MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis ("MD&A") of financial condition and results of operations is provided to enable readers to assess the consolidated results of operations, liquidity and capital resources of Questor Technology Inc. ("Questor" or the "Company") as at and for the three months ended March 31, 2021 compared to the same time period ended March 31, 2020.

This MD&A, dated May 14, 2021, should be read in conjunction with the audited consolidated financial statements and notes thereto of Questor as at and for the year ended December 31, 2020 which are presented in Canadian dollars and prepared in accordance with International Financial Reporting Standards ("IFRS"). The unaudited consolidated financial statements for the three months ended March 31, 2021 (including comparatives) and this MD&A have been approved and authorized for issue by Questor's Board of Directors and Audit Committee.

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

QUESTOR'S BUSINESS

Headquartered in Calgary, Alberta, with operations across North America, the Company provides three specialized clean technology solutions to its customers. The first product line is Q-Series, which consists of incineration optimized based upon waste gas composition and flow rate to achieve a combustion efficiency of greater than 99.99 percent. The second product line is Q-Power, which is the Company's power generation solution designed to efficiently transform otherwise wasted high and low temperature heat into valuable electricity power. The third solution is Q-Insights, which is the first highly affordable, cloud-based product to provide continuous and real-time emissions data monitoring and analysis. All of these solutions enable our clients to meet emission regulations, address community concerns and improve safety at industrial sites.

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

Q-Series collects waste gas through its patented natural flow design. This design has no fans, blowers, or moving parts and is capable of accepting multiple gas streams to ensure lower maintenance and higher efficiency. Incineration is the mixing and combusting of waste gas streams, air, and fuel in an enclosed chamber which are mixed at a controlled rate and ignited so that no flame is visible when operating properly. Correctly designed and operated equipment can yield higher combustion efficiencies through proper mixing, gas composition, retention time, and combustion temperature. Combustion efficiency, generally expressed as a percentage, is represented by the amount of methane converted to carbon dioxide, or hydrogen sulfide converted to sulfur dioxide. The more converted, the better the efficiency. The equipment varies in size, ranging from 20 mcf/d to 5,000 mcf/d, to accommodate small to large amounts of gas handling. The equipment also varies in automation and instrumentation depending on the client's requirements.

The Company has three primary equipment related revenue streams: sales, rentals and services. Equipment services include hauling, commissioning, repairs, maintenance and decommissioning. The Company's current key incineration markets are Colorado, North Dakota, Mexico, Pennsylvania, Texas, Alberta and North East BC. Over 90 percent of the Company's equipment rental fleet is in Colorado or North Dakota where regulation supports demand for its proprietary high efficiency waste gas incineration systems.

Q-Power is based on Organic Rankine Cycle ("ORC") technology utilizing an axial turbine expander coupled to a synchronous generator via a gearbox and have an evaporator, condenser, economizer-heat exchanger, centrifugal refrigerant pump, and Programmable Logic Controller ("PLC"). The Q-Power organization is supported from our Brooksville, Florida field location. The Company is focusing on gaining market share, educating our customers around our solutions for combating emissions, diversifying our business to lessen our dependence on oil and gas customers and expanding our Q-Power systems offerings. The Company's Q-Power products have been installed at petroleum and manufacturing client sites; however, the solutions can be used in many other industries to process all types of waste gas including agriculture, rail car loading, mining, water treatment, landfill biogas, syngas, waste engine exhaust, geothermal and solar, cement plant waste heat and more.

Q-Insights via our product line called Gas Emissions Methane Monitoring and Analysis ("GEMMA"), provides monitoring and emissions tracking continuously and in real-time for distributed waste gas systems of various types. This helps small and mid-sized waste gas producers more effectively monetize pollution reduction activities through carbon offsets and trading, as well as reducing equipment issues and maintenance costs. The Company is focused on completing the development of GEMMA during 2021.

The Company services its customers from field locations in Brighton and Fort Lupton, Colorado; Watford City, North Dakota, Grande Prairie, Alberta, and Brooksville, Florida. The infrastructure at the field locations consists of field and maintenance technicians and technical sales staff. The facilities generally include, office space, maintenance shop and storage yard. Personnel based out of Company's head office in Calgary, Alberta include Officers of the Corporation, management, engineering, technical sales, accounting and administration.

BUSINESS OVERVIEW

During the quarter, the Company's operations and financial performance have continued to suffer negative economic impacts, as the macroeconomic environment continues to have a significant effect on the Company's business results. It is difficult to predict how long these market conditions will negatively impact activity levels.

Notwithstanding the Company's first quarter 2021 financial performance, the Company maintains a strong financial position accomplished through managing costs and maintaining capital discipline while providing best in class equipment and services to our customers. Our focus has not changed and remains consistent despite this downturn. We will continue to provide exceptional service to our customers while efficiently managing our costs. This disciplined strategy is focused on maintaining a strong balance sheet.

The Company is focused on gaining market share, educating our customers around solutions for combating emissions, diversifying our business to lessen the dependence on oil and gas customers and expanding our waste heat to power offering. The Company will continue to build our digital capability focused on an emissions platform that will eventually enable us to credibly quantify emission reductions for our clients and guarantee a zero-hydrocarbon emissions site, with the end goal of monetizing the emission reduction offsets.

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

FINANCIAL OVERVIEW – FOR THE THREE MONTHS ENDED MARCH 31, 2021 VERSUS 2020

CONSOLIDATED

For the three months ended March 31,	**2021**	2020	Change
(stated in CDN$)	***($)***	*($)*	*(%)*
Revenue	**1,548,391**	4,489,470	(66)
Gross Profit	**35,825**	1,986,946	(98)
Profit (Loss) for the period	**(885,887)**	1,265,452	>(100)
Per share — basic	**$(0.03)**	$0.05	>(100)
Per share — diluted	**$(0.03)**	$0.05	>(100)
As at	**March 31, 2021**	December 31, 2020	
Working capital, end of period	**18,920,785**	19,300,453	(2)
Total assets, end of period	**36,441,988**	38,014,911	(4)
Total equity, end of period	**33,237,142**	33,989,100	(2)

FIRST QUARTER 2021 OVERVIEW

- The worldwide pandemic and resulting negative economic impact continued to affect the Company's financial results this quarter.

- The Company maintained a strong financial position at March 31, 2021:
  - The Company continues to have an undrawn $1.0 million revolving demand loan facility and $5.0 million capital loan facility;
  - Cash reserves of $15.7 million continue to provide the working capital to thrive during tough market cycles;
  - A strong balance sheet will serve as a foundation to launch into new products and markets as the economy rebounds;
  - Capital expansion plans are deferred until there is a sustained economic recovery. This strategy preserves our liquidity while improving capital efficiency; and,
  - Continued focus on operating efficiencies to manage cash flow by working with our service providers to further reduce costs.

- Revenue decreased $2.9 million for the three months ended March 31, 2021 versus the same period in 2020:
  - Equipment sales decreased from $2.0 million in 2020 to $0.9 million in 2021;
  - Revenue from equipment rentals decreased from $2.2 million in 2020 to $0.5 million in 2021;
  - Equipment service revenue decreased from $0.3 million in 2020 to $0.1 million in 2021.

- Gross profit decreased $2.0 million for the three months ended March 31, 2021 versus the same period in 2020:
  - The Company continued its mitigation strategy, revolving around:
    - Managing operations infrastructure ensuring indirect operational resources are consistent with activity; and,
    - Commitment to supply chain management focused on procuring quality materials at competitive prices.

- Administrative expenses during the three months ended March 31, 2021 decreased $0.1 million compared to the same period in 2020. The decrease is attributable to lower headcount, reduction in travel and funding from the Canadian Emergency Wage Subsidy ("CEWS").

CONSOLIDATED

For the three months ended March 31,	**2021**	2020	Change
(stated in CDN$)	***($)***	*($)*	*(%)*
Revenue	**1,548,391**	4,489,470	(66)
Cost of Sales	**1,512,566**	2,502,524	(40)
Gross Profit	**35,825**	1,986,946	(98)
Gross Profit (%)	**2**	44	(95)

REVENUE

Revenue for the three months ended March 31, 2021 was $1.5 million versus $4.5 million in 2020, a decrease of $3.0 million. The following is a breakdown of revenue by the major business lines.

Equipment Sales

Equipment sales for the three months ended March 31, 2021 decreased $1.2 million versus the same period in 2020. Sales activity was significantly lower during the three months ended March 31, 2021 compared to the same period in 2020, due to capital and operating constraints of the Company's customers.

Equipment Rentals

Equipment rentals for the three months ended March 31, 2021 decreased $1.6 million versus the same period in 2020.

The Company assesses performance of the rental revenue streams using the following parameters: 1) number of rental days, 2) revenue capacity, 3) utilization and 4) pricing. Revenue received from equipment rentals during the three months ended March 31, 2021 is 73 percent lower than the same period in 2020.

Rental utilization is a measure of the rental fleet asset deployment efficiency. Utilization performance for the three months ended March 31, 2021 was less than 10 percent which is significantly below the Company's target and historical activity. While the Company has recently seen a slight improvement in its rental market, our customers remained conservative with spending this quarter.

Service

Equipment service revenue during the three months ended March 31, 2021 decreased $0.2 million versus the same period in 2020. The Company assesses performance of the service revenue streams by job volume and pricing. Job volumes are primarily linked to equipment rental and sales activity which decreased over the prior year.

GROSS PROFIT

The Company uses gross profit margin targets as a percentage of revenue to evaluate performance. For the three months ended March 31, 2021, the gross profit margins on sales, rentals and service are consistent with historical performance. The Company also measures performance by monitoring operating infrastructure costs which are included on cost of sales which is consistent with the prior year. For the three months ended March 31, 2021, gross profit decreased $2.0 million on a revenue decrease of $3.0 million.

CORPORATE

For the three months ended March 31,	**2021**	2020	Change
(stated in CDN$)	***($)***	*($)*	*(%)*
Gross Profit	**35,825**	1,986,946	98
less corporate costs:			
Administration expenses	**954,516**	1,100,094	(13)
Depreciation of properties and equipment and right-of-use assets	**33,889**	33,630	1
Amortization of intangible assets	**71,652**	57,212	25
Net foreign exchange (gains) losses	**69,992**	(872,752)	>(100)
Other expense (income)	**29,743**	(18,441)	>(100)
Profit (Loss) before tax	**(1,123,967)**	1,687,203	>(100)
Income tax expense (recovery)	**(238,080)**	421,751	>(100)
Profit (Loss) for the period	**(885,887)**	1,265,452	>(100)

Administrative Expenses

Administrative expenses during the three months ended March 31, 2021 decreased $0.15 million compared to the same period in 2020. The Company assesses general administration expense performance by monitoring headcount additions and related costs. The decrease is mainly attributable to lower headcount versus the prior year, travel reductions and the "CEWS" program funding.

Foreign Exchange Gains/Losses

Foreign exchange gains and losses arise from the translation of net monetary assets or liabilities that are held in U.S. dollars. The Company recorded a $0.1 million foreign exchange loss for the three months ended March 31, 2021 versus a $0.9 million gain for the same period in 2020, primarily due to the weakening of the USD versus CAD. The majority of the foreign exchange gains were realized on the revaluation of the Company's U.S. cash and accounts receivable balances.

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

Income Tax

The Company recorded an income tax recovery of $0.2 million for the three months ended March 31, 2021 compared to a $0.4 million expense in 2020. The effective tax rate for the three months ended March 31, 2021 was 21 percent versus 25 percent for the same period in 2020.

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 and debt management, which includes monitoring forecasts of the Company's cash and cash equivalents and borrowing facilities on the basis of projected cash flow. Based on currently available information, the Company expects to maintain compliance with the covenants and will have sufficient liquidity with significant reserve capacity during the next year to support its ongoing operations.

For the three months ended March 31,	**2021**	2020
(stated in CDN$)	***($)***	*($)*
Cash provided by (used in):		
Operating activities	**(723,697)**	1,360,790
Investing activities	**(9,413)**	(31,784)
Financing activities	**97,796**	82,977
Increase (decrease) in cash	**(635,314)**	1,411,983

Operating Activities

Cash used in operating activities for the three months ended March 31, 2021 was $0.7 million versus cash provided of $1.4 million for the same period in 2020. Cash used by operating activities was impacted by decreased financial performance within each revenue stream.

Investing Activities

Cash used in investing activities for the three months ended March 31, 2021 was consistent to the same period in 2020. In light of the ongoing market uncertainty and decreased demand for its products the Company suspended significant capital expansion plans until there is a sustained market recovery. This strategy preserves our liquidity while improving capital efficiency. The Company will focus increasingly on operating efficiencies and enhancing cash flow in all areas to further reduce costs.

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

Financing Activities

In March 2021, the Company entered into a government investment agreement with Alberta Innovates for the Digital Innovation in Clean Energy ("DICE") Program, and received funding advance of $120,000. In addition to the funding, financing activities also included financing inflows on the issuance of common shares on employee-exercised stock options providing cash proceeds of $16,250 (2020- $174,251). Financing outflows consisted of lease obligation principal repayments of $38,454 (2020- $91,274).

For the three months ended March 31, 2021 and 2020, the Company had in place an Operating Loan Facility ("Operating Loan") and a Capital Loan Facility ("Capital Loan"). The Company's operating loan facility has a maximum amount of $1 million, the availability of which is subject to specified margin requirements. The capital loan was secured to assist in the financing of capital expenditures. The facility makes available a revolving demand capital loan to a maximum of $5 million. The Company made no draws on the operating loan or capital loan facilities during the three months ended March 31, 2021 and 2020.

The availability of these facilities is also subject to the Company meeting certain financial covenants. As shown in the table below, at the three months ended March 31, 2021, the Company complied with the financial covenants associated with its credit facilities.

For the three months ended March 31,	Covenant	Actual **2021**	Actual 2020
Working capital ratio (total current assets/total current liabilities) not to fall below	1.25x	**17.1x**	10.4x
Debt service ratio (net operating income/debt servicing costs) must be greater than	1.25x	**0.0x***	No borrowings
Total liability to tangible net worth not to exceed	2.5x	**0.10x**	0.11x

*Repayable government assistance agreement repayment does not commence until January 1, 2023 and is excluded from the calculation

SHARE CAPITAL

As at March 31, 2021, the Company had 27,435,120 common shares, 768,750 employee stock options, and 382,856 restricted share units (RSUs) outstanding. The maximum number of equity-based compensation units including stock options, performance share units (PSUs) and RSUs that may be reserved for issuances shall not exceed 10 percent of the outstanding common shares of the Corporation.

Summary of Quarterly Results

Three months ended	**Mar 31, 2021**	Dec 31, 2020	Sep 30, 2020	June 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	June 30, 2019
(stated in '000's CDN$ except per share amounts)								
Revenue	**1,548**	2,624	1,067	1,031	4,489	6,817	8,294	7,363
Gross Profit	**36**	298	(442)	(37)	1,987	3,242	4,035	4,566
Profit (Loss) for the period	**(886)**	(798)	(962)	(1,248)	1,265	1,062	1,968	2,062
Per share – basic	**(0.03)**	(0.03)	(0.04)	(0.05)	0.05	0.04	0.07	0.08
Per share – diluted	**(0.03)**	(0.03)	(0.04)	(0.05)	0.05	0.04	0.07	0.07

MARKET OUTLOOK

During the first quarter of 2021, many governmental health restrictions on economies around the world have started to lessen. This has been especially true in the United States. However, in recent weeks certain areas have seen a renewed level of economic restrictions as the pandemic's third wave takes hold in markets such as Canada and India. The ongoing economic uncertainty both nationally and globally has had, and will likely continue to have, a material adverse effect on our business, operations and financial results.

Higher commodity prices which began in the fourth quarter of 2020 have continued into 2021 with prices reaching a level not seen since 2018 suggesting that North American energy producers have significantly improved economics. The recovery in commodity prices, combined with significant overall industry cost reductions has led to improved cash flows for some of our customers. Based upon this information, the Company expects revenues to increase during the second half of 2021.

Environmental and social governance (ESG) is a set of standards for how companies operate in relation to the planet and its people. ESG is becoming a critical criterion for socially conscious investors to screen potential investments. Environmental principles examine how a company performs as a steward of the planet. The Company's products are focused to provide solutions to existing and potential clients that address environmental stewardship by reducing emissions. The ESG movement is putting pressure on companies and also driving availability of capital and funding. ESG is an integral part of the Company's business strategies.

The Company feels that a strong balance sheet is imperative for success and has focused efforts to that strategy for several years. Having a strong balance sheet not only protects the Company in economic turmoil but enables growth when market confidence improves. The Company currently has substantial cash reserves, a large company owned rental fleet, and no debt except for a repayable government grant with principal repayments commencing in 2023.

Canada

Despite continued commodity price volatility and constraints on production take-away options in this region, the Company executed sales contracts for two equipment units during the first quarter of 2021, and delivered another unit during the period. The challenge of regulations that continue to permit flaring and do not mandate the use of efficient waste gas incineration systems notwithstanding, these sales, the Company continues to see demand for its products in this market.

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

United States

The November 2020 election brought a new president into power in the US. The new president brings dramatically different views to the office in the areas of environmental regulations and energy security. Overall, the Company believes that this regime change will have a positive impact on our business activity in 2021.

Colorado

The Colorado market has been challenging as many of the operators have been exposed to liquidity issues over the past year. This has led to a slowing down of the Company's rental activity in this market. As the economy continues to reopen in 2021 and the demand for energy increases, the Company expects to see improving results in this market. To that end, the Company will continue to maintain infrastructure in this market.

Colorado's Regulation 7 mandates the use of enclosed combustion and now targets methane, resulting in a statewide focus on the responsible management of potentially fugitive hydrocarbons. As such, Colorado is ground zero for a combination of oil and gas production and environmental stewardship with large operators changing their approach and recognizing they are dealing with a new social reality. Although capital continues to be constrained at this time, the Company's products complement the local environmental framework and related requirements.

North Dakota

In an effort to reduce emissions, North Dakota is enforcing Federal EPA regulations at the State level. These regulations reward the use of high efficiency combustion VOCs from oil production. In separate tests conducted in 2018 and 2019, the Company was independently tested under EPA testing procedures in North Dakota and confirmed its performance in excess of 99.99 percent efficiency. The Company's higher emissions control delivers value in the form of increased oil production for our clients while maintaining NOx and VOC emissions at low and compliant levels.

The industry in this market has invested billions on gas processing infrastructure but is years away from seeing processing capacity exceed gas supply. The need for emissions control equipment in this area is expected to remain strong; however, the current capital environment may continue to impact demand as Operators contend with limited cash-flows.

California

In July 2020, the Company secured an agreement to supply rental equipment and services to a large customer in this market. This was a first step into a new market with vast future potential. The Company continues to target several opportunities in this market for 2021.

Texas and New Mexico

Interest for wellsite emissions control is extending to the Permian basin in Texas and New Mexico especially with the challenges of lack of gas pipeline infrastructure. Given the significant need for emissions control in the state, the Company continues to target opportunities in this region.

Mexico

Due to continuing travel restrictions, the Company has not been able to complete final commissioning on three facilities in the country. The Company anticipates that this this work will be completed in the second quarter of 2021. The Company continues to be optimistic for further business in this area given the country's aggressive objectives to address energy emissions.

Capital Expenditures

Given current economic conditions, the Company has effectively suspended Q-Series capital expansion plans until there is a sustained economic recovery. This strategy preserves our liquidity while improving capital efficiency. The Company will focus increasingly on operating efficiencies and on enhancing cash flow by working with our service providers to further reduce costs.

Key Initiatives and Objectives

Sales and Marketing

In 2020, the Company identified opportunities to enhance its ability to target regions with the highest level of activity, improve the Company's inbound customer journey, and strengthen its outbound presence. The Company implemented a redesigned sales process which combined with enhancements that have been implemented through technology and automation sets the stage for the next step of the initiative. During the first quarter of 2021, the Company hired an additional sales resource to support rapid penetration of existing basins and new markets for both our combustion and heat to power generation technologies. More recruiting in the sales and marketing area is expected during 2021.

Product Development & Commercialization

The Company continues to reengineer the product development and commercialization processes. The Company's strategies include collaborations in data to deliver a system that amalgamates all the emission detection data available and shows how our combustion and power generation technologies can be used to help our clients reach zero emission targets at their sites. Our collaboration includes experts in emissions monitoring, artificial intelligence, block chain and data. Our goal is to enable our clients to demonstrate the delivery of a low carbon natural gas molecule to the market.

Market Share

The Company's primary objective for 2021 is to manage through the continued economic downturn and continue to support its primary markets, listed above, by providing best in class incineration products and services. The Company believes that the clean technology industry will remain an integral component of resource development and that the Company will be well positioned given its focus on top-tier service, quality, logistics management and technology over the long-term.

Product Diversification

The Company remains committed to a strategy of measurable technology diversification. The combination of our clean combustion incineration technology with our power generation equipment at facilities in Mexico and the installation of power generation equipment in the southern United States showcases our commitment to this strategic initiative. The Company continues to actively market its waste heat to power technology.

Innovation – Emissions Sensors

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

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

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

LITIGATION

Periodically, the Company is subject to costs and other effects of legal proceedings, settlements, investigations, claims and actions. The Company will accrue a loss contingency when it is deemed probable and can be reasonably estimated. The Company assesses potential liabilities by analyzing claims using available information and after consultation with outside counsel handling our defense in these matters. Should developments in any of these matters cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on our results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs. At this time, the Company does not believe any matters in aggregate will have a material adverse effect on its consolidated financial position.

The Company vs. Emissions Rx Ltd.

The Company filed a claim against three former employees in 2018. The three former employees resigned over a period of two months. After the former employees resigned, the Company learned that they had incorporated Emission Rx on November 14, 2017, several months prior to their departures. The Company sought injunctive relief against Emissions Rx competing in the market against the Company and infringing the Company's intellectual property. The Company asserts ownership of the Emission LP Burner Technology, through: (i) the terms of the employment agreements signed by the Individual Respondents; 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 which the former employees took in breach of the employment contract. 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 their contractual duty of confidentiality. In addition, the defendants were informed in the judgement that the court would consider a protective order in respect of the profits that may be earned and accumulated by Emissions Rx pending trial. The Company intends to proceed with filing for the protective order during 2021 and continue with the litigation. Notwithstanding the uncertainty as to the outcome, based on the information currently available, the Company does not believe the outcome of this litigation or legal expenses incurred in aggregate will have a material adverse effect on its consolidated financial position.

CREDIT

The Company's accounts receivables are mainly due from customers within the energy industry and are subject to typical industry credit terms. The Company assesses the credit worthiness of its customers, and monitors accounts receivable outstanding on a regular, ongoing basis.

The Company has increased its focus on credit and is managing it through strict policies and practices, including the use of credit limits and approvals, and by monitoring its customers' financial condition. Payment terms with customers may vary based on credit assessment. Standard payment terms, however, are 30 days from invoice date.

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

LIQUIDITY

The Company's principal sources of liquidity are cash reserves, 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 and manages liquidity by maintaining adequate credit facilities and monitoring its forecasted and actual cash flows. The Company may also adjust its capital spending to maintain liquidity.

The Company generally relies on cash deposits, funds generated from operations, sale deposits received from customers and credit facilities to provide enough liquidity to meet budgeted operating requirements and to supply capital to finance the development of new clean air technologies or acquisitions. The Company believes it has sufficient working capital to meet future obligations as they come due.

CONTRACTS

The Company enters into two types of equipment sales contracts. The first type is generally short term in nature with most orders completed in less than six months. These sales contracts contain a single performance obligation which is to manufacture and provide the completed incineration equipment. The performance obligation is satisfied by delivering the specified goods as outlined in the contract terms and conditions. Transaction price is clearly identified in the contract.

The second type is generally longer term in nature and based upon a custom order with custom equipment. These sales contracts contain multiple performance obligations over a specified period of time with the final obligation being the manufacturing and delivery of the completed equipment. The obligations over time are based upon performance milestones and outlined in the contract terms and conditions. Transaction price is clearly identified in the contract. For both types of sales contracts, the Company currently offers assurance warranties which provides the customer with assurance that the product will function as it complies with agreed-upon specifications. These sales contracts contain no other separate performance obligations.

Equipment rental contracts are based on a daily or monthly rental rate and can range from one day to two years in term. All contracts are invoiced monthly and are based on the number of days the equipment was in the custody of the client for the month. The rental contracts contain a single performance obligation which is to provide the rental incineration equipment to the location specified by the client. The performance obligation is satisfied by delivering the specified goods as outlined in the contract terms and conditions. The Company currently provides only assurance warranties. The warranty provides the customer with assurance that the product will function as it complies with agreed-upon specifications. The contracts contain no other separate performance obligations.

RELATED-PARTY TRANSACTIONS

The Company defines key management personnel as being the Directors, Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer. In addition to their salaries and directors' fees, the Company also provides non-cash benefits including participation in the Company's long term incentive plans. All transactions with related parties were undertaken in the normal course of business and at market values.

ACCOUNTING POLICIES AND ESTIMATES

The Company's IFRS accounting policies and future accounting pronouncements are provided in note 2 and 3 to the interim consolidated financial Statements for the three months ended March 31, 2021. In the preparation of the Company's Consolidated Financial Statements, management has made estimates that affect the recorded amounts of certain assets, liabilities, revenues and expenses. Actual results could differ from these estimates. Estimates and judgments used are based on management's experience and the assumptions used are believed to be reasonable given the circumstances that exist at the time the consolidated financial statements are prepared. Management deems the following judgments and estimates to be material to the Company's consolidated financial statements.

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 forth in the Company's most recently filed Annual MDA, which are specifically incorporated by reference herein.

ADVISORIES

Forward Looking Statements

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

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

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

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

ADDITIONAL INFORMATION

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