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 condensed consolidated financial statements for the three and nine months ended September 30, 2021 and 2020.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Stated in Canadian dollars, unaudited

	Notes	**September 30, 2021**	December 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents		**$15,268,009**	$16,307,029
Trade and other receivables		**1,227,236**	2,217,820
Contract assets		**373,052**	76,010
Inventories		**1,928,755**	1,934,690
Prepaid expenses		**187,507**	364,791
Current tax assets		**152,605**	140,471
Total current assets		**19,137,164**	21,040,811
Non-current assets			
Property and equipment	5,14	**14,293,449**	15,978,181
Right-of-use assets	6,14	**645,075**	418,132
Intangible assets	7,14	**960,392**	524,119
Deferred tax assets		**324,626**	53,668
Total non-current assets		**16,223,542**	16,974,100
Total assets		**$35,360,706**	$38,014,911
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables, accrued liabilities and provisions		**$802,121**	$1,042,053
Deferred revenue		**125,499**	587,273
Current portion of lease obligations	12	**220,047**	111,032
Current portion of deferred grant benefits	13	**208,250**	-
Total current liabilities		**1,355,917**	1,740,358
Non-current liabilities			
Lease obligations	12	**458,857**	335,340
Deferred grant benefits	13	**182,095**	329,951
Repayable government assistance	13	**695,842**	636,236
Deferred tax liabilities		**586,654**	983,926
Total non-current liabilities		**1,923,448**	2,285,453
Total liabilities		**3,279,365**	4,025,811
Shareholders' equity			
Issued capital		**8,685,168**	8,630,146
Contributed surplus		**1,679,974**	1,416,169
Retained earnings		**21,765,057**	23,977,902
Accumulated other comprehensive loss		**(48,858)**	(35,117)
Total shareholders' equity		**32,081,341**	33,989,100
Total liabilities and shareholders' equity		**$35,360,706**	$38,014,911

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

Approved by the Board of Directors:

(*signed*) Stewart Hanlon
Stewart Hanlon, Director

(*signed*) Audrey Mascarenhas
Audrey Mascarenhas, Director

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Stated in Canadian dollars except per share data, unaudited

For the	Notes	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Revenue	14	**$1,644,314**	$1,066,851	**$4,376,745**	$6,587,045
Cost of sales		**1,606,016**	1,509,112	**4,429,699**	5,079,177
Gross Profit (Loss)		**38,298**	(442,261)	**(52,954)**	1,507,868
Administration expenses		**750,708**	474,599	**2,537,785**	2,643,257
Depreciation expense of properties and equipment and right-of-use assets	5,6	**33,854**	34,561	**101,378**	104,418
Amortization of intangible assets	7	**71,521**	100,533	**214,956**	214,957
Net foreign exchange losses (gains)	17	**(194,804)**	119,679	**(43,859)**	(462,586)
Other expenses		**113,965**	45,552	**193,996**	175,358
Loss before tax		**(736,946)**	(1,217,185)	**(3,057,210)**	(1,167,536)
Income tax recovery		**(283,202)**	(255,316)	**(844,365)**	(223,609)
Loss for the period		**$(453,744)**	$(961,869)	**$(2,212,845)**	$(943,927)
Other comprehensive loss					
Items that may be reclassified to profit and loss in subsequent periods:					
Exchange differences on translating foreign operations		**12,377**	(25,684)	**(13,741)**	75,148
Total comprehensive loss		**$(441,367)**	$(987,553)	**$(2,226,586)**	$(868,779)
Loss per share	11				
Basic		**$(0.02)**	$(0.04)	**$(0.08)**	$(0.03)
Diluted		**$(0.02)**	$(0.04)	**$(0.08)**	$(0.03)

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Stated in Canadian dollars, unaudited

	Notes	Issued capital	Contributed surplus	Retained earnings	Cumulative Translation Adjustment	Total shareholder's equity
Balance at January 1, 2021		**$8,630,146**	**$1,416,169**	**$23,977,902**	**$(35,117)**	**$33,989,100**
Loss for the period		**-**	**-**	**(2,212,845)**	**-**	**(2,212,845)**
Share-based payments	**10**	**-**	**286,327**	**-**	**-**	**286,327**
Stock options exercised	**9,10**	**55,022**	**(22,522)**	**-**	**-**	**32,500**
Translation of foreign operations		**-**	**-**	**-**	**(13,741)**	**(13,741)**
Balance at September 30, 2021		**$8,685,168**	**$1,679,974**	**$21,765,057**	**$(48,858)**	**$32,081,341**
Balance at January 1, 2020		8,256,566	1,326,096	25,807,778	(56,773)	35,333,667
Loss for the period		-	-	(943,927)	-	(943,927)
Share-based payments	7,8	-	126,759	-	-	126,759
Stock options exercised	7,8	288,936	(114,685)	-	-	174,251
Translation of foreign operations		-	-	-	75,148	75,148
Balance at September 30, 2020		$8,545,502	$1,338,170	$24,863,851	$18,375	$34,765,898

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, **2021**	2020	Nine months ended September 30, **2021**	2020
Cash flows from (used in) operating activities					
Loss for the period		**$(453,744)**	$(961,869)	**$(2,212,845)**	$(943,927)
Adjustments for:					
Income tax recovery		**(283,202)**	(255,316)	**(844,365)**	(223,609)
Depreciation of property and equipment and right-of-use assets	5,6	**552,467**	575,930	**1,648,025**	1,775,320
Amortization of intangible assets	7	**71,521**	100,533	**214,956**	214,957
Gain on sale of property		**(17,681)**	-	**(17,681)**	-
Lease interest		**8,724**	6,639	**20,527**	24,120
Share-based payments	10	**66,845**	53,061	**286,327**	126,759
Movements in non-cash working capital	16	**137,840**	662,118	**206,950**	2,479,274
Income taxes refund (paid)		**181,354**	868,565	**182,328**	(668,028)
Net cash provided by (used in) operating activities		**264,124**	1,049,661	**(515,778)**	2,784,866
Cash from (used in) investing activities					
Payments for property and equipment		**(26,357)**	(85,473)	**(35,770)**	(140,053)
Payments for intangible assets		**(408,768)**	-	**(530,228)**	-
Proceeds of disposition of property and equipment		**25,500**	5,000	**25,500**	5,000
Net cash used in investing activities		**(409,625)**	(80,473)	**(540,498)**	(135,053)
Cash from (used in) financing activities					
Proceeds from exercise of stock options		**-**	**-**	**32,500**	174,251
Receipt of government grant		**-**	966,187	**120,000**	966,187
Lease obligations payments		**(62,055)**	(59,500)	**(149,318)**	(212,585)
Net cash provided by (used in) financing activities		**(62,055)**	906,687	**3,182**	927,853
Net increase (decrease) in cash		**(207,556)**	1,875,875	**(1,053,094)**	3,577,666
Cash at beginning of the period		**15,434,727**	15,159,783	**16,307,029**	13,491,383
Effects of exchange rate changes on the balance of cash held in foreign currencies		**40,838**	(71,603)	**14,074**	(104,994)
Cash at end of the period		**$15,268,009**	$16,964,055	**$15,268,009**	$16,964,055

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
FOR THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

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 operations across North America. 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 waste gas 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 –4 Avenue S.W. Calgary, Alberta, Canada, T2P 3N3.

2. BASIS OF PREPARATION

These unaudited condensed interim 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, 2020. All financial information is reported Canadian dollars, unless otherwise noted.

All inter-entity transactions have been eliminated upon consolidation between the Company and any subsidiaries in these financial statements. The Company's operations are viewed as a single operating segment by the chief operating decision maker of the Company for the purpose of resource allocation and assessing performance.

These financial statements were authorized for issue by the Company's Board of Directors on November 12, 2021.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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 judgments, estimates and assumptions are set out in annual audited financial statements for the year ended December 31, 2020.

