MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis ("MD&A") is dated April 15, 2025 and is a review of Questor Technology Inc. ("Questor" or the Company") financial condition and results of operations prepared in accordance with IFRS® Accounting Standards ("IFRS"). This MD&A should be read in conjunction with the audited consolidated financial statements and notes of Questor as of December 31, 2024. This MD&A contains definitions of certain non-IFRS financial measures, included under the "Non-GAAP Financial Measures" section of this MD&A. Readers are cautioned that these measures do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other entities. Refer to "Non-GAAP Financial Measures" section at the end of this MD&A. Readers should also refer to the forward-looking information or statements included in this MD&A. See the legal advisory related to this in the *Forward-Looking Statements* section of this MD&A.

QUESTOR'S BUSINESS OVERVIEW

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 per its ISO 14034 Certification. 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 combination of Questor's clean combustion and power generation technologies can help clients achieve net zero emission targets for minimal cost. The Company is also doing research and development on data solutions to deliver an integrated system that amalgamates all the emission detection data available to demonstrate a clear picture of the site's emission profile.

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 1920, 707 – 8th Avenue S.W. Calgary, Alberta, Canada, T2P 1H5.

CONSOLIDATED FINANCIAL RESULTS

For the	Three months ended December 31, 2024	Three months ended December 31, 2023	Twelve months ended December 31, 2024	Twelve months ended December 31, 2023
(Stated in CDN $)				
Revenue	**1,775,892**	1,445,128	**4,520,580**	7,190,871
Gross profit	**595,405**	738,031	**1,233,410**	2,730,907
Adjusted EBITDA [(1)]	**5,246**	152,543	**(1,450,452)**	488,787
Loss for the period	**(1,041,393)**	(891,982)	**(3,233,997)**	(4,806,412)
Loss per share - basic and diluted	**(0.04)**	(0.03)	**(0.12)**	(0.17)

As at	**December 31, 2024**	December 31, 2023
(Stated in CDN $)		
Working capital [(2)]	**7,570,934**	11,844,178
Total assets	**24,090,332**	27,125,820
Total equity	**21,110,076**	24,357,652

[(1)] *Non-GAAP financial measure. Refer to "Non-GAAP Financial Measures" section at the end of this MD&A.*

[(2)] *Working capital is defined as total current assets less total current liabilities.*

Revenue for the three and twelve months ended December 31, 2024 was $1.8 million and $4.5 million compared to $1.4 million and $7.2 million for the same periods in 2023. The reduction is mainly attributed to a strategic shift in Questor's business focus towards the international equipment sales. Questor's USA sales team has been hired in the second half of 2024 with a focus on rebuilding rental and sales revenue lost primarily due to merger and acquisition activity combined with regulatory changes in the space over the past few years. The revenue focus is primarily in the Permian basin, Colorado, North Dakota, New Mexico and Wyoming. The company is exploring potential rental opportunities in Mexico, with rental activities set to begin in Q1 2025. While short-term results were impacted by the change in our client base combined with regulatory changes, our refreshed focus on global markets with opportunities to eliminate methane and VOC emissions will position the Company for stronger, more diversified and ultimately more sustainable growth in the long term. As at the date of this MD&A, the Company has secured $4.5 million of committed equipment sales revenue, expected to be fulfilled in the first half of 2025.

Gross profit as a percentage of revenue for the three and twelve months ended December 31, 2024 was 34 percent and 27 percent compared to 51 percent and 38 percent for the same periods in 2023. The reduction for the twelve and three months ended December 31, 2024 compared to the prior periods is mainly due to a lower revenue, where the Company continues to incur fixed costs and due to the revenue and sales mix. Additionally, 2024 cost of sales expense benefit from the absence of a $0.2 million valuation allowance for slow-moving inventory, which was recognized in 2023.

Adjusted EBITDA for the three and twelve months ended December 31, 2024 was nil and negative $1.5 million, compared to positive $0.2 million and $0.5 million for the same periods in 2023. The reduction in Adjusted EBITDA is mainly due to lower revenue, where the Company continues to incur operational and administrative fixed costs.

The Company continues to have a strong financial position at December 31, 2024 including cash and cash equivalents of $5.3 million, $1.7 million of highly liquid short-term investments, and working capital of $7.6 million.

2024 HIGHLIGHTS AND SUBSEQUENT EVENTS

In the fourth quarter of 2024, Questor received the final payment of $1,393,246 for the milestone one of the Waste Heat to Power project from Sustainable Development Technology Canada ("SDTC").

The construction of the 1500kW waste heat to power prototype is nearing completion, with final testing currently underway. Commissioning is scheduled to begin in Q2 2025. Meanwhile, Questor is advancing negotiations and preparations for the prototype's field demonstration, with the field deployment expected in the second half of 2025.

