MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis ("MD&A") of financial condition and results of operations presented herein is provided to enable readers to assess the results of operations, liquidity and capital resources of Questor Technology Inc. ("Questor" or the "Company") as at March 31, 2014 (which includes the activities of its subsidiary acquired January 31, 2014), and December 31, 2013 and for the three months ended March 31, 2014 compared to the three months ended March 31, 2013.

This MD&A dated May 29, 2014 should be read in conjunction with the unaudited condensed consolidated financial statements and accompanying notes of Questor as at and for the three months ended March 31, 2014 and with the audited financial statements and MD&A of the Company as at and for the year ended December 31, 2013.

The unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2014 and related comparatives 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"). All references to dollar values refer to Canadian dollars unless otherwise stated.

The unaudited condensed consolidated financial statements for the three-month period ended March 31, 2014 and related MD&A have been approved and authorized for issue by Questor's Board of Directors and Audit Committee.

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

ADVISORY REGARDING FORWARD-LOOKING STATEMENTS

The following MD&A contains forward-looking statements. When used in this MD&A, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. In particular, this MD&A contains forward-looking statements with respect to, among other things, business objectives, expected growth, results of operations, performance, business projects and opportunities and financial results. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect management's current views with respect to future events based on certain material factors and assumptions and are subject to certain risks and uncertainties, including without limitation, changes in market competition, governmental or regulatory developments, changes in tax legislation, general economic conditions and other factors set out in the Company's public disclosure documents. Many factors could cause Questor's actual results, performance or achievements to vary from those described in this MD&A, including without limitation those listed above. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, sought, proposed, estimated or expected, and such forward-looking statements included in, or incorporated by reference in this MD&A, should not be unduly relied upon. These statements speak only as of the date of this MD&A. The Company does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

BUSINESS OVERVIEW

The Company

Questor is an international environmental oilfield services provider founded in late 1994 and headquartered in Calgary, Alberta, Canada with a field office located in Grande Prairie, Alberta. The Company is focused on clean air technologies with activities in Canada, the United States, Europe and Asia. Questor designs and manufactures high combustion efficiency waste gas incinerators for sale or for use on a rental basis and also provides combustion-related oilfield services. The Company's proprietary incinerator technology destroys noxious or toxic hydrocarbon gases, reduces operating costs for customers while enabling regulatory compliance, environmental protection and gaining the public's confidence. Questor is recognized for its particular expertise in the combustion of sour gas (H_2S). While Questor's current customer base operates primarily in the crude oil and natural gas industry, this technology is applicable to other industries such as landfills, water and sewage treatment, tire recycling and agriculture. Questor trades on the TSX Venture Exchange under the symbol "QST".

On January 31, 2014, Questor acquired 100% of the outstanding shares of ClearPower Systems Inc., ("ClearPower") a company incorporated in 2010 under the laws of the state of Delaware. ClearPower has developed technology that will translate waste heat from any source into power. The integration of waste heat from Questor's incineration process with the capability of the ClearPower technology is expected to present new opportunities for customers of either or both organizations. The accounts of ClearPower have been consolidated with Questor and all results discussed are on the consolidated basis in this MD&A.

Financial Highlights Summary – First Quarter 2014
(Stated in Canadian dollars except shares outstanding)

For the three months ended March 31	**2014**	2013	Increase (decrease)
Revenue	**3,215,437**	1,719,577	1,495,860
Gross profit[1]	**1,442,541**	890,441	552,100
EBITDA[1]	**1,154,868**	656,220	468,648
Profit for the period[2]	**801,750**	417,084	384,666
Cost of sales as a percent of revenue[1]	**55.1%**	48.2%	6.9%
Cash generated from operations before movements in non-cash working capital[1]	**1,255,065**	662,405	592,660
Earnings per share – Basic[3]	**0.032**	0.017	0.015
Earnings per share – Diluted[3]	**0.031**	0.017	0.014

As at	**March 31, 2014**	December 31, 2013	Increase (decrease)
Total assets	**14,794,863**	14,029,829	765,034
Non-current liabilities	**152,906**	175,130	(22,224)
Shares outstanding[3]			
Basic	**25,282,370**	25,102,265	180,105
Diluted	**26,117,133**	25,939,888	177,245

(1) *Non-IFRS financial measure. Please see discussion in the Non-IFRS Financial Measures section of this MD&A.*
(2) *Before other comprehensive income (loss)*
(3) *Weighted average*

Financial Highlights Summary - Quarterly
(Stated in thousands of Canadian dollars except per share amounts)

	2014	2013				2012		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	**3,215**	2,602	2,990	2,263	1,720	2,152	1,113	1,188
Gross profit[(1)]	**1,442**	1,322	1,337	1,177	890	985	591	448
EBITDA[(1)]	**1,154**	964	1,036	798	656	497	299	200
Profit for the period	**802**	675	818	634	417	298	155	100
Earnings per share – Basic and diluted	**.03**	0.02	0.03	0.03	0.02	0.01	0.013	0.00

(1) *Non-IFRS financial measure. Please see discussion in the Non-IFRS Financial Measures section of this MD&A.*

There are a number of factors contributing to quarterly variations that may not be reflective of Questor'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 crude oil and natural gas commodity prices, changes in legislation and seasonal behaviours. Other factors causing variation include the Company's mix of products sold and/or rented in each period, the mix of services delivered and the currency in which the sales are transacted. For the first quarter of 2014, activity in the Company's subsidiary was minimal and therefore the consolidated results generated are by the largest margin those of Questor and the incinerator business.

FINANCIAL RESULTS ANALYSIS

Questor's financial information and the related discussion of financial results are for the three months ended March 31, 2014 and 2013.

Profit and total comprehensive income
(Stated in Canadian dollars)

For the three months ended March 31	**2014**	2013	Increase (decrease)
Profit and total comprehensive income	**800,100**	417,084	383,016
Earnings per share - Basic	**0.032**	0.017	0.015
- Diluted	**0.031**	0.017	0.014

Profit and total comprehensive income for the three months ended March 31, 2014 was $800,100 ($0.032 per basic share) compared to $417,084 ($0.017 per basic share) for the same period in the previous year. Higher revenues generated from the sale of incinerators, which number increased by 120%, and Incinerator and combustion services contributed to the increase in profit. These impacts were partially offset by lower rental revenue, higher cost of sales and administrative expense. Higher net foreign exchange gains in the first quarter of 2014 compared to the same period of the prior year contributed to the increased profit, while higher income tax on the increased profit before tax reduced the overall increase in profit and total comprehensive income.

Revenue

(Stated in Canadian dollars)

For the three months ended March 31	**2014**	2013	Increase (decrease)
Sale of goods	**2,766,697**	1,300,711	1,465,986
Rendering of services			
Incinerator rental income	**258,360**	273,010	(14,650)
Incinerator and combustion services	**190,380**	145,856	44,524
	3,215,437	1,719,577	1,495,860

Revenues from the Sale of goods were 113 per cent higher in the three months ended March 31, 2014 when compared to the same period in the prior year driven mostly by the increase in the number of units sold. The mix of incinerator capacities sold was completely different between the years, except that each year saw the sale of one Q3000 unit. With the one in 2014 going to a U.S. customer and the one in 2013 going to a Canadian customer, the Company experienced a favorable rate variance due in part to the impact of the strengthened U.S. dollar.

Rental revenue was lower in the first three months of 2014 when compared to the same period of the prior year. The mix of units out on rental differed between the periods with the concentration in 2013 being customers wanting to rent smaller units on a trial basis, and in the first quarter of 2014 larger units on long term rental contracts generated the bulk of the rental revenues. The trend to larger unit rentals has continued into the second quarter and the expected increase in rental income should create a much more positive variance between reporting periods for the balance of the year.

Incinerator and combustion services revenues are dependent in part on the level of sales and rentals Questor experiences as well as timing for commissioning of new units. Sales of units late in the final quarter of 2013, being much higher relative to the same period of the previous year, as well as substantially delayed commissioning timing for a unit delivered in the second quarter of 2013, combined to drive the increase in revenues in this category when comparing the first three months of 2014 to the first three months of 2013.

