 19.2 percent versus 27.9 percent for the same period in 2019. The current enacted tax rate for the Company is 23 percent.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk the Company will encounter difficulties in meeting its financial liability obligations. The Company manages its liquidity risk through cash and debt management, which includes monitoring forecasts of the Company's cash and cash equivalents and borrowing facilities on the basis of projected cash flow. Based on currently available information, the Company expects to maintain compliance with the covenants and will have sufficient liquidity during the next year to support its ongoing operations.

Nine months ended September 30	**2020**	2019
(stated in CDN$)	***($)***	*($)*
Cash provided by (used in):		
Operating activities	**2,784,866**	7,610,801
Investing activities	**(135,053)**	(6,603,507)
Financing activities	**927,853**	457,684
Increase in cash	**3,577,666**	1,464,978

OPERATING ACTIVITIES

Cash provided by operating activities for the nine months ended September 30, 2020 was $2.8 million versus $7.6 million for the same period in 2019. Cash provided by operating activities was impacted by the decreased earnings.

INVESTING ACTIVITIES

Cash used in investing activities decreased from $6.6 million to $0.1 million for the nine months ended September 30, 2019 and 2020 respectively. In light of the volatility in commodity prices, the Company has suspended capital expansion plans until there is a sustained commodity price recovery. This strategy preserves our liquidity while improving capital efficiency. The Company will focus increasingly on operating efficiencies and on enhancing cash flow by working with our service providers to further reduce costs.

The Company regularly reviews its capital equipment requirements and will continue to follow its policy of adjusting the capital budget on a quarterly basis to reflect changing operating conditions, cash flow and capital equipment needs.

FINANCING ACTIVITIES

During the nine months ended September 30, 2020, financing activities consisted of the following:

1. In September, 2020, the Company entered into a repayable government assistance agreement with Western Economic Diversification Canada. Under the agreement, the company was provided $966,187. The Company is required to repay the contribution in monthly installments, commencing January 1, 2023 and ending December 31, 2025. The company has received the full funding as at September 30, 2020.
2. Issuance of common shares on employee-exercised stock options providing cash proceeds of $0.2 million, versus $0.7 million in 2019, offset by lease obligation principal repayments of $0.2 million.

For both the nine months ended September 30, 2020 and September 30, 2019, the Company had in place an Operating Loan Facility ("Operating Loan"), and secured an additional Capital Loan Facility ("Capital Loan") and an Export Development Canada ("EDC") Secured Letter of Guarantee Facility. The Company's operating loan facility has a maximum amount of $1 million, the availability of which is subject to specified margin requirements. The capital loan was secured to assist in the financing of capital expenditures. The facility makes available a revolving demand capital loan to a maximum of $5 million. The EDC facility was secured to assist in the financing of the day-to-day operations of the Company through the issuance by the bank of letters of guarantee, standby letters of credit and performance bonds. The Company made no draws on the operating loan or capital loan facilities during the nine months ended September 30, 2020 and September 30, 2019.

The availability of this facility is also subject to the Company meeting certain financial covenants. As shown in the table below, at the period ended September 30, 2020, the Company complied with the financial covenants associated with its credit facilities.

Period Ended September 30,		Actual	
	Covenant	**2020**	2019
Working capital ratio (total current assets/total current liabilities) not to fall below	1.25x	**10.20x**	4.43x
Debt service ratio (net operating income/debt servicing costs) must be greater than	1.25x	**0.0x***	no debt
Total liability to tangible net worth not to exceed	2.5x	**0.15x**	0.16x

*Repayable government assistance agreement repayment does not commence until January 1, 2023

CAPITAL RESOURCES

The Company believes that its cash deposits, non-cash working capital and net cash generated from operating activities is enough to fund operations and anticipated capital requirements in 2020. With the exception of the repayable government assistance agreement noted above, the Company's debt facilities are undrawn and available to provide additional capital resources as required.

At September 30, 2020, the Company had cash of $17.0 million compared to 13.5 million at December 31, 2019 and $15.2 million at June 30, 2020.

SHARE CAPITAL

As of September 30, 2020, the Company had 27,372,620 common shares and 792,375 employee stock options outstanding.

SUMMARY OF QUARTERLY RESULTS

Three months ended	**Sep 30, 2020**	June 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	June 30, 2019	Mar 31, 2019	Dec 31, 2018
(stated in '000's CDN$ except per share amounts)								
(unaudited)								
Revenue	**1,067**	1,031	4,489	6,817	8,294	7,363	7,720	5,981
Gross Profit (Loss)	**(442)**	(37)	1,987	3,242	4,035	4,566	4,419	2,776
Profit (Loss) for the period	**(962)**	(1,248)	1,265	1,062	1,968	2,062	2,336	1,513
Per share – basic	**(0.04)**	(0.05)	0.05	0.04	0.07	0.08	0.09	0.06
Per share – diluted	**(0.04)**	(0.05)	0.05	0.04	0.07	0.07	0.09	0.06

As mentioned previously, during the third quarter of 2020, the Company completed a review of the presentation of how it applied the CEWS subsidy as a reduction of the related expense on the consolidated statements of comprehensive income (loss). As a result of the review, management determined that a portion of the amounts initially allocated as reduction to cost of sales expenses related to the CEWS subsidy received in the second quarter of 2020 should have been applied to reduce administrative expenses in the period. For more detailed information, reference Note 22 of the consolidated financial statements.

MARKET OUTLOOK

While we have started to see an opening up of economies around the world, the continued spread of COVID-19 nationally and globally has had, and will continue to have, a material adverse effect on our business, operations and financial results. In addition, crude oil prices continued to slump during the third quarter and show no immediate signs of significant improvement in the short term. Given this overall uncertainty, market conditions are anticipated to remain sluggish for the foreseeable future with energy companies continuing to reduce or carefully manage spending on capital projects and operations.

The Company feels that a strong balance sheet is imperative for success and has focused efforts to that strategy for several years. Having a strong balance sheet not only protects the Company in economic turmoil but enables growth when market confidence improves. The Company currently has substantial cash reserves, a large rental fleet, and no debt.

As mentioned previously, the Canadian federal government has established a $750 million Emission Reduction Fund, with a focus on methane reduction, to create and maintain jobs through pollution reduction efforts. This goes a long way toward indicating the federal government does understand the importance of this industry and the struggles it currently faces. The Company is currently working with potential clients to offer products and services to support this initiative.

Canada

Despite continued commodity price volatility and constraints on production take-away options in this region, the Company was awarded another incinerator unit sales contract by a client in Western Canada during this quarter with delivery later in 2020. The challenges of regulations that continue to permit flaring and do not mandate the use of efficient waste gas incineration systems notwithstanding, this sale, as well as the other sale in 2020, is an exciting development for the Company in this market.

Colorado

Colorado has proven to be a challenging market in 2020 and the Company is anticipating that demand for its products and services will continue to show decline in 2020 versus 2019. After an extremely challenging few months during the height of the COVID-19 pandemic, the Company has seen rental activity slowly improve and remain relatively steady over the quarter. As the economy continues to open and the demand for energy increases, the Company expects to see improving results in Colorado in 2021.

Waste Heat to Power

As previously noted, the Company has seen increased demand for its ORC units. As announced on July 20, 2020, the Company finalized a contract with a client for one of these units to be installed in the southern United States. The project is on target for completion during the fourth quarter 2020. This client has many other facilities in the United States, and there is potential to install more units at client facilities in the future.

North Dakota

Most of the 2019 market share growth in the state was attributable to one large client, and like many other energy companies they have moved into survival cost saving mode**.** During March 2020, the client notified the Company and commenced returning rental incinerators all of which were returned during the second quarter. The Company has been in constant discussions with the client and it remains unclear if its requirements will increase in 2021.

