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, and for the three and nine month periods ended September 30, 2014 compared to the corresponding date and periods of 2013.

This MD&A dated November 27, 2014 should be read in conjunction with the unaudited condensed consolidated financial statements and accompanying notes of Questor as at and for the three and nine month periods ended September 30, 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 and nine months ended September 30, 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 ("CAD") unless otherwise stated.

The unaudited condensed consolidated financial statements for the three and nine month periods ended September 30, 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 are also available on 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 the Company'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 the Company'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 fabricates 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 at 99.99% efficiency while enabling regulatory compliance, environmental protection, public confidence and reduced operating costs for customers. The technology creates an opportunity to utilize the heat generated from efficient combustion. Questor is recognized for its particular expertise in the combustion of sour gas (H_2S). While the Company's current customer base is 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".

Questor acquired all of the outstanding shares of ClearPower Systems Inc. ("CPS"), a Delaware company, on January 31, 2014. That company has prototype waste heat to power generation technology that is expected to be developed to commercial status by mid 2015. The activities of CPS are included within the information provided in this MD&A. A full discussion of the details of the acquisition is included in Note 3 to the unaudited condensed consolidated financial statements of Questor as at and for the three and six month periods ended September 30, 2014.

Financial Highlights Summary – Third Quarter 2014

(Stated in Canadian dollars except Shares outstanding)

	Three months ended September 30			Nine months ended September 30		
For the	**2014**	2013	Increase (decrease)	**2014**	2013	Increase (decrease)
Revenue	**3,127,213**	2,989,767	137,446	**10,845,301**	6,973,090	3,872,211
Gross profit[1]	**1,618,863**	1,336,609	282,254	**5,606,556**	3,404,490	2,202,066
EBITDA[1]	**1,358,818**	1,036,215	322,603	**4,483,249**	2,490,024	1,993,225
Profit for the period[2]	**867,856**	817,840	50,016	**3,063,929**	1,869,101	1,194,828
Cost of sales as a percent of revenue[1]	**48.2%**	55.3%	(7.1%)	**48.3%**	51.2%	(2.9%)
Cash generated from operations before movements in non-cash working capital[1]	**1,660,180**	1,032,556	627,624	**5,002,448**	2,573,968	2,428,480
Shares outstanding[3]						
Basic	**25,714,761**	25,119,327	595,434	**25,492,507**	25,068,175	424,332
Diluted	**26,498,220**	25,917,239	580,981	**26,284,681**	25,772,662	512,019
Earnings per share -						
Basic	**0.034**	0.033	0.001	**0.121**	0.075	0.046
Diluted	**0.033**	0.032	0.001	**0.117**	0.073	0.044

As at	**September 30, 2014**	December 31, 2013	Increase (decrease)
Total assets	**17,338,114**	14,029,829	3,308,284
Non-current liabilities	**173,404**	175,130	(1,726)

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

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

	2014			2013				2012
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	3,127	4,503	3,215	2,602	2,990	2,263	1,720	2,152
Gross profit(1)	1,619	2,545	1,442	1,322	1,337	1,177	890	985
EBITDA(1)	1,362	1,967	1,154	964	1,036	798	656	497
Profit and total comprehensive income	853	1,403	800	675	818	634	417	298
Earnings per share – Basic	0.03	0.06	0.03	0.02	0.03	0.03	0.02	0.01
– Diluted	0.03	0.05	0.03	0.02	0.03	0.03	0.02	0.01

(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 the services delivered and the currency in which the sales are transacted. Activity in the Company's subsidiary ClearPower Systems Inc. was focused on refining the design of the prototype waste heat to power generator and as such has had minimal impact on operating results for the three and nine month periods ended September 30, 2014.

FINANCIAL RESULTS ANALYSIS

Questor's financial information and the related discussion of financial results are for the three and nine month periods ended September 30, 2014 and 2013.

Profit and total comprehensive income
(Stated in Canadian dollars)

	For the three months ended September 30			For the nine months ended September 30		
	2014	2013	Increase (decrease)	**2014**	2013	Increase (decrease)
Profit and total comprehensive income	**853,443**	817,840	35,603	**3,056,101**	1,869,101	1,187,000
Earnings per share - Basic	**0.034**	0.033	0.001	**0.121**	0.075	0.046
Earnings per share - Diluted	**0.033**	0.032	0.001	**0.117**	0.073	0.044

Profit and total comprehensive income for the three months ended September 30, 2014 was $853,443 ($0.034 per basic share) compared to a profit of $817,840 ($0.033 per basic share) for the same three month period in the prior year. Revenue from the sale of incinerators was 30% lower in the current quarter, but this was more than offset by increases in Rental revenue (up 257%) and Incinerator and combustion services revenues (up 302%). Also contributing to the increased profit were higher Net exchange gains and Other income while increases in Depreciation and Administration expenses partially mitigated the overall impact of the favorable revenue results.

Profit and total comprehensive income for the nine months ended September 30, 2014 of $3,056,101 ($0.121 per basic share) was 64 percent higher compared to a profit of $1,869,101 ($0.075 per basic share) for the first nine months of 2013. This increase in profitability is due to higher revenues arising from differences in the volume and mix of incinerator sales in each period, to higher Rental and Incinerator and combustion services revenues and to improved margins on incinerator sales achieved in 2014. Profit also benefited from increased net foreign exchange gains recorded in the first nine months of 2014 compared to the same period of 2013 which was driven by the volume and timing of revenues earned outside of Canada and the volatility in the U.S. dollar/Canadian dollar exchange rate.

Higher Administration expenses partially offset the impact of higher incinerator sales revenues on profit and total comprehensive income for the nine months ended September 30, 2014 as did higher Income tax expense when compared to the same period of 2013. The higher income taxes were a result of the higher level of income before tax earned by the Company in the first nine months of 2014.

Revenue

(Stated in Canadian dollars)

	For the three months ended September 30			For the nine months ended September 30		
	2014	2013	Increase (decrease)	**2014**	2013	Increase (decrease)
Sale of goods	**1,856,737**	2,642,763	(786,026)	**8,622,713**	5,808,482	2,814,231
Rendering of services						
Incinerator rental income	**986,598**	276,319	710,279	**1,657,289**	835,007	822,282
Incinerator and combustion services	**283,878**	70,685	213,193	**565,299**	329,601	235,698
Revenue	**3,127,213**	2,989,767	137,446	**10,845,301**	6,973,090	3,872,211

Revenue increased by 5 percent in the three month period ended September 30, 2014 when compared to the corresponding period of 2013. A lower volume of incinerators sold in the three month period of 2014, where customers favored rentals rather than ownership, was more than offset by increases in rental revenue, which was 257 percent higher in the three months ended September 30, 2014 when compared to the same period of 2013 and revenue from Incinerator and combustion services, which was higher by 302 percent, the result of commissioning work required in the current period on incinerators sold in prior periods as well as revenue earned on preparation of rental incinerators for processing at customers' sites.

Revenue increased by 56 percent in the nine month period ended September 30, 2014 compared to the same period of 2013. This favorable variance is attributable to the higher volume of incinerators sold in the first nine months of 2014 compared to the same period of 2013, as well as the increase in Rental revenues and Incinerator and combustion services revenues the Company experienced commencing in the third quarter of the current year. These rental contracts are generally longer term contracts which are expected to generate the higher level of rental revenues for periods up to three years.

Cost of sales

(Stated in Canadian dollars unless otherwise noted)

	For the three months ended September 30			For the nine months ended September 30		
	2014	2013	Increase (decrease)	**2014**	2013	Increase (decrease)
Cost of sales	**1,508,350**	1,653,158	(144,808)	**5,238,745**	3,568,600	1,670,145
Cost of sales as a percent of revenue[1]	**48.2%**	55.3%	(7.1%)	**48.3%**	51.2%	(2.9%)

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

Cost of sales was lower in the three month period and higher in the nine month period ended September 30, 2014 when compared to the same periods of 2013. Sales of incinerators in the quarter included fewer units but consisted primarily of larger units which have historically contributed to improved margins for the company. As well the costs related to maintaining the rental fleet are lower when compared to the cost of fabrication of units, which contributes to a lower overall cost of sales. The higher number of units sold in the nine month period ended

September 30, 2014 was the main driver of the increase in cost of sales when compared to the same period of 2013.