During the nine months ended September 30, 2021, the Company has commenced capitalizing costs associated with its waste heat to power and data quantification development projects. Determining the commencement of capitalization of development costs requires judgement to determine when the criteria for capitalization in accordance with IFRS has been met. The Company has also entered into government grant agreements with Alberta Innovates and Sustainable Development Technology Canada. The recovery of government grants requires judgement to determine when reasonable assurance exists that the Company has met the conditions contained in the applicable agreements.

4. ACCOUNTING POLICIES AND FUTURE ACCOUNTING PRONOUNCEMENTS

These interim condensed consolidated financial statements have been prepared on a historical cost basis, except as detailed in the accounting policies disclosed in Note 3 "Summary of Significant Accounting Policies" of the Company's audited consolidated financial statements for the year ended December 31, 2020. All accounting policies and methods of computation followed in the preparation of these interim condensed consolidated financial statements are consistent with those of the previous financial year.

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 future periods.

5. PROPERTY AND EQUIPMENT

Cost	Rental Incinerators and Trailers	Light vehicles, tools & equipment	Office equipment & leasehold improvements	Total
Balance at January 1, 2020	$22,724,609	$1,391,008	$249,908	$24,365,525
Additions	84,737	7,698	54,580	147,015
Disposals and transfers	(139,232)	(48,667)	-	(187,899)
Foreign currency translation	-	(16,097)	(195)	(16,292)
Balance at December 31, 2020	$22,670,114	$1,333,942	$304,293	$24,308,349
Additions	**-**	**4,771**	**30,999**	**35,770**
Disposals and transfers	**(572,157)**	**(71,783)**	**-**	**(643,940)**
Foreign currency translation	**-**	**566**	**7**	**573**
Balance at September 30,2021	**$22,097,957**	**$1,267,496**	**$335,299**	**$23,700,752**
Accumulated depreciation				
Balance at January 1, 2020	$5,629,086	$669,606	$142,985	$6,441,677
Depreciation charges included in:				
Cost of sales	1,911,080	136,662	-	2,047,742
Depreciation expense			34,628	34,628
Disposals	(134,076)	(47,132)	-	(181,208)
Foreign currency translation	-	(12,499)	(172)	(12,671)
Balance at December 31, 2020	$7,406,090	$746,637	$177,441	$8,330,168
Depreciation charges included in:				
Cost of sales	**1,414,811**	**76,206**	**-**	**1,491,017**
Depreciation expense	**-**	**-**	**23,468**	**23,468**
Disposals and transfers	**(374,825)**	**(63,963)**	**-**	**(438,788)**
Foreign currency translation	**-**	**1,384**	**54**	**1,438**
Balance at September 30,2021	**$8,446,076**	**$760,264**	**$200,963**	**$9,407,303**
Carrying amounts				
Balance at December 31, 2020	$15,264,024	$587,305	$126,852	$15,978,181
Balance at September 30,2021	**$13,651,881**	**$507,232**	**$134,336**	**$14,293,449**

6. RIGHT OF-USE ASSETS (FACILITIES)

Cost	
Balance at January 1, 2020	$1,130,748
Additions	-
Contract modification	(121,847)
Foreign currency translation	(3)
Balance at December 31, 2020	$1,008,898
Additions	**351,958**
Foreign currency translation	**10,056**
Balance at September 30, 2021	**$1,370,912**

Accumulated Depreciation	
Balance at January 1, 2020	$338,715
Depreciation	262,548
Foreign currency translation	(10,497)
Balance at December 31, 2020	$590,766
Depreciation charged in:	
Cost of sales	**55,630**
Depreciation expense	**77,910**
Foreign currency translation	**1,531**
Balance at September 30, 2021	**$725,837**

Carrying Amounts	
Balance at December 31, 2020	$418,132
Balance at September 30, 2021	**$645,075**

The Company entered into a three-year facility lease agreement in Colorado in May 2021.