California

In July, the Company secured an agreement to supply a rental incinerator and services. This is a first step into a new market for the Company with vast potential in the future.

Texas and New Mexico

Interest for wellsite emissions control is extending to the Permian basin in Texas and New Mexico especially with the challenges of lack of gas pipeline infrastructure. Despite the significant need for emissions control, the Company is anticipating that demand for its products and services will be constrained as energy companies have moved into survival cost saving mode**.**

Mexico

Due to continuing travel restrictions, the Company has not been able to complete final commissioning on three facilities in the country. The Company continues to have optimistic expectations given the country's aggressive objectives to address energy emissions. The Company is anticipating however that demand for its products and services will be limited in 2020 due to the low-price environment and constrained capital programs.

Capital Expenditures

In light of the volatility in commodity prices, the Company has suspended capital expansion plans until there is a sustained commodity price recovery. This strategy preserves our liquidity while improving capital efficiency. The Company will focus increasingly on operating efficiencies and on enhancing cash flow by working with our service providers to further reduce costs.

Key Objectives

Market Share

The Company's primary objective for 2020 is to manage through the downturn and continue to support our primary markets, listed above, by providing best in class incineration products and services. The Company believes that the clean technology industry will remain an integral component of resource development and that the Company will be well positioned given its focus on top-tier service, quality, logistics management and technology over the long-term.

Product Diversification

The Company remains committed to its strategic plan of measurable technology diversification. The combination of our clean combustion incineration technology with our power generation equipment at facilities in Mexico and the installation of power generation equipment in the southern United States during the fourth quarter 2020 will showcase our commitment to this strategic initiative. In addition, the Company continues to actively market its waste heat to power technology.

Innovation – Emissions Sensors

The Company continues to develop field data capture and transmission technology to transmit data from our waste gas incineration systems to an Emissions Excellence Control Center where a team will monitor Company equipment from one central site. The objective of this project is to collect real time information to allow clients to demonstrate compliance with regulations, and it includes specific focus on the efficient destruction of methane, VOCs and HAPs.

The data gathered by this project will further reinforce existing data showing the Company's higher combustion performance (99.99 percent) as noted by the regulator in North Dakota. The data platform being developed will enable our clients to meet the new proposed bill requiring continuous emissions monitoring. Confirmation and certification of emission reductions are becoming a key metric with regulators, the public, investors and shareholders. Most recently, many large global exploration & production (E&P) companies have stated specific emission reduction goals and tied executive compensation to meeting these goals.

Of particular interest is the development of data management technology to support the monetization of carbon offsets. The Company's industry leading combustion technology establishes an improvement over current practices (i.e. venting or combustion practices with lesser performance) providing a reduction in greenhouse gas (GHG) emissions. The Company will be implementing a feature of its data management system that quantifies combustion performance to determine carbon offsets in real time.

LITIGATION

Periodically, the Company is subject to costs and other effects of legal proceedings, settlements, investigations, claims and actions. The Company will accrue a loss contingency when it is deemed probable and can be reasonably estimated. The Company assesses potential liabilities by analyzing claims using available information and after consultation with outside counsel handling our defense in these matters. Should developments in any of these matters cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on our results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs.

The Company vs. Emissions Rx Ltd.

As previously disclosed, the Company filed a claim against three former employees on August 14, 2018 with the intention of protecting its intellectual property rights. This claim continued throughout the third quarter of 2020 and is still ongoing. Notwithstanding the uncertainty as to the outcome, based on the information currently available, the Company does not believe that future legal expenses or counter-party costs incurred will have a material adverse effect on its consolidated financial position.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This MD&A is based on the Company's consolidated financial statements for the three and nine months ended September 30, 2020 which were prepared in accordance with IFRS. Management is required to make assumptions, judgments and estimates in the application of IFRS. The company’s significant accounting policies are described in Note 2 and 3 of the consolidated financial statements.

The preparation of the consolidated financial statements requires that certain estimates and judgments be made concerning the reported amount of revenue and expenses and the carrying values of assets and liabilities. These estimates are based on historical experience and Management's judgment. The estimation of anticipated future events involves uncertainty and, consequently, the estimates used by Management in the preparation of the consolidated financial statements may change as future events unfold, additional experience is gained or the environment in which the Company operates changes. The accounting policies and practices requiring estimates that have a significant impact on the Company's financial results include the allowance for depreciation, the fair value of financial instruments, the impairment of property, plant and equipment and intangible assets, income taxes, stock-based compensation expenses, functional currency and cash-generating units. Judgment is also used in the determination of the functional currency of each subsidiary and in the determination of cash-generating units.

Government Subsidies and Repayable Government Assistance

The Company has received or is eligible for government grants in response to the impact of COVID-19. These government grants are recognized when there is reasonable assurance that the Company will comply with the conditions attached to the grant and the grant will be received. For more detailed information, reference Note 3 and 10 of the consolidated financial statements.

Internal Controls over Financial Reporting

There have been no changes to internal control over financial reporting (“ICFR”) that occurred during the three months ended September 30, 2020, which have materially affected or are reasonably likely to materially affect the Company’s ICFR.

Impairment

As required by IAS 36, the Company is required to assess whether there are any external and internal indicators of impairment at the end of each reporting period. For more detailed information, reference Note 4 and 5 of the consolidated financial statements.

EXPECTED CREDIT LOSSES

The Company performs ongoing credit evaluations of its customers and grants credit based on a review of historical collection experience, current aging status, financial condition of the customer and anticipated industry conditions. In situations where the creditworthiness of a customer is uncertain, services are typically provided on receipt of cash in advance or services are declined. Customer payments are regularly monitored and a provision for doubtful accounts has been established based on the impairment model under IFRS 9, which requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses. The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss model to its trade accounts receivable. Lifetime expected credit losses are the result of all possible default events over the expected life of the financial instrument.

DEPRECIATION

Depreciation of the Company's property, plant and equipment include estimates of useful lives and residual values. These estimates may change as more experience is obtained or as general market conditions change, thereby affecting the value of the Company's property, plant and equipment.

FINANCIAL INSTRUMENTS

Financial instruments included in the Company's consolidated balance sheets are cash, accounts receivable, deposits, current tax assets, accounts payable, accrued liabilities, customer deposits and current tax liabilities.

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair values of financial instruments included in the consolidated balance sheets, approximate their carrying amounts due to the short nature of those instruments.

INCOME TAXES

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement amounts of existing assets and liabilities and their respective tax bases. Estimates of the Company's future taxable income are considered in assessing the utilization of available tax losses. The Company's business is complex and the calculation of income taxes involves many factors as well as the Company's interpretation of relevant tax legislation and regulations.

STOCK-BASED COMPENSATION

The fair value of stock options is estimated at the grant date using the Black-Scholes option pricing model, which includes underlying assumptions, related to the risk-free interest rate, average expected option life, estimated forfeitures, estimated volatility of the Company's shares and anticipated dividends.

FUNCTIONAL CURRENCY

Management applies judgment in determining the functional currency of its foreign subsidiaries. Judgment is made with regard to the currency that influences and determines sales prices, labor, material and other costs as well as financing and receipts from operating income.

CASH-GENERATING UNITS

The determination of CGUs is based on Management's judgment regarding shared equipment, mobility of equipment, geographical proximity and materiality.

RELATED-PARTY TRANSACTIONS

The Company defines key management personnel as being the Directors, Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer. In addition to their salaries and directors’ fees, the Company also provides non-cash benefits including participation in the Company’s share option plan, as described in Note 22 of the December 31, 2019 Audited Financial Statements.

The Company has entered into an employment agreement with an executive officer of the Company. In the event of termination without cause or resignation or change of control, 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, a severance payment equal to 18 months of their annual base salary and accelerated vesting of any share options not then exercisable but which would have become exercisable within nine months of the date of termination. In the event of a change of control, all share options that are not then exercisable shall vest immediately and become exercisable.

BUSINESS RISKS

The Company’s business is subject to certain risks and uncertainties. Prior to making any investment decision regarding the Company, investors should carefully consider, among other things, the risk factors set forth in the Company’s most recently filed Annual MDA, which are specifically incorporated by reference herein.

The COVID-19 pandemic, continued low oil prices and slowing global economic activity have caused far-reaching concern and economic hardship for consumers, businesses and communities across the globe. This situation could impact the Company by causing operating, supply chain and project development delays and disruptions, labor shortages and shutdowns, including as a result of government regulation and prevention measures, which could have a negative impact on the Company’s operations.

ADVISORIES

Forward Looking Statements

In order to provide the Company shareholders and potential investors with information regarding the Company and its subsidiaries, including management's assessment of the Company's plans and future operations, certain statements contained in this MD&A, including statements that contain words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "forecast" or similar words suggesting future outcomes, are forward-looking statements.

In particular, forward-looking statements in this MD&A include, but are not limited to, statements with respect to expected operating strategies and targets, capital expenditure programs, future financial resources, use of funds held in the Company's segregated bank account (as an equity cure or otherwise), anticipated equipment utilization levels, future oil and natural gas well activity in each of the Company's operating jurisdictions, results of acquisitions, the impact of environmental regulations and economic reforms and sanctions on the Company's business, future costs or potential liabilities, projections of market prices and costs, supply and demand for oilfield services, expectations regarding the Company's ability to maintain its competitive position, anticipated benefits of the Company's competitive position, expectations regarding the Company's ability to raise capital, treatment under government regulatory regimes, commodity prices, anticipated outcomes of specific events, trends in, and the growth prospects of, the global energy industry, the Company's growth prospects including, without limitation, its international growth strategy and prospects, and the impact of changes in accounting policies and standards on the Company and its financial statements. These statements are derived from certain assumptions and analyses made by the Company based on its experience and perception of historical trends, current conditions, expected future developments and other factors that it believes are appropriate in the circumstances, including, but not limited to, the economic and political environment in which the Company operates, the Company's expectations for its current and prospective customers' capital budgets and geographical areas of focus, the Company's existing contracts and the status of current negotiations with key customers and suppliers, the effect unconventional gas projects have had on supply and demand fundamentals for natural gas and the likelihood that the current tax and regulatory regime will remain substantially unchanged.

Forward-looking statements are subject to several known and unknown risks and uncertainties that could cause actual results to differ materially from the Company's expectations. Such risk factors include: general economic conditions in Canada and the United States; volatility in market prices for oil and natural gas and the effect of this volatility on the demand for oilfield services generally; competition; liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations; changes in legislation and the regulatory environment; sourcing, pricing and availability of raw materials, components, parts, equipment, suppliers, facilities and skilled personnel; the ability to integrate technological advances and match advances by competitors; the availability of capital on satisfactory terms; intellectual property risks; uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed; dependence on, and concentration of, major customers; the creditworthiness and performance by the Company's counterparties and customers; liabilities and risks associated with prior operations; the effect of accounting pronouncements issued periodically; failure to realize anticipated benefits of acquisitions and dispositions; and currency exchange rate risk. Further information about these and other risks and uncertainties may be found under "Business Risks" above.

Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and there can be no assurance that actual results or developments anticipated by the Company will be realized, or that they will have the expected consequences or effects on the Company or its business or operations. These statements speak only as of the respective date of this MD&A or the document incorporated by reference herein. The Company assumes no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise, except as required pursuant to applicable securities laws.

ADDITIONAL INFORMATION

Further information regarding Questor Technology Inc. can be accessed on the Company's website at www.questortech.com or under the Company's public filings found at www.sedar.com.