MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

These consolidated financial statements are the responsibility of the management of Questor Technology Inc. and have been approved by the Board of Directors of the Company. They have been prepared in accordance with International Financial Reporting Standards using management's best estimates and judgments, where appropriate. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

Management is responsible for the reliability and integrity of the consolidated financial statements, the notes to the consolidated financial statements, and other financial information contained in this report. In the preparation of these consolidated financial statements, estimates are sometimes necessary because a precise determination of certain assets and liabilities is dependent on future events. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying consolidated financial statements. Management is also responsible for ensuring that it fulfills its responsibilities for financial reporting and internal control.

The Board of Directors is composed primarily of directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board is assisted in exercising its responsibilities through the Audit Committee of the Board (the "Committee"). The Committee is composed entirely of independent directors with financial expertise. The Committee meets periodically with management and the auditors to satisfy itself that management's responsibilities are properly discharged, to review the consolidated financial statements and to recommend approval of the consolidated financial statements to the Board.

Deloitte LLP, the independent auditor, has audited Questor Technology Inc.'s consolidated financial statements in accordance with Canadian generally accepted auditing standards and has provided an independent opinion. The auditor has full and unrestricted access to management and to the Committee to discuss their audit and related findings as to the integrity of the financial reporting process.

(signed) "Audrey Mascarenhas"
Audrey Mascarenhas
President and Chief Executive Officer
April 27, 2015

(signed) "Kim Hubick"
Kim Hubick
Chief Financial Officer and Corporate Secretary
April 27, 2015

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Questor Technology Inc.

We have audited the accompanying consolidated financial statements of Questor Technology Inc., which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Questor Technology Inc. as at December 31, 2014 and December 31, 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Accountants
April 27, 2015
Calgary, Alberta

QUESTOR TECHNOLOGY INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Stated in Canadian dollars

As at	Notes	**December 31 2014**	December 31 2013
ASSETS			
Current assets			
Cash and cash equivalents	5	**$ 5,640,570**	$ 7,323,303
Trade and other receivables	6, 23	**3,044,999**	2,863,257
Inventories	7	**2,210,542**	2,359,276
Prepaid expenses and deposits		**119,667**	124,163
Current tax assets		**49,198**	77,849
Total current assets		**11,064,976**	12,747,848
Non-current assets			
Property and equipment	8	**3,408,250**	1,256,066
Intangible assets	9	**1,266,420**	25,915
Goodwill		**687,398**	-
Total non-current assets		**5,362,068**	1,281,981
Total assets		**$ 16,427,044**	$ 14,029,829
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables, accrued liabilities and provisions	10	**$ 1,162,885**	$ 1,746,259
Deferred revenue and deposits		**-**	252,356
Current portion of lease inducement		**52,002**	52,002
Current tax liabilities		**417,647**	638,526
Total current liabilities		**1,632,534**	2,689,143
Non-current liabilities			
Deferred tax liabilities	17	**161,487**	53,793
Lease inducement	24	**69,335**	121,337
Total non-current liabilities		**230,822**	175,130
Total liabilities		**1,863,356**	2,864,274
Capital and reserves			
Issued capital	12	**5,934,704**	5,636,119
Reserves	13	**875,288**	703,156
Retained earnings		**7,741,147**	4,826,280
Cumulative translation adjustment		**12,549**	-
Total equity		**14,563,688**	11,165,555
Total liabilities and equity		**$ 16,427,044**	$ 14,029,829

Commitments and subsequent events 24,26

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

Approved by the Board of Directors:

(signed) James Inkster
James Inkster, Director

(signed) Audrey Mascarenhas
Audrey Mascarenhas, Director

QUESTOR TECHNOLOGY INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Stated in Canadian dollars

For the years ended December 31	Notes	**2014**	2013
Revenue	14	**$ 12,414,893**	$ 9,574,950
Cost of sales	7, 15	**(6,088,950)**	(4,849,374)
Gross profit		**6,325,943**	4,725,576
Administration expenses	15	**(2,388,550)**	(1,645,923)
Gain/(loss) on disposal of property and equipment	8	**-**	14,457
Depreciation of property and equipment	8,15	**(44,847)**	(41,261)
Amortization of intangible assets	9	**(3,447)**	(1,218)
Net foreign exchange gains		**164,634**	91,363
Other income	14	**67,603**	9,689
Profit before tax		**4,121,336**	3,152,683
Income tax expense	17	**(1,206,469)**	(608,634)
Profit for the period		**2,914,867**	2,544,049
Other comprehensive income, net of income tax			
Exchange differences on translating foreign operations		**12,549**	-
Total comprehensive income		**$ 2,927,416**	$ 2,544,049
Earnings per share – Profit for the period	18		
Basic		**$0.114**	$ 0.101
Diluted		**$0.111**	$ 0.098

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

QUESTOR TECHNOLOGY INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Stated in Canadian dollars

	Issued capital	Reserves	Retained earnings	Cumulative Translation Adjustment	Total equity
Balance at January 1, 2014	**$ 5,636,119**	**$ 703,156**	**$ 4,826,280**	**$ -**	**$ 11,165,555**
Profit and total comprehensive income	**-**	**-**	**2,914,867**	**-**	**2,914,867**
Recognition of share-based payments	**-**	**288,742**	**-**	**-**	**288,742**
Issue of ordinary shares under employee share option plan	**298,585**	**(116,610)**	**-**	**-**	**181,975**
Translation of foreign operations	**-**	**-**	**-**	**12,549**	**12,549**
Balance at December 31, 2014	**$ 5,934,704**	**$ 875,288**	**$ 7,741,147**	**$ 12,549**	**$ 14,563,688**
Balance at January 1, 2013	$ 5,521,001	$ 676,834	$ 2,282,231	$ -	$ 8,480,066
Profit and total comprehensive income	-	-	2,544,049	-	2,544,049
Recognition of share-based payments	-	72,814	-	-	72,814
Issue of ordinary shares under employee share option plan	115,118	(46,492)	-	-	68,626
Balance at December 31, 2013	$ 5,636,119	$ 703,156	$ 4,826,280	$ -	$ 11,165,555

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

QUESTOR TECHNOLOGY INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Stated in Canadian dollars

