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. ("Questor" or the "Company") discloses that the Company's independent auditor has not reviewed the unaudited condensed consolidated financial statements for the three-month periods ended June 30, 2018 and 2017.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Stated in Canadian dollars

As at:	Notes	***Unaudited*** **June 30 2018**	*Audited* December 31 2017
ASSETS			
Current assets			
Cash		**$4,871,624**	$3,847,863
Trade and other receivables		**4,934,021**	5,226,831
Inventories		**1,011,028**	1,097,624
Prepaid expenses and deposits		**246,157**	1,086,626
Total current assets		**11,062,830**	11,258,944
Non-current assets			
Property and equipment	3,13	**14,101,480**	11,356,463
Intangible assets	4	**743,492**	922,597
Total non-current assets		**14,844,972**	12,279,060
Total assets		**$25,907,802**	$23,538,004
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables, accrued liabilities and provisions		**$2,183,642**	$3,454,335
Current portion of lease inducement		**26,131**	26,131
Current tax liabilities		**228,974**	924,228
Total current liabilities		**2,438,747**	4,404,694
Non-current liabilities			
Lease inducement		**262,402**	240,002
Deferred tax liabilities		**321,733**	114,089
Total non-current liabilities		**584,135**	354,091
Total liabilities		**3,022,882**	4,758,785
Capital and reserves			
Issued capital	5	**6,296,876**	6,262,931
Reserves		**1,589,119**	1,395,010
Retained earnings (deficit)		**15,005,504**	11,127,564
Cumulative translation adjustment		**(6,579)**	(6,286)
Total equity		**22,884,920**	18,779,219
Total liabilities and equity		**$25,907,802**	$23,538,004

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Stated in Canadian dollars
Unaudited

		Three months ended June 30		Six months ended June 30	
	Notes	**2018**	2017	**2018**	2017
Revenue	10, 11	**$5,733,218**	$3,936,470	**$11,730,155**	$6,959,749
Cost of sales		**2,448,207**	1,572,958	**4,604,799**	3,135,255
Gross profit		**3,285,011**	2,363,512	**7,125,356**	3,824,494
Administration expenses		**912,133**	757,940	**1,804,752**	1,561,573
Depreciation of property and equipment	3	**4,809**	4,768	**13,898**	15,035
Amortization of intangible assets	4	**89,552**	-	**179,104**	905
Net foreign exchange (gains) losses		**(239,871)**	226,462	**(366,883)**	240,286
Other (income) and expenses		**(674)**	10,835	**(702)**	5,736
Profit before tax		**2,519,062**	1,363,507	**5,495,187**	2,000,959
Income tax expense		**737,870**	404,484	**1,617,247**	625,766
Profit for the period, net of income tax		**$1,781,192**	$959,023	**$3,877,940**	$1,375,193
Exchange differences on translating foreign operations		**(293)**	12,498	**171,554**	15,639
Total comprehensive income		**$1,780,899**	$971,521	**$4,049,494**	$1,390,832
Earnings per share	12				
Basic		**$0.07**	$0.04	**$0.15**	$0.05
Diluted		**$0.07**	$0.04	**$0.14**	$0.05

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Stated in Canadian dollars
Unaudited

	Issued capital	Reserves	Retained earnings	Cumulative Translation Adjustment	Total equity
Balance at December 31, 2016	$6,256,990	$1,163,705	$7,278,233	$67,047	$14,765,975
Profit for the year	-	-	3,849,331	-	3,849,331
Share-based payments	-	233,746	-	-	233,746
Stock options exercised	5,941	(2,441)	-	-	3,500
Translation of foreign operations	-	-	-	(73,333)	(73,333)
Balance at December 31, 2017	$6,262,931	$1,395,010	$11,127,564	$(6,286)	$18,779,219
Profit for the period	**-**	**-**	**3,877,940**	**-**	**3,877,940**
Share-based payments	**-**	**208,215**	**-**	**-**	**208,215**
Stock option exercised	**33,945**	**(14,106)**	**-**	**-**	**19,839**
Translation of foreign operations	**-**	**-**	**-**	**(293)**	**(293)**
Balance at June 30, 2018	**$6,296,876**	**$1,589,119**	**$15,005,504**	**$(6,579)**	**$22,884,920**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Stated in Canadian dollars
Unaudited

For the	Notes	Three months ended June 30		Six months ended June 30	
		2018	2017	**2018**	2017
Cash flows from (used in) operating activities					
Profit for the period		**$1,781,192**	$959,023	**$3,877,940**	$1,375,193
Adjustments for:					
Income tax expense		**737,870**	404,484	**1,617,247**	625,766
Depreciation of property and equipment	3	**334,356**	175,185	**656,151**	350,213
Lease Inducement		**11,200**	-	**22,400**	-
Amortization of intangible assets	4	**89,552**	-	**179,104**	905
Share-based payments	6	**102,902**	63,573	**208,215**	102,405
Movements in non-cash working capital	14	**396,814**	(1,230,073)	**457,897**	(2,126,483)
Income taxes paid		**(429,299)**	-	**(2,090,088)**	-
Net cash generated from operating activities		**3,024,587**	372,192	**4,928,866**	327,999
Cash used in investing activities					
Payments for property and equipment		**(1,165,729)**	(1,570,343)	**(3,987,251)**	(2,726,929)
Payments for intangible assets		**-**	(11,000)	**-**	(11,000)
Net cash used in investing activities		**(1,165,729)**	(1,581,343)	**(3,987,251)**	(2,737,929)
Cash from financing activities					
Proceeds from exercise of stock options		**19,840**	3,500	**19,840**	3,500
Net cash from financing activities		**19,840**	3,500	**19,840**	3,500
Net increase (decrease) in cash		**1,878,698**	(1,205,651)	**961,455**	(2,406,430)
Cash at beginning of the period		**2,987,871**	5,518,835	**3,847,862**	6,733,897
Effects of exchange rate changes on the balance of cash held in foreign currencies		**5,055**	(23,561)	**62,307**	(37,844)
Cash at end of the period		**$4,871,624**	$4,289,623	**$4,871,624**	$4,289,623

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED JUNE 30, 2018

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 Companies Act (*Alberta*). Questor is a public, international environmental Cleantech company founded in 1994 and headquartered in Calgary, Alberta, with field offices located in; Grande Prairie, Alberta; Brighton, Colorado; and Brooksville, Florida. The Company is active in Canada, the United States, Europe and Asia and is focused on clean air technologies that safely and cost effectively improves air quality, support energy efficiency and greenhouse gas emission reductions. Questor designs, manufactures and services high efficiency waste gas combustion systems; as well as, power generation systems and water treatment solutions utilizing waste heat. The Company's proprietary incinerator technology is utilized worldwide in the effective management of methane, hydrogen sulphide gas, volatile organic hydrocarbons, hazardous air pollutants and BTEX gases ensuring sustainable development, community acceptance and regulatory compliance. Questor and its subsidiary, ClearPower Systems. are providing solutions for landfill biogas, syngas, waste engine exhaust, geothermal and solar and cement plant waste heat in addition to a wide variety of oil and gas projects in Canada, throughout the United States, the Caribbean, Western Europe, Russia, Thailand, Indonesia and China.

The Company's common shares are traded on the TSX Venture Exchange under the symbol "QST".

The address of the Company's corporate and registered office is 2240, 140 – 4 Avenue S.W. Calgary, Alberta, Canada, T2P 3N3.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated interim financial statements follow the same accounting policies and methods of application as the most recent annual financial statements except for the changes in accounting policies and disclosures noted below.

Changes in Accounting Policies and Disclosure

The IASB issued IFRS 15 Revenue from Contracts with Customers, a new standard for the recognition of revenue, which replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer. The standard is required to be adopted either retrospectively or using a modified retrospective approach. In accordance with the transition provisions in IFRS 15, the Company has adopted the new standard using the modified retrospective method: the cumulative effect of initially applying the standard is recognized as an adjustment to the opening balance of retained earnings as of January 1, 2018. Comparative prior year periods are not restated. The adoption of IFRS 15 did not result in any changes in the timing of revenue recognition for the Company's goods and services.

The IASB issued the final version of IFRS 9 Financial Instruments, which is effective for annual periods beginning on or after January 1, 2018. IFRS 9, as amended, addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces a substantially reformed approach to hedge accounting and a new impairment model for financial assets. The Company has adopted the standard retrospectively from January 1, 2018, with the transition provisions permitted under the standard. Differences in the carrying amount of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in the opening balance as of January 1, 2018. Comparative prior year periods are not restated. The adoption of IFRS 9 did not result in a material change to the Company's consolidated financial statements.

Revenue Recognition

Effective January 1, 2018, upon adoption of IFRS 15 Revenue from Contracts with Customers, the Company recognizes revenue for equipment rentals and services rendered when the performance obligations have been completed, as custody of the rental equipment or services transfer to the customer, when the services performed have been accepted by the customer, and collectability is reasonably assured. The consideration for equipment rentals and services rendered is measured at the fair value of the consideration received and allocated based on their individual selling prices. The individual selling prices are determined based on the agreed upon prices at which the Company rents equipment and services in separate transactions. Standard payment terms are 30 days from invoice date, however, may vary by customer.

Revenue for the sale of equipment is recognized when control or ownership of the product is transferred to the customer and collectability is reasonably assured. The individual selling prices are determined based on the agreed upon prices at which the Company sells equipment. Standard payment terms are 30 days from invoice date, however, may vary by customer.

Revenue is measured net of returns and discounts. The Company does not expect to have any revenue contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

The adoption of IFRS 15 did not result in any changes in the timing of revenue recognition for the Company's goods and services. See Note 10 for further information on revenue.

Financial Instruments

The new guidance under IFRS 9 Financial Instruments does not affect the Company's classification, measurement and recognition of financial assets and financial liabilities. The Company does not have any hedging arrangements.

The new impairment model under IFRS 9 requires the recognition of impairment provisions based on expected and incurred credit losses rather than only incurred credit losses. The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss model to its trade accounts receivable. Lifetime expected credit losses are the result of all possible default events over the expected life of the financial instrument.

The Company classifies its financial assets in the following measurement categories: those to be measured subsequently at fair value (either through other comprehensive income, through profit or loss) and those to be measured at amortized cost. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequent measurement of financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its financial assets: amortized costs, fair value though other comprehensive income and fair value through profit or loss.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in profit or loss.

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other gains and losses. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains or losses and impairment expenses are presented as a separate line item in profit or loss.

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognized in profit or loss and presented net within other gains or losses in the period in which it arises.

See Note 9 for further information on financial instruments.

3. PROPERTY AND EQUIPMENT

Cost	Rental incinerators and trailers	Light vehicles, tools & equipment	Waste heat to power generator	Office equipment & leasehold improvements	Total
Balance at December 31, 2016	$5,851,845	$762,462	$159,268	$340,486	$7,114,061
Additions	7,424,706	83,403		$305,697	7,813,806
Disposals	(142,385)	(49,727)		(42,239)	(234,351)
Balance at December 31, 2017	$13,134,166	$796,138	$159,268	$603,943	$14,693,516
Additions	**3,395,240**	**84,225**	**-**	**2,651**	**3,482,116**
Disposals	**(142,188)**	**-**	**-**	**-**	**(142,188)**
Balance at June 30, 2018	**$16,387,218**	**$880,363**	**$159,268**	**$606,594**	**$18,033,444**
Accumulated depreciation					
Balance at December 31, 2016	$1,904,896	$341,898	$ -	$273,404	$2,520,198
Depreciation charges included in:					
Cost of sales	752,710	$99,077	31,854	11,093	894,734
Disposal	(37,383)	(47,734)	-	(28,410)	(113,527)
Depreciation expense	-	-	-	35,648	35,648
Balance at December 31, 2017	$2,620,223	$393,241	$ 31,854	$291,735	$3,337,053
Depreciation included in:					
Cost of sales	**602,835**	**18,720**	**-**	**-**	**621,555**
Disposals	**(61,240)**	**-**	**-**	**-**	**(61,240)**
Depreciation expense	**-**	**-**	**-**	**34,596**	**34,596**
Balance at June 30, 2018	**$3,161,818**	**$411,961**	**$31,854**	**$326,331**	**$3,931,964**
Carrying amounts					
At December 31, 2017	$10,513,943	$402,897	$127,414	$312,208	$11,356,463
At June 30, 2018	**$13,225,400**	**$468,402**	**$127,414**	**$280,263**	**$14,101,480**

4. INTANGIBLE ASSETS

The Company has incurred $2,390,846 of development expenses relating to the waste heat to power technology. The development expenses have been recorded to intangible assets. The Company received $617,894 of funding from Sustainable Development Technology Canada (SDTC) for the development of the waste heat to power technology relating to the development expenditures already incurred. The funding was recorded to intangible assets, effectively reducing the development expenses relating to the waste heat to power technology to a net $1,772,952. The Company has determined the waste heat to power technology has reached commercialization and commenced amortization. The Company recorded an amortization expense of $88,647 for the three months ended June 30, 2018 (2017-nil) and $177,294 for the six months ended June 30, 2018 (2017-nil).

Management commissioned the development of a set of drawings for the fabrication of trailers for certain sized incinerators capable of movement from site to site . The Company recorded an amortization expense of $600 for the three months ended June 30, 2018 (2017-$600) and $1,200 for the six months ended June 30, 2018 (2017-$1,200).

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. The Company recorded an amortization expense of $305 for the three months ended June 30, 2018 (2017-$305) and $610 for the six months ended June 30, 2018 (2017-$610).

Cost	**Heat to Power Development**	**Design Drawings**	**Patents**	**Total**
Balance at December 31, 2017	$1,772,952	$301,839	$15,225	$2,090,016
Balance at June 30, 2018 and December 31, 2017	**$1,772,952**	**$301,839**	**$15,225**	**$2,090,016**
Accumulated Amortization				
Balance at December 31, 2017	$867,192	$287,235	$12,992	$1,167,419
Amortization expense	**177,294**	**1,200**	**610**	**179,104**
Balance at June 30, 2018	**$1,044,486**	**$288,435**	**$13,602**	**$1,346,523**
Carrying Amounts				
At December 31, 2017	905,760	14,604	2,233	922,597
At June 30, 2018	**$728,466**	**$13,404**	**$1,623**	**$743,493**

5. 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 December 31, 2016	26,444,870	$6,256,990
Stock options exercised	12,500	5,941
Shares issued and outstanding, December 31, 2017	26,457,370	6,262,931
Stock options exercised	8,000	33,945
Shares issued and outstanding June 30, 2018	**26,465,370**	**$6,296,876**

6. SHARE-BASED PAYMENTS

The Board of Directors has adopted and approved a share option plan for the directors, officers, consultants key employees and affiliates of the Company. The share option plan was approved by the shareholders of the Company as amended on September 15, 2016. The maximum number of common shares reserved for issuance is fixed at 10% of the issued and outstanding number of common shares of the Company.

Each share option converts into one common 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. 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.

The share options outstanding and exercisable at June 30, 2018 are as follows:

	Number	Exercise price(1)
Balance at December 31, 2017	1,628,500	$1.44
Granted	**-**	**-**
Exercised	**(8,000)**	**2.48**
Forfeited	**(20,000)**	**2.40**
At June 30, 2018	**1,600,500**	**$1.42**
Exercisable at June 30, 2018	**532,500**	**$1.67**

(1) *Weighted average.*

The Company did not grant employee share options during the three and six months ended June 30, 2018.

Share-based payments for the three months ended June 30, 2018 were $102,902 (2017 - $63,573) and $208,214 (2017 - $102,405) for the six months ended June 30, 2018.

6. SHARE-BASED PAYMENTS (continued)

The following share-based payment arrangements were in existence at June 30, 2018:

At June 30, 2018

Number outstanding	**Grant date**	**Expiry date**	**Remaining contractual life**			**Exercise price**		**Fair value at grant date**	**Number exercisable**
252,500	**15-Apr-14**	**15-Apr-19**	**0.79**			**2.48**		**1.76**	**252,500**
20,000	**09-Jun-14**	**09-Jun-19**	**0.94**			**3.99**		**2.78**	**20,000**
200,000	**20-Jan-16**	**20-Jan-21**	**2.56**			**0.77**		**0.56**	**100,000**
640,000	**7-Dec-16**	**7-Dec-21**	**3.44**			**0.65**		**0.44**	**160,000**
150,000	**10-Oct-17**	**10-Oct-22**	**4.28**			**1.40**		**0.86**	**-**
338,000	**1-Dec-17**	**1-Dec-22**	**4.42**			**2.35**		**1.44**	**-**
1,600,500			**3.17**	**(1)**	**$**	**1.42**	**(2)**		**532,500**

At December 31, 2017

Number outstanding	Grant date	Expiry date	Remaining contractual life			Exercise price		Fair value at grant date	Number exercisable
268,000	15-Apr-14	15-Apr-19	1.29			2.48		1.76	201,000
20,000	09-Jun-14	09-Jun-19	1.44			3.99		2.78	15,000
200,000	20-Jan-16	20-Jan-21	3.06			0.77		0.56	50,000
640,000	7-Dec-16	7-Dec-21	3.94			0.65		0.44	160,000
150,000	10-Oct-17	10-Oct-22	4.77			1.40		0.86	-
350,500	1-Dec-17	1-Dec-22	4.92			2.35		1.44	-
1,628,500			3.64	(1)	$	1.44	(2)		426,000

(1) *Weighted average number of years.*
(2) *Weighted average.*

7. 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 8. At June 30, 2018 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 credit facilities, 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 2018 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 June 30, 2018		
Short-term borrowings	**$**	**-**
Long-term borrowings		-
Debt		**-**
Equity		**22,884,920**
Total capitalization		**$22,884,920**
Debt-to-total capitalization ratio		**0.00%**

8. SHORT-TERM BORROWINGS

The Company renegotiated its existing Operating Loan Facility and secured an additional Capital Loan Facility and Export Development Canada ("EDC") Secured Letter of Guarantee Facility.

Operating Loan Facility

The Company's revolving demand operating loan has been increased to a maximum of $1,000,000 (previously $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 (previously 1 percent). Up to $100,000 (previously $100,000) of this loan is available to secure the issue of letters of credit and/or letters of guarantee for suppliers.

Capital Loan Facility

The new capital loan facility was secured to assist in the financing of capital expenditures. The facility makes available a revolving demand capital loan to a maximum of $5,000,000. The revolving demand capital loan bears interest at bank prime plus 1.25 percent per annum.

The capital loan is available by way of multiple advances by delivery of a required notice to the bank. The initial advance, to a maximum amount of 60% of net book value ("NBV)", can be made available and completed based on the NBV of existing fixed assets. Fixed assets are defined as rental fleet, equipment and vehicles/trailers.

8. SHORT-TERM BORROWINGS (continued)

Subsequent advances are to be supported by a true and complete summary of capital expenditures, to a maximum amount of 100% of costs incurred.

The combined advances of the capital loan facility cannot, at any time, exceed 60% loan to value ("LTV") of the combination of: i) NBV of fixed assets, as per the most recent fiscal year-end financial reporting; and, ii) the aggregate amount of all invoices funded under the capital loan facility subsequent to the most recent fiscal year end reporting but prior to an updated reporting being received. Should advances exceed 60% LTV, the Company is to pay down the capital loan by an amount equal to or greater than that which is required to reduce LTV to less than or equal to 60%, based on the then most recent reporting.

Export Development Canada ("EDC") Secured Letter of Guarantee Facility

The EDC facility was secured to assist in the financing of the day-to-day operations of the Company through the issuance by the Bank of letters of guarantee, standby letters of credit, performance bonds, counter guarantees, counter standby letters of credit or similar credits from time to time (each an "LG") upon the instructions of the Company. The EDC facility is available to maximum of $2,000,000 and bears interest at bank prime plus 1.0 percent per annum. The availability of each LG shall be at the discretion of the Bank and subject to the various stated conditions. LG's are available for term of up to 12 months and require satisfactory performance of security guarantees ("PSG") from EDC (or guarantees from private insurance companies acceptable to the Bank) in the amount and terms of the obligation. In the event EDC (or private insurance company) does not extend coverage under the PSG, the Company is required to provide security in form and substance satisfactory to the Bank. At the time of issuance by the Bank of each Performance LG, a fee equal to 1.50% per annum is charged against the face amount and over the term of the Performance LG.

Borrowing Facilities

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

None of the borrowing facilities are subject to standby fees and there is no specified facility expiration or renewal date. The Company has provided a general security agreement and an assignment of insurance proceeds as security.

9. 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 June 30, 2018 there were no investments, short-term or long-term borrowings outstanding. The Company did not hold or issue any derivative financial instruments during the period.

The adoption of IFRS 9 Financial Instruments requires an entity to estimate its expected credit loss for all trade accounts receivable even when they are not past due based on the expectation that certain receivables will be uncollectible. Based on the Company's assessment, an allowance for doubtful accounts of approximately 1.3% of outstanding receivables was recorded using the lifetime expected credit loss model. The expected credit loss rate is based on the Company's actual credit loss experience over the past 5 years. The analysis was consistent when compared to the Company's actual credit loss experience over the past 8 years and 10 years. The adjustment to allowance for doubtful accounts on initial application of IFRS 9 resulted in a provision of $78,000.

10. REVENUE FROM CONTRACTS WITH CUSTOMERS

The IASB issued IFRS 15 Revenue from Contracts with Customers, a new standard for the recognition of revenue, which replaces IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

The Company recognizes all its revenue from contracts with customers and no other sources (such as lease rental income). The Company does not incur material costs to obtain contracts with customers and consequently, does not recognize any contract assets. The Company does not have any contract liabilities associated with its customer contracts.

The Company derives revenue from the provision of goods and services for the following major service lines and geographical regions:

For the three months ended June 30, 2018	**Canada**	**United States**	**International**	**Consolidated**
Equipment sales	**$2,430**	**$1,553,148**	**$-**	**$1,555,578**
Equipment rentals	**63,700**	**3,311,498**	**-**	**3,375,198**
Services & repairs	**46,021**	**756,421**	**-**	**802,442**
	$112,151	**$5,621,067**	**$-**	**$5,733,218**

For the three months ended March 31, 2017				
Equipment sales	$552,369	$968,033	$-	$1,520,402
Equipment rentals	172,894	1,922,815	-	2,095,709
Services & repairs	99,438	220,921	-	320,359
	$824,701	$3,111,769	$-	$3,936,470

For the six months ended June 30, 2018				
Equipment sales	**$93,507**	**$2,577,414**	**$-**	**$2,670,921**
Equipment rentals	**159,150**	**7,531,389**	**-**	**7,690,539**
Services & repairs	**90,332**	**1,260,507**	**17,856**	**1,368,695**
	$342,989	**$11,369,310**	**$17,856**	**$11,730,155**

For the six months ended June 30, 2017				
Equipment sales	$560,740	$2,187,462	$-	$2,748,202
Equipment rentals	444,053	3,159,033	-	3,603,086
Services & repairs	113,590	494,871	-	608,461
	$1,118,383	$5,841,366	$-	$6,959,749

11. INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from the top ten customers represents 97 percent of the Company's revenue for the three months ended June 30, 2018 (2017 - 95 percent). Revenue from the largest customer represented 61 percent of the Company's revenue in first quarter 2018 (2017 - 55 percent). Two customers represented 10 percent or more of Questor's revenues in the three month period ended June 30, 2018 (2017 – three customers).

Revenue from the top ten customers represents 94 percent of the Company's revenue for the six months ended June 30, 2018 (2017 - 99 percent). Revenue from the largest customer represented 63 percent of the Company's revenue in the six month period ended June 30, 2018 (2017 - 51 percent). Two customers represented 10 percent or more of Questor's revenues in the six month period ended June 30, 2018 (2017 – one customer).

12. EARNINGS PER SHARE

Basic earnings per share

	Three months ended June 30		Six months ended June 30	
	2018		**2018**	2017
Profit for the period attributable to ordinary equity holders	**$1,781,192**	$959,023	**$3,877,940**	$1,375,193
Weighted average number of ordinary shares for the purposes of basic earnings per share	**26,462,820**	26,454,623	**26,460,110**	26,449,773
Basic earnings per share	**$0.07**	$0.04	**$0.15**	$0.05

Diluted earnings per share

	Three months ended June 30		Six months ended June 30	
	2018		**2018**	2017
Profit for the period attributable to ordinary equity holders	**$1,781,192**	$959,023	**$3,877,940**	$1,375,193
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**27,408,520**	26,805,911	**27,445,678**	27,119,623
Diluted earnings per share	**$0.07**	$0.04	**$0.14**	$0.05

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:

	Three months ended June 30		Six months ended June 30	
	2018		**2018**	2017
Weighted average number of ordinary shares for the purposes of basic earnings per share	**26,462,820**	26,454,623	**26,460,110**	26,449,773
Shares deemed to be issued for no consideration in respect of employee options	**945,700**	351,288	**985,568**	669,850
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**27,408,520**	26,805,911	**27,445,678**	27,119,623

13. SEGMENTED INFORMATION

The Company reports its financial results as one reportable segment.

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

Property and equipment

As at	**June 30, 2018**	December 31, 2017
Canada	**$1,623,883**	$372,531
United States	**12,477,597**	10,983,931
	$14,101,480	$11,356,462

14. MOVEMENTS IN NON-CASH WORKING CAPITAL

	Three months ended June 30		**Six months ended June 30**	
	2018	2017	**2018**	2017
Trade and other receivables	**$1,084,030**	$(2,813,242)	**$293,354**	$(5,053,172)
Inventories	**(147,153)**	100,394	**86,595**	275,610
Prepaid expenses and deposits	**395,355**	(574,705)	**840,469**	(582,176)
Trade payables, accrued liabilities and provisions	**(543,294)**	1,542,211	**(993,227)**	2,980,144
Deferred revenue and deposits	**(403,324)**	519,605	**208,306**	270,447
Lease inducements	**11,200**	(4,336)	**22,400**	(17,336)
	$396,814	$(1,230,073)	**$457,897**	$(2,126,483)

15. COMMITMENTS

The Company's commitments are described in Note 21 to its audited consolidated financial statements as at and for the year ended December 31, 2017. On February 6, 2017, the Company entered into a commercial building lease agreement. The term of the lease is six years, commencing December 1, 2018 and expiring November 30, 2024. The lease agreement includes a fixturing period of June 1, 2018 to November 30, 2018. Total commitments over the lease period are $1,296,000, which is comprised of total base rent payable $576,000 and total operating costs of $720,000.

16. RELATED PARTY TRANSACTIONS

In the normal course of business, the Company may transact with related parties. There are no related party transactions as at June 30, 2017 and 2018.

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 and Northern United States 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. CONTINGENCIES

From time to time, the Company is subject to costs and other effects of legal proceedings, settlements, investigations, claims and actions. The Company determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. The Company assesses potential liabilities by analyzing the claims using available information. The Company develops its views on estimated losses in consultation with outside counsel handling Questor's defense in these matters. Should developments in any of these matters cause a change in Management's determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on the Companies results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs.

Notwithstanding the uncertainty as to the final outcome, based on the information currently available to it, the Company does not currently believe these matters in aggregate will have a material adverse effect on its consolidated financial position.