Cost of sales

(Stated in Canadian dollars)

For the three months ended March 31	**2014**	2013	Increase (decrease)
Cost of sales	**1,772,896**	829,136	944,980
Cost of sales as a percent of revenue(1)	**55.1**	48.2%	6.9

(1) *Non-IFRS financial measure. Please see discussion in the Non-IFRS Financial Measures section of this MD&A.*

There are a number of variables that contribute to Questor's Cost of Sales/Revenue relationship (margin). These variables include the mix of unit sizes sold and the customer configuration specified for each unit, the mix of unit sizes rented, each of which size generates a different level of margin, as well as the fixed costs the Company must incur to maintain its operating capability.

Cost of sales as a percent of revenue for the three months ended March 31, 2014 was 55.1 percent compared to 48.2 percent for the three months ended March 31, 2013. The ratio has historically fallen within a relatively narrow range, with 2014 being at the higher end of the range.

Administration expenses
(Stated in Canadian dollars)

For the three months ended March 31	**2014**	2013	Increase (decrease)
Employee costs	**226,142**	194,106	32,036
Share-based payments	**15,280**	15,884	(604)
Consultants and contractors	**40,639**	40,500	139
Marketing/business development	**13,419**	-	13,419
Office costs	**64,921**	47,257	17,664
Corporate/regulatory compliance	**103,301**	53,454	49,847
Research and development	**21,099**	-	21,099
Other	**2,336**	2,349	(13)
Administration expenses	**487,137**	353,550	133,587

Administration expenses increased due in part to increases in the level of activity relating to business development and research and in part due to the acquisition the Company made on January 31, 2014. Increases were also experienced in office costs as the Company embarked in the second quarter of 2013 on an effort to upgrade and increase computing capacity, security and system stability. Corporate/regulatory compliance cost increases were the result of increased stock exchange fees, which annual sustaining fees are determined based on the Company's market capitalization and to a higher level of activity in the Company's shares, certain of which transactions attract transfer agent fees. In addition, management engaged legal counsel to assist in the due diligence process required prior to closing the acquisition of ClearPower Systems Inc. which costs are required to be expensed under IFRS. Employee costs are higher as a result of having additional engineering staff beginning in the second quarter of 2013 as well as having the CFO position filled for the full first three months of 2014 while the role was vacant for half of the first three months of 2013.

Net foreign exchange gains (losses)
(Stated in Canadian dollars unless otherwise noted)

For the three months ended March 31	**2014**	2013	Increase (decrease)
Realized	**228,289**	32,386	195,903
Unrealized	**(85,136)**	12,611	(97,747)
Net foreign exchange gains (losses)	**143,153**	44,997	98,156

Net foreign exchange gains were recorded in both three month periods ended March 31, 2014 and 2013. The relationship between the U.S. dollar ("USD") and the Canadian dollar ("CAD") moved by $0.03 during the first three months of 2013 and by $0.04 during the first three months of 2014, both movements favorably impacting the Company's revenues on units sold to customers in the U.S. USD denominated settlements in the first three months of 2014 on receivables from incinerators sold in the final quarter of 2013 were also much higher than occurred in the first three months of 2013.

Depreciation of property and equipment
(Stated in Canadian dollars unless otherwise noted)

For the three months ended March 31	**2014**	2013	Increase (decrease)
Depreciation included in cost of sales	**53,631**	69,657	(16,026)
Depreciation included in expenses	**11,965**	10,740	1,225
Depreciation of property and equipment	**65,596**	80,397	(14,801)

Depreciation of property and equipment recorded for the three month period ended March 31, 2014 was lower than that recorded in the corresponding period of 2013 due to the impact of the reduction in the rental fleet during 2013 for units that were sold to customers with short delivery times frames. This reduction was partially offset by increased depreciation in the Company's trucks and trailers category resulting from the purchase of two new trucks in 2013 and one in early 2014, two of which were replacements for units past their service capacity.

Amortization of intangible assets
(Stated in Canadian dollars unless otherwise noted)

For the three months ended March 31	**2014**	2013	Increase (decrease)
Amortization of intangible assets	**305**	305	-

Amortization of intangible assets for each of the three month periods ending March 31, 2014 and 2013 are the same reflecting the amortization of patent costs evenly over the period the patents remain in force.

Income tax expense
(Stated in Canadian dollars unless otherwise noted)

For the three months ended March 31	**2014**	2013	Increase (decrease)
Current income tax	**296,441**	151,378	145,063
Deferred income tax	**(9,223)**	7,056	(16,279)
Income tax expense	**287,218**	158,434	128,784

An income tax expense of $287,218 for first three months of 2014 is reflective of a profit before tax of $1,088,968 as compared to income tax of $158,434 on a profit before tax of $575,318 for the corresponding quarter in 2013.

The level of income tax expense relative to the profit before tax in each of the three months ended March 31, 2014 and 2013 reflects permanent differences between the accounting and tax bases of assets and liabilities.

OUTLOOK

The Company's outlook described in its MD&A dated April 15, 2014 and included in the Company's 2013 annual report is relatively unchanged at the date of this MD&A. The demand for the Company's products and services in the United States market is expected to remain strong for the foreseeable future driven by the heightened crude oil and natural gas development activity and the introduction of demanding environmental regulations. In addition, regulation in Europe is becoming increasingly focused on emissions and some countries have begun to disallow open flaring, thereby creating additional opportunities for Questor to sell or rent incineration units. In the coming year, management expects to pursue expansion of the Company's presence in these markets as well as focus efforts on providing solutions in Canada in areas where consumer activism is driving producers to look at alternatives to flaring.

Since the beginning of 2014, confirmed incinerator sales orders for $3.8 million have been received. The units are expected to be delivered in the second and third quarter of 2014 and the associated revenue recorded. Management is in discussions with several companies in Canada and the U.S. with respect to terms and conditions on additional incinerator orders, the revenue for which will be recorded at the time the units are fabricated and ready for delivery in the third and fourth quarters of 2014. For certain sizes of units, an inventory of which management has built up over the latter half of 2013, the contract to delivery time is expected to be very short.

At present, Questor has approximately 90 percent of the available rental incinerator capacity committed under term contracts and is operating in the traditional Western Canada markets as well as new markets in the United States. At this level of rentals, a limited number are available to meet new customers' needs. Management expects to continue to issue orders for fabrication of additional units for completion in the third and fourth quarters.

FINANCIAL POSITION

The following table outlines the significant changes in the statement of financial position of Questor from December 31, 2013 to March 31, 2014.

Statement of financial position item	Increase (decrease)	Explanation
Cash and cash equivalents	(1,300,278)	Cash generated from operations was more than offset by the Company's investment in the acquisition of ClearPower, payment of taxes and the timing of collection of amounts owing by customers. See also the discussion in the Liquidity and Capital Resources section of this MD&A and note 12 to the Company's unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2014.
Trade and other receivables	1,016,321	The increase is the timing of revenue generating activities in first quarter 2014 compared to last quarter 2013.
Inventories	(11,301)	The decrease is driven by units sold during the period offset in part by additional orders for units to be fabricated as well as differences related to composition and stage of construction relative to those units in inventory as at December 31, 2013.
Property and equipment	277,263	The increase is due in part to the assets acquired on the acquisition of ClearPower Systems, Inc. and in part to the capital invested in vehicles and trailers during the first three months of 2014, partially offset by depreciation charges.
Intangible assets	204,594	The increase is the result of Questor's acquisition of ClearPower and the intangible assets acquired in the transaction as well as that Company's continued spending in the current period on related items.
Trade payables, accrued liabilities and provisions	22,478	The increase relates to the composition and timing of business activities, particularly incinerator construction, reflected at the end of the respective periods.
Current tax liabilities	(266,663)	The decrease is due to final tax remittances for 2013 paid in the first quarter of 2014 offset by the recording of a provision for the 2014 corporate income tax liability.
Deferred revenue and deposits	197,882	The increase relates to the higher level of cash received as deposits in respect of incinerator sales orders which are to be delivered during the second quarter of 2014.

