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## 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, 2015 and 2014.

**QUESTOR TECHNOLOGY INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

*Stated in Canadian dollars*  
*Unaudited*

As at	Notes	March 31 2015	December 31 2014
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	\$ 5,831,735	\$ 5,640,570
Trade and other receivables	5	2,507,417	3,044,999
Inventories	6	2,292,887	2,210,542
Prepaid expenses and deposits		93,226	119,667
Current tax assets		-	49,198
<b>Total current assets</b>		<b>10,725,265</b>	<b>11,064,976</b>
<b>Non-current assets</b>			
Property and equipment	3,7	3,341,783	3,408,250
Intangible assets	3,8	1,889,295	1,266,420
Goodwill	2,3	687,398	687,398
<b>Total non-current assets</b>		<b>5,918,476</b>	<b>5,362,068</b>
<b>Total assets</b>		<b>\$ 16,643,741</b>	<b>\$ 16,427,044</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade payables, accrued liabilities, provisions		\$ 1,075,400	\$ 1,162,885
Deferred revenue and deposits		40,401	-
Current portion of lease inducement		52,002	52,002
Current tax liabilities		91,262	417,647
<b>Total current liabilities</b>		<b>1,259,065</b>	<b>\$ 1,632,534</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		153,397	161,487
Lease inducement		56,335	69,335
<b>Total non-current liabilities</b>		<b>209,732</b>	<b>230,822</b>
<b>Total liabilities</b>		<b>1,468,797</b>	<b>1,863,356</b>
<b>Capital and reserves</b>			
Issued capital	9	5,934,704	5,934,704
Reserves		972,811	875,288
Retained earnings		8,233,129	7,741,147
Cumulative translation adjustment		34,300	12,549
<b>Total equity</b>		<b>15,174,944</b>	<b>14,563,688</b>
<b>Total liabilities and equity</b>		<b>\$ 16,643,741</b>	<b>\$ 16,427,044</b>

*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*  
*Unaudited*

For the three months ended March 31	Notes	2015	2014
Revenue	10	\$ 2,369,086	\$ 3,215,437
Cost of sales		(1,169,546)	(1,772,896)
Gross profit		1,199,540	1,442,541
Administration expenses		(808,276)	(487,156)
Net foreign exchange gains		300,752	143,153
Depreciation of property and equipment	7	(11,457)	(11,965)
Amortization of intangible assets	8	(904)	(305)
Other income	10	30,766	2,700
Profit before tax		710,421	1,088,968
Income tax expense		(218,439)	(287,218)
<b>Profit for the period</b>		<b>\$ 491,982</b>	<b>\$ 801,750</b>
<b>Other comprehensive (loss) income, net of income tax</b>			
Exchange differences on translating foreign operations		21,751	(1,650)
<b>Total comprehensive income for the period</b>		<b>\$ 513,733</b>	<b>\$ 800,100</b>
<b>Earnings per share</b>	12		
Basic		\$ 0.020	\$ 0.032
Diluted		\$ 0.019	\$ 0.031

*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, 2015	\$ 5,934,704	\$ 875,288	\$ 7,741,147	\$ 12,549	\$ 14,563,688
Profit for the period	-	-	491,982	-	491,982
Recognition of share-based payments	-	97,523	-	-	97,523
Issue of ordinary shares under employee share option plan	-	-	-	-	-
Translation of foreign operations	-	-	-	21,751	21,751
<b>Balance at March 31, 2015</b>	<b>\$ 5,934,704</b>	<b>\$ 972,811</b>	<b>\$ 8,233,129</b>	<b>\$ 34,300</b>	<b>\$ 15,174,944</b>

	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	-	801,750
Recognition of share-based payments	-	288,742	-	-	16,711
Issue of ordinary shares under employee share option plan	298,585	(116,610)	-	-	16,750
Translation of foreign operations	-	-	-	12,549	(1,650)
<b>Balance at December 31, 2014</b>	<b>\$ 5,934,704</b>	<b>\$ 875,288</b>	<b>\$ 7,741,147</b>	<b>\$ 12,549</b>	<b>\$ 14,563,688</b>