Cost of sales as a percent of revenue at 48.2% was lower in the three month period ended September 30, 2014 compared to 55.3% in the same period of the prior year, and lower for the nine month period in the current year at 48.3% when compared to the nine month period of the prior year at 51.2%. The variable costs of each revenue type and the fixed costs of operations are consolidated to determine the Company's ratio of cost of sales as a percent of revenue resulting in variability in that ratio from period to period. Each type of revenue earned by the Company has its own associated margin, with the rental business and incinerator and combustion services providing generally higher margins.

In the three and nine months ended September 30, 2014, with Rental revenues and Incinerator and combustion services revenues higher than in the comparative periods of the prior year, the resulting cost of sales ratio was lower.

Administration expenses
(Stated in Canadian dollars)

	For the three months ended September 30			For the nine months ended September 30		
	2014	2013	Increase (decrease)	**2014**	2013	Increase (decrease)
Employee costs	**278,787**	199,783	79,004	**823,162**	669,779	153,383
Share-based payments	**96,378**	15,515	80,863	**186,225**	48,500	137,725
Consultants and contractors	**40,551**	37,233	3,318	**115,868**	113,845	2,023
Marketing/business development	**15,111**	6,009	9,102	**39,239**	39,517	(278)
Office costs	**82,384**	47,932	34,452	**218,777**	153,524	65,253
Corporate/regulatory compliance	**89,222**	39,718	49,504	**238,322**	159,555	78,767
Research and development	**25,460**	2,341	23,119	**94,599**	10,760	83,839
Other	**1,525**	1,210	315	**6,106**	5,468	638
Administration expenses	**629,418**	349,741	279,677	**1,722,298**	1,200,948	521,350

Administration expenses were higher in both the three and nine month periods of 2014 when compared to the same periods of the prior year. The 2014 expenses were up due in part to higher employee costs driven by additional staff brought on to manage the Company's growth. In addition, under the terms of the Company bonus plan, the accrual included in the Employee costs category is higher in the current period as a result of the higher level of EBITDA earned by the Company, on which the calculation is based. Share based payments expense has increased due to the granting of options in the current period at a much higher strike price resulting from the growth in the Company's share price in the period since the options were granted in 2013. Office costs have increased in the current comparative periods as a result of the consolidation of ClearPower accounts, which company has incurred office set up costs in the more recent two quarters of 2014. Corporate and regulatory compliance costs were higher in the three and nine month periods of 2014 as the Company has experienced growth in its market value which drives increases in stock exchange fees and related costs. Management spent more time in the current year on activity related to Research and development and as a result these costs in the three and nine month periods ended September 30, 2014 were higher than in the comparative periods of the prior year. Marketing and business development costs were higher in the three month period of 2014 compared to the same period of 2013 and approximately the same in the nine month periods ended September 30, 2014 and 2013 driven by the relative levels of activity in each period directed to promoting the capability and effectiveness of Questor's product offerings.

Net foreign exchange gains (losses)
(Stated in Canadian dollars)

	For the three months ended September 30			For the nine months ended September 30		
	2014	2013	Increase (decrease)	**2014**	2013	Increase (decrease)
Realized	**316,890**	61,725	255,165	**696,288**	104,871	591,417
Unrealized	**(57,763)**	(77,892)	20,129	**(328,054)**	(28,604)	(299,450)
Net foreign exchange gains (losses)	**259,127**	(16,167)	275,294	**368,234**	76,267	291,967

Net foreign exchange gains were recorded in the three and nine month periods ended September 30, 2014 while net foreign exchange losses were recorded in the three months ended September 30, 2013 and gains in the the nine month period ended September 30, 2013. Variability in both the volume and timing of recording and collecting revenues and making payments in currencies other than the Canadian dollar contributed to the overall volatility in the comparative results.