For the years ended December 31	Notes	**2014**	2013
Cash flows from (used in) operating activities			
Profit and total comprehensive income for the year		**$ 2,927,416**	$ 2,544,049
Adjustments for:			
Income tax expense	17	**1,206,469**	608,634
Loss/(gain) on disposal of property and equipment	8	**-**	(14,457)
Depreciation of property and equipment	8,15	**342,493**	300,473
Amortization of intangible assets	9	**3,447**	1,218
Net unrealized foreign exchange losses		**178,246**	31,162
Expense recognized in respect of equity-settled share-based payments	12, 16	**288,742**	72,814
Funds flow from operations		**4,946,813**	3,543,893
Movements in non-cash working capital	21	**(3,434,516)**	(391,512)
Cash generated from operations		**1,512,297**	3,152,381
Income taxes paid		**(1,145,887)**	(100,111)
Net cash generated from operating activities		**366,410**	3,052,270
Cash flows (used in) from investing activities			
Payments for property and equipment	8	**(217,330)**	(206,491)
Payments for intangible assets	9	**(1,089,908)**	(18,810)
Payments to acquire a business	4	**(1,000,710)**	-
Proceeds from disposal of property and equipment	8	**-**	28,550
Net cash used in investing activities		**(2,307,948)**	(196,751)
Cash flows from financing activities			
Proceeds from issue of ordinary shares under employee share option plan	16	**181,975**	68,625
Net cash from financing activities		**181,975**	68,625
Net (decrease)/increase in cash and cash equivalents		**(1,759,563)**	2,924,144
Cash and cash equivalents at beginning of the year		**7,323,303**	4,405,624
Effects of exchange rate changes on the balance of cash held in foreign currencies		**76,830**	(6,465)
Cash and cash equivalents at end of the year		**$ 5,640,570**	$ 7,323,303

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

QUESTOR TECHNOLOGY INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Stated in Canadian dollars except share data or where otherwise specified

1. DESCRIPTION OF BUSINESS

Questor Technology Inc. ("Questor" or the "Company") is incorporated in Canada under the Business Companies Act (*Alberta*) and its common shares are traded on the TSX Venture Exchange under the symbol "QST". In January 2014, the Company acquired ClearPower Systems, Inc. ("ClearPower") a business incorporated in the United States ("US") under the laws of the State of Delaware. ClearPower's results and financial position are consolidated in these consolidated financial statements in Canadian dollars (See Note 2). The address of the Company's corporate and registered office is 1121, 940 – 6th Avenue S.W., Calgary, Alberta, Canada, T2P 3T1. The Company also has a field office in Grande Prairie, Alberta. ClearPower has operations in the states of Florida and Nevada.

Questor is an international environmental oilfield services provider focused on clean air technologies with activities in Canada, the United States, Europe and Asia. The principal business activities are designing and manufacturing high combustion efficiency waste gas incinerators for sale or for use on a rental basis and providing combustion-related oilfield services. With the acquisition of ClearPower, the Company also expects to operate in the area of generating power from waste heat.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are effective or available for adoption on December 31, 2014.

These consolidated financial statements were authorized for issue by the Board of Directors on April 27, 2014.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars which is the Company's functional currency. The functional currency of the Company's subsidiary, ClearPower Systems, Inc. is the U.S. dollar.

Accounting estimates and judgments

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses for the periods presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements in applying accounting policies and other key sources of estimation uncertainty at the end of the reporting period that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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 assets and management's estimates of the useful life, pattern of consumption of future economic benefits and residual values of the Company's property and equipment and intangible assets. These estimates affect the carrying amount of property and equipment and intangible assets and are disclosed in notes 8 and 9, respectively.

Impairment of non-financial assets

The determination of whether indicators of impairment exist and the aggregation of assets into cash-generating units ("CGU's") based on their ability to generate independent cash flows are subject to management's judgment. The recoverable amounts used for impairment calculations require estimates of future cash flows related to the assets or CGU's and estimates of discount rates applied to these cash flows.

As at December 31, 2014 and December 31, 2013 management determined that there were no indicators of impairment present.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Determining the fair value of such share-based awards requires judgment as to the appropriate valuation model and the inputs for the model require assumptions including the rate of forfeiture of options granted, the expected life of the option, the expected volatility of the Company's share price, the risk-free interest rate and expected dividends. The assumptions and models used by management to determine the fair value of share options are disclosed in note 16.

Taxation

The calculations for current and deferred taxes require management's interpretation of tax regulations and legislation in the various tax jurisdictions in which the Company operates, which are subject to change. The measurement of deferred tax assets and liabilities requires estimates of the timing of the reversal of temporary differences identified and management's assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire, which involves estimating future taxable income.

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.

Other

Other areas where the Company has made subjective estimates and judgments as a result of matters that are inherently uncertain, but which are not anticipated to have a significant risk of causing a material adjustment, are the fair value of financial instruments, revenue recognition by reference to the stage of completion of the contract, allowances for uncollectible trade receivables, likelihood of loss from litigation and estimates for warranty costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are considered to be significant and have been applied consistently by the Company to all periods presented in these consolidated financial statements.

Foreign currencies

Transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit and total comprehensive income in the period in which they arise.

Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term investments with original maturities of three months or less.

Inventories

Inventories consist of materials and supplies used in operations and in the fabrication of incinerators, work in progress and finished goods. Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a first-in-first-out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the construction or acquisition of the asset.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recorded so as to recognize the cost or valuation of assets (other than capital projects in progress) less their residual values over their useful lives, using the method specified for the particular assets:

Asset	Rate	Method
Rental incinerators	5 – 20 years	Straight-line
Detachable trailers for rental incinerators	10 years	Straight-line
Vehicles and utility trailers	30%	Declining balance
Tools and equipment	20%	Declining balance
Leasehold improvements	Shorter of estimated useful life and lease term	Straight-line
Office furniture and equipment	20%	Declining balance
Computer hardware and embedded systems software	30%	Declining balance

When a property and equipment asset has significant components with different useful lives, each significant component is depreciated separately. Such is the case for rental incinerators.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Repairs and maintenance costs that do not improve or extend productive life are recognized in profit or loss in the period in which the costs are incurred.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Questor filed its Canadian patent on November 3, 1999 and received approval on May 1, 2007, at which time amortization commenced. This patent will remain in effect until November 2, 2019 at which time the associated costs will be fully amortized.

Management commissioned the development of a set of drawings for the fabrication of trailers for certain sized incinerators such that movement from site to site can be easily achieved in incinerator rental situations.

Internally-generated intangible assets - Research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives, such as deferral of cash payments, are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Warranties

Provisions for the expected cost of warranty obligations are recorded in cost of sales at the date of sale of the incinerator. The provision is estimated based on a number of factors including historical warranty claims and cost experience, the type and duration of warranty coverage and the nature of products sold and in service. The Company reviews its recorded product warranty provisions quarterly and any adjustment is recorded in cost of sales.

Revenue recognition

Revenue is measured at the fair value of consideration received or receivable, net of sales tax, trade discounts, rebates and similar allowances.

The revenue recognition criteria set out below is applied to the separately identifiable component of a single transaction in order to reflect the substance of the transaction. The consideration received from the transaction is allocated to the separately identifiable components based on the relative fair value of each component.

Revenue is recognized when the criteria specific to each separately identifiable component is met and the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sale of goods

Revenue from the sale of incinerators and parts is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods. Significant risks and rewards are generally considered to be transferred to the buyer when the goods are delivered and legal title has passed.

In general, the Company has no further performance obligations other than those under its standard warranty.

Rendering of services

Revenue from incinerator rentals and the provision of incinerator and combustion services is recognized by reference to the stage of completion of the contract.

Incinerator rental income
Revenue from incinerator rentals is recognized on a straight-line basis over the term of the rental agreement.

Amounts received from customers for use of an incinerator on a trial basis are reflected in the accounts as deferred revenue and deposits until the trial period ends and the nature of the revenue is determined.

Incinerator and combustion services
The stage of completion of the contract is determined as follows:

- Installation fees are recognized by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period; and
- Revenue from time and material contracts is recognized at the contractual rates as labour hours and direct expenses are incurred.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Government assistance

Government grants and investment tax credits are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants and/or investment tax credits will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes the related costs for which the grants are intended to compensate as expenses.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

Investment tax credits on Scientific Research and Experimental Development (“SR&ED”) expenditures are reflected in the accounts as deductions from development costs when the expenditures giving rise to the investment tax credits have been capitalized. Otherwise, investment tax credits on SR&ED expenditures are recorded as other income.

Cost of sales

Cost of sales includes direct materials, direct labour, warranties and indirect overhead related to the field office and depreciation relating to the rental incinerators, detachable trailers for rental incinerators, vehicles and utility trailers and tools and equipment as well as the cost of share based payment arrangements for employees in the field.

Employee benefits

Post-employment benefits

The Company does not provide post-employment benefits.

Short-term benefits

Short-term benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 16.

The fair value determined at the grant date of the equity-settled share-based payments is recognized as an employee expense, with a corresponding increase in equity, over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized as they accrue, in profit or loss using the effective interest method.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of common shares outstanding during the year.

Diluted earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares. The weighted average number of common shares outstanding is increased by the total number of additional common shares that would have been issued by the Company assuming exercise of all share options with exercise prices below the average market price for the year.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

The Company's financial assets and financial liabilities are classified into the following categories:

Financial asset/liability	Classification	Measurement
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Trade payables, accrued liabilities and provisions	Other financial liabilities	Amortized cost

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Company has designated its cash and cash equivalents and trade and other receivables as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

The Company has no fair value through profit or loss, held-to-maturity or available-for-sale financial assets.

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

The Company has designated its trade payables, accrued liabilities and provisions as other financial liabilities. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Company has no financial liabilities at fair value through profit or loss.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative financial instruments and hedge accounting

To date, Questor has not utilized hedges or other derivative financial instruments in its operations.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Impairment

Financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of the an allowance or provision for impairment account. Such a provision is established when there is reasonable expectation that the company will not be able to collect all amounts due. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets, other than inventories and deferred taxes, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, limited such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

New accounting policies

As of January 1, 2014, the Company adopted new IFRS standards and amendments in accordance with the transitional provisions of each standard. A brief description of each new standard and its impact on the Company's financial statements follows:

IFRS 10 Consolidated Financial Statements, which establishes principles for the preparation and presentation of consolidated financial statements when an entity controls one or more other entities.

IAS 32, Financial Instruments Presentation – in December 2011, the IASB issued amendments to address inconsistencies when applying the offsetting criteria outlined in this standard. These amendments clarify certain required criteria be met in order to permit the offsetting of financial assets and financial liabilities.

IAS 36, Impairment of Assets - amended in May 2013 to limit the situations in which disclosure of the recoverable amount of Cash Generating Units (CGU) is required and provides greater clarity to the disclosure requirements applicable when an impairment loss has been recognized or reversed in the period.

IFRIC 21, Levies - clarifies that an entity is obligated to record a liability at the time in which the activity that triggers the levy took place and should not be recognized before the specified minimum threshold to trigger that levy has been met. The interpretation clarifies that a levy liability is accrued prospectively only if the activity that triggers the payment occurs over a period of time.

The adoption of these amendments or interpretations did not have a material impact on the consolidated financial statements.

New and revised IFRSs issued in 2014 but not yet effective

IFRS 15 *Revenue from Contracts with Customers*

The new standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It supersedes the IASB's current revenue recognition guidance including IAS 18 *Revenue,* IAS 11 *Construction Contracts,* and related interpretations.

The core principle of the new standard is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

IFRS 15 was issued in May 2014 and applies to reporting periods on or after January 1, 2017 with earlier adoption permitted. The Company has not determined at this time what impact, if any, adopting the new standard will have on its consolidated financial statements.

Amendments to IFRS 11 *Joint Arrangements: Accounting for Acquisition of Interests in Joint Operations*

The objective of the amendment is to add new guidance to IFRS 11 on accounting for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3 *Business Combinations.* Acquirers of such interest are to apply the relevant principles on business combination accounting in IFRS 3 and other standards, as well as disclosing the relevant information specified in these standards for business combinations. The most significant impact will be on the recognition of goodwill, if applicable, and the recognition of deferred tax assets and liabilities.

The amendments were issued in May 2014 and apply to reporting periods on or after January 1, 2016 with earlier adoption permitted. The Company has not determined at this time what impact, if any, adopting the new amendments will have on its consolidated financial statements.

Amendments to IAS 16 *Property, Plant and Equipment,* and IAS 38 *Intangible* Assets: Clarification of Acceptable Methods of Depreciation and Amortization

In issuing the amendments, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefit embodied in an intangible asset. This presumption can only be rebutted in two limited circumstances: (a) the intangible asset is expressed as a measure of revenue and (b) the revenue and consumption of the intangible asset are highly correlated.

The amendments were issued in May 2014 and are to be applied prospectively and effective for annual reporting periods beginning on or after January 1, 2016 with earlier adoption permitted. The Company has determined that, based on its

current depreciation and amortization policies, the amendments will not have any effect on its consolidated financial statements.

IFRS 9 *Financial Instruments*

The new standard outlines a comprehensive response for entities to use in accounting for financial instruments. It replaces the IASB's current IAS 39 *Financial Instruments: Recognition and Measurement*. The core principles of the new standard incorporate a single principle-based approach to classification and measurement, the introduction of a new, expected-loss impairment model for the recognition of expected credit losses, a reformed model for hedge accounting, derecognition, and changes to the so-called 'own credit' issue.

IFRS 9 was issued in July 2014 and applies to reporting periods on or after January 1, 2016 with earlier adoption permitted. The Company has not determined at this time what impact, if any, adopting the new standard will have on its consolidated financial statements.

Amendments to IFRS 14 *Regulatory Deferral Accounts*

The amendments are applicable to first-time adopters of IFRS with rate-regulated activities, permitting a transitional approach to regulatory deferral account balances.

The Company has determined that the amendments will not have any effect on its consolidated financial statements.

Amendments to IAS 16 *Property, Plant and Equipment,* and IAS 41 *Agriculture*

IAS 16 now includes bearer plants within its scope rather than IAS 41, allowing such assets to be accounted for as property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16.

The amendments were issued in June 2014 and are effective for annual reporting periods beginning on or after January 1, 2016, with earlier adoption permitted. The Company has determined that the amendments will not have any effect on its consolidated financial statements.

Amendments to IAS 27 *Equity Method in Separate Financial Statements*

In issuing the amendments, the IASB has reinstated the equity method as an accounting option for investment in subsidiaries, joint ventures and associates in an entity's separate financial statements. Separate financial statements are not required by IFRSs, but may be required by local regulation or other financial statement users to measure investments in subsidiaries, joint ventures and associates. The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

i) at cost,

ii) in accordance with IFRS 9 *Financial Instruments*, or

iii) in accordance with IFRS 28 *Investment in Associates and Joint Ventures*.

The amendments were issued in August 2014 and are to be applied retrospectively and effective for annual reporting periods beginning on or after January 1, 2016 with earlier adoption permitted. The Company has determined that, at the present time, the amendments will not have any effect on its consolidated financial statements.

Amendments to IFRS 10 *Consolidated Financial Statements,* and IAS 28 *Investments in Associates and Joint Ventures*

Amendments to IFRS 10 and IAS 28 are based on the IASB's publication of '*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*' to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

The amendments were issued in September 2014, are to be applied prospectively, and are effective for annual reporting periods beginning on or after January 1, 2016, with earlier adoption permitted. The Company has determined that, at this time, the amendments will not have any effect on its consolidated financial statements.

Annual Improvements to IFRSs 2012-2014 Cycle

The IASB's Annual Improvements Cycle 2012-2014 was issued in September 2014 and makes amendments to the following four standards:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

IFRS 7 Financial Instruments: Disclosures

IAS 19 Employee Benefits

IFRS 34 Interim Financial Reporting

The amendments are effective for annual reporting periods beginning on or after January 1, 2016, with earlier adoption permitted. Entities are permitted to early adopt any individual amendment without early adopting all other amendments.
The Company has determined that, at this time, the amendments will not have any effect on its consolidated financial statements.

IAS 1 *Presentation of Financial Statements*

On December 18, 2014, the IASB amended certain disclosure requirements within IAS 1, as part of a broad, ambitious review of disclosure requirements and professional judgments as part of a '*Disclosure Initiative'* project. The amendments clarify:

- Immaterial information can detract from useful information,
- Materiality applies to the whole of the financial statements,
- Materiality applies to each disclosure requirement in an IFRS,
- Removing an interpretation as to any specific order of the notes in the financial statements,
- Flexibility & judgments related to accounting policy disclosures.

The amendments are to be applied prospectively, and are effective for annual reporting periods beginning on or after January 1, 2016, with earlier adoption permitted. The Company has determined that, at this time, the amendments will not have any effect on its consolidated financial statements.

Amendments to IFRS 10 *Consolidated Financial Statements, IFRS 12 Disclosure of Interest in Other Entities* and IAS 28 *Investments in Associates and Joint Ventures*

Amendments to IFRS 10, IFRS 12 and IAS 28 were issued on December 18, 2014 and address issues in applying the consolidation exception for investment entities. The amendments clarify exemptions from preparing consolidated financial statements for an intermediate parent entity, a subsidiary providing related services, application issues of the equity method to an associate or a joint venture and additional disclosure requirements under IFRS 12 for investment entities measuring all subsidiaries at fair value.

4. BUSINESS COMBINATION

On January 31, 2014 Questor completed the acquisition of 100% of the outstanding shares of ClearPower Systems Inc., a Delaware company with prototype technology that uses waste heat to generate power. Total consideration paid was $900,000 USD ($1,000,710 CAD) cash. The allocation of the total consideration to the net assets acquired is summarized below:

Assets acquired and liabilities recognized at the date of the acquisition:

Non-current assets

Prototype unit	$ 159,268
Intangible assets	154,044
	$ 313,312

Consideration transferred	$ 1,000,710
Less: Fair value of identifiable nets assets acquired	313,312
Goodwill arising on acquisition	$ 687,398

ClearPower has continued to engineer and refine the design of the prototype on a contract basis for Questor during 2014 incurring additional costs of $1,089,908, after eliminating all intercompany profits, which have been capitalized as intangible assets.

In the Consolidated Statements of Comprehensive Income acquisition related costs amounting to $13,841 have been expensed in the current year within the "administration expenses" line item.

Net cash outflow on acquisition of subsidiaries

Consideration paid in cash	$ 1,000,710
Less: cash and cash equivalent balances acquired	-
	$ 1,000,710

5. CASH AND CASH EQUIVALENTS

The Company's cash balances at December 31, of which those held in foreign currencies are reported at their Canadian dollar equivalent, are as follows:

As at December 31	**2014**	2013
United States dollars	**$ 790,491**	$ 464,614
Euros	**11,521**	11,485
Other non-Canadian currencies	**65**	65
	802,077	476,164
Canadian dollars	**4,838,493**	6,847,139
	$ 5,640,570	$ 7,323,303

The Company's exposure to interest rate and foreign currency risks and sensitivity analysis for financial assets is discussed in note 23.

6. TRADE AND OTHER RECEIVABLES

As at December 31	**2014**	2013
Trade receivables	**$ 3,039,228**	$ 2,484,152
Other receivables	**20,771**	379,105
	3,059,999	2,863,257
Allowance for doubtful accounts	**(15,000)**	-
	$ 3,044,999	$ 2,863,257

The Company's exposure to credit and foreign currency risks is discussed in note 23.

7. INVENTORIES

As at December 31	**2014**	2013
Materials and supplies	**$ 112,593**	$ 88,393
Work in progress	**2,097,949**	2,199,634
Finished goods	**-**	71,249
	$ 2,210,542	$ 2,359,276

Inventory costs included in cost of sales:

For the years ended December 31	**2014**	2013
Expensed inventories	**$ 3,921,858**	$3,416,418

8. PROPERTY AND EQUIPMENT

	Rental incinerators	Detachable trailers for rental incinerators	Vehicles and trailers	Tools and equipment	Waste heat to power generation units	Leasehold improve-ments	Office furniture and equipment	Computer hardware and software	Capital projects in progress	Total
Balance at January 1, 2013	$ 2,359,640	$ 287,009	$ 218,417	$ 50,604	$ -	$ 176,867	$ 48,242	$ 48,113	$ 270,295	$ 3,459,187
Additions	20,189	4,000	86,104	4,690	-	-	-	9,084	82,424	206,491
Transfers	-	-	-	-	-	-	-	-	(352,719)	(352,719)
Disposals:										
To third parties[1]	(819,499)	-	(111,814)	-	-	-	-	-	-	(931,313)
Balance at December 31, 2013	1,560,330	291,009	192,707	55,294	-	176,867	48,242	57,197	-	2,381,646
Business combination	-	-	-		159,268	-	-	-	-	159,268
Additions	47,477	-	124,061	9,718	-	-	11,248	24,826	-	217,330
Transfers	2,118,079	(4,000)	4,000	-	-	-		-	-	2,118,079
Disposals:										
To third parties	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2014	**$ 3,725,886**	**$ 287,009**	**$ 320,768**	**$ 65,012**	**159,268**	**$ 176,867**	**$ 59,490**	**$ 82,023**	**$ -**	**$4,876,323**
Accumulated depreciation										
Balance at January 1, 2013	$ 654,325	$ 209,465	$ 173,121	$ 29,121	-	$ 49,120	$ 18,290	$ 30,216	-	$ 1,163,658
Depreciation charges included in:										
Cost of sales	206,789	21,510	26,538	4,374	-	-	-	-	-	259,211
Depreciation expense	-	-	-	-	-	29,472	5,470	6,320	-	41,262
Disposals:										
To third parties	(240,831)	-	(97,720)	-	-	-	-	-	-	(338,551)
Balance at December 31, 2013	620,283	230,975	101,939	33,495	-	78,592	23,760	36,536	-	1,125,580
Depreciation charges included in:										
Cost of sales	210,227	34,567	47,762	5,090	-	-	-	-	-	297,646
Depreciation expense	-	-	-	-	-	29,472	5,380	9,995	-	44,847
Disposals:										
To third parties	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2014	**$ 830,510**	**$ 265,542**	**$ 149,701**	**$ 38,585**	**$ -**	**$ 108,064**	**$ 29,140**	**$ 46,531**	**-**	**$ 1,468,073**
Carrying amounts										
At December 31, 2013	$ 940,047	$ 60,034	$ 90,768	$ 21,799	$ -	$ 98,275	$ 24,482	$ 20,661	$ -	$ 1,256,066
At December 31, 2014	**$ 2,895,376**	**$ 21,467**	**$ 171,067**	**$ 26,427**	**$ 159,268**	**$ 68,803**	**$ 30,350**	**$ 35,492**	**$ -**	**$ 3,408,250**

[1] When an incinerator from the rental fleet is sold to a customer, the depreciated cost of the incinerator is transferred from Property and equipment to Work in progress. These costs, plus any additional costs to ready the unit for the customer are transferred to Finished goods when completed and then to Cost of sales once the incinerator is transported to the customer's site.

During the year ended December 31, 2014, expenditures of $217,330 included additions to incinerator rental units of $47,477. The balance of the expenditures included $124,061 for new service vehicles and trailer related expenditures, $24,826 for additions to the Company's computing hardware and software, $9,718 for new tools and $11,248 for office furniture and equipment at the Grande Prairie location. The Company also transferred costs of $2,118,079 from Work in progress to Finished goods and then to Property and equipment for units that were designated as rental units during the year. No units previously designated as rental units were sold during 2014.

During the year ended December 31, 2013 expenditures of $206,491 included additions to incinerator rental units of $20,189. The balance of the expenditures included $86,104 for new service vehicles, $ 4,000 related to movement of one of the Company's trailers to a site to have drawings developed, $9,084 for computer hardware and software and $4,690 for new tools. The Company also reclassified $352,719 of costs on Capital projects in progress to Work in progress to accommodate the delivery timing of incinerator sales orders for which the incinerators under construction for purposes of capital additions were suitable. In addition, the Company transferred net costs of $578,668 during the year, for units that were previously rented out but which met the criteria for size and timing for sales to customers, from Property and equipment to Cost of sales. The Company disposed of a service vehicle with a net book value of $5,347 for proceeds of $5,000, resulting in a net loss on disposition of $347 and received insurance proceeds of $23,550 as a result of one of the vehicles at the Grande Prairie operation being involved in an accident and determined to be a write off by the insurance company, resulting in a gain of $14,804.

9. INTANGIBLE ASSETS

	Development Costs	Patents	Drawings	Total
Balance at January 1, 2013	$ 277,796	$ 15,225	$ -	$ 293,021
Additions	-	-	18,810	18,810
Balance at December 31, 2013	277,796	15,225	18,810	311,831
Business combination (Note 4)	**-**	**-**	**154,044**	**154,044**
Additions	**-**	**-**	**1,089,908**	**1,089,908**
Balance at December 31, 2014	**$ 277,796**	**$ 15,225**	**$ 1,262,762**	**$ 1,555,783**
Accumulated Amortization				
Balance at January 1, 2013	$ 277,796	$ 6,902	$ -	$ 284,698
Amortization expense	-	1,218	-	1,218
Balance at December 31, 2013	277,796	8,120	-	285,916
Amortization expense	**-**	**1,218**	**2,229**	**3,447**
Balance at December 31, 2014	**$ 277,796**	**$ 9,338**	**$ 2,229**	**$ 289,363**
Carrying Amounts				
At December 31, 2013	$ -	$ 7,105	$ 18,810	$ 25,915
At December 31, 2014	**$ -**	**$ 5,887**	**$ 1,260,533**	**$ 1,266,420**

10. TRADE PAYABLES, ACCRUED LIABILITIES AND PROVISIONS

As at December 31	**2014**	2013
Trade payables	**$ 545,912**	$ 1,252,012
Accrued liabilities	**611,512**	488,787
Provisions	**5,460**	5,460
	$ 1,162,884	$ 1,746,259

The Company's exposure to liquidity and foreign currency risks related to trade payables, accrued liabilities and provisions is discussed in note 23.

11. SHORT-TERM BORROWINGS

The Company has available a revolving demand operating loan to a maximum of $560,000, the availability of which is subject to specified margin requirements. The revolving demand operating loan bears interest at bank prime plus 1 percent per annum. The Company has provided a general security agreement and an assignment of insurance proceeds as security. Up to $100,000 of this loan is available to secure the issue of letters of credit and/or letters of guarantee for suppliers. At December 31, 2014 the Company had outstanding on this facility a Letter of Guarantee in an amount of $40,000 as a performance bid bond to an entity in a foreign country relating to the potential sale of two incinerators. The Letter of credit expired March 1, 2015. In 2013, no amounts were drawn on this facility and the Company had no letters of credit and/or letters of guarantee outstanding.

The Company has a demand revolving foreign exchange facility established to a maximum of USD 630,000 to purchase foreign forward exchange contracts in order to hedge against currency fluctuations. This facility is secured by a general security agreement and an assignment of insurance proceeds. The availability of this facility is also subject to the Company meeting certain financial covenants. No amounts have been drawn on this facility to date.

None of the borrowing facilities are subject to standby fees and there is no specified facility expiration or renewal date.

All of the borrowing facilities have financial tests and other covenants customary for these types of facilities. At the end of each fiscal quarter the Company's debt-to-tangible-net-worth must be less than 2.5 and the Company's working capital ratio must be greater than 1.25. At the end of each fiscal year, Questor's debt service coverage ratio must be in excess of 1.25.

12. ISSUED CAPITAL

Authorized

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

Shares issued and outstanding	Number of shares	Share capital
Shares issued and outstanding January 1, 2013	25,007,370	$ 5,521,001
Issue of ordinary shares under employee share option plan	225,000	115,118
Shares issued and outstanding, December 31, 2013	25,232,370	5,636,119
Issue of ordinary shares under employee share option plan	**607,500**	**298,585**
Shares issued and outstanding, December 31, 2014	**25,839,870**	**$ 5,934,704**

Share options granted under the Company's employee share option plan

The Company has a share option plan under which directors, officers, key employees and consultants of Questor are eligible to receive grants at market prices. Options may be granted to purchase authorized but unissued common shares of the Company to a maximum of 4,708,474 shares. Options granted under the plan have a term of five years to expiry and one quarter of the options vest on each of the first, second, third and fourth anniversary dates of the grant date on a cumulative basis.

At December 31, 2014, directors, officers, key employees and consultants held options of 1,180,500 ordinary shares of the Company (2013 - 1,400,000).

Share-based payment costs for the year ended December 31, 2014 were $288,742 (2013 - $72,814). Of this amount, $6,123 (2013 - $9,265) was included in cost of sales and the balance in administration expenses.

Further details of the employee share option plan are provided in notes 13 and 16.

13. RESERVES

For the years ended December 31	**2014**	2013
Reserves at beginning of the year	**$ 703,156**	$ 676,834
Recognition of share-based payments	**288,742**	72,814
Issue of ordinary shares under employee share option plan	**(116,610)**	(46,492)
Reserves at end of the year	**$ 875,288**	$ 703,156

14.REVENUE AND OTHER INCOME

The following is an analysis of the Company's revenue:

For the years ended December 31	2014	2013
Sale of goods	**$ 8,906,976**	$ 8,122,255
Rendering of services		
Incinerator rental income	**2,746,721**	1,050,679
Incinerator and combustion services	**761,196**	402,016
	$ 12,414,893	$ 9,574,950

The following is an analysis of the Company's Other income:

For the years ended December 31	2014	2013
Government assistance	**$ 20,750**	$ -
Net interest income	**42,023**	4,114
Other	**4,830**	5,575
	$ 67,603	$ 9,689

15. NATURE OF EXPENSES

The nature of the Company's expenses is as follows:

For the year ended December 31, 2014	**Cost of sales**	**Administration expenses**	**Total**
Employee costs excluding share-based payments	**$ 583,046**	**$ 1,096,229**	**$ 1,677,601**
Share-based payments	**6,123**	**282,619**	**288,742**
Depreciation	**297,646**	**44,847**	**342,493**
Direct materials, warranties and indirect overhead related to the field office	**5,202,135**		**5,272,032**
Other	**-**	**1,009,702**	**996,376**
	$ 6,088,950	**2,433,397**	**8,621,740**

For the year ended December 31, 2013	Cost of sales	Administration expenses	Total
Employee costs excluding share-based payments	631,914	872,972	1,504,886
Share-based payments	9,265	63,549	72,814
Depreciation	259,212	41,261	300,473
Direct materials, warranties and overhead related to the field office	3,948,983	-	3,948,983
Other		709,402	709,402
	4,849,374	1,687,184	6,536,558

16. SHARE-BASED PAYMENTS

The Board of Directors has adopted and approved a share option plan for the directors, officers, consultants and key employees and affiliates of the Company. The share option plan was approved by the shareholders of the Company on June 15, 2001 and as amended on June 3, 2005.

Each employee share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The Board grants share options from time to time based on its assessment of the appropriateness of doing so in light of the long-term strategic objectives of the Company, its current stage of development, the need to retain or attract particular key personnel, the number of share options already outstanding and overall market conditions.

The following share-based payment arrangements were in existence at December 31, 2014 and 2013:

At December 31, 2014:

Number outstanding	**Grant date**	**Expiry date**	**Remaining contractual life[1]**	**Exercise price**	**Fair value at grant date**	**Number exercisable**
25,000	**26-Apr-11**	**26-Apr-16**	**1.32**	**0.2250**	**0.1585**	**-**
505,000	**25-Apr-12**	**25-Apr-17**	**2.32**	**0.2800**	**0.1953**	**155,000**
262,500	**25-Apr-13**	**25-Apr-18**	**3.32**	**0.5300**	**0.3685**	**-**
348,000	**15-Apr-14**	**15-Apr-19**	**4.29**	**2.4800**	**1.7631**	**-**
40,000	**9-Jun-14**	**9-Jun-19**	**4.44**	**3.9900**	**2.7769**	**-**
1,180,500			**3.17**	**$ 1.1087[2]**		**155,000**

[1] *Weighted average number of years.*
[2] *Weighted average.*

At December 31, 2013:

Number outstanding	Grant date	Expiry date	Remaining contractual life[1]	Exercise price	Fair value at grant date	Number exercisable
125,000	01-May-09	01-May-14	.33	0.2500	0.1868	125,000
100,000	26-Apr-10	26-Apr-15	1.32	0.2700	0.1905	75,000
25,000	15-Oct-10	15-Oct-15	1.79	0.2350	0.1644	-
100,000	26-Apr-11	26-Apr-16	2.32	0.2250	0.1585	50,000
700,000	25-Apr-12	25-Apr-17	3.32	0.2800	0.1953	175,000
350,000	25-Apr-13	25-Apr-18	4.32	0.5300	0.3685	-
1,400,000			3.06	$ 0.3344[2]		425,000

[1] *Weighted average number of years.*
[2] *Weighted average.*

The fair value of each option granted was estimated on the date of the grant using the Black-Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

Inputs to the model	Grant date for options issued in 2014 and 2013		
	9-June-14	**25-Apr-14**	26-Apr-13
Grant date share price[(1)]	**3.9900**	**2.4800**	**0.5300**
Exercise price ($)	**3.9900**	**2.4800**	**0.5300**
Expected volatility (%)	**90.00**	**90.00**	**90.00**
Expected life (years)	**5.00**	**5.00**	**5.00**
Expected dividend yield (%)	**0.00**	**0.00**	**0.00**
Risk-free interest rate (%)	**1.31**	**1.47**	**1.21**
Forfeiture rate (%)[(2)]	**9.40**	**9.40**	**9.40**

(1) *Weighted average of closing market prices of the common shares on the TSX Venture Exchange on the dates of grant or the first trading day immediately following the dates of grant if no common shares traded on the grant dates.*
(2) *A forfeiture rate is estimated for the number of options expected to vest. Consequently, the Company has adjusted its share-based payments to reflect a forfeiture rate estimate.*

The share options outstanding and exercisable at the beginning and end of the years ended December 31 are as follows:

	Options Outstanding			
	2014		2013	
	Number	**Exercise price[(1)]**	Number	Exercise price[(1)]
Balance at beginning of the year	**1,400,000**	**0.3344**	1,275,000	0.2755
Granted	**388,000**	**2.6357**	450,000	0.5300
Forfeited	**-**	**-**	(100,000)	0.5300
Exercised	**(607,500)**	**0.2995**	(225,000)	0.3050
Expired	**-**	**-**	-	-
Balance at end of the year	**1,180,500**	**1.1087**	1,400,000	0.3344
Exercisable at end of the year	**155,000**	**0.2800**	425,000	0.2629

(1) *Weighted average.*

17. INCOME TAXES

The tax provision recorded in the consolidated financial statements differs from the amount computed by applying the combined Canadian federal and provincial income tax statutory rates to income before tax as follows:

For the years ended December 31	**2014**	2013
Profit before tax	**$ 4,121,336**	$ 3,152,683
Statutory income tax rate (%)	**25.457**	25.000
Expected taxes at statutory rate	**1,049,168**	788,171
Increase (decrease) in taxes resulting from:		
Permanent differences between accounting and tax basis of assets and liabilities	**83,234**	20,877
Non-taxable portion of net capital gains on disposals of property and equipment	**-**	(191,270)
Other	**74,067**	(9,144)
Income tax expense	**$ 1,206,469**	$ 608,634

The provision for income taxes is comprised of the following:

	2014	2013
Current	**$ 1,098,774**	$ 652,160
Deferred	**107,695**	(43,526)
Income tax expense	**$ 1,206,469**	$ 608,634

Questor's income taxes are calculated according to government tax laws and regulations which result in different values for certain assets and liabilities for income tax purposes than for financial statement purposes. The amounts shown on the statement of financial position as deferred tax assets and deferred tax liabilities represent the net difference between tax values and book carrying values at substantively enacted tax rates.

The Company offsets deferred assets and deferred liabilities for the statement of financial position presentation purposes because there is a legally enforceable right to set off income taxes levied by the same taxation authority on the same taxable entity.

Deferred tax assets/(liabilities) are composed of the following:

As at December 31	**2014**	2013
Development costs	**$ (28,086)**	$ 34,495
Property and equipment	**(163,735)**	(131,623)
Lease inducement	**30,334**	43,335
Deferred tax liabilities	**$ (161,487)**	$ (53,793)

18. EARNINGS PER SHARE

Basic earnings per share

For the years ended December 31	2014	2013
Profit for the period attributable to ordinary equity holders	**$ 2,914,867**	$ 2,544,049
Weighted average number of ordinary shares for the purposes of basic earnings per share	**25,579,034**	25,102,265
Basic earnings per share	**$ 0.114**	$ 0.101

Diluted earnings per share

For the years ended December 31	2014	2013
Profit for the period attributable to ordinary equity holders	**$ 2,914,867**	$ 2,544,049
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**26,355,613**	25,939,888
Diluted earnings per share	**$ 0.111**	$ 0.098

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

For the years ended December 31	2014	2013
Weighted average number of ordinary shares for the purposes of basic earnings per share	**25,579,034**	25,102,265
Shares deemed to be issued for no consideration in respect of employee options	**776,579**	837,623
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**26,355,613**	25,929,888

19. SEGMENTED INFORMATION

The Company reports its financial results as one reportable segment.

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

Revenue

For the years ended December 31	2014	2013
Canada	**$ 6,646,495**	$ 3,816,138
United States	**5,246,373**	4,653,016
Russia	**447,604**	621,999
Europe	**68,763**	483,797
Other	**5,658**	-
	$ 12,414,893	$ 9,574,950

The following table provides information regarding the location of the Company's property and equipment on a geographic basis as determined by the location of the customer or third party.

Property and equipment

As at December 31	**2014**	2013
Canada	**$ 1,778,156**	$ 1,224,463
United States	**1,630,094**	31,603
	$ 3,408,250	$ 1,256,066

All other of the Company's non-current assets are located in Canada.

20. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to:

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

The Company's strategy is formulated to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management but rather promotes year-over-year sustainable profitable growth. The Company is not subject to any externally imposed capital requirements other than the financial tests and covenants associated with its credit facilities as described in note 11. At December 31, 2014 and 2013, Questor was in compliance with these covenants.

The Company's capital structure consists of equity and cash. In order to maintain or alter the capital structure, the Company may adjust capital spending, refinance existing debt, raise new debt and issue common shares. It is expected, however, that Questor's funds generated from operations and cash amounts will provide sufficient capital resources and liquidity to fund existing operations in 2014 and anticipated capital expenditures.

A key measure the Company utilizes in evaluating its capital structure is the ratio of debt-to-total capitalization. Debt-to-total capitalization is calculated as debt divided by total capitalization. Debt is defined as total short- and long-term borrowings unadjusted for cash balances. Equity is defined as capital and reserves attributable to equity holders. Total capitalization is defined as the sum of debt unadjusted for cash balances and the book value of equity.

The debt-to-total capitalization ratio was as follows:

As at December 31	**2014**	2013
Short-term borrowings	**$ -**	$ -
Long-term borrowings	**-**	-
Debt	**-**	-
Equity	**14,563,688**	11,165,555
Total capitalization	**$ 14,563,688**	$ 11,165,555
Debt-to-total capitalization ratio (%)	**0.0**	0.0

21. MOVEMENTS IN NON-CASH WORKING CAPITAL

For the years ended December 31	**2014**	2013
Trade and other receivables	**$ (436,813)**	$ (583,475)
Inventories	**(1,969,344)**	(756,928)
Prepaid expenses and deposits	**4,495**	(35,784)
Trade payables, accrued liabilities and provisions	**(581,189)**	852,054
Net current tax excluding income tax	**(147,307)**	(138,122)
Deferred revenue and deposits	**(252,356)**	250,151
Lease inducement	**(52,002)**	20,592
	$ (3,434,516)	$ (391,512)

22. FINANCIAL INSTRUMENTS

The Company's financial instruments consist, from time to time, of cash and cash equivalents, short-term investments, trade and other receivables, short-term and long-term borrowings and trade payables, accrued liabilities and provisions. The carrying amounts of the current financial assets and current financial liabilities recognized in the Company's consolidated financial statements at the end of each reporting period approximate their fair value due to their short period to maturity. At December 31, 2014 and 2013, there were no short-term or long-term borrowings outstanding. The Company did not hold or issue any derivative financial instruments during 2014 or 2013.

IFRS establishes a three-level hierarchy that prioritizes the inputs relative to the valuation techniques used to measure fair value. Fair values of assets and liabilities included in Level 1 of the hierarchy are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. Accordingly, the Company has categorized its financial instruments carried at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. At December 31, 2014 and 2013, Questor did not have any financial assets and liabilities measured at fair value on a recurring basis using Level 1, Level 2 or Level 3 inputs.