*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	2015	2014
<b>Cash flows from operating activities</b>			
Profit for the period		\$ 513,733	\$ 800,100
Adjustments for:			
Income tax expense		218,439	287,218
Depreciation of property and equipment	7	115,310	65,595
Amortization of intangible assets	8	904	305
Net unrealized foreign exchange losses		(78,810)	85,136
Expense recognized in respect of equity-settled share-based payments	9	97,523	16,711
		<b>867,099</b>	1,255,065
Movements in non-cash working capital	14	<b>569,122</b>	(891,550)
Cash generated from operations		<b>1,436,221</b>	363,515
Income taxes paid		<b>(572,433)</b>	(583,871)
Net cash generated from (used in) operating activities		<b>863,788</b>	(220,356)
<b>Cash flows used in investing activities</b>			
Payments for property and equipment	7	<b>(48,843)</b>	(46,776)
Payments for intangible assets	8	<b>(623,780)</b>	(50,858)
Acquisition of a business		-	(1,000,710)
Net cash used in investing activities		<b>(672,623)</b>	(1,098,344)
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares under employee share option plan		-	16,750
Net cash generated from financing activities		-	16,750
<b>Net (decrease) increase in cash</b>		<b>191,165</b>	(1,301,950)
Cash and cash equivalents at beginning of the period		<b>5,640,570</b>	7,323,303
Effects of translation of foreign currency items		-	1,673
<b>Cash and cash equivalents at end of the period</b>		<b>\$ 5,831,735</b>	\$ 6,023,026

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

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**QUESTOR TECHNOLOGY INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2015**

*Stated in Canadian dollars unless otherwise specified*  
*Unaudited*

**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 United States ("U.S.") under the laws of the State of Delaware and Questor Solutions & Technology, Inc. (QST), a subsidiary incorporated in the State of Delaware on November 14, 2014, are consolidated in these financial statements in Canadian dollars (See Note 2). The address of the Company's corporate and registered office is 1121, 940 – 6<sup>th</sup> 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. Questor is also developing technology that will utilize waste heat to vaporize water utilized in drilling operations.

**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 Company's audited 2014 annual consolidated 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 consolidated financial statements as at and for the year ended December 31, 2014.

These financial statements were authorized for issue by the Board of Directors on May 26, 2015.

**Basis of preparation**

Basis of measurement

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

Functional and presentation currency

These financial statements are presented in Canadian dollars which is the Company's functional currency. The functional currency of the Company's subsidiaries, ClearPower and QST is the United States dollar and their accounts have been translated into the Company's functional currency following the guidelines of IFRS.

Accounting estimates and judgments

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, 2014, the Company is required to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities and disclosure of

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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 consolidated financial statements for the year ended December 31, 2014.

### **Principles of consolidation**

The condensed consolidated financial statements include the accounts of Questor and its subsidiaries – ClearPower Systems, Inc. and Questor Solutions and Technology, 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 and QST from the dates of their acquisition or incorporation 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**

#### **New standards adopted in 2015**

The following amendments to existing standards issued by the International Accounting Standards Board ("IASB") were adopted as of January 1, 2015, without any material impact to Questor's Interim condensed consolidated financial statements: IAS 24 *Related Party Disclosures* and IFRS 8 *Operating Segments*.

#### **New Standards and Interpretations not yet adopted**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Standards Interpretations Committee ("IFRIC") and are effective for accounting periods beginning on or after January 1, 2016. These standards have not been applied in preparing these Interim Financial Statements. Those which may be relevant to Questor are described below:

IFRS 9 *Financial Instruments* (2014) is effective for annual periods beginning on or after January 1, 2018 and must be applied retrospectively, with some exemptions. Early adoption is permitted. The Company intends to adopt IFRS 9 (2014) in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 15 *Revenue from Contracts with Customers* is effective for annual periods beginning on or after January 1, 2017; however, the IASB has proposed to defer to January 1, 2018. The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2017, or when determined effective. The extent of the impact of adoption of the standard has not yet been determined.

### 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
<b>Goodwill arising on acquisition</b>	\$	<b>687,398</b>

#### Net cash outflow on acquisition of subsidiaries

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

### 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 2015	December 31 2014
United States dollars	1,191,218	790,491
Euros	11,509	11,521
Other non-Canadian currencies	65	65
	1,202,792	802,077
Canadian dollars	4,628,943	4,838,493
	\$ 5,831,735	\$ 5,640,570

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## 5. TRADE AND OTHER RECEIVABLES

As at December 31	2015	2014
Trade receivables	\$ 2,414,804	\$ 3,039,228
Other receivables	107,613	20,771
	<b>2,522,417</b>	3,059,999
Allowance for doubtful accounts	(15,000)	(15,000)
	<b>\$ 2,507,417</b>	\$ 3,044,999