Depreciation of property and equipment
(Stated in Canadian dollars)

	For the three months ended September 30			For the nine months ended September 30		
	2014	2013	Increase (decrease)	**2014**	2013	Increase (decrease)
Depreciation included in Cost of sales	**87,192**	64,616	22,576	**193,824**	202,692	(8,868)
Depreciation included in expenses	**14,052**	10,459	3,593	**39,989**	30,998	8,991
Depreciation of property and equipment	**101,244**	75,075	26,169	**233,813**	233,690	123

Depreciation included in Cost of sales for the three month period ended September 30, 2014 was higher than in the same period of the prior year as the Company transferred units from inventory into the rental fleet in the current period to serve new rental contracts. The resulting increase was augmented by higher depreciation charges arising from the acquisition of three replacement service vehicles in 2014. For the nine months ended September 30, 2014 depreciation included in Cost of sales was lower than in the corresponding period of 2013 due to there being fewer units in the fleet in the first six months of the current year, a result of the sale of units from the fleet in the latter part of 2013.

Depreciation included in expenses was higher in the three months ended September 30, 2014 when compared to the same period of the prior year as a result of capital items being acquired in the third quarter of the current year in the Calgary and Grande Prairie offices and to the inclusion of depreciation on assets in ClearPower in this category in the current year. Depreciation included in expenses was also higher in the nine months ended September 30, 2014 when compared to the same period of the prior year as a result of the additions of engineering software and computing capacity earlier in the current year and the third quarter additions discussed above.

Amortization of intangible assets
(Stated in Canadian dollars)

	For the three months ended September 30			For the nine months ended September 30		
	2014	2013	Increase (decrease)	**2014**	2013	Increase (decrease)
Amortization of intangible assets	**905**	305	600	**2,542**	914	1,628

Amortization of intangible assets recorded for each of the three and nine month periods ending September 30, 2014 and 2013 reflects the amortization of patent costs evenly over their lifetime. In addition, the Company commenced amortizing the costs of drawings acquired at the end of the prior year that were capitalized as intangible assets causing the charges in both the three and nine month periods of 2014 to be higher than those in the comparative periods of the prior year.

Losses on disposal of property and equipment
(Stated in Canadian dollars)

	For the three months ended September 30			For the nine months ended September 30		
	2014	2013	Increase (decrease)	**2014**	2013	Increase (decrease)
Losses on disposal of property and equipment	**-**	-	-	**-**	**(347)**	(347)

In the second quarter 2013, the Company disposed of a service vehicle with a net book value of $5,347 for proceeds of $5,000, resulting in a net loss on disposition of $347.

Income tax (expense) income
(Stated in Canadian dollars)

	For the three months ended September 30			For the nine months ended September 30		
	2014	2013	Decrease (increase)	**2014**	2013	Decrease (increase)
Current income tax	**(347,312)**	(164,458)	(182,854)	**(1,145,688)**	(418,691)	(726,997)
Deferred income tax	**(41,501)**	21,463	(62,964)	**(37,276)**	32,372	(69,648)
Income tax (expense) income	**(388,813)**	(142,995)	(245,818)	**(1,182,964)**	(386,319)	(796,645)

A provision for Income tax expense of $388,813 for the three months ended September 30, 2014 is reflective of a profit before tax of $1,256,669 as compared to a provision for income tax expense of $142,995 on a profit before tax of $960,835 for the corresponding quarter in 2013. Income tax expense of $1,182,964 for the first nine months of 2014 is reflective of a profit before tax of $4,246,893 as compared to an income tax expense of $386,319 on a profit before tax of $2,255,420 for the same period in 2013.

In 2013, the effective tax rate was lower than 2014 as a result of the impact of the sale of five units out of the rental fleet, which attracts an overall lower tax rate for the period. No similar such sales have been made to date in 2014. This combined with the impact of higher non-deductible expenses in 2014 had the effect of increasing the effective tax rate for the current year.

OUTLOOK

Revenue of $8,622,713 from the sale of incinerators generated in the first nine months of 2014 have exceeded the prior year's total incinerator sales revenue. Utilization of the rental fleet capacity in the first nine months of 2014 has doubled from the prior year with rental revenue 60% higher than the prior year's total rental revenue. Incinerator and combustion services revenue is similarly 40% higher. Overall Revenue generated in the first nine months of 2014 is 13% higher than the prior year's total revenue. While the number and timing of additional projects for which Questor's products will be selected is not easily determinable, the current number of requests for proposal and the increasing complexity of the applications to which the Company's technology is sought supports the potential for additional incinerator sales for which revenue would be recognized before the end of the current fiscal year or early in 2015. As a result we expect results for Q4 to be similar to Q3 in terms of sales of units and rental revenues are expected to be up as more units are going out on rental in the quarter and certain of those currently rented out will generate revenue for the full quarter as opposed to only the latter part of Q3.

Management continues to develop strategic relationships with organizations in various regions where the introduction of stringent air emissions regulations are providing an impetus to operators to identify and pursue high combustion efficiency solutions for their flaring and venting applications. The US continues to be a focal point and, in particular, Colorado where the regulators are considering the use of technology such as Questor's. Management has met with senior individuals in several of the top producing corporations and with state officials to increase awareness of the quality and capability of Questor's range of products.With this new understanding of Colorado's requirements and the capability of Questor's technology, we are offering our clients a viable "Closed Loop" approach to flow backs after completion of wells and later in their production operations.

Questor has deployed over 40% of its rental fleet to Colorado where it is completely utilized well into 2015. New large well-test style incinerators are being fabricated to satisfy this emerging and growing demand in Colorado and in the US Rocky Mountain region, in general. The strong demand for rental of large incinerators in the second half of 2014 and into 2015 has initiated a strategy to focus on the rental fleet to ensure sufficient supply. The rental fleet has already doubled in size over the first nine months of the year and management continues to maintain an inventory of units available to accommodate customers' short time frames for delivery of units on either a rental or sale basis.

Taking Questor's expertise forward, while developing new collaborations, has significantly increased our exposure to new audiences within Colorado. Other States are also focused on emissions and flaring. These new collaborations are also paving the way into nearby markets such as Wyoming and North Dakota as well as familiar areas such as Pennsylvania and Texas. In North Dakota in the Bakken play, the regulator has recently introduced legislation aimed at reducing the volume of gas flared that provides a correlation between gas flared and allowed oil production volumes. This linkage has created a significant economic incentive for Questor's technology solutions.

These markets are all ideal areas to commercialize Questor's heat to power. Over the past eight months management has further modified and simplified the original ClearPower prototype which we believe will transform power generation in the sub-100 kW market. Management has completed the design enhancements and is currently completing the fabrication of two prototype units of the ClearPower waste heat to power generation process, for testing and final stage deployment by the end of the year. In mid-December 2014 this expander will be tested as part of the full Organic Rankine Cycle (ORC) in Carson City, NV. This is a significant point in the development and commercialization of Questor's heat to power solution. An industry demonstration site will be in operation by the end in the first half of 2015. Commercial status and the subsequent fabrication of units for sale or rental is anticipated to be achieved in 2015. To this end we have leased a facility in Florida to begin assembly of our ClearPower units. There is interest in Europe especially in the biomass industry. The ClearPower units are expected to be sold or rented on a stand-alone basis as well as packaged with the Company's incinerators.

In addition to the opportunities with waste heat to power, we have been approached by our clients to provide additional waste heat solutions. Questor has responded to a large industry demand for water management both in Canada and the US. This technology utilizing the waste heat from our combustion technology will reduce water waste volumes at the well site by over 95% and this will see commercial application in 2015. Both the waste heat to power and water vapourization technologies will serve the same markets that we are currently pursuing and are complementary to both completion flow backs as well as continued production operations.

Questor's focus is on increasing profitability and creating long-term value through strategic expansion of the Company's presence in the United States and Europe, improved asset utilization, new product development and cost management. The Company is positioning itself to capitalize on the longer-term growth opportunities due to its proprietary technology, recognized technical expertise, established customer base and markets and financial capacity. We believe our value added solutions will continue to be in demand despite the drop in oil prices as we provide cost effective technology enabling our clients to meet regulation, reduce their operating costs and effectively address community concerns with oil and gas development.

FINANCIAL POSITION

The following table outlines the significant changes in Questor's financial position from December 31, 2013 to September 30, 2014.

(*Stated in Canadian dollars)*

Statement of financial position item	Increase (decrease)	Explanation
Cash and cash equivalents	(1,808,118)	The decrease is primarily due to the investment in incinerator construction for both the rental and sale revenue streams, and to the Company's investment in ClearPower, the latter to acquire the company and also to continue to develop the waste heat to power technology. These uses of cash were partially offset by the Company's strong operating results in the first nine months of 2014.
Trade and other receivables	2,026,387	The timing of sales in the quarter preceding September 30, 2014 as compared with the quarter preceding December 31, 2013 resulted in a higher level of Trade and other receivables at the end of the current period when compared to the level at the prior year end.
Inventories	(228,023)	Sales of units and the transfer of finished units from inventory to the rental fleet more than offset the level of fabrication spending in the period, resulting in fewer units and therefore a lower total value of inventory under construction at September 30, 2014 when compared to December 31, 2013. This was partially offset by an increase in materials and supplies inventory required to ensure parts for final fabrication and assembly are available on a timely basis.
Prepaid expense and deposits	129,436	The increase is due mainly to payment of the current year insurance premium for the coverage period commencing September 1, 2014 through September 1, 2015 which is then amortized to income over the year.
Trade payables, accrued liabilities and provisions	(247,750)	The decrease relates to the composition and timing of business activities, particularly incinerator construction, reflected at the end of each period.
Deferred revenue and deposits	(252,356)	The increase relates to differences in the amount and timing of deposits received in respect of incinerator sales orders which were to be delivered subsequent to the respective reporting dates.
Current tax liabilities	386,771	The increase is primarily attributable to the provision for current income taxes payable on earnings in the current year offset by changes in provincial and state sales tax amounts owing.
Deferred tax liabilities	37,275	The increase arises as a result of recognition of certain deferred tax amounts in the determination of the Company's provision for income taxes on business activities in the current year. The most significant impact in the current quarter relates to the capitalization of incinerators to the rental fleet which creates timing differences in the determination of book and tax depreciation.

INVESTED CAPITAL

During the nine months ended September 30, 2014, the Company expended $181,778 on Property and equipment, which included $21,059 for incinerator rental fleet additions, $9,717 for tools and equipment, $5,750 for office equipment and $116,601 for replacement of service vehicles at the Grande Prairie operation, $7,460 to move a Company incinerator trailer to and from the establishment where engineering drawings were developed for future manufacture and $21,191 for computer hardware and software at the head office location. The Company invested $5,225 for upgraded engineering drawings for certain of its incinerators. Also included are payments ($493,433) to the Company's subsidiary, ClearPower, for contract engineering work to refine the design of the prototype waste heat to power generator, expected to enable the Company to achieve commercial status in early 2015. In addition, the Company invested $1,000,710 in January 2014 to acquire 100% of the outstanding shares of ClearPower.

During the nine months ended September 30, 2013 expenditures of $120,067 included additions to incinerator rental units of $20,189. The balance of the expenditures included $86,104 for new service vehicles, $9,084 for computer hardware and software and $4,690 for new tools. In the nine months ended September 30, 2013, the Company reclassified $270,295 (2013 - $200,540) of costs on Capital projects in progress to Work in progress to accommodate the delivery timing of incinerator sales orders for which the incinerators under construction for purposes of additions to the rental fleet were suitable. In addition, the Company charged net costs of $578,670, for units that were previously rented out but which met the criteria for size and timing for sales to customers, carried in Property and equipment to Cost of sales. The Company also disposed of a service vehicle with a net book value of $5,347 for proceeds of $5,000, resulting in a net loss on disposition of $347

In addition to adding components to units in the rental fleet, the Company invested in the first nine months of 2014 $5,127,455 for fabrication of units held in inventory which costs were added to Work in progress inventory and from there $1,819,466 in costs for incinerators that commenced rentals during the quarter were capitalized to the rental fleet. In addition, $3,616,218 was transferred from Work in progress to Cost of sales in the first nine months of 2014 for units sold during the period.

In addition to adding components to units in the rental fleet, the Company invested in the first nine months of 2013 $2,140,237 for fabrication of units held in inventory and a further $325,768 was spent on units transferred from the rental pool and refurbished for sale to customers with short term delivery requirements.

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, Questor does not reasonably expect any presently known trend or uncertainty to affect the Company's ability to access its anticipated sources of cash. The Company further expects that 2014 cash generated from operations and current cash and cash equivalents will be sufficient to meet budgeted operating requirements and anticipated capital requirements.

Cash Flows

(Stated in Canadian dollars unless otherwise noted)

For the nine months ended September 30	**2014**	2013	Increase (decrease)
Cash and cash equivalents - beginning of period	**7,323,303**	4,405,624	2,917,679
Cash provided by (used in):			
Operating activities	**(295,244)**	2,876,387	(3,171,631)
Investing activities	**(1,681,146)**	(115,067)	(1,566,079)
Financing activities	**176,100**	44,750	131,350
Effect of exchange rate changes	**(7,828)**	(34,609)	26,781
Cash and cash equivalents - end of period	**5,515,185**	7,177,085	(1,661,900)

Operating Activities

Net cash used in operating activities in the nine months ended September 30, 2014 was $295,244 compared to net cash provided by operating activities of $2,876,387 in the corresponding period of 2013. Net cash provided by operations before movements in working capital was 94 percent better in the nine month period ended September 30, 2014 when compared to the same period of the prior year. Movements in working capital, however, had very different impacts on Cash provided by operations in the two periods. In the first nine months of 2014 the Company invested more cash in fabrication of units for sale or rent as identified in the previous section of this MD&A, paid more tax installments due to the increased earnings before tax and, due to timing of sales, experienced increased outstanding accounts receivable at the end of the period when compared to the same period of the prior year.

Working Capital

(Stated in Canadian dollars unless otherwise noted)

As at	**September 30, 2014**	December 31, 2013	Increase (decrease)
Current assets	**12,789,681**	12,747,848	41,833
Current liabilities	**2,575,809**	2,689,144	(113,335)
Working capital	**10,213,872**	10,058,704	155,168
Current ratio	**5.0**	4.7	.3

Investing Activities

Cash used in investing activities in the nine months ended September 30, 2014 was $1,681,146 compared to $115,067 in the same period of 2013. The investing activities were comprised of expenditures and dispositions as described in the Invested Capital section of this MD&A.

Financing Activities

Cash generated from financing activities was the result of the exercise of options by employees in each of the nine month periods ended September 30, 2014 and 2013. The Company did not undertake any financing activities in the nine month periods ended September 30, 2014 and 2013.

Capital Resources

The Company believes that its Cash and cash equivalents and Net cash provided by operations will provide sufficient capital resources and liquidity to fund existing operations and anticipated capital requirements in 2014 an forward.

As at September 30, 2014, the Company had cash and cash equivalents of $5,515,185 as compared to cash and cash equivalents of $7,323,303 at December 31, 2013. The foreign currency composition of the cash balances is described in note 3 to the unaudited condensed consolidated financial statements as at and for the three and nine month periods ended September 30, 2014. The use of cash during the first nine months of 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 were 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 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 in note 24 to the Company's audited financial statements for the year ended December 31, 2013. No new commitments have been entered into in the nine month period ended September 30, 2014.

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 the fair value as they would generally bear interest at a floating 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 would also approximate fair value as the fair value of long-term borrowings is estimated using discounted cash flows based on current rates of interest. At September 30, 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 September 30, 2014 and December 31, 2013, there was no impairment required on any of the financial assets of the Company other than an allowance for doubtful accounts provision more fully described in note 23 to the Company's audited annual financial statements as at and for the year ended December 31, 2013.

The Company is exposed to market risk and potential loss from changes in the value of financial instruments. These risks are described in note 23 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 aside from the technology risk associated with finalization of the design of the ClearPower waste heat to power generation system and the recent reduction in world oil prices.

TRANSACTIONS WITH RELATED PARTIES

The Company's transactions with third parties are described in note 15 to the Company's unaudited condensed consolidated financial statements as at and for the three and nine month periods ended September 30, 2014.

OFF-BALANCE-SHEET ARRANGEMENTS

The Company's obligations under guarantees are not recognized in the financial statements but are disclosed. At September 30, 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:

As at	**November 27 2014**	**September 30 2014**	December 31 2013
Shares issued and outstanding	**25,839,870**	**25,814,870**	25,232,370
Share options outstanding	**1,180,500**	**1,205,500**	1,400,000
Share options exercisable	**155,000**	**155,000**	425,000

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's unaudited condensed consolidated financial statements are based on International Financial Reporting Standards, as issued by the IASB, and have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The accounting policies and methods of computation used in preparing the unaudited condensed consolidated 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.

CHANGES IN 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:

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

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

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

The adoption of these amendments or interpretations did not have a material impact on the 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)

	Three months ended September 30		Nine months ended September 30	
For the	**2014**	2013	**2014**	2013
Gross profit	**1,618,863**	1,336,609	**5,606,556**	3,404,490
Add:				
Other income	**23,054**	898	**36,932**	7,870
Deduct:				
Administration expenses	**629,418**	349,741	**1,722,298**	1,200,948
Net foreign exchange losses (gains)	**(259,127)**	16,167	**(368,234)**	(76,267)
Depreciation of property and equipment	**14,052**	10,459	**39,989**	30,998
Amortization of intangible assets	**905**	305	**2,542**	914
Loss on disposition of property and equipment	**-**	-	**-**	347
Income tax expense	**388,813**	142,995	**1,182,964**	386,319
Exchange differences on translation	**14,413**	-	**7,828**	-
Profit and total comprehensive income (IFRS financial measure)	**853,443**	817,840	**3,056,101**	1,869,101

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)

	Three months ended September 30		Nine months ended September 30	
For the	**2014**	2013	**2014**	2013
EBITDA	**1,358,818**	1,036,215	**4,483,249**	2,490,024
Deduct:				
Depreciation of property and equipment (including amount in cost of sales)	**101,244**	75,075	**233,814**	233,690
Amortization of intangible assets	**905**	305	**2,542**	914
Income tax expense	**388,813**	142,995	**1,182,964**	386,319
Exchange differences on translation	**14,413**	-	**7,828**	-
Profit and total comprehensive income (IFRS financial measure)	**853,443**	817,840	**3,056,101**	1,869,101

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, loss on disposition of property and equipment and net foreign exchange losses.

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

	Three months ended September 30		Nine months ended September 30	
For the	**2014**	2013	**2014**	2013
Cost of sales (IFRS financial measure)	**1,508,350**	1,653,158	**5,238,745**	3,568,600
Revenue (IFRS financial measure)	**3,127,213**	2,989,767	**10,845,301**	6,973,090
Cost of sales as a percent of revenue	**48.2%**	55.3%	**48.3%**	51.2%

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)

For the nine months ended September 30	**2014**	2013
Cash generated from operations before movements in non-cash working capital	**5,002,448**	2,573,968
Movements in non-cash working capital	**(4,480,698)**	329,058
Income taxes paid	**(816,994)**	(26,639)
Net cash generated from operating activities (IFRS financial measure)	**(295,244)**	2,876,387

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 (used in) 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 (used in) operating activities before changes in non-cash working capital and income taxes paid or refunded.

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, have 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 regard 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.