INVESTED CAPITAL

The invested capital of $97,634 in the three months ended March 31, 2014 is comprised of payments to acquire a new service vehicle ($38,096), new tools for the Grande Prairie location ($1,220) and to move a Company trailer to and from the establishment where engineered drawings were developed for future fabrication of additional trailers ($7,460) and payments in ClearPower in the period for engineering work to refine the design of the prototype waste heat to power generator to achieve commercialization ($50,858). In addition the Company invested $1,000,710 to acquire 100% of the outstanding shares of ClearPower.

The majority of invested capital of $90,355 in the three months ended March 31, 2013 related to additions to ($85,448) and modifications of ($1,475) the incinerator rental fleet. The balance was invested in information system network upgrades.

LIQUIDITY AND CAPITAL RESOURCES

Questor historically has used debt and equity financing to the extent that funds generated from operations, cash balances and deposits received from customers in respect of a sale were insufficient to fund capital expenditures and working capital changes. At this time, management does not reasonably expect any presently known trend or uncertainty to affect the Company's ability to access its anticipated sources of cash. Management further expects that 2014 cash generated from operations and current cash deposit amounts will be sufficient to meet budgeted operating and capital requirements.

Cash Flows

(Stated in Canadian dollars)

For the three months ended March 31	**2014**	2013	Increase (decrease)
Cash and cash equivalents at the beginning of period	**7,323,303**	4,405,624	2,917,679
Cash provided by (used in):			
Operating activities	**(220,356)**	505,754	(726,110)
Investing activities	**(1,098,344)**	(90,355)	(1,007,989)
Financing activities	**16,750**	-	16,750
Effect of translation of foreign currency items	**1,673**	6,246	(4,573)
Cash and cash equivalents at end of the period	**6,023,026**	4,827,269	1,195,757

Operating Activities

Net cash used in operating activities in the three months ended March 31, 2014 was $220,356 compared to cash provided of $505,754 in the corresponding period of 2013. The $726,110 decrease is due primarily to the requirement to pay higher income taxes on higher earnings for the year, combined with the impact of movements in working capital described more fully in Note 12 to the unaudited condensed consolidated financial statements as at and for the three month period ended March 31, 2014. These impacts combined to more than offset the 89 percent improvement in cash flows from operating activities when comparing the first three months of 2014 to the same period of 2013.

Working Capital

(Stated in Canadian dollars unless otherwise noted)

As at	**March 31 2014**	December 31 2013	Increase (decrease)
Current assets	**12,343,627**	12,747,848	(404,221)
Current liabilities	**2,642,841**	2,689,144	(46,303)
Working capital	**9,700,786**	10,058,704	(357,918)
Current ratio	**4.7**	4.7	-

Investing Activities

Cash used in investing activities in the three months ended March 31, 2014 was $1,098,344 compared to $90,355 in the same period of 2013. The investing activities comprised expenditures as described in the Invested Capital section of this MD&A.

Financing Activities

Financing activities in the three months ended March 31, 2014 were restricted to the receipt of cash on the exercise of options by employees in the period more fully described in Note 7 of the unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2014. In the three months ended March 31, 2013 the Company did not undertake any financing activities.

Capital Resources

Management believes that Questor's cash deposits and cash generated from operations will provide sufficient capital resources and liquidity to fund existing operations and anticipated capital requirements in 2014.

As at March 31, 2014, the Company had cash and cash equivalents of $6,023,026 compared to $7,323,303 at December 31, 2013. The foreign currency composition of the cash balances is described in note 4 to the unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2014. The use of cash during first quarter 2014 is described in the Financial Position and Liquidity and Capital Resources sections of this MD&A.

The credit facilities to which the Company has access are described in note 10 to the audited annual financial statements as at and for the year ended December 31, 2013. As of the date of this MD&A, no amounts are drawn against these facilities.