On February 9, 2024, Questor commenced Normal Course Issuer Bid ("NCIB") allowing Questor to purchase a maximum of 1,400,000 common shares over the 12-month period for cancellation. NCIB is effective until the earliest of (i) February 7, 2025, (ii) the Company purchasing the maximum of 1,400,000 Shares, and (iii) the Company terminating the NCIB. In connection with the current NCIB, Questor entered into an automatic share purchase plan ("ASPP") with its designated broker to enable the purchase of shares during blackout periods during which the Company would not ordinarily be permitted to purchase shares. Purchases under the ASPP during those periods are determined by the designated broker in its sole discretion based on the purchasing parameters set by Questor in accordance with the rules of the TSX Venture Exchange, applicable securities laws and the terms of the ASPP. Outside of the periods noted above, purchases under the current NCIB are completed at Questor's discretion. As of December 31, 2024 under the current NCIB and the instructions in place with the broker, Questor purchased for cancellation of 671,500 shares for the weighted average of $0.48. Subsequent to the year-end, the Company's NCIB expired and was formally concluded on February 7, 2025. As a result of the NCIB, which was active from February 9, 2024 to February 7, 2025, the Company repurchased and cancelled a total of 731,500 shares at a weighted average price of $0.47 per share.

In the first quarter of 2025, Questor announced a $0.9 million purchase order to supply clean combustion solutions for managing railcar vapours at Caltrax Inc.'s Calgary facility. During the same period, the company also secured a $2.4 million contract in Iraq, marking the second unit supplied in the MENA region for a leading global exploration and production company focused on reducing flaring and methane emissions.

MARKET OUTLOOK

The global regulatory landscape for emissions is rapidly evolving, with increasing pressure from regulators, courts, investors, and the public to reduce flaring and venting in industrial operations. As a result, Questor is seeing significant global interest in our technology solutions to help address these critical challenges.

Flaring and venting not only waste valuable resources but also contribute significantly to air pollution. This practice releases methane, hydrocarbons, fine particulates (PM2.5), and volatile organic compounds (VOCs) such as benzene, toluene, ethylbenzene, xylene, formaldehyde, and acetaldehyde into the atmosphere. These harmful pollutants have been directly linked to higher cancer rates, respiratory diseases, and other chronic health conditions. Methane, in particular, is a climate "super pollutant" with 86 times the warming potential of carbon dioxide over 20 years. It is responsible for 30% of observed global warming to date, making it a key target for climate change mitigation.

At Questor, we offer proven solutions to combat these challenges. Our **ISO 14034-certified thermal oxidizer** achieves a **99.99% combustion efficiency**, ensuring that our clients can demonstrate compliance with emissions standards and eliminate the release of harmful pollutants. This clean combustion technology significantly reduces health risks in surrounding communities, including respiratory illnesses and cancers. Additionally, our **organic Rankine cycle (ORC)** repurposes heat from methane combustion, creating a revenue stream that offsets the costs of achieving net-zero carbon dioxide equivalent emissions.

Many major oil and gas producers have pledged to reduce flaring, venting, and methane emissions while working toward net-zero goals. Questor's innovative **combination of clean combustion and waste heat-to-power technology** enables our clients to meet these commitments **at a net-zero cost**.

Questor's multi-year strategy to intentionally diversify revenue streams globally has focussed on those jurisdictions that have created favorable conditions that have considered the environmental and social impacts of energy production and want to grow their future production in a sustainable manner. As an example, the Iraq contract awarded early 2025 in partnership with OilSERV was for TotalEnergies EP Ratawi Hub, as a part of the multi-energy Gas Growth Integrated Project (GGIP) operated by TotalEnergies. The GGIP is designed to enhance the development of Iraq's natural resources to improve the country's electricity supply. This 4-in-1 project comprises the recovery of gas that is currently flared at three oil fields in southern Iraq to supply electric power plants, the redevelopment of the Ratawi oil field, the construction of a 1 GWac (1.25GWp) solar farm and of a seawater treatment plant. The Questor Q5000 Unit will initially treat 2.1 MMSCFD of associated gas during the pilot phase. Subsequently, the unit will treat an additional 1.2 to 2 MMSCFD of low-pressure gas, maximizing the Q5000's potential and reducing site GHG emissions in the frame of AGUP Phase 1 development. This is the second unit that TotalEnergies has purchased in the Middle East North Africa (MENA) region. TotalEnergies exemplifies the ideal partner for Questor's solutions, utilizing our thermal oxidizer to reduce methane and VOC emissions, and the future potential of utilizing waste-heat in the GGIP and converting it to power with our 1.5MW Organic Rankin Cycle (ORC) generator.

To accelerate global adoption, we have partnered with key industry leaders. In Iraq, we collaborate with OilSERV, a top-tier integrated oilfield services provider in the Middle East. In Nigeria, we are represented by Ar-Rahman Technical Services Nig. Limited. In Latin America, our partnership with Hoerbiger, an established multinational company with over 120 locations in 50 countries, further expands our reach. In Mexico, we work with JHJ and

GSM Carso, leading service providers supplying units to Pemex. Over the past three years, we have built strong relationships with these partners, educating them on our technology and supporting them in client engagements. With a **25-year track record of eliminating flaring and venting**, we are confident that Questor can set the standard for best practices in these regions.