Financial assets are assessed for indicators of impairment at the end of each reporting period. At December 31, 2014 and 2013, there was no impairment required on any of the financial assets of the Company other than an allowance for doubtful accounts provision more fully described in note 23.

The Company is exposed to market risk and potential loss from changes in the value of financial instruments. These risks are described in note 23.

23. FINANCIAL RISK MANAGEMENT

The Company is exposed to credit risk, liquidity risk, and market price risk (interest rate and foreign currency) as a result of holding financial instruments.

Credit risk

Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. The credit risk relating to cash and cash equivalent balances is limited because the counterparty is a large commercial bank in Canada. Financial instruments that subject the Company to credit risk consist primarily of trade receivables. The amounts reported for trade receivables in the balance sheet are net of allowances for doubtful accounts and bad debts and the net carrying value represents the Company's maximum exposure to credit risk.

Trade receivables credit exposure is minimized by entering into transactions with creditworthy counterparties, requiring deposits for incinerator sales, requiring progress payments or letters of credit in respect of international sales and monitoring the age and balances outstanding on an ongoing basis. Most of the Company's credit exposures are with counterparties in the energy industry and are subject to normal industry credit risk. Payment terms with customers are 30 days from invoice date however industry practice can extend these terms.

Revenue from the top ten customers represented 87 percent of the Company's revenue in 2014 (2013 - 82 percent). Revenue from the largest customer represented 27 percent of the Company's revenue in 2014 (2013 - 24 percent).

The following table provides information regarding these revenues on a geographic basis as determined by the location of the customer or third party.

For the years ended December 31	**2014**	2013
Top ten customers		
Canada	**$ 5,296,351**	$ 2,334,615
United States	**5,113,188**	4,381,484
Russia	**392,412**	621,999
Europe	**-**	483,796
	$ 10,801,951	$ 7,821,894

For the years ended December 31	**2014**	2013

The following table sets forth details of the aging profile of trade and other receivables and the allowance for doubtful accounts:

As at December 31	**2014**	2013
Current and past due for less than 30 days	**$ 675,150**	$ 1,898,273
Past due for 31 – 60 days	**369,102**	388,874
Past due for 61 – 90 days	**209,590**	-
Past due for greater than 90 days	**1,785,390**	334,885
Billed receivables	**3,039,232**	2,622,032
Allowance for doubtful accounts	**(15,000)**	-
Billed receivables, net	**3,024,232**	2,622,032
Unbilled receivables	**20,767**	241,225
	$3,044,999	$ 2,863,257

Four customers represented 75 percent of the Company's total net trade and other receivables at December 31, 2014 (2013 – Three customers represented 71 percent).

Eighteen customers comprise the trade and other receivables amounts past due for greater than 90 days at December 31, 2014 (2013 - Thirteen customers).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company generally relies on, funds generated from operations and credit facilities to provide sufficient liquidity to meet budgeted operating requirements and to supply capital to finance the development of new clean air technologies or acquisitions.

At December 31, 2014 and 2013, the Company had the following contractual maturities with respect to non-derivative financial liabilities:

As at December 31	Maturity	**2014**	2013
Trade payables, accrued liabilities and provisions	Within 1 year	**$ 1,162,885**	$ 1,746,260
Current portion of lease inducement	Within 1 year	**52,002**	52,002
Current tax liabilities	Within 1 year	**417,647**	638,527
		$ 1,632,534	$ 2,384,787

The Company has sufficient working capital to meet obligations as they come due.

Foreign currency risk

Foreign currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company maintains cash balances and enters into transactions denominated in foreign currencies, principally in United States dollars, which exposes Questor to fluctuating balances and cash flows due to variations in foreign exchange rates.

The Canadian equivalent carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities was as follows:

As at December 31	**2014**	2013
Cash	**$ 790,491**	$ 476,164
Trade and other receivables	**785,786**	2,292,118
Monetary assets	**1,576,277**	2,768,282
Trade payables, accrued liabilities and provisions	**8,675**	63
Deferred revenue and deposits	**-**	252,356
Current tax liabilities	**54,001**	3,330
Monetary liabilities	**62,676**	255,749
Net monetary assets	**$ 1,513,601**	$ 2,512,531

Assuming all other variables remain constant, a fluctuation of +/- 5.0 percent in the exchange rate between the Canadian dollar and the foreign currencies would impact profit before tax by approximately $75,680 (2013 - $125,627).

To date, Questor has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates. However, the Company has a facility available to purchase foreign forward exchange contracts if required, as described in note 11.

24. COMMITMENTS

Leasehold improvements

On December 14, 2010, Questor executed an offer to lease new corporate office space in Calgary, Alberta, Canada for a six-year term commencing May 1, 2011. The offer contemplated Questor expending a minimum of $128,125 for leasehold improvements prior to commencement of the term for which the Company would receive gross rent abatement for 26 months. This lease inducement amounts to $121,337 as at December 31, 2014 (2013 - $173,339). The future minimum lease payments, inclusive of estimated operating costs, pursuant to this office space lease are included in the lease agreement commitments table below.

Lease agreements

Future minimum lease payments under operating leases for office spaces expiring April 30, 2017 and September 30, 2018, inclusive of estimated operating costs, are as follows:

As at December 31	**2014**	2013
2014	**$ -**	$ 345,690
2015	**357,168**	345,690
2016	**360,269**	348,790
2017	**257,750**	252,684
2018	**135,594**	134,354
	$ 1,110,781	$ 1,427,208

25. RELATED PARTY TRANSACTIONS

Key management personnel compensation

The Company defines key management personnel as being the directors, executive officers and other senior management personnel reporting directly to the President and Chief Executive Officer of the Company. In addition to their salaries and directors' fees, the Company also provides non-cash benefits including participation in the Company's share option plan, as described in notes 12 and 16.

The Company has entered into an employment agreement with an executive officer of the Company. In the event of termination without cause or resignation following constructive dismissal or change of control, the executive officer is entitled to any unpaid annual base salary and all accrued but unpaid bonuses and vacation pay through to the date of termination, a severance payment equal to 18 months of their annual base salary and accelerated vesting of any share options not then exercisable but which would have become exercisable within 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.

For the years ended December 31	**2014**	2013
Salaries, director's fees and other short-term employee benefits	**$ 1,046,105**	$ 701,210
Consulting services fees [(1)]	**14,535**	158,335
Share-based payments	**148,589**	72,814
	$ 1,209,229	$ 932,359

(1) *Before GST.*

There were no amounts owing at December 31, 2014 and 2013 with respect to the preceding key management personnel compensation.

Other key management personnel transactions

In the normal course of business, the Company may transact with related parties. These transactions are recorded at their exchange amounts which approximate fair value.

For the years ended December 31	**2014**	2013
Service vehicles and parts purchased at market rates from a Company owned by a director of the Company[1]	**$ -**	$ 87,348
	$ -	$ 87,348

[1] *Before GST.*