NOTE TO READER

In accordance with National Instrument 51-102 *Continuous Disclosure Obligations*, part 4, subsection 4.3(3)(a) released by the Canadian Securities Administrators, Questor Technology Inc. discloses that the Company's independent auditor has not reviewed the unaudited condensed consolidated financial statements for the three-month periods ended March 31, 2014 and 2013.

QUESTOR TECHNOLOGY INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Stated in Canadian dollars
Unaudited

As at	Notes	**March 31 2014**	December 31 2013
ASSETS			
Current assets			
Cash and cash equivalents	4	**$ 6,023,026**	$ 7,323,303
Trade and other receivables		**3,879,578**	2,863,257
Inventories	5	**2,347,975**	2,359,276
Prepaid expenses and deposits		**93,048**	124,163
Current tax assets		**-**	77,849
Total current assets		**$ 12,343,627**	12,747,848
Non-current assets			
Property and equipment	3,6	**1,533,329**	1,256,066
Intangible assets	3,7	**230,509**	25,915
Goodwill	2,3	**687,398**	-
Total non-current assets		**2,451,236**	1,281,981
Total assets		**$ 14,794,863**	$ 14,029,829
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables, accrued liabilities, provisions		**$ 1,768,737**	$ 1,746,259
Deferred revenue and deposits		**450,238**	252,356
Current portion of lease inducement		**52,002**	52,002
Current tax liabilities		**371,864**	638,527
Total current liabilities		**2,642,841**	$ 2,689,144
Non-current liabilities			
Deferred tax liabilities		**44,570**	53,793
Lease inducement		**108,336**	121,337
Total non-current liabilities		**152,906**	175,130
Total liabilities		**2,795,747**	$ 2,864,274
Capital and reserves			
Issued capital	8	**5,680,655**	5,636,119
Reserves		**692,081**	703,156
Retained earnings		**5,628,030**	4,826,280
Cumulative translation adjustment		**(1,650)**	-
Total equity		**11,999,116**	11,165,555
Total liabilities and equity		**$ 14,794,863**	$ 14,029,829

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

QUESTOR TECHNOLOGY INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Stated in Canadian dollars except per share data
Unaudited

For the three months ended March 31	Notes	**2014**	2013
Revenue	9	**$ 3,215,437**	$ 1,719,577
Cost of sales		**(1,772,896)**	(829,136)
Gross profit		**1,442,541**	890,441
Administration expenses		**(487,156)**	(353,550)
Net foreign exchange gains (losses)		**143,153**	44,997
Depreciation of property and equipment	6	**(11,965)**	(10,740)
Amortization of intangible assets		**(305)**	(305)
Other income		**2,700**	4,675
Profit before tax		**1,088,968**	575,518
Income tax expense		**(287,218)**	(158,434)
Profit for the period		**$ 801,750**	$ 417,084
Other comprehensive (loss) income, net of income tax			
Exchange differences on translating foreign operations		**(1,650)**	-
Total comprehensive income for the period		**$ 800,100**	$ 417,084
Earnings per share, Profit for the period	11		
Basic		**$ 0.032**	$ 0.017
Diluted		**$ 0.031**	$ 0.017

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

QUESTOR TECHNOLOGY INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Stated in Canadian dollars
Unaudited

	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	**-**	**-**	**801,750**	**-**	**801,750**
Recognition of share-based payments	**-**	**16,711**	**-**	**-**	**16,711**
Issue of ordinary shares under employee share option plan	**44,536**	**(27,786)**	**-**	**-**	**16,750**
Translation of foreign operations	**-**	**-**	**-**	**(1,650)**	**(1,650)**
Balance at March 31, 2014	**$ 5,680,655**	**$ 692,081**	**$ 5,628,030**	**$ (1,650)**	**$ 11,999,116**

	Issued Capital	Reserves	Retained Earnings	Cumulative Translation Adjustment	Total Equity
Balance at January 1, 2013	$ 5,521,001	$ 676,834	$ 2,282,231	$ -	$ 8,480,066
Profit and total comprehensive income	-		417,084	-	417,084
Recognition of share-based payments	-	18,796	-	-	18,796
Issue of ordinary shares under employee share option plan	-	-	-		-
Balance at March 31, 2013	$ 5,521,001	$ 695,630	$ 2,699,315	$ -	$ 8,915,946

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

QUESTOR TECHNOLOGY INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Stated in Canadian dollars
Unaudited