As global incentives for methane and VOC reduction continue to grow, Questor is uniquely positioned to help clients improve environmental performance while strengthening their community relations. We anticipate that both new and existing clients will view Questor as the ideal partner to accelerate the attainment of their environmental pledges—**reducing emissions while simultaneously cutting costs and generating revenue.** Finally, we acknowledge the evolving political and economic landscape and its potential impact on our operations. We have assessed the risks associated with tariffs and remain confident in our ability to adapt. With **strategically positioned inventory in Canada and the United States** and **established supply chains across North America**, Questor is well-prepared to navigate uncertainties. Our global partnerships further **diversify our revenue streams**, ensuring continued resilience and growth.

As we move forward, Questor remains committed to **driving innovation, sustainability, and global leadership in emissions reduction.**

FOURTH QUARTER FINANCIAL OVERVIEW

For the	Three months ended December 31, **2024**	2023	Twelve months ended December 31, **2024**	2023
(Stated in CDN $)				
Revenue	**1,775,892**	1,445,128	**4,520,580**	7,190,871
Cost of sales	**1,180,487**	707,097	**3,287,170**	4,459,964
Adjusted EBITDA[(1)]	**5,246**	152,543	**(1,450,452)**	488,787
Gross profit	**595,405**	738,031	**1,233,410**	2,730,907
Percent of gross profit to revenue	**34**	51	**27**	38

[(1)] *Non-GAAP financial measure. Refer to "Non-GAAP Financial Measures" section at the end of this MD&A.*

REVENUE

Revenue for the three and twelve months ended December 31, 2024 is comprised of:

Equipment Sales

Equipment sales revenue for the three and twelve months ended December 31, 2024 was $1.4 million and $2.4 million, compared to $0.6 million and $3.2 million for the same periods in 2023. The reduction is mainly due to a strategic shift in Questor's business focus towards the international equipment sales. While short-term results were impacted by the strategic shift, this focus will position the company for stronger, more sustainable growth in the long term. As at the date of this MD&A, the Company has secured $4.5 million of committed equipment sales revenue, primarily expected to be fulfilled in the first half of 2025.

Equipment Rentals

Equipment rental revenue for the three and twelve months ended December 31, 2024, was $0.3 million and $2.1 million compared to $0.9 million and $4.0 million for the same periods in 2023. The reduction is mainly due to timing discrepancies related to expanding focus on Permian basin, Colorado, North Dakota, New Mexico and Wyoming. The company is also exploring potential rental opportunities in Mexico, with rental activities set to begin in Q1 2025.

ADJUSTED EBITDA

Adjusted EBITDA for the three and twelve months ended December 31, 2024 was nil and negative $1.5 million, compared to positive $0.2 million and $0.5 million for the same periods in 2023. The reduction in Adjusted EBITDA is mainly due to lower revenue, where the Company continues to incur operational and administrative fixed costs.

GROSS PROFIT

Gross profit as a percentage of revenue for the three and twelve months ended December 31, 2024 was 34 percent and 27 percent compared to 51 percent and 38 percent for the same periods in 2023. The reduction for the twelve and three months ended December 31, 2024 compared to the prior periods is mainly due to a lower revenue, where the Company continues to incur fixed costs and due to the revenue and sales mix. Additionally, 2024 cost of sales expense benefit from the absence of a $0.2 million valuation allowance for slow-moving inventory, which was recognized in 2023.

CORPORATE COSTS

For the	Three months ended December 31, **2024**	2023	Twelve months ended December 31, **2024**	2023
(Stated in CDN $)				
Gross profit	**595,405**	738,031	**1,233,410**	2,730,907
Less corporate costs:				
Administration expenses	**989,453**	766,498	**3,554,844**	3,722,927
Research and development expenses	**(227,749)**	72,243	**57,117**	357,862
Stock-based compensation	**78,059**	64,357	**248,907**	(10,580)
Depreciation expenses	**25,834**	42,084	**111,185**	156,303
Amortization of intangible assets	**373**	756	**2,077**	236,826

Impairment of non-financial assets (reversal)	**(82,663)**	-	**(82,663)**	3,550,000
Net foreign exchange (gains) losses	**(112,770)**	85,266	**(225,901)**	145,371
Other expense (income)	**71,544**	(20,387)	**(97,056)**	(251,476)
Loss before tax	**(146,676)**	(272,786)	**(2,335,100)**	(5,176,326)
Income tax expense (recovery)	**894,717**	619,196	**898,897**	(369,914)
Loss for the period	**(1,041,393)**	(891,982)	**(3,233,997)**	(4,806,412)

Administration Expenses

Administration expenses for the three and twelve months ended December 31, 2024, were $1.0 million and $3.6 million compared to $0.8 million and $3.7 million for the same periods in 2023. Administration expenses for the twelve months ended December 31, 2024 are lower compared to the same periods in 2023 due to the absence of executive termination costs and cash based directors compensation, lower employee related costs partially offset with higher third party consulting and marketing fees and lower overheads allocation to research and development expense.

Research and development expenses

Research and development expense was $0.1 million for the twelve months ended December 31, 2024 compared to $0.4 million for the same period in 2023. The reduced expense is a result of a $0.3 million offset from the allocation of the government grant provided by Sustainable Development Technology Canada.

Share-based payments

Share-based payments for the three and twelve months ended December 31, 2024 were higher compared to the same periods in 2023 due to lower number of forfeitures in 2024.

