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 months ended March 31, 2023 and 2022.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Stated in Canadian dollars, unaudited

	Notes	March 31, 2023	December 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents		**$4,952,263**	$8,943,710
Investments	5	**10,409,924**	6,254,176
Trade, contract assets and other receivables		**1,484,517**	1,833,139
Inventory		**1,459,912**	1,622,815
Prepaid expenses and deposits		**369,943**	132,351
Current tax assets	8	**143,948**	79,436
Total current assets		**18,820,507**	18,865,627
Non-current assets			
Property and equipment	3	**11,369,208**	11,841,225
Right-of-use assets	6	**433,018**	499,462
Intangible assets	4	**2,862,725**	2,374,432
Deferred tax assets	8	**399,857**	291,807
Total non-current assets		**15,064,808**	15,006,926
Total assets		**$33,885,315**	$33,872,553
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables, accrued liabilities and provisions		**$1,187,521**	$970,503
Onerous Contract liabilities		**113,037**	113,037
Deferred revenue		**1,373,364**	1,340,941
Current portion of lease obligations	6	**282,166**	279,490
Current portion of repayable government grant	7	**321,600**	321,600
Current portion of deferred grant benefits	7	**827,179**	834,374
Total current liabilities		**4,104,867**	3,859,945
Non-current liabilities			
Lease obligations	6	**185,868**	257,398
Repayable government grant	7	**429,525**	486,253
Deferred grant benefits	7	**57,692**	74,169
Total non-current liabilities		**673,085**	817,820
Total liabilities		**4,777,952**	4,677,765
Shareholders' equity			
Issued capital		**9,404,636**	9,390,136
Contributed surplus		**1,629,625**	1,560,422
Retained earnings		**18,088,437**	18,263,305
Accumulated other comprehensive income loss		**(15,335)**	(19,075)
Total shareholders' equity		**29,107,363**	29,194,788
Total liabilities and shareholders' equity		**$33,885,315**	$33,872,553

Commitments and contingencies 13

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 three months ended March 31,	Notes	**2023**	2022
Revenue	11	**$1,838,775**	$2,587,707
Cost of sales		**1,096,259**	1,956,798
Gross profit		**742,516**	630,909
Administration expenses		**872,228**	657,612
Research and development expenses		**102,811**	149,903
Share based payments	10	**83,703**	100,587
Depreciation expense	3,6	**31,663**	32,984
Amortization of intangible assets	4	**35,032**	35,031
Net foreign exchange losses		**5,199**	40,963
Other expenses (income)		**(70,265)**	38,195
Loss before tax		**(317,855)**	(424,366)
Income tax recovery	8	**(142,987)**	(58,746)
Loss for the period		**$(174,868)**	$(365,620)
Other comprehensive loss			
Items that may be reclassified to profit and loss in subsequent periods:			
Exchange gains (losses) on translating foreign operations		**3,740**	(19,527)
Total comprehensive loss		**$(178,608)**	$(385,147)
Loss per share			
Basic	9	**$(0.01)**	$(0.01)
Diluted	9	**$(0.01)**	$(0.01)

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		**-**	**-**	**(174,868)**	**-**	**(174,868)**
Share-based payments	**10**	**-**	**83,703**	**-**	**-**	**83,703**
Restricted share units settled	**10**	**14,500**	**(14,500)**	**-**	**-**	**-**
Translation of foreign operations		**-**	**-**	**-**	**3,740**	**3,740**
Balance at March 31, 2023		**$9,404,636**	**$1,629,625**	**$18,088,437**	**(15,335)**	**$29,107,363**
Balance at December 31, 2021		$9,093,149	$1,472,506	$19,989,517	$(73,091)	$30,482,081
Loss for the period		-	-	(365,620)	-	(365,620)
Share-based payments	10	-	100,587	-	-	100,587
Translation of foreign operations		-	-	-	(19,527)	(19,52
Balance at March 31, 2022		$9,093,149	$1,573,093	$19,623,897	$(92,618)	$30,197,521

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 three months ended March 31,	Notes	2023	2022
Cash flows from (used in) operating activities			
Loss for the period		**$(174,868)**	$(365,620)
Adjustments for:			
Income tax recovery		**(142,987)**	(58,746)
Depreciation of property equipment and right-of-use assets	3,6	**537,897**	595,312
Amortization of intangible assets	4	**35,032**	35,031
Lease interest	6	**6,809**	7,501
Share-based payments	10	**83,703**	100,587
Accrued investment interest	5	**(125,841)**	-
Movements in non-cash working capital		**370,540**	315,771
Income tax refund (paid)		**(29,575)**	41,224
Net cash provided by (used in) operating activities		**560,710**	671,060
Cash flows used in investing activities			
Payments for property and equipment		**-**	(18,033)
Payments for intangible assets	4	**(370,525)**	(271,051)
Payments for investments	5	**(4,029,950)**	-
			-
Net cash used in investing activities		**(4,400,475)**	(289,084)
Cash flows from (used in) financing activities			
Receipt of government grant	7	**-**	801,209
Lease obligations payments	6	**(75,524)**	(61,433)
Payments for repayable government grant	7	**(80,400)**	-
Net cash provided by (used in) financing activities		**(155,924)**	739,776
Net increase (decrease) in cash		**(3,995,689)**	1,121,752
Cash at beginning of the year		**8,943,710**	14,660,080
Effects of exchange rate changes on the balance of cash held in foreign currencies		**4,242**	(8,581)
Cash at end of the period		**$4,952,263**	$15,773,251

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 May 23, 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. 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
Foreign currency translation	**-**	**(693)**	**(22)**	**(715)**
Balance at March 31, 2023	**$21,904,924**	**$1,323,080**	**$339,408**	**$23,567,412**
Accumulated depreciation				
Balance at December 31, 2022	$10,517,264	$961,291	$248,347	$11,726,902
Depreciation charges included in:				
Cost of sales	**426,282**	**37,508**	**2,239**	**466,029**
Depreciation expense	**-**	**-**	**5,693**	**5,693**
Foreign currency translation	**-**	**(412)**	**(8)**	**(420)**
Balance at March 31, 2023	**$10,943,546**	**$998,387**	**$256,271**	**$12,198,204**
Carrying amounts				
Balance at December 31, 2022	$11,387,660	$362,482	$91,083	$11,841,225
Balance at March 31, 2023	**$10,961,378**	**$324,693**	**$83,137**	**$11,369,208**

IFRS Impairment Assessment of Non-Financial Assets

At March 31, 2023, the Company performed its assessment of potential impairment indicators for its non-financial assets which include property and equipment, intangible and right of use assets and noted the Company's net asset value was greater than its market capitalization. The Company performed an impairment test for its one cash generating unit. No impairment was recognized in the first quarter of 2023 as the estimated recoverable amount exceeded the carrying value of the non-financial assets.

4. 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	**523,325**	-	-	**523,325**
Balance at March 31, 2023	**$4,622,741**	**$238,010**	**$360,524**	**$5,221,275**
Accumulated Amortization				
Balance at December 31, 2022	$1,868,918	$99,175	$355,425	$2,323,518
Amortization	**14,441**	**19,835**	**756**	**35,032**
Balance at March 31, 2023	**$1,883,359**	**$119,010**	**$356,181**	**$2,358,550**
Carrying Amounts				
Balance at December 31, 2022	$2,230,498	$138,835	$5,099	$2,374,432
Balance at March 31, 2023	**$2,739,382**	**$119,000**	**$4,343**	**$2,862,725**

5. 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 2.55 to 4.90 percent.

Investments	
Balance at December 31, 2022	6,254,176
Additions	**4,029,950**
Accrued interest	**125,841**
Foreign currency translation	**(43)**
Balance at March 31, 2023	**10,409,924**

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.

6. RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS

The Company's leasing activities comprise buildings and yard leases. As at March 31, 2023, the carrying amounts of the Company's recognized right-of-use assets are $433,018 (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	**6,809**
Lease payments	**(75,524)**
Foreign currency translation	**139**
Balance at March 31, 2023	**$468,034**
Lease obligations due within one year	$282,166
Lease obligations due beyond one year	185,868
	$468,034

7. GOVERNMENT GRANTS AND DEFERRED GRANT BENEFITS

(a) Western Economic Diversification Grant	
Balance at December 31, 2022	$807,853
Accretion	**23,672**
Repayments	**(80,400)**
Balance at March 31, 2023	**$751,125**

Current portion	321,600
Long-term portion	429,525
	$751,125

Commencing January 1, 2023, the Company started paying monthly installment 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	**-**	**(23,672)**	**(23,672)**
Balance at March 31, 2023	**$750,209**	**$134,662**	**$884,871**
Current portion	750,209	76,970	827,179
Long-term portion	-	57,692	57,692
	$750,209	**$134,662**	**$884,871**

8. 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. During the three months ended March 31, 2023, the Company recognized expected SR&ED benefits relating to the waste heat to power project.

9. ISSUED CAPITAL

For the three months ended March 31,	2022	2022
Loss for the period	**$(174,868)**	$(365,620)
Weighted average number of common shares, basic and diluted	**27,929,254**	27,761,858
Basic and diluted loss per share	**$(0.01)**	$(0.01)

The Company is authorized to issue an unlimited number of common shares. As of March 31, 2023 the Company has 27,933,299 shares issued and outstanding (December 31, 2022 – 27,923,299). The calculation of diluted loss per share for the periods ended March 31, 2023 and March 31, 2022 excludes the effects of Stock Options, PSU's, RSU's, and DSU's as their impacts would be anti-dilutive.

10. SHARE-BASED PAYMENTS

The Company has a stock option plan, restricted share unit plan, performance share unit plan and deferred share unit plan. Total share-based payment costs associated with these plans for the three months ended March 31, 2023 were $83,703 (2022 - $100,587).

(a) Stock options

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

	Number	Exercise price[1]
March 31, 2023 and December 31, 2022	**134,000**	**4.39**
Exercisable at March 31, 2023	**88,000**	**4.83**

(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	**61,856**	**-**	**-**
Settled	**-**	**(10,000)**	**-**
Balance at March 31, 2023	**304,991**	**342,358**	**16,876**

Subsequent to the first quarter, the Board of Directors approved the issuance of 105,000 preferred share units and 105,000 restricted share units to directors, officers and employees.

11. 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 March 31, 2023	**Canada**	**United States**	**Consolidated**
Equipment sales	**$349,180**	**$367,210**	**$716,390**
Equipment rentals	**-**	**876,739**	**876,739**
Equipment service & repairs	**63,444**	**182,202**	**245,646**
	$412,624	**$1,426,151**	**$1,838,775**
For the three months ended March 31, 2022	Canada	United States	Consolidated
Equipment sales	$1,825,593	$7,702	$1,833,295
Equipment rentals	-	597,754	597,754
Equipment service & repairs	20,811	135,847	156,658
	$1,846,404	$741,303	$2,587,707

Intangible assets	
As at	**March 31, 2023**
Canada	**$2,862,725**
United States	**-**
	$2,862,725
Property and equipment and right-of-use assets	
As at	**March 31, 2023**
Canada	**$853,603**
United States	**10,948,623**
	$11,802,226

12. 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. For the three months ended March 31, 2023 and 2022, there were two customers who comprised 81 percent and 82 percent respectively, of total rental, service and repair revenue.

Liquidity risk

The Company has positive net working capital as of March 31, 2023 of $14,715,640 (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 loss of $5,199 and $40,963 for the three months ended March 31, 2023 and 2022. 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.

13. 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 March 31, 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 $1,025,356.

During the three months ended March 31, 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 March 31, 2023.

14. RELATED PARTY TRANSACTIONS

The Company defines key management personnel as being the directors, Chief Executive Officer and Chief Financial Officer. 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. There were no other related party transactions during the three months ended March 31, 2023 and 2022.