For the three months ended March 31	Notes	2014	2013
Cash flows from operating activities			
Profit and total comprehensive income		**$ 800,100**	$ 417,084
Adjustments for:			
Income tax expense		**287,218**	158,434
Depreciation of property and equipment	6	**65,595**	80,397
Amortization of intangible assets		**305**	305
Net unrealized foreign exchange (gains) losses		**85,136**	(12,611)
Expense recognized in respect of equity-settled share-based payments	8	**16,711**	18,796
		1,255,065	662,405
Movements in non-cash working capital	13	**(891,550)**	(156,651)
Cash generated from operations		**363,515**	505,754
Income taxes paid		**(583,871)**	-
Net cash (used in) generated from operating activities		**(220,356)**	505,754
Cash flows used in investing activities			
Payments for property and equipment		**(46,776)**	(90,355)
Payments for intangible assets		**(50,858)**	-
Acquisition of a business		**(1,000,710)**	-
Net cash used in investing activities		**(1,098,344)**	(90,355)
Cash flows from financing activities			
Proceeds from issue of ordinary shares under employee share option plan		**16,750**	-
Net cash generated from financing activities		**16,750**	-
Net (decrease) increase in cash		**(1,301,950)**	415,399
Cash and cash equivalents at beginning of the period		**7,323,303**	4,405,624
Effects of translation of foreign currency items		**1,673**	6,246
Cash and cash equivalents at end of the period		**$ 6,023,026**	$ 4,827,269

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

1. DESCRIPTION OF BUSINESS

Questor Technology Inc. ("Questor" or the "Company") is incorporated in Canada under the Business Corporations Act (*Alberta*) and its common shares are traded on the TSX Venture Exchange under the symbol "QST". The Company's recently acquired subsidiary – ClearPower Systems Inc. ("ClearPower") was incorporated in the US under the laws of the State of Delaware and is consolidated in these 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 operates in the area of generating power from waste heat.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These unaudited condensed consolidated financial statements are based on International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and have been prepared by management in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). The accounting policies and methods of computation used in preparing these unaudited condensed consolidated financial statements are consistent with those used in the preparation of the audited 2013 annual financial statements.

These unaudited condensed consolidated financial statements do not include all disclosures normally provided in annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2013.

These financial statements were authorized for issue by the Board of Directors on May 29, 2014.

Basis of preparation

<u>Basis of measurement</u>

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

<u>Functional and presentation currency</u>

These 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 United States dollar and its accounts have been translated into the Company's functional currency following the guidelines of IFRS.

<u>Accounting estimates and judgments</u>

In the application of the Company's accounting policies, which are described in note 3 to Questor's audited financial statements for the year ended December 31, 2013, the Company 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 financial statements, and the reported amounts of revenues and expenses for the periods presented. The critical judgements in applying accounting policy and other key sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities are described in note 2 to the Company's audited financial statements for the year ended December 31, 2013.

Principles of consolidation

The condensed consolidated financial statements include the accounts of Questor and its subsidiary – ClearPower Systems, Inc. over which Questor has control. Generally control is achieved where Questor has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. These financial statements are prepared including the activities of ClearPower from the date of its acquisition to the end of Questor's reporting period, using consistent accounting policies. All intercompany accounts and transactions have been eliminated upon consolidation.

Goodwill

Goodwill arising in a business combination is recognized as an asset and initially measured at cost, being the excess of the consideration transferred in the business combination over Questor's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities recognized.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortized but is reviewed for impairment at least annually.

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 below:

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 was 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 interpretation did not have a material impact on the interim financial statements.

3. 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 converts waste heat to power. Total consideration paid was $900,000 USD ($1,000,710 CAD) cash. The final allocation of the total consideration to the net assets acquired is summarized below:

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

Current assets	
Cash and cash equivalents	$ -
Trade and other receivables	-
Inventories	-
Non-current assets	
Prototype unit	159,268
Intangible assets	154,044
Current liabilities	
Trade and other payables	-
Contingent liabilities	-
Non-current liabilities	
Deferred tax liabilities	-
	$ 313,312

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

Due to the complexity and timing of the acquisition, the Company is still in the process of determining and finalizing the fair value of the net assets acquired as part of the acquisition. The amounts determined on a provisional basis generally relate to net tangible asset assessments.

Acquisition related costs amounting to $13,841 have been excluded from the consideration transferred and have been recognized as an expense in profit 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

Impact of acquisition on the results of the Group

Included in the profit for the three months ended March 31, 2014 is $1,494 attributable to the operating costs of ClearPower. In addition, ClearPower spent $50,858 on costs related to the re-design and refinement of its waste heat to power generation units in the period, which amounts have been recorded as intangible assets.