7. INTANGIBLE ASSETS

Cost	Heat to power development	Software and data system	Patents and other	Total
Balance at January 1, 2020	$1,963,884	$117,009	$357,177	$2,438,070
Additions	-	-	-	-
Balance at December 31, 2020	$1,963,884	$117,009	$357,177	$2,438,070
Additions and transfers	**510,674**	**138,697**	**1,858**	**651,229**
Balance at September 30, 2021	**$2,474,558**	**$255,706**	**$359,035**	**$3,089,299**
Accumulated Amortization				
Balance at January 1, 2020	$1,279,961	$-	$347,381	$1,627,342
Amortization	284,206	-	2,403	286,609
Balance at December 31, 2020	$1,564,167	$-	$349,784	$1,913,951
Amortization	213,154	-	1,802	214,956
Balance at September 30, 2021	**$1,777,321**	**$-**	**$351,586**	**$2,128,907**
Carrying Amounts				
Balance at December 31, 2020	$399,717	$117,009	$7,393	$524,119
Balance at September 30, 2021	**$697,237**	**$255,706**	**$7,449**	**$960,392**

8. BORROWING FACILITIES

Operating Loan Facility

The Company has in place a revolving demand operating loan facility, which is available to a maximum of $1,000,000 (2020 - $1,000,000), subject to specified margin requirements. The revolving demand operating loan bears interest at bank prime plus 1 percent per annum (2020 – bank prime plus 1 percent). Up to $100,000 (2020 - $100,000) of this loan is available to secure the issue of letters of credit and/or letters of guarantee for suppliers.

Capital Loan Facility

The capital loan facility was secured to assist in the financing of capital expenditures. The facility makes available a revolving demand capital loan to a maximum of $5,000,000 (2020 - $5,000,000). The revolving demand capital loan bears interest at bank prime plus 1.25 percent per annum.

The capital loan is available by way of multiple advances by delivery of a required notice to the bank. The initial advance, to a maximum amount of 60 percent of net book value ("NBV"), can be made available and completed based on the NBV of existing fixed assets. Fixed assets are defined as rental fleet, equipment and vehicles/trailers.

Subsequent advances are to be supported by a true and complete summary of capital expenditures, to a maximum amount of 100 percent of costs incurred.

The combined advances of the capital loan facility cannot, at any time, exceed 60 percent loan to value ("LTV") of the combination of: i) NBV of fixed assets, as per the most recent fiscal year-end financial reporting; and, ii) the aggregate amount of all invoices funded under the capital loan facility subsequent to the most recent fiscal year end reporting but prior to updated reporting being received. Should advances exceed 60 percent LTV, the Company is to pay down the capital loan by an amount equal to or greater than that which is required to reduce LTV to less than or equal to 60 percent, based on the then most recent reporting.

Borrowing Facilities

All of the borrowing facilities have financial tests and other covenants customary for these types of facilities. At the end of each fiscal quarter the Company's debt-to-tangible-net-worth must be less than 2.5 and the Company's working capital ratio must be greater than 1.25. At the end of each fiscal year, Questor's debt service coverage ratio must be in excess of 1.25. The Company was in compliance with the borrowing facilities covenants for the period ended September 30, 2021. No amounts have been drawn on the borrowing facilities at September 30, 2021.

None of the borrowing facilities are subject to standby fees and there is no specified facility expiration or renewal date. The Company has provided a general security agreement and an assignment of insurance proceeds as security.

9. ISSUED CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares without nominal or par value.

Shares issued and outstanding	Number of shares	Share capital
Shares issued and outstanding, December 31, 2019	27,215,120	$8,256,566
Stock options exercised	195,000	373,580
Shares issued and outstanding, December 31, 2020	27,410,120	8,630,146
Stock options exercised	**50,000**	**55,022**
Shares issued and outstanding, September 30, 2021	**27,460,120**	**8,685,168**

Stock options exercised under the Company's share option plan

During the nine months ended September 30, 2021, 50,000 (2020 – 157,500) options were exercised for cash consideration of $32,500 (2020 - $174,251). The fair value of these options, of $22,522 (2020 - $114,685), was transferred from contributed surplus to issued capital upon exercise.

10. SHARE-BASED PAYMENTS

The Board of Directors has adopted and approved a stock option plan for the directors, officers, consultants and key employees and affiliates of the Company. The Board of Directors has also approved a performance share unit and restricted share unit plan ("PSU&RSU Plan"). Both the stock option and PSU&RSU Plans were approved by the shareholders of the Company. The maximum number of equity-based compensation units including stock options, PSUs and RSUs that may be reserved for issuance shall not exceed 10 percent of the outstanding common shares of the Company.

Share-based payment costs for the three months ended September 30, 2021, were $66,845 (2020 - $53,061). Share-based payments for the nine months ended September 30, 2021, were $286,327 (2020 - $126,759).

The following share-based payment arrangements were in existence at September 30, 2021 and December 31, 2020:

(a) Stock options

At September 30, 2021

Number outstanding	Grant date	Expiry date	Remaining contractual life		Exercise price		Fair value at grant date	Number exercisable
265,000	**7/Dec/16**	**7/Dec/21**	**0.19**		**0.65**		**0.44**	**265,000**
175,625	**1/Dec/17**	**1/Dec/22**	**1.17**		**2.35**		**1.44**	**132,875**
117,750	**27/May/19**	**27/May/24**	**2.65**		**5.09**		**2.90**	**60,500**
25,000	**31/Aug/21**	**31/Aug/26**	**4.92**		**1.36**		**0.82**	**-**
583,375			**1.18**	**(1)**	**2.09**	**(2)**		**458,375**

At December 31, 2020

Number outstanding	Grant date	Expiry date	Remaining contractual life		Exercise price		Fair value at grant date	Number exercisable
315,000	7/Dec/16	7/Dec/21	0.93		0.65		0.44	315,000
37,500	10/Oct/17	10/Oct/22	1.77		1.40		0.86	37,500
214,875	1/Dec/17	1/Dec/22	1.92		2.35		1.44	151,625
187,500	27/May/19	27/May/24	3.40		5.09		2.90	46,875
40,000	7/Oct/20	7/Oct/25	4.77		1.33		0.80	-
794,875			2.01	(1)	2.23	(2)		551,000

(1) *Weighted average number of years.*
(2) *Weighted average.*

The stock options outstanding and exercisable is as follows:

	Options Outstanding			
	September 30, 2021		December 31, 2020	
	Number	**Exercise price (1)**	Number	Exercise price (1)
Balance at beginning of the period	**794,875**	**$2.19**	1,104,750	$2.19
Granted	**25,000**	**1.36**	40,000	1.33
Forfeited	**(186,500)**	**2.96**	(154,875)	3.11
Exercised	**(50,000)**	**0.65**	(195,000)	1.16
Balance at end of the period	**583,375**	**$2.09**	794,875	$2.19
Exercisable at end of the period	**458,375**	**$1.73**	513,500	$1.56

(1) *Weighted average.*

(b) Performance Share Unit and Restricted Share Unit Plan

Under the terms of the PSU&RSU Plan, the awards will vest in three equal portions annually based upon the grant date. Each RSU will be settled in common shares based upon a one-to-one conversion of RSU to Company share. Each PSU will be settled in common shares based on a multiplier, which is dependent on the achievement of specific performance measures, between zero and three shares per PSU. The Company estimates that the PSUs granted in the period ended September 30, 2021 will be settled at a one-to-one conversion of PSU to Company share. The fair value of the PSUs and RSUs are expensed using graded vesting over the vesting period.

The following table provides a summary of the Company's PSU&RSU plan in units.

	PSUs	RSUs
Balance at January 1, 2020	-	-
Granted	-	382,856
Balance at December 31, 2020	-	382,856
Granted	**235,453**	**275,675**
Forfeited	**(62,000)**	**(199,058)**
Exercised	-	-
Balance at September 30, 2021	**173,453**	**459,473**

11. LOSS PER SHARE

	Three months ended September 30,		Nine months ended September 30,	
For the	**2021**	2020	**2021**	2020
Loss for the period attributable to ordinary equity holders	**(453,744)**	(961,869)	**(2,212,845)**	(943,927)
Weighted average number of common shares for the purpose of:				
Basic and diluted	**27,460,120**	27,372,620	**27,447,025**	27,365,024
Basic and diluted loss per share	**$(0.02)**	$(0.04)	**$(0.08)**	$(0.03)

The Company users the treasury stock method to determine the dilutive effect of stock options, PSUs and RSUs. Under this method, only "in-the-money" dilutive instruments impact the calculation of diluted profit or loss per common share. For the period ended September 30, 2021, the effect of stock options, RSUs and PSUs on the earnings per share calculation was anti-dilutive.

12. LEASES

The Company's leasing activities comprise of buildings and yard leases. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

The following table sets out the movement in the right-of-use assets by class of underlying asset:

Lease Obligations	
Balance, January 1, 2020	$800,157
Additions	22,372
Contract modification	(124,318)
Interest	30,092
Lease payments	(272,142)
Foreign currency translation	(9,789)
Balance at December 31, 2020	$446,372
Additions	**351,958**
Interest	**20,527**
Lease payments	**(149,318)**
Foreign currency translation	**9,365**
Balance at September 30, 2021	**$678,904**

Lease obligations due within one year	$220,047
Lease obligations due beyond one year	458,857
	$678,904

13. GOVERNMENT GRANTS AND DEFERRED GRANT BENEFITS

(a) Western Economic Diversification Grant

During 2020, the Company entered into a federal government grant assistance agreement with the Western Economic Diversification Canada. Under the agreement, the Company was provided $966,187 of assistance to help fund its operating costs. The total amount of the repayable government assistance was recognized at fair value using an interest rate of 12 percent, which is considered a market rate of interest for similar unsecured loans at the date of inception. The Company recognizes the benefit of the interest free loan as the difference between the initial fair value of the repayable government assistance and the proceeds received as a deferred grant benefit over the term of the loan.

The Company is required to repay the contribution in 35 consecutive monthly installments of $26,800, commencing January 1, 2023 and one final installment of $28,187 due September 30, 2025. Interest payable on any late payments is to be calculated and compounded monthly at the average bank prime rate plus 3 percent. Under the agreement, unless the Company has disclosed pre-existing commitments to make payments or disbursements to shareholders / partners, including management bonuses, and has received written approval from the Minister to make such payments, the Company shall not pay management bonuses, repay shareholder loans / partnership loans or approve any distribution of the retained earnings to the shareholders / partners until the contribution has been paid in full.

Balance at January 1, 2020	$ -
Additions	617,524
Accretion	18,712
Repayments	-
Balance at December 31, 2020	$636,236
Additions	**-**
Accretion	**59,606**
Repayments	**-**
Balance at September 30, 2021	**$695,842**
Current portion	$-
Long-term portion	695,842
	$695,842

(b) Alberta Innovates Grant

In March of 2021, the Company entered into an agreement with Alberta Innovates to fund up to $200,000, in relation to a research and development project Questor is jointly working on with the Southern Alberta Institute of Technology, to develop a comprehensive systems-based approach to the detection, quantification and removal of onsite methane emissions from oil and gas production, processing, storage and transport operations. Questor received a funding advance of $120,000. This amount is recorded as a deferred government grant and will be recognized as a reduction in the associated cost of the project when there is reasonable assurance that the associated project milestones and conditions in accordance with the agreement are met.

(c) Sustainable Development Technology Canada Grant

During the third quarter of 2021, the Company signed an agreement with Sustainable Development Technology Canada (SDTC) to receive up to $4.5 million of funding to expedite the development of the Company's CPS 50-1500 kW modular, reliable, high efficiency Waste Heat to Power generation systems ("ORCs"). Funding will be received throughout the project when there is reasonable assurance that specific conditions and milestones set out in the agreement will be achieved by the Company. The funds received will be recognized as a reduction in the associated cost of the project.

(d) Deferred grant benefits

	Alberta Innovates	Western Economic	Total
Diversification Total			
Balance at January 1, 2020	$ -	$ -	$ -
Additions	-	348,663	348,663
Recognized	-	(18,712)	(18,712)
Balance at December 31, 2020	$-	$329,951	$329,951
Additions	**120,000**	**-**	**120,000**
Recognized	**-**	**(59,606)**	**(59,606)**
Balance at September 30, 2021	**$120,000**	**$270,345**	**$390,345**
Current portion	$120,000	$88,250	$208,250
Long-term portion	-	182,095	182,095
	$120,000	**$270,345**	**$390,345**

14. SEGMENT INFORMATION

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 table provides information regarding revenue on a geographic basis as determined by the location of the customer or third party:

For the three months ended September 30, 2021

	Canada	**United States**	**Consolidated**
Equipment sales	**$369,691**	**$370,333**	**$740,024**
Equipment rentals	**-**	**681,511**	**681,511**
Equipment service & repairs	**47,004**	**175,775**	**222,779**
	$416,695	**$1,227,619**	**$1,644,314**

For the three months ended September 30, 2020

	Canada	United States	Consolidated
Equipment sales	$255,064	$16,928	$271,992
Equipment rentals	48,510	508,898	557,408
Equipment service & repairs	107,418	130,033	237,451
	$410,992	$655,859	$1,066,851

For the nine months ended September 30, 2021

	Canada	United States	Consolidated
Equipment sales	**$1,812,854**	**$461,766**	**$2,274,620**
Equipment rentals	**-**	**1,613,938**	**1,613,938**
Equipment service & repairs	**145,768**	**342,419**	**488,187**
	$1,958,622	**$2,418,123**	**$4,376,745**

For the nine months ended September 30, 2020

	Canada	United States	Consolidated
Equipment sales	$358,026	$2,099,797	$2,457,823
Equipment rentals	48,510	3,405,107	3,453,617
Equipment service & repairs	145,720	529,885	675,605
	$552,256	$6,034,789	$6,587,045

The following table provides information regarding the location of the Company's non-current assets on a geographic basis.

As at	**September 30, 2021**	December 31, 2020
Intangible assets		
Canada	**$960,392**	$524,119
United States	**-**	-
	$960,392	$524,119

As at	**September 30, 2021**	December 31, 2020
Property and equipment		
Canada	**$709,512**	$743,313
United States	**13,583,937**	15,234,868
	$14,293,449	$15,978,181
Right-of-use assets		
Canada	**$328,976**	$406,887
United States	**316,099**	11,245
	$645,075	$418,132

15. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to:

- Deploy capital to provide an appropriate return on investment to its shareholders;
- Maintain financial flexibility in order to preserve the Company's ability to meet financial obligations; and,
- Maintain a capital structure that provides financial flexibility to execute on strategic opportunities.

The Company's strategy is formulated to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year-over-year sustainable profitable growth. The Company is not subject to any externally imposed capital requirements other than the financial tests and covenants associated with its credit facilities as described in Note 6 and repayable government assistance that described in Note 10. At September 30, 2021 and 2020, Questor complied with these covenants.

The Company's capital structure consists of equity and cash. In order to maintain or alter the capital structure, the Company may adjust capital spending, refinance existing credit facilities, raise new debt and issue common shares. The Company expects that funds generated from operations and cash balances will provide sufficient capital resources and liquidity to fund existing operations in 2021.

A key measure the Company utilizes in evaluating its capital structure is the ratio of debt-to-total capitalization. Debt-to-total capitalization is calculated as debt divided by total capitalization. Debt is defined as total short- and long-term borrowings. The only loan that the Company has is a repayable government assistance described in Note 10. Equity is defined as issued capital and reserves attributable to equity holders. Total capitalization is defined as the sum of debt plus the book value of equity.

As at	**September 30,2021**	December 31,2020
Loans and borrowings (1)	**$966,187**	$966,187
Shareholder's equity	**32,081,341**	33,989,100
Total capitalization	**$33,047,528**	$34,955,287
Long-term debt to total capitalization	**2.92%**	2.76%

(1) In 2020, the Company entered into a repayable government assistance agreement with the Western Economic Diversification Canada to assist with funding its operating costs. The details are described in Note 13.

16. MOVEMENTS IN NON-CASH WORKING CAPITAL

For the nine months ended September 30,	**2021**	2020
Trade and other receivables and contract assets	**$725,437**	$3,531,434
Inventories	**5,935**	(235,507)
Prepaid expenses and deposits	**177,284**	733,794
Trade payables, accrued liabilities and provisions	**(239,932)**	(749,647)
Deferred revenue and deposits	**(461,774)**	(800,800)
	$206,950	$2,479,274

17. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, trade and other receivables and trade payables, repayable government assistance, accrued liabilities and provisions. 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. The Company did not hold or issue any derivative financial instruments during the period.

IFRS 9, *Financial Instruments* requires an entity to estimate its expected credit loss for all trade accounts receivable even when they are not past due based on the expectation that certain receivables will be uncollectible. Based on the Company's assessment, an allowance for doubtful accounts of approximately 1 percent of outstanding receivables has been recorded using the lifetime expected credit loss model. The expected credit loss rate is based on the Company's actual credit loss experience over the past 5 years.

Foreign currency risk

The Company is exposed to foreign exchange risk associated with foreign operations where assets, liabilities, revenue and costs are denominated in currencies other than Canadian dollars. The Company maintains cash balances and enters into transactions denominated in foreign currencies, principally United States dollars, which exposes the Company to fluctuating balances and cash flows due to variations in foreign exchange rates. The Company is also exposed to the impact of foreign currency fluctuations in its Canadian operations on purchases of products and property and equipment from vendors in the United States.

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.

Credit risk

Credit risk arises from the potential that one or more counterparties fail to meet their obligations.

Substantial amounts of the Company's trade and other receivables, which relate to the Company's revenues, are with customers in the energy 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.

The Company continues to have an aged receivable of $0.5 million relating to equipment delivered to the client but not fully commissioned due to travel restrictions and safety issues. While the client has an obligation to pay for the equipment under a letter of credit, the payment is not due until commissioning is complete.

18. INFORMATION ABOUT MAJOR CUSTOMERS

During the three months ended September 30, 2021, considering individual customers comprising greater than 10 percent of total revenue, three customers comprised 70 percent (2020 – 50 percent) of the Company's total revenue.

During the nine months ended September 30, 2021, considering individual customers comprising greater than 10 percent of total revenue, four customers (2020 – three) comprised 60 percent (2020 – 45 percent) of the Company's total revenue.

As at September 30, 2021, considering individual customers comprising greater than 10 percent of total trade and other receivables, two customers (2020 – two) comprised 66 percent (2020 - 67 percent) of the Company's total trade and other receivable.

19. SEASONALITY AND CYCLICALITY OF OPERATIONS

There are a number of factors contributing to quarterly variations that may not be reflective of the Company's future performance. A significant portion of the Company's operations are carried on in Western Canada and the Northern United States where activity levels in the oilfield services industry are subject to a degree of seasonality due to volatility in the weather and temperatures. Oilfield services demand is driven by customer capital spending and drilling programs which are affected by oil and natural gas commodity prices, changes in legislation and seasonal behaviours. Other factors causing variation include the Company's mix of products and services delivered, and the currency in which the sales are transacted.

20. RELATED PARTY TRANSACTIONS

In the normal course of business, the Company may transact with related parties. Apart from director and officer compensation, there were no related party transactions in the period ended September 30, 2021 and 2020.