## 6. INVENTORIES

As at	March 31, 2015	December 31, 2014
Materials and supplies	\$ 217,970	\$ 112,593
Work in progress	2,074,917	2,097,949
Finished goods	-	-
	<b>\$ 2,292,887</b>	\$ 2,210,542

Inventory costs included in cost of sales:

For the three months ended March 31	2015	2014
Expensed inventories	\$ 585,296	\$ 1,289,665

## 7. 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	Total
<b>Cost</b>									
Balance at January 1, 2014	\$ 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	159,268	65,012	176,867	59,490	82,023	4,876,323
Additions	(6,157)	-	55,000	-	-	-	-	-	48,843
Disposals:									
To third parties	-	-	-	-	-	-	-	-	-
<b>Balance at March 31, 2015</b>	<b>\$ 3,719,729</b>	<b>\$ 287,009</b>	<b>\$ 375,768</b>	<b>\$ 159,268</b>	<b>\$ 65,012</b>	<b>\$ 176,867</b>	<b>\$ 59,490</b>	<b>\$ 82,023</b>	<b>\$ 4,925,166</b>
<b>Accumulated depreciation</b>									
Balance at January 1, 2014	\$ 620,283	\$ 230,975	\$ 101,939	\$ -	\$ 33,495	\$ 78,592	\$ 23,760	\$ 36,536	\$ 1,125,580
Transfers									
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
Depreciation charges included in:									
Cost of sales	86,514	1,436	14,603	-	1,300	-	-	-	103,853
Depreciation expense	-	-	-	-	-	7,368	1,494	2,595	11,457
Disposals:									
To third parties	-	-	-	-	-	-	-	-	-
<b>Balance at March 31, 2015</b>	<b>\$ 917,024</b>	<b>\$ 266,978</b>	<b>\$ 164,304</b>	<b>\$ -</b>	<b>\$ 39,885</b>	<b>\$ 115,432</b>	<b>\$ 30,634</b>	<b>\$ 49,126</b>	<b>\$1,583,383</b>
<b>Carrying amounts</b>									
At December 31, 2014	\$ 2,895,376	\$ 21,467	\$ 171,067	\$ 159,268	\$ 26,427	\$ 68,803	\$ 30,350	\$ 35,492	\$ 3,408,250
<b>At March 31, 2015</b>	<b>\$ 2,802,705</b>	<b>\$ 20,031</b>	<b>\$ 211,464</b>	<b>\$ 159,268</b>	<b>\$ 25,127</b>	<b>\$ 61,435</b>	<b>\$ 28,856</b>	<b>\$ 32,897</b>	<b>\$ 3,341,783</b>

## 8. INTANGIBLE ASSETS

	Development Costs	Patents	Drawings/IP	Total
Balance at January 1, 2014	\$ 277,796	\$ 15,225	\$ 18,810	\$ 311,831
Business combination (Note 3)	-	-	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
<b>Additions</b>	-	-	<b>623,780</b>	<b>623,780</b>
<b>Balance at March 31, 2015</b>	<b>\$ 277,796</b>	<b>\$ 15,225</b>	<b>\$ 1,886,542</b>	<b>\$ 2,179,563</b>
<b>Accumulated Amortization</b>				
Balance at January 1, 2014	\$ 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
<b>Amortization expense</b>	-	<b>305</b>	<b>600</b>	<b>905</b>
<b>Balance at March 31, 2015</b>	<b>\$ 277,796</b>	<b>\$ 9,643</b>	<b>\$ 2,829</b>	<b>\$ 290,268</b>
<b>Carrying Amounts</b>				
At December 31, 2014	\$ -	\$ 5,887	\$ 1,260,533	\$ 1,266,420
<b>At March 31, 2015</b>	<b>\$ -</b>	<b>\$ 5,582</b>	<b>\$ 1,883,713</b>	<b>\$ 1,889,295</b>

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 2015 for additional engineering design and drawings.

## 9. 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, 2015	25,839,870	5,936,119
Issue of ordinary shares under employee share option plan	-	-
Contributed surplus on options exercised	-	-
<b>Shares issued and outstanding March 31, 2015</b>	<b>25,839,870</b>	<b>5,936,119</b>

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

No options were granted under the Company's employee share option plan during the period ended May 27, 2015.

Share-based payments for the three months ended March 31, 2015 were \$97,523 (2014 - \$16,711). Of this amount, \$2,022 (2014 - \$1,430) was included in cost of sales and the balance in administration expenses.

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## 10. REVENUE AND OTHER INCOME

The following is an analysis of Questor's revenue:

For the three months ended March 31	2015	2014
Sale of goods	\$ 1,456,279	\$ 2,767,664
Rendering of services		
Incinerator rental income	743,417	258,359
Incinerator and combustion services	169,390	189,414
	<b>\$ 2,369,086</b>	<b>\$ 3,215,437</b>

The following is an analysis of Questor's Other income:

Interest income	\$ 14,099	\$ 127
Other	2,917	2,573
Government grants	13,750	-
	<b>\$ 30,766</b>	<b>\$ 2,700</b>

## 11. INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from the top ten customers represents 97 percent of the Company's revenue for the three months ended March 31, 2015 (2014 - 98 percent). Revenue from the largest customer represented 32 percent of the Company's revenue in first quarter 2015 (2014 - 54 percent). Three customers represented 10 percent or more of Questor's revenues in the three month period ended March 31, 2015 (2014 – two customers).

Five customers represent 81 percent of the Company's total net trade and other receivables at March 31, 2015 (December 31, 2014 – Five customers represented 81 percent).

## 12. EARNINGS PER SHARE

### Basic earnings per share

For the three months ended March 31	2015	2014
Profit for the period attributable to ordinary equity holders	\$ 513,733	\$ 800,100
Weighted average number of ordinary shares for the purposes of basic earnings per share	25,839,870	25,282,370
Basic earnings per share	<b>\$ 0.020</b>	<b>\$ 0.032</b>

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**Diluted earnings per share**

For the three months ended March 31	2015	2014
Profit for the period attributable to ordinary equity holders	\$ 513,733	\$ 800,100
Weighted average number of ordinary shares for the purposes of diluted earnings per share	26,545,910	26,117,133
Diluted earnings per share	\$ 0.019	\$ 0.031

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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	2015	2014
Weighted average number of ordinary shares for the purposes of basic earnings per share	25,839,870	25,282,370
Shares deemed to be issued for no consideration in respect of employee options	706,040	834,763
Weighted average number of ordinary shares for the purposes of diluted earnings per share	26,545,910	26,117,133

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The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share for the period ended March 31, 2015 and 2014.

As at March 31	2015	2014	
Option series	Number to be exercised	Number to be exercised	Exercise price
Granted on June 9, 2014	40,000	-	\$ 3.99

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**13. 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	2015	2014
Canada	\$ 1,547,765	\$ 2,120,184
United States	821,321	1,084,475
Other	-	10,778
	\$ 2,369,086	\$ 3,215,437

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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 2015	December 31 2014
Canada	\$ 1,839,134	\$ 1,778,156
United States	1,502,649	1,630,094
	<b>\$ 3,341,783</b>	<b>\$ 3,408,250</b>

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

**14. MOVEMENTS IN NON-CASH WORKING CAPITAL**

For the three months ended March 31	2015	2014
Trade and other receivables	\$ 616,387	\$ (1,103,131)
Inventories	(82,347)	(125,516)
Prepaid expenses and deposits	26,441	31,116
Trade payables, accrued liabilities and provisions	(82,081)	22,484
Net current tax excluding income tax	63,321	107,838
Deferred revenue and deposits	40,401	188,659
Lease inducement	(13,000)	(13,000)
	<b>\$ 569,122</b>	<b>\$ (891,550)</b>

**15. COMMITMENTS**

The Company's commitments are described in Note 24 to its audited consolidated financial statements as at and for the year ended December 31, 2014. Management has not entered into any new commitments during the three month period ended March 31, 2015.

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## 16. 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	2015	2014
Consulting services fees paid to a corporation controlled by a key management personnel member <sup>(1)</sup>	\$ -	\$ 14,535
	\$ -	\$ 14,535

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

	2014	2013
Amounts owing to related parties <sup>(1)</sup>	\$ -	\$ -

<sup>(1)</sup> Before GST/HST

## 17. 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

## 18. SUBSEQUENT EVENTS

The Company was successful in including costs related to its "HeatQuest" project in the period October 1, 2014 through January 15, 2015 in the final Sustainable Development Technology Canada (SDTC) investment, which will increase that agency's maximum contribution from the previously disclosed \$1.98 million to approximately \$2.3 million. The "HeatQuest" project was discussed in the Company's March 4, 2015 News Release which is available on SEDAR and on the Company's website.