4. CASH AND CASH EQUIVALENTS

Certain cash balances are held in foreign currencies of which the Canadian dollar equivalent is as follows:

As at		March 31 2014		December 31 2013
United States dollars		**249,297**		245,490
Euros		**11,490**		122,508
Other non-Canadian currencies		**65**		60
		260,852		368,058
Canadian dollars		**5,762,174**		3,458,312
90-day term deposits plus accreted interest at 0.8 percent		**-**		1,000,899
	$	**6,023,026**	$	4,827,269

5. INVENTORIES

As at		March 31, 2014		December 31, 2013
Materials and supplies		**180,524**		88,393
Work in progress		**2,096,202**		2,199,634
Finished goods		**71,249**		71,249
	$	**2,347,975**	$	2,359,276

Inventory costs included in cost of sales:

For the three months ended March 31		2014		2013
Expensed inventories	**$**	**1,289,665**	$	489,325

6. PROPERTY AND EQUIPMENT

	Rental incinerators	Detachable trailers for rental incinerators	Vehicles and trailers	Waste heat to power generation units	Tools and equipment	Leasehold improve-ments	Office furniture and equipment	Computer hardware and software	Capital projects in progress	Total
Cost										
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	(819,499)	-	(111,814)	-	-	-	-	-	-	(931,313)
Derecognition	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2013	$ 1,560,330	$ 291,009	$ 192,707	$ -	$ 55,294	$ 176,867	$ 48,242	$ 57,197	$ -	$ 2,381,646
Additions		-	45,556	-	1,220	-	-	-	-	46,776
Transfers in/acquired	136,816	-	-	159,268	-	-	-	-	-	296,084
Disposals:										
To third parties	-	-	-	-	-	-	-	-	-	-
Derecognition	-	-	-	-	-	-	-	-	-	-
Balance at March 31, 2014	**$ 1,697,146**	**$ 291,009**	**$ 238,263**	**$ 159,268**	**$ 56,514**	**$ 176,867**	**$ 48,242**	**$ 57,197**	**$ -**	**$2,724,506**
Accumulated depreciation										
Balance at January 1, 2013	$ 654,325	$ 209,465	$ 173,121	$ -	$ 29,121	$ 49,120	$ 18,290	$ 30,216	-	$ 1,163,658
Transfers										
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)
Derecognition	-	-	-	-	-	-	-	-	-	-
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	39,216	4,161	9,182		1,072	-	-	-	-	53,631
Depreciation expense	-	-	-	1,494	-	7,368	1,204	1,900	-	11,966
Disposals:										
To third parties	-	-	-		-	-	-	-	-	-
Derecognition	-	-	-		-	-	-	-	-	-
Balance at March 31, 2014	**$ 659,499**	**$ 235,136**	**$ 111,121**	**$ 1,494**	**$ 34,567**	**$ 85,960**	**$ 24,964**	**$ 38,436**	**-**	**$1,191,177**
Carrying amounts										
At December 31, 2013	$ 940,047	$ 60,034	$ 90,768	$ -	$ 21,799	$ 98,275	$ 24,482	$ 20,661	$ -	$ 1,256,066
At March 31, 2014	**$ 1,037,647**	**$ 55,873**	**$ 127,142**	**$ 157,774**	**$ 21,947**	**$ 90,907**	**$ 23,278**	**$ 18,761**	**$ -**	**$ 1,533,329**

7. 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
Additions	**-**	**-**	**204,899**	**204,899**
Balance at March 31, 2014	**$ 277,796**	**$ 15,225**	**$ 223,709**	**$ 516,730**
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	**-**	**305**	**-**	**305**
Balance at March 31, 2014	**$ 277,796**	**$ 8,425**	**$ -**	**$ 286,221**
Carrying Amounts				
At March 31, 2013	$ -	$ 7,105	-	$ 8,323
At March 31, 2014	**$ -**	**$ 6,800**	**$ 223,709**	**$ 230,509**

As a result of the acquisition of ClearPower, the Company acquired engineering designs and drawings for the prototype unit, and continued to expend funds in the first three months of 2014 for additional engineering design and drawings.

8. 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, 2014	25,232,370	5,521,001
Issue of ordinary shares under employee share option plan	162,500	41,750
Contributed surplus on options exercised	-	27,786
Shares issued and outstanding March 31, 2014	**25,394,870**	**5,705,655**

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

During the three-month period ended March 31, 2013 there were 162,500 options exercised (2013 – Nil). At March 31, 2014, directors, officers, key employees and consultants held options over 1,237,500 ordinary shares of the Company. At March 31, 2013, directors, officers, key employees and consultants held options over 1,275,000 ordinary shares of the Company of which 75,000 were scheduled to expire on April 14, 2013 and were exercised.

Share-based payments for the three months ended March 31, 2014 were $16,711 (2013 - $18,796). Of this amount, $1,430 (2013 - $2,912) was included in cost of sales and the balance in administration expenses.

9. REVENUE AND OTHER INCOME

The following is an analysis of Questor's revenue:

For the three months ended March 31	**2014**	2013
Sale of goods	**$ 2,767,664**	$ 1,300,711
Rendering of services		
Incinerator rental income	**258,359**	273,010
Incinerator and combustion services	**189,414**	145,856
	$ 3,215,437	$ 1,719,577

10. INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from the top ten customers represents 98 percent of the Company's revenue for the three months ended March 31, 2014 (2013 - 97 percent). Revenue from the largest customer represented 54 percent of the Company's revenue in first quarter 2014 (2013 - 56 percent). Two customers represented 10 percent or more of Questor's revenues in the three month period ended March 31, 2014 (2013 – two customers).

Five customers represent 81 percent of the Company's total net trade and other receivables at March 31, 2014 (December 31, 2013 – Five customers represented 88 percent).

11. EARNINGS PER SHARE

Basic earnings per share

For the three months ended March 31	**2014**	2013
Profit for the period attributable to ordinary equity holders	**$ 800,100**	$ 417,084
Weighted average number of ordinary shares for the purposes of basic earnings per share	**25,282,370**	25,007,370
Basic earnings per share	**$ 0.032**	$ 0.017

Diluted earnings per share

For the three months ended March 31	**2014**	2013
Profit for the period attributable to ordinary equity holders	**$ 800,100**	$ 417,084
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**26,117,133**	25,225,542
Diluted earnings per share	**$ 0.031**	$ 0.019

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 three months ended March 31	**2014**	2013
Weighted average number of ordinary shares for the purposes of basic earnings per share	**25,282,370**	25,007,370
Shares deemed to be issued for no consideration in respect of employee options	**834,763**	218,172
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**26,117,133**	25,225,542

12. 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 three months ended March 31	**2014**	2013
Canada	**$ 2,120,184**	$ 562,452
United States	**1,084,475**	1,157,125
Other	**10,778**	-
	$ 3,215,437	$ 1,719,577

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	**March 31 2014**	December 31 2013
Canada	**$ 1,344,939**	1,551,828
United States	**188,390**	363,070
Germany	**-**	120,294
	$ 1,533,329	$ 2,035,192

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

13. MOVEMENTS IN NON-CASH WORKING CAPITAL

For the three months ended March 31	**2014**	2013
Trade and other receivables	**$ (1,103,131)**	(7,626)

Inventories	**(125,516)**	(194,974)
Prepaid expenses and deposits	**31,116**	22,166
Trade payables, accrued liabilities and provisions	**22,484**	25,329
Net current tax excluding income tax	**107,838**	(73,159)
Deferred revenue and deposits	**188,659**	48,700
Lease inducement	**(13,000)**	22,913
	$ (891,550)	$ (156,651)

14. COMMITMENTS

In addition to the Company's contractual obligations and commitments described in note 23 to Questor's audited financial statements as at and for the year ended December 31, 2013, management has agreed to be a private sector partner to a research project the Department of Mechanical and Industrial Engineering in the Faculty of Applied Science and Engineering at the University of Toronto is conducting over a multi-year period. Management views the project's prospective outcomes as key to the development, commercialization and optimization of a process to recover waste heat from incineration and convert the heat to power. Commencing January 18, 2012, over the course of the ensuing three years, as the project's needs dictate, Questor may provide in-kind contributions of technical expertise, materials and equipment at pre-defined levels.

15. RELATED PARTY 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 three months ended March 31	**2014**	2013
Consulting services fees paid to a corporation controlled by a key management personnel member [1]	**$ 14,535**	$ 40,500
	$ 14,535	$ 40,500

Included in the preceding related party transactions as at March 31:

	2014	2013
Amounts owing to related parties [1]	**$ -**	$ 14,175

[1] *Before GST/HST*

16. SEASONALITY AND CYCLICALITY OF OPERATIONS

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

17. NON-ADJUSTING SUBSEQUENT EVENTS

On April 15, 2014, subject to regulatory approval, the Board of Directors approved the grant of share options to select officers and employees entitling the purchase of up to 348,000 common shares of the Company at $2.48 per share, exercisable for a period of five years and vesting in accordance with the provisions of the Company's share option plan.