Depreciation

Depreciation expense for the three and twelve months ended December 31, 2024 was lower compared to the same periods in 2023 as there have been no significant capital additions in 2024.

Amortization of intangible assets

Amortization of intangible assets decreased for the three and twelve months ended December 31, 2024 due to the retirement of some old waste heat to power assets in 2023.

Net foreign exchange (gains) losses

Foreign exchange gains and losses for the Company fluctuate primarily based on the change in the US dollar relative to the CDN dollar.

Other income

Other income for the twelve months ended December 31, 2024 includes $0.3 million interest earned on investments compared to $0.5 million for the same period in 2023. Other income was partially offset by costs of $0.2 million incurred in 2024 to pursue a contempt of court application in the Emissions Rx lawsuit which is described further in the annual consolidated financial statements and this MD&A.

Income tax expense (recovery)

For the three and twelve months ended December 31, 2024, the Company had income tax expense of $0.9 million and $0.9 million compared to an income tax expense of $0.6 million and a recovery of $0.6 million for the same periods in 2023. The increase in the income tax expense is largely due to a valuation allowance taken on its deferred tax assets. The Company intends to maintain a full valuation allowance on its deferred tax assets until there is adequate evidence to justify reversing all or a portion of these allowances.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial liability obligations. The Company manages its liquidity risk through cash, short-term investments and debt management, which includes monitoring forecasts of the Company's cash and cash equivalents on the basis of projected cash flow. The Company has positive net working capital of $7.6 million as at December 31, 2024 (December 31, 2023 - $11.8 million).

The Company has invested in Canadian redeemable guaranteed investment certificates and US dollar redeemable term deposits with varying maturity dates from 91 days to one year. Interest is paid at maturity and ranges from a fixed annual rate of 2.90 to 5.21 percent.

In Q4 2024, the Company signed an agreement to increase the limit of the letter of credit guarantee facility for use with suppliers from $100,000 to $300,000. There are no standby fees and no specified facility expiration or renewal date. As of December 31, 2024, the Company holds CND$200,000 and USD$40,000 of cash into one-year redeemable term deposits which expire in June 2025, as general security for its corporate credit card program and letter of credit facility. Subsequent to the year end, additional CND $200,000 were put into one-year redeemable deposit to meet the increased limit of the letter of credit guarantee facility.

	Three months ended December 31,		Twelve months ended December 31,	
Cash flow for the	**2024**	2023	**2024**	2023
(Stated in CDN $)				
Cash provided by (used in):				
Operating activities	**(824,170)**	(125,205)	**(1,837,504)**	149,101
Investing activities	**1,571,468**	936,461	**2,240,702**	(4,124,785)
Financing activities	**1,180,079**	(154,340)	**472,363**	(621,332)
Net increase (decrease) in cash	**1,927,377**	656,916	**875,561**	(4,597,016)

Operating Activities
The Company had a cash outflow from operations of $0.8 million and $1.8 million for the three and twelve months ended December 31, 2024, compared to cash outflow of $0.1 million and cash inflow of $0.1 million for the same periods in 2023. The cash outflow for the three and twelve months ended December 31, 2024 is higher compared to the same periods in 2023 mainly due to a reduction in revenue, where the Company continues to incur fixed costs.

Investing Activities
During the three and twelve months ended December 31, 2024, the Company invested $0.8 million and $4.4 million in the development of the Company's waste heat to power research and development project, and redeemed net $2.3 million and $6.5 million cash respectively upon the maturity of the part of its highly liquid short-term investments.

Financing Activities
Cash provided in financing activities for the twelve months ended December 31, 2024 of $0.5 million comprises of government grant funding in the amount of $ $1.4 million offset by lease payments for office and shop space of $0.3 million, NCIB share repurchase of $0.3 million, and repayments on the interest-free Western Diversification loan of received during COVID of $0.3 million.

SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares. On February 9, 2024, the Company commenced the Normal Course Insurer Bid ("NCIB") allowing Questor to purchase a maximum of 1,400,000 common shares over the 12-month. NCIB is effective until the earliest of (i) February 7, 2025, (ii) the Company purchasing the maximum of 1,400,000 Shares, and (iii) the Company terminating the NCIB. In connection with the current NCIB, Questor entered into an automatic share purchase plan ("ASPP") with its designated broker to enable the purchase of shares during blackout periods during which the Company would not ordinarily be permitted to purchase shares. Purchases under the ASPP during those periods are determined by the designated broker in its sole discretion based on the purchasing parameters set by Questor in accordance with the rules of the TSX Venture Exchange, applicable securities laws and the terms of the ASPP. Outside of the periods noted above, purchases under the current NCIB are completed at Questor's discretion. As of December 31, 2024 under the current NCIB and the instructions in place with the broker, Questor purchased for cancellation of 671,500 shares for the weighted average of $0.48. Subsequent to the year-end, the Company's NCIB expired and was formally concluded on February 7, 2025. As a result of the NCIB, which was active from February 9, 2024 to February 7, 2025, the Company repurchased and cancelled a total of 731,500 shares at a weighted average price of $0.47 per share.

The Company has share-based payment plans comprising of restricted, performance and deferred share unit plans as well as a stock option plan. The maximum number of equity-based compensation units in aggregate under these plans that may be reserved for issuance shall not exceed 10 percent of the outstanding common shares of the Company. As at the date of this MD&A, there were 820,716 share-based payments issued and outstanding.

SUMMARY OF QUARTERLY RESULTS

For the three and twelve months ended	**Dec 31, 2024**	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023
(CND$ '000's except amounts per share)								
Revenue	**1,776**	1,143	870	732	1,445	1,690	2,217	1,839
Gross profit	**595**	384	42	212	738	443	808	743
Loss for the period	**(1,041)**	(589)	(966)	(637)	(892)	(3,238)	(502)	(175)
Per share – basic and diluted	**(0.04)**	(0.02)	(0.03)	(0.02)	(0.03)	(0.12)	(0.01)	(0.01)

COMMITMENTS, CONTINGENCIES AND OFF-BALANCE SHEET ARRANGEMENTS

December 31, 2024	1 Year	2-5 Years	Total
Trade payables, accrued liabilities	$1,565,046	$ -	$1,565,046
Purchase commitments(1)	122,541	-	122,541
Lease obligations (principal and interest)	215,938	915,375	1,131,313
Lease obligations (operating costs and property tax)(2)	189,226	804,486	993,712
Repayable government assistance	322,987	-	322,987
	$ 2,415,738	$ 1,719,861	$4,135,599

1)Purchase commitments for materials required to build the 1500kw prototype unit for its waste heat to power research and development project.

(2)The Company is required under its lease commitments to pay annual operating costs. The amounts can vary each year based on inflation.

The Company has lease commitments for premises and storage facilities as disclosed in note 22 of the 2024 annual financial statements. As at December 31, 2024, the Company has entered into purchase commitments for materials required to build the 1500kw waste to heat prototype unit in the amount of $0.1 million.

The Company filed a claim against three former employees and their company, Emission Rx. The three former employees resigned from the Company over a period of two months, in 2018. After the former employees resigned, the Company learned that the former employees had incorporated Emission Rx on November 14, 2017, several months prior to their departures, and had developed a low-pressure burner technology which they then marketed and sold through Emission Rx. The Company sought injunctive relief to prevent Emission Rx competing in the market against the Company and infringing the Company's intellectual property.

The Company asserts ownership of Emission Rx's LP Burner Technology, through: (i) the terms of the employment agreements signed by the three former employees; or (ii) the application of the common law. The court declined to issue the injunction in 2019, however ordered the defendants to deliver all remaining confidential information belonging to the Company. The court's decision included the statement that the Company has demonstrated that it has a prima facie case with respect to its claim that the defendants breached their fiduciary duties and contractual duties of confidentiality. The Company brought a contempt of court application against the three former employees and Emission Rx which was heard in December 2023. During 2024, the Company continued to pursue its claim against Emission Rx related to infringement on the Company's intellectual property. Various legal matters relating to the claim continued through the year, with the "penalty" phase of the contempt hearing scheduled for Q2 2025.

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 December 31, 2024.

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 or issue any derivative financial instruments during the year.

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's aged trade, contract assets and other receivables net of allowance at December 31, 2024 and 2023 are as follows:

For the years ended December 31,	**2024**	2023
Current[(1)]	**$1,281,592**	$597,326
31 – 60 days	**286,464**	345,075
61 – 90 days	**66,023**	58,146
Greater than 90 days	**310,877**	210,927
Total trade, contract assets and other receivables. Net of allowance	**$1,944,955**	$1,211,474

[(1)]Total contract assets are $800,529 (2023 - $40,702) (2023 - $40,702) comprise of unbilled accounts receivable of $592,644 (2023- $40,704) included in current receivable balance above and deferred costs exceeding the percentage of completion on custom equipment sales contracts of $207,885 (2023- nil), which are not incorporated herein.

IFRS 9, Financial Instruments, requires an entity to estimate its expected credit loss for all trade accounts receivable and contract assets even when they are not past due based on the expectation that certain receivables and contract assets will be uncollectible. For accounts receivable numbers and contract assets, a loss allowance matrix is utilized to measure expected credit losses. The matrix contemplates historical credit losses by age of receivables, adjusted for any forward-looking information and management expectations. The total expected credit loss allowance as of December 31, 2024 to receivables not specifically provided for is $24,692 (2023 - $24,201).

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 equipment sales and equipment rental and related service revenue that is associated with the equipment and rental revenue. For the year ended December 31, 2024, there were four customers who comprised 60 percent of total revenue (2023 – three customers who comprised 77 percent).

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents, investments, operating cash flows, existing or new credit facilities and new share equity. The Company monitors its liquidity to ensure it has sufficient funds to complete planned capital and other expenditures. The Company mitigates liquidity risk by maintaining adequate banking and credit facilities and monitoring its forecast and actual cash flows. The Company may also adjust its capital spending to maintain liquidity. See Note 19 for further details on the Company's capital structure. The Company has positive net working capital as of December 31, 2024 of $7,570,934 (2023 - $11,844,178).

Foreign currency risk

The Company is exposed to foreign exchange risk associated with foreign operations where assets, liabilities, revenue and costs are denominated in

USD. The impact of this exposure is recorded as a cumulative translation adjustment in other comprehensive income. The net exchange difference in 2024 is a gain of $60,716 (2023 - loss of $20,144).

The Company is also exposed to the impact of foreign currency fluctuations in its Canadian operations on sales and purchases of products and services from vendors primarily in the United States which resulted in a foreign exchange gain of $225,901 for the year ended December 31, 2024 (2023 – loss of $145,371). 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 in the Canadian entity.

Assuming all other variables remain constant, a fluctuation of +/- 1 percent in the exchange rate between the Canadian dollar and the foreign currencies would impact net income (loss) before tax by approximately $14,177 (2023 - $29,745).

RELATED-PARTY TRANSACTIONS

The Company defines key management personnel as being the Directors of the Board, Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), VP Operations and Engineering ("VP"). In addition to their salaries and directors' fees, the Company also provides non-cash benefits including participation in the Company's stock option, RSU, PSU and DSU plans. Total expense for the year ending December 31, 2024 including salaries, director fees, benefits and share based compensation, termination pay and signing bonus is $996,961 (2023 - $1,156,035).

During 2024 the Company paid the accrued signing bonus of $150,000 awarded to the Chief Executive Officer upon her re-appointment in September 2023 (2023 – nil).

Employment terms agreed between the Company and the CEO have a severance clause of eighteen months annual base salary, entitlement to any unpaid annual base salary and all accrued but unpaid bonuses and vacation pay through to the date of termination and accelerated vesting of any share options not then exercisable but which would have become exercisable within six 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.

Employment terms with the CFO include severance benefits in the event of termination without cause in the amount of six months of annual base salary plus an additional one month of base salary for each full year of service, up to a maximum of twelve months of base salary.

ACCOUNTING POLICIES AND NEW ACCOUNTING PRONOUNCEMENTS

The Company's material accounting policies and future accounting pronouncements are included in the Annual Consolidated Financial Statements for the year ended December 31, 2024.

CRITIAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years. Critical estimates and judgements made in the preparation of the consolidated financial statements are outlined below:

Revenue recognition
Revenues are recorded when products have been delivered or services have been performed, the amount of revenue can be reliably measured and collectability is reasonably assured. Customer creditworthiness is assessed prior to agreement signing, as well as throughout the contract duration.

Equipment sales revenue for custom units is recognized based on performance over-time. Performance is measured primarily based on the milestones achieved throughout the contract which approximates the value to the customer relative to the total expected value. Where the outcome of performance obligations cannot be reliably measured, contract revenue is either deferred on the statements of financial position or recognized in the current year to the extent that costs have been incurred until such time that the outcome of the performance obligations can be reasonably measured. Critical judgement is required to assess whether there is an alternative use for the input materials before the commencement of the manufacturing process. Critical estimation assumptions are required to estimate total contract costs, which are recognized as expenses in the year in which they are incurred.

Onerous contract
When it is probable that total contract costs will exceed total contract revenue it is called an onerous contract and the expected loss is recognized as an accrued liability and an expense in cost of sales on the statement of comprehensive income (loss). Critical estimation assumptions are required to estimate remaining costs of the contract.

Componentization and useful lives of property and equipment and intangible assets
Amounts recorded for depreciation and amortization expense are based on the Company's componentization of its property and equipment and intangible assets and management's estimates of the useful life, pattern of consumption of future economic benefits and residual value of the Company's property and equipment and intangible assets. These estimates affect the carrying amount of property and equipment and intangible assets.

Determining cash generating units
For the purpose of assessing impairment of non-financial assets, the Company must determine its cash-generating units (CGUs). Assets and liabilities are grouped into CGUs at the lowest level of separately identified cash flows. The determination of a CGU is based on management's judgment and is an assessment of the smallest group of assets that generate cash inflows independently of other assets.

Impairment of non-financial assets
The determination of whether indicators of impairment exist is based on management's judgment of whether there are internal and external factors that would indicate that a non-financial asset is impaired. The recoverable amounts used for impairment calculations may require estimates of future net cash flows related to the assets or CGU's, probability of successful contract proposals and estimates of discount rates applied to these cash flows, or consideration of the Company's market capitalization as compared to the CGU's carrying amount. The Company also assesses whether there are circumstances that indicate that previously impaired assets are now recoverable and need to be increased to their original carrying values.

Impairment of inventories
The Company regularly reviews the nature and quantities of inventory on hand and evaluates the net realizable value of items based on historical usage patterns, known changes to equipment or processes and customer demand for specific products. Significant or unanticipated changes in business conditions could impact the magnitude and timing of impairment recognized.

Share-based payments
The Company's share-based compensation expense is subject to measurement uncertainty as a result of estimates and assumptions related to the expected performance multiplier, forfeiture rates, expected life, and underlying volatility of the price of the Company's common shares.

Taxation
Deferred tax assets and liabilities contain estimates about the nature and timing of future permanent and temporary differences as well as the future tax rates that will apply to those differences. Changes in Canadian and foreign tax laws and rates as well as changes to the expected timing of reversals may have a significant impact on the amounts recorded for deferred tax assets and liabilities. Management monitors current and potential changes to Canadian and foreign tax laws and bases its estimates on the best available information at each reporting date. The Company is subject to assessments by various taxation authorities in the tax jurisdictions in which it operates, and these taxation authorities may interpret the tax legislation and regulations differently. In addition, the calculation of income taxes involves many complex factors. As such, income taxes are subject to measurement uncertainty and actual amounts of taxes may vary from the estimates made by management.

Allowance for doubtful accounts
The Company's trade and other receivables are typically short-term in nature and the Company recognizes an amount equal to the lifetime expected credit losses (ECL) on receivables for which there has been a significant increase in credit risk since initial recognition. The Company measures loss allowances based on historical experience and including forecasted economic conditions. The amount of ECLs is sensitive to changes in circumstances of forecast economic conditions.

Provisions and contingencies
The Company is required to exercise judgment in assessing whether the criteria for recognition of a provision or a contingency has been met. The Company considers whether a present obligation exists, the probability of loss, and if a reliable estimate can be formulated. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. Management also uses judgment to assess the likelihood of the occurrence of one or more future events.

Right-of-use assets and lease liabilities
Lease liabilities and ROU assets require the use of judgment and estimates which are applied in determining the term of a lease, appropriate discount rates, whether an arrangement contains a lease, whether there are any indicators of impairment for ROU assets and whether any ROU assets should be grouped with other long-lived assets for impairment testing.

Capitalization of research and development costs
Determining the commencement of capitalization of development costs requires critical judgement to determine when the criteria for capitalization in accordance with IFRS has been met.

Government grants
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.

BUSINESS RISKS

The business of Questor is subject to certain risks and uncertainties. Prior to making any investment decision regarding Questor, investors should carefully consider, among other things, the risk factors set out below.

Volatility of Industry Conditions
The demand, pricing and terms for the Company's services largely depend upon the level of activity and expenditures made by oil and gas companies on exploration, development and production activities in North America. Expenditures by oil and gas companies are typically directly related to the demand for, and price of, oil and gas.

In addition to current and expected future oil and gas prices, the level of expenditures made by oil and gas companies is influenced by numerous factors over which the Company has no control, including but not limited to: general economic conditions; the cost of exploring for, producing and delivering oil and gas; the expected rates of current production; the discovery rates of new oil and gas reserves; cost and availability of drilling equipment;

availability of pipeline and other oil and gas transportation capacity; natural gas storage levels; political, regulatory and economic conditions; taxation and royalty changes; government regulation; environmental regulation; ability of oil and gas companies to obtain credit, equity capital or debt financing; and currency fluctuations. A material decline in global oil and natural gas prices or North American activity levels as a result of any of the above factors could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Equipment Levels

The quantity of oilfield service equipment does not always correlate with the level of actual demand for that equipment due to the long-life nature of the equipment and the lag between when a decision to build additional equipment is made and when the equipment is placed into service. Periods of high demand often spur increased capital expenditures on equipment, and those capital expenditures may add capacity that exceeds actual demand. Such capital overbuild could cause the Company's competitors to reduce pricing leading to decreased rates generally in the oilfield services industry, which could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Competition

Each of the markets in which the Company participates is competitive. To be successful, a service provider must provide services that meet the specific needs of its customers at competitive prices. The principal competitive factors within the Company’s operating markets are product and service quality and availability, technical knowledge and experience, and safety reputation and price. The Company may compete with large national and multinational companies that have extensive financial and other resources. These companies offer a wide range of services in all geographic regions in which the Company operates. In addition, the Company competes with regional competitors. As a result of competition, the Company may suffer from a significant reduction in revenue or be unable to pursue additional business opportunities.

Federal, State and Provincial Legislative and Regulatory Initiatives

The operations of the Company's customers are also subject to or impacted by a wide array of regulations in the jurisdictions in which they operate. As a result of changes in regulations and laws, customers' operations could be disrupted or curtailed by governmental authorities. The cost of compliance with applicable regulations may cause customers to discontinue or limit their operations and may discourage companies from continuing development activities.

Environment Laws and Regulations

The Company is subject to increasingly stringent and complex laws and regulations relating the protection of workers and the environment, including laws and regulations governing occupational safety standards, air emissions, and waste management. The Company incurs and expects to continue to incur managerial and operating costs to comply with such health, safety and environmental laws and regulations. Violation of these laws and regulations could lead to loss of accreditation, damage to the Company's social license to operate, loss of access to markets and substantial fines and penalties which could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.
Changes to environmental regulations relating to climate change could impact the demand for, formulation or quality of the Company’s products, or could require increased capital expenditures, operating expenses, abandonment and reclamation obligations and distribution costs, which may not be recoverable in the market and which could result in current operations or growth projects becoming less profitable or uneconomic.

Operational Risks

The Company's operations are subject to hazards such as equipment malfunction and failures, and natural disasters which can cause personal injury, loss of life, suspension of operations, damage to formations, damage to facilities, business interruption and damage to or destruction of property, equipment and the environment.

Reputational

Maintaining a positive reputation in the eyes of its customers, regulators, communities and the general public is an important aspect of the implementation of the Company’s business strategy. The Company’s reputation may be adversely impacted by the actions and activities it undertakes, as well as the activities of its employees. In addition, the Company’s reputation could be affected by the actions and activities of other companies operating in the energy industry and by general public perceptions of the energy industry, over which the Company has no control.

Management Stewardship

The successful operation of the Company's business depends upon the abilities, expertise, judgment, discretion, integrity and good faith of its key employees. If the Company lost the services of one or more of its executive officers or key employees, it could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

New Technologies and Customer Expectations

The ability of the Company to meet its customers' performance and cost expectations will depend upon continuous improvements in operating equipment and proprietary technology. There can be no assurance that the Company will be successful in its efforts in this regard or that it will have the resources available to meet this continuing demand.

Intellectual Property

The success and ability of the Company to compete depends heavily on its proprietary technology. The Company currently relies on intellectual property rights and other contractual or proprietary rights, including (without limitation) copyright, trademark laws, trade secrets, confidentiality procedures, contractual provisions, licenses and patents to protect its proprietary technology. The Company may have to engage in litigation in order to protect its patents or other intellectual property rights, or to determine the validity or scope of the proprietary rights of others. This kind of litigation can be time-consuming and expensive, regardless of whether the Company is successful. The process of seeking patent protection can itself be time consuming and expensive, and there can be no assurance that any patent applications of the Company or such third parties will actually result in issued patents, or that, even if patents are issued, they will be of sufficient scope or strength to provide meaningful protection or any commercial advantage to the Company.

Cybersecurity

Threats to information technology systems associated with cybersecurity risks and cyber incidents or attacks continue to grow. Cybersecurity attacks

could include, but are not limited to, malicious software, attempts to gain unauthorized access to data and the unauthorized release, corruption or loss of data and personal information, account takeovers, and other electronic security breaches that could lead to disruptions in the Company's critical systems. Risks associated with these attacks include, among other things, loss of intellectual property, disruption of the Company's and the Company's customers' business operations and safety procedures, loss or damage to the Company's data delivery systems, unauthorized disclosure of personal information and increased costs to prevent, respond to or mitigate cybersecurity events. Although the Company uses various procedures and controls to mitigate its exposure to such risk, cybersecurity attacks are evolving and unpredictable. The occurrence of such an attack could go unnoticed for a period of time. Any such attack could have a material adverse effect on the Company's business, financial condition and results of operations.

Sources, Pricing and Availability of Raw Materials, Components and Parts
The Company sources its raw materials, such as components and parts. The Company's current suppliers may be unable to provide the necessary raw materials and components at a price acceptable to the Company or otherwise fail to deliver products in the quantities required. Any resulting cost increases or delays in the provision of services could have a material adverse effect on its business, financial condition, results of operations and cash flows.

Employees
The Company’s growth could be limited due to its inability to find qualified workers as and when needed. Shortages of qualified personnel have occurred in the past during periods of high demand. The Company's success depends on its ability to continue to employ and retain qualified technical personnel. If the Company is unable to, it could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

NON-GAAP FINANCIAL MEASURES

The Company views Adjusted EBITDA as the key financial measure for the underlying operating performance of the Company and considers it to be useful supplemental measure to our analysts, investors and other users.

Adjusted EBITDA does not have any standardized meaning as prescribed by IFRS and therefore is considered non-GAAP measure and may not be comparable to similar measures presented by other issuers.

Adjusted EBITDA is defined as net income or loss for the period less interest, taxes, depreciation and amortization, foreign exchange losses (gains), non-cash stock-based compensation, impairment charges and gains and losses that are extraordinary or non-recurring. Adjusted EBITDA is presented because it gives an indication of the results from the Company’s principal business activities prior to consideration of how its activities are financed and the impact of foreign exchange, taxation and depreciation and amortization charges. Adjusted EBITDA was calculated as follows:

	Three months ended December 31,		Twelve months ended December 31,	
	2024	2023	**2024**	2023
(Stated in CDN $)				
Loss for the period:	**(1,041,393)**	(891,982)	**(3,233,997)**	(4,806,412)
Add back (deduct):				
Income taxes expense (recovery)	**894,717**	619,196	**898,897**	(369,914)
Interest income	**(51,213)**	(106,814)	**(326,184)**	(474,388)
Depreciation of property and equipment and right-of-use assets [(1)]	**300,443**	381,764	**1,263,930**	2,040,568
Impairment of non-financial assets	**(82,663)**	-	**(82,663)**	3,550,000
Inventory valuation allowance	**-**	-	**-**	177,316
Amortization of intangible assets	**373**	756	**2,077**	236,826
Net foreign exchange (gains) losses	**(112,770)**	85,266	**(225,901)**	145,371
Gain on disposal of property and equipment	**19,693**	-	**4,482**	-
Stock based compensation (forfeitures)	**78,059**	64,357	**248,907**	(10,580)
Adjusted EBITDA	**5,246**	152,543	**(1,450,452)**	488,787

(1) *Includes depreciation presented as a part of costs of sales*

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, 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 and customer demand, supply and demand for the Company’s products and 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 globally; 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 and at www.sedarplus.ca.