All of the borrowing facilities from the chartered bank 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. Questor was in compliance with these covenants at December 31, 2013 and the end of each fiscal quarter in 2013 and in 2014 to date.

Contractual Obligations and Commitments

The contractual obligations and commitments to which the Company is subject are described in note 14 to the Company's unaudited condensed financial statements as at and for the three months ended March 31, 2014 and in note 23 to the Company's audited financial statements for the year ended December 31, 2013.

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 financial statements at the end of each reporting period approximate their fair value due to their short period to maturity. The carrying value of short-term borrowings would approximate their fair value as they bear interest at a floating interest rate as described in note 10 to the Company's audited annual financial statements as at and for the year ended December 31, 2013. The carrying value of long-term borrowings also would approximate fair value as the fair value of long-term borrowings would be estimated using discounted cash flows based on current rates of interest. At March 31, 2014 and December 31, 2013 there were no short-term or long-term borrowings outstanding. The Company did not hold or issue any derivative financial instruments during 2013 or in 2014 to date.

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. At March 31, 2014 and December 31, 2013 there was no impairment required on any of the financial assets of the Company.

The Company is exposed to market risk and potential loss from changes in the value of financial instruments. These risks are described in note 22 to the Company's audited annual financial statements as at and for the year ended December 31, 2013.

BUSINESS CONDITIONS AND RISK MANAGEMENT

The Company is exposed to a number of business risks with the potential to affect financial performance as detailed in the MD&A included in the Company's 2013 annual report. Since December 31, 2013, there have been no material changes to the uncertainties and risk factors facing Questor.

TRANSACTIONS WITH RELATED PARTIES

The Company's transactions with related parties are described in note 15 to the Company's unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2014.

OFF-BALANCE-SHEET ARRANGEMENTS

The Company's obligations under guarantees are not recognized in the financial statements but are disclosed. At March 31, 2014 and December 31, 2013, the Company had not entered into any off-balance-sheet arrangements other than those noted in the Contractual Obligations and Commitments section of this MD&A.

SHARE CAPITAL

The following table indicates the common shares and share options issued and outstanding at December 31, 2013, March 31, 2014 and May 29, 2014.

As at	**May 29 2014**	**March 31 2014**	December 31 2013
Shares issued and outstanding	**25,507,370**	**25,394,870**	24,857,370
Share options outstanding	**1,473,000**	**1,237,500**	1,275,000
Share options exercisable	**462,500**	**262,500**	350,000

On January 17, 2014 an employee exercised 25,000 options at $0.28 per share and on May 2, 2014 a further 25,000 shares at $0.28 per share to acquire a total of 50,000 shares of the Company. On January 31, 2014 another employee exercised 12,500 options at $0.28 per share and 25,000 options at $0.25 per share acquiring 37,500 shares of the Company at that date. On March 28, 2014 another employee exercised 100,000 options at $0.25 per share to acquire 100,000 shares. On May 2, 2014 another employee exercised 87,500 options at $0.53 per share to acquire the same number of shares of the Company.

On April 15, 2013, subject to regulatory approval, share options were granted to select officers and employees entitling the purchase of up to 348,000 common shares at $2.48 per share, exercisable for a period of five years and vesting in accordance with the provisions of Questor's share option plan. This grant is included in the table of share options outstanding as at May 29, 2014 above.

On April 24, 25 and 26, 2014, 312,500 options of those granted between 2010 and 2013 vested.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's unaudited condensed financial statements are based on International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and have been prepared 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 financial statements are consistent with those used in the preparation of the audited 2013 annual financial statements.

In the application of the Company's accounting policies, 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 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 most critical of these policies with respect to estimates are those related to componentization and useful lives of property and equipment and intangible assets, impairment of non-financial assets, share-based payments and taxation. These critical judgements in applying accounting policy and other key sources of estimation uncertainty are described in note 2 to the audited financial statements as at and for the year ended December 31, 2013.

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.

NON-IFRS FINANCIAL MEASURES

This MD&A contains references to certain financial measures that do not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other entities. The purpose of these financial measures and their reconciliation to IFRS financial measures is discussed below.

Gross Profit

(Stated in Canadian dollars unless otherwise noted)

For the three months ended March 31	**2014**	2013
Gross profit	**1,442,541**	890,441
Add:		
Other income	**2,700**	4,675
Deduct:		
Administration expenses	**487,156**	353,550
Net foreign exchange (gains) losses	**(143,153)**	(44,997)
Depreciation of property and equipment	**11,965**	10,740
Amortization of intangible assets	**305**	305
Income tax expense	**287,218**	158,434
Exchange differences on translating foreign operations	**1,650**	-
Profit and total comprehensive income (IFRS financial measure)	**800,100**	417,084

Gross profit is a measure of the Company's operating profitability. Gross profit provides an indication of the results generated by the Company's principal business activities before corporate activities and costs and prior to accounting for how these activities are financed, assets are amortized or how the results are taxed. Gross profit is calculated from the Statement of Comprehensive Income and is defined as revenue less cost of sales.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

(Stated in Canadian dollars unless otherwise noted)

For the three months ended March 31	**2014**	2013
EBITDA	**1,154,868**	656,220
Deduct:		
Depreciation of property and equipment (including amount in cost of sales)	**65,595**	80,397
Amortization of intangible assets	**305**	305
Income tax expense	**287,218**	158,434
Exchange differences on translating foreign operations	**1,650**	-
Profit and total comprehensive income (IFRS financial measure)	**800,100**	417,084

EBITDA is also a measure of the Company's operating profitability. EBITDA provides an indication of the results generated by the Company's principal business activities prior to accounting for how these activities are financed, assets are amortized or how the results are taxed. EBITDA is calculated from the Statement of

Comprehensive Income and is defined as gross profit plus other income less administration expenses, and net foreign exchange (gains) losses.

Cost of Sales as a Percent of Revenue
(Stated in Canadian dollars unless otherwise noted)

For the	**2014**	2013
Cost of sales (IFRS financial measure)	**1,772,896**	829,136
Revenue (IFRS financial measure)	**3,215,437**	1,719,577
Cost of sales as a percent of revenue	**55.1%**	48.2%

Cost of sales as a percent of revenue is a measure of the Company's operating profitability generated by the Company's principal business activities prior to administration expenses and how these activities are financed or results are taxed. Cost of sales as a percent of revenue is calculated from the Statement of Comprehensive Income and is defined as cost of sales divided by revenue where revenue does not include other income.

Cash Generated from Operations before Movements in Non-Cash Working Capital
(Stated in Canadian dollars unless otherwise noted)

For the three months ended March 31	**2014**	2013
Cash generated from operations before movements in non-cash working capital	**1,255,065**	662,405
Movements in non-cash working capital	**(891,550)**	(156,651)
Income taxes paid	**(583,871)**	-
Net cash generated from (used in) operating activities (IFRS financial measure)	**(220,350)**	505,754

Cash generated from operations before movements in non-cash working capital is used to assist management and investors in analyzing operating performance, after interest and taxes, without regard to the impact of foreign exchange gains or losses to cash and to changes in the Company's non-cash working capital in the period. Cash generated from operations as presented should not be viewed as an alternative to net cash generated from operating activities, or other cash flow measures calculated in accordance with IFRS. Cash generated from operations before movements in non-cash working capital is calculated from the Statement of Cash Flows and is defined as net cash generated from operating activities before changes in non-cash working capital and income taxes paid.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Alberta Securities Commission, and the securities commissions in the other jurisdictions in which Questor is registered, has exempted venture issuers from certifying to the establishment and maintenance of disclosure controls and procedures as well as internal controls over financial reporting. As a venture issuer, Questor is required under National Instrument 52-109 to file basic certificates which the Company has done for each fiscal quarter since the exemption came into effect on December 31, 2007.

The Company is cognizant of the impact that good internal controls have with regards to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation. The Company continues to maintain, wherever practical, disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under applicable securities legislation is accumulated and communicated to management, including the certifying officers, to allow timely decisions and actions regarding required disclosure. The Company also endeavours to establish and maintain adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements.