MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management Discussion and Analysis ("MD&A") for Questor Technology Inc. ("Questor" or the Company") has been prepared by management as of May 11, 2018 and is a review of the Company's financial condition and results of operations based on International Financial Reporting Standards (IFRS).

The focus of this MD&A is a comparison of the financial performance for the three months ended March 31, 2018 and 2017. It should be read in conjunction with the interim consolidated financial statements for the three months ended March 31, 2018 as well as the audited consolidated financial statements and MD&A for the year ended December 31, 2017.

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 consolidated financial statements, Management Information Circular and Proxy Statement, material change reports and news releases are also available through the Company's website or directly through the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

QUESTORS'S BUSINESS

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

Questor trades on the TSX Venture Exchange under the symbol 'QST'.

FINANCIAL OVERVIEW – THREE MONTHS ENDED MARCH 31, 2018 VERSUS 2017

CONSOLIDATED HIGHLIGHTS

Three Months Ended March 31,	**2018**	2017	Change
(stated in CDN$) *(unaudited)*	***($)***	*($)*	*(%)*
Revenue	**5,996,936**	3,023,279	98
Gross Profit[(1)]	**3,840,344**	1,460,982	>100
Adjusted EBITDA[(1)]	**3,492,783**	847,118	>100
Earnings for the period	**2,096,747**	416,170	>100
Per share — basic	**0.07**	0.02	>100
Per share — diluted	**0.07**	0.02	>100
Working capital, end of period	**7,305,454**	7,280,859	0
Total assets, end of period	**24,520,794**	16,505,705	49
Total equity, end of period	**20,810,018**	15,224,118	37

(1) Refer to "Non-GAAP Measures" on pages 9 for further information.

FIRST QUARTER 2018 OVERVIEW

- Revenue increased 98%:
  - Revenue from incinerators rentals increased 186% from $1.5 million to $ 4.3 million during the three months ended March 31, 2018 versus the same period of 2017;
  - The Company invested $8.2 million in rental unit expansion since March 31, 2017. The investment increased the number of rental units by over 150%;
  - Strong rental utilization of the rental fleet continued during the three months ended March 31, 2018.

- Gross profit increased by 163 percent as result of:
  - Higher rental revenue and the impact on revenue mix;
  - Rental revenue mix increased from 50% in 2017 to 72% in 2018, rental revenues carry lower cost of sales which resulted in improved overall margins and gross profit.

- Adjusted EBITDA increased $2.6 million as result of:
  - Increased gross profit as described above;
  - Continued strong utilization of rental equipment in the US region as result of demand for high performing combustion technology;
  - Continued administrative infrastructure cost control;
  - Lower foreign exchange impact.

- Incurred capital expenditures of $2.3 million for the three months ended March 31, 2018

CONSOLIDATED

Three Months Ended March 31,	**2018**	2017	Change
(stated in CDN$) *(unaudited)*	*($)*	*($)*	*(%)*
Revenue	**5,996,936**	3,023,279	98
Cost of Sales	**2,156,592**	1,562,297	38
Gross Profit[(1)]	**3,840,344**	1,460,982	>100
Gross Profit (%)	**64**	48	33

(1) Refer to "Non-GAAP Measures" on pages 9 for further information.

REVENUE

Revenue for the three months ended March 31, 2018 was $6.0 million versus $3.0 million in 2017, for an increase of $3.0 million. The following is a breakdown of revenue by the major service lines comprised of rentals, sales and services. Incinerator rentals were $4.3 million versus $1.5 million in the same period of 2017. Incinerator sales were $1.1 million versus $1.2 million in the same period of 2017. Incinerator service revenue was $0.6 million versus $0.3 million in the same period of 2017.

Rentals

Revenue from incinerators rentals during the three months ended March 31, 2018 increased 186% versus the same period of 2017. The increase is result of the combined effect of capital invested expanding the rental fleet and continued strong rental utilization during the three months ended March 31, 2018 which was consistent with the same period of 2017.

Questor invested $8.2 million in rental unit expansion since March 31, 2017. The investment increased the number of rental units by over 150%, and added a new rental revenue stream with detachable stack tops. All of the rental expansion equipment has been mobilized to United States.

The detachable stack tops allow clients to purchase base level of capacity and rent additional capacity throughput to meet the shorter term demands of high initial production. The benefits to the client are lower capital and operating costs, reduced lease foot print, and elimination of the tallest, most visually impactful equipment at production facilities.

Rental utilization during the three months ended March 31, 2018 was consistent versus the same period of 2017.

Sales

Incinerator sales were consistent versus the same period of 2017. Questor continues to see similar demand for the purchase of hybrid incinerators in the United States.

Service

Incinerator service revenue increased during the first quarter of 2018 versus the same period of 2017 due to the 186% increase in rental activity.

GROSS PROFIT

Gross Profit for the three months ended March 31, 2018 was $3.8 million versus $1.5 million in 2017, for an increase of $2.3 million. The $2.3 million increase in gross profit was primarily the result of higher rental revenue and the impact on revenue mix.

The $2.8 million rental revenue increase for the three months ended March 31, 2018, as discussed above, increased gross profit by $2.2 million versus the same period in 2017.

CORPORATE

Three Months Ended March 31,	**2018**	2017	Change
(stated in CDN$)	*($)*	*($)*	*(%)*
(unaudited)			
Gross Profit[(1)]	**3,840,344**	1,460,982	>100
less corporate costs :			
Administration expenses	**892,619**	803,633	11
Depreciation of property and equipment	**9,089**	10,267	(11)
Amortization of intangible assets	**89,552**	905	>100
Net foreign exchange losses (gains)	**(127,012)**	13,824	>100
Other (income)	**(28)**	(5,099)	(99)
Profit before tax	**2,976,124**	637,452	>100
Income Tax	**879,377**	221,282	>100
Profit for the period	**2,096,747**	416,170	>100

(1) Refer to "Non-GAAP Measures" on pages 9 for further information.

ADMINISTRATIVE EXPENSES

Administrative expenses during the three months ended March 31, 2018 increased 11% versus the same period of 2017. Administration infrastructure is consistent with the prior year. There have been minimal changes to both headcount and administration operating infrastructure. The most significant change to administrative costs is related to Questor's expansion into the United States. This has resulted in an overall increase in corporate costs, primarily advisory services and insurance. Insurance costs have increased due to higher activity levels and larger rental equipment fleet. Share based compensation increased versus the same period of 2017 as result of the additional options granted in December 2017.

DEPRECIATION

Administrative depreciation expense decreased by 11 percent in the first quarter of 2018 compared to the same period of 2017. There was limited capital spending relating to administrative assets and therefore depreciation declined from the prior year.

AMORTIZATION OF INTANGIBLE ASSETS

The Company has incurred $2.4 million of development expenses relating to the waste heat to power technology. The development expenses have been recorded to intangible assets. The Company received $0.6 million of funding from Sustainable Development Technology Canada (SDTC) for the development of the waste heat to power technology relating to the development expenditures already incurred. The funding was recorded to intangible assets, effectively reducing the development expenses relating to the waste heat to power technology to a net $1.8 million. The Company has determined the waste heat to power technology has reached the commercialization stage and recorded an amortization charge of $0.1 million during the quarter versus $nil in the same period of 2017.

FOREIGN EXCHANGE LOSSES

The Company recorded a $0.1 million foreign exchange gain during the first quarter 2018 versus a small loss compared to the same period of 2017. Foreign exchange gains and losses arise from the translation of net monetary assets or liabilities that were held in U.S. dollars. The foreign exchange gains incurred during the quarter was attributable to the translation of U.S. dollar-denominated monetary assets which appreciated against the Canadian dollar at the close of the quarter.

OTHER INCOME

Other Income was materially consistent versus the same period of 2017. Interest income on cash deposits was lower during the first quarter 2018 versus the same period of 2017.

INCOME TAX

The increased tax expense is primarily result of improved earnings as discussed above. The effective tax rate is higher than the Canadian enacted tax rates due to higher tax rates for our US operations and permanent differences related to stock compensation, and non-deductible meals, travel and entertainment.

LIQUIDITY AND CAPITAL RESOURCES

Three Months Ended March 31,	**2018**	2017
(stated in CDN$)	*($)*	*($)*
(unaudited)		
Cash provided by (used in):		
Operating activities	**1,904,278**	(44,193)
Financing activities	**-**	-
Investing activities	**(2,821,522)**	(1,156,586)
(Decrease) in cash	**(917,244)**	(1,200,779)

OPERATING ACTIVITIES

The Company's "cash provided by" operating activities for the three months ended March 31, 2018 was $1.9 million versus $0.05 million cash "used in" operating activities for the same period in 2017. The increase was primarily due to higher profitability movements in working capital during the period.

FINANCING ACTIVITIES

The Company has financed its operating and capital requirements through working capital.

During the three months ended March 31, 2018 , the Company renegotiated its existing Operating Loan Facility ("Operating Loan") and secured an additional Capital Loan Facility (Capital Loan") and Export Development Canada ("EDC") Secured Letter of Guarantee Facility. The Company's operating loan has been increased to a maximum of $1,000,000 (previously $560,000), the availability of which is subject to specified margin requirements. The capital loan was secured to assist in the financing of capital expenditures. The facility makes available a revolving demand capital loan to a maximum of $5,000,000. The EDC facility was secured to assist in the financing of the day-to-day operations of the Company through the issuance by the Bank of letters of guarantee, standby letters of credit, and performance bonds. The Company made no draws on the operating loan or new facilities during the three months ended March 31, 2018. At March 31, 2018, the Company had no outstanding letters of guarantee.

The availability of this facility is also subject to the Company meeting certain financial covenants. As shown in the table below, at March 31, 2018, the Company was in compliance with the financial covenants associated with its credit facilities.

As at March 31,	Covenant	**2018**	2017
Working capital ratio not to fall below	1.25x	**3.3x**	7.2x
Debt service ratio must be greater than	1.25x	***no debt***	*no debt*
Debt to tangible net worth not to fall below	2.5x	***no debt***	*no debt*

INVESTING ACTIVITIES

Questor's net cash used for investing activities was $2.8 million for the three months ended March 31, 2018 versus $1.2 million for the same period in 2017.

The Company continues to expand its rental fleet adding additional incinerators. The Company added significantly more units for the three months ended March 31, 2018 versus 2017. The new equipment was transported to United States and commissioned during the period.

EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS

The Company's March 31, 2018 foreign exchange gain was attributable to the translation of U.S. dollar cash held as the Canadian dollar depreciated against the U.S. dollar during the quarter.

CAPITAL RESOURCES

The Company believes that its cash deposits and net cash generated from operating activities and undrawn debt facilities will provide sufficient capital resources and liquidity to fund existing operations and anticipated capital requirements in 2018.

At March 31, 2018, the Company had cash of $3.0 million as compared to $3.8 million at December 31, 2017.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares.

On September 15 2016, the shareholders approved an amendment to the Corporation's stock option plan to fix the maximum number of common shares reserved for issuance at 10% of the number of common shares of the Corporation issued and outstanding. At March 31, 2018, the number of common shares available for issuance under Corporation's stock option plan was 2,645,737 shares.

Employees have been granted options to purchase common shares under the Company's shareholder-approved stock option plan. Each option entitles the option holder to purchase one share. As at May 11, 2018, there were 26,457,370 common shares issued and outstanding and 1,628,500 options issued and outstanding to purchase common shares.

SUMMARY OF QUARTERLY RESULTS

Three Months Ended	**Mar. 31 2018**	Dec. 31, 2017	Sep. 30 2017	Jun. 30 2017	Mar. 31 2017	Dec. 31, 2016	Sep. 30, 2016	Jun. 30, 2016
(stated in '000's CDN$ except per share amounts) (unaudited)	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*
Financial								
Revenue	**5,997**	6,812	5,686	3,936	3,023	2,483	1,675	697
Gross Profit(1)	**3,840**	4,190	3,209	2,364	1,461	1,105	794	(132)
Adjusted EBITDA(1)	**3,493**	3,630	2,248	1,599	847	580	226	(587)
Profit (loss) for the period	**2,097**	1,049	1,425	959	416	244	(96)	(297)
Per share – basic	**0.07**	0.04	0.06	0.04	0.02	0.01	0.00	(0.02)
Per share – diluted	**0.07**	0.04	0.05	0.04	0.02	0.01	0.00	(0.02)

(1) Refer to "Non-GAAP Measures" on pages 9 and 10 for further information.

OUTLOOK

Questor will deliver hybrid units to the Colorado market throughout the remainder of 2018. The technology allows clients to purchase a base level of capacity and rent additional capacity to meet the shorter term demands of high initial production. The benefits to the client are lower capital and operating costs, reduced lease footprint and clean enclosed combustion to meet stringent emission regulations in a capital constrained environment.

Recently, Questor's Q5000s were independently tested on a client's site at over 99.99%. The significance of this live test under normal flowing conditions is that clients are now able to increase their permitted VOC destruction from the default 95% to 99%, when they use a Questor incinerator. This translates directly into an increase in oil production or sufficient operating room within their new air permits. Questor already has new clients benefitting from this performance uplift.

Questor continues to enlist new clients for its rental fleet use which was one of the company objectives for 2018 and beyond. By adding units to the fleet, we have been able to ensure our clients have units when the need them as midstream capacity continues to lag development in Colorado. We have modified these units by adding low-pressure (tank vapor) burners, along with several additional features that have emerged as key benefits for our clients. As producers complete their pad site drill-outs in Q1 2018 the expanding pad sites are already requiring combustion capacity that Questor expects to be an increasing demand into the foreseeable future.

In addition to meeting industry's requirements for emissions control resulting from drilling, fracturing and production operations Questor is seeing a significant demand for emissions control for well abandonment operations. State regulations require producers to abandon inactive wells prior to being eligible to receive permits for drilling new wells. Colorado has mandated the use of enclosed combustion for all Plugging and Abandonment (P&A) operations. To address these needs, Questor has deployed 3 new P&A hydraulic trailer-combustor set-ups, all of which have been rented. With continuing demand Questor will add new P&A units which allow clients to set up and demobilize in minutes while being transported from site to site with a 1-ton truck.

The United States Environmental Protection Agency (EPA) issued regulations to reduce harmful air pollution arising out of crude oil and natural gas industry activities with a particular focus on the efficient destruction of volatile organic compounds (VOC's) and hazardous air pollutants (HAP's) and have recently introduced methane emission reduction legislation. In conjunction with U.S. Environmental Protection Agency (EPA) regulations, individual States will have additional requirements that reflect some of the unique and specific needs that extend beyond the EPA's requirements.

Colorado's Regulation 7 mandates the use of enclosed combustion and now targets methane, resulting in a statewide focus on the responsible management of potentially fugitive hydrocarbons.

While addressing renewed industry activity in Canada. Questor continues to remain apprised of regulation changes at both the Federal and provincial levels in Canada and will be poised to provide its effective approach to its valued clients. As policy continues to develop Questor continues to discuss economically advantageous solutions to its considerable client base in Alberta and it appears that a number of companies are taking leadership roles to lower their carbon footprint sooner than rules may require.

Questor's primary objective is to grow market share in Colorado and expand product offerings such as efficient P&A combustion set-ups. We have had several discussions with potential representatives in the State of Texas and this will be a parallel focus for us as we move forward. There are certainly other States with changing needs that our equipment will address and we will be pursuing those opportunities in the near term.

Questor's wholly owned subsidiary, ClearPower Systems Inc. (CPS), has been aggressively marketing its waste heat to power technology. While the business case for our technology is compelling, other factors such as technology adoption, regulative support and the economy continue to slow the clean energy transition. With significant market verticals and advanced technical discussions behind us it is expected that ClearPower will succeed in deploying a number of incinerated gas heat to power and turbine-ORC solutions in the coming years.

Questor will be running the CPS 77 kW Organic Rankine Cycle (ORC) generator at its testing facility in Grande Prairie in May, 2018. Incinerator flue gas will be used as fuel to run the ORC to demonstrate its full capability before being deployed to an actual oil and gas facility. This is an important step towards demonstrating the value to Western Canadian customers who are seeking to generate power from waste heat for areas of their operations not served by infrastructure.

Questor continues its work towards commercializing water vaporization and is in the process of testing the technology at the Grande Prairie facility with an objective to install at an oil and gas facility in 2018 for full product demonstration.

OUTLOOK (continued)

The Company remains committed to strategic and measurable technology diversification. Heat to power, water vaporization, and glycol dehydration emissions are all synergistic diversifications of clean technology products and services that will support resource development over the long term. Questor's technologies continue to be globally sought after where the demand ranges from simple combustion of waste gas to pairing that combustion with power generation. The market is viewing all of Questor's provisions as financially beneficial and the short-term payouts are proving to be attractive in the cyclical oil and gas sector.

We participated in the following this year;

Jan-09	AltaCorp One-on-One Meetings; Toronto
Jan-10	Interview with Andrew Bell, BNN; Toronto
Jan-17	Peters & Co. Lake Louise Energy Conference | Attendee
Feb-21	Commercial & Industrial Energy Efficiency Roundtable | Attendee; Calgary
Feb-21	Deloitte & Caldwell – The Shifting Global System: Risks & Response in Turbulent Times | Attendee; Calgary
Mar-14	Globe 2018 | Attendee; Vancouver
Mar-15	Globe 2018 – Emerging Innovation in Cleantech | Panel member; Vancouver
	Globe 2018 – Top 10 Investor Choice | One-on-One meeting; Vancouver
Mar-16	Globe 2018 – Attracting Foreign Direct Investment | Panel Member; Vancouver

SUMMARY

Although Questor's long-term strategy has not changed, in the short-to-medium term the Company remains focused on one thing: managing through the industry downturn. Since Questor's inception, the Company has experienced several business cycles and management understands how to adapt its focus through a downturn. Key focal points include managing the Company's cost structure, employing further process efficiencies, retaining key personnel, maintaining strong relationships with its existing customers, and expanding its customer base, all while ensuring the Company has sufficient liquidity to navigate the cyclical downturn. The Company's United States operations continue to generate strong cash contributions and provide an avenue for growth. Questor believes that the clean technology industry will remain an integral component of resource development over the long term and that the Company will be well positioned given its focus on top-tier service, quality, logistics management and technology. These qualities are particularly important during downturns.

NON-GAAP MEASURES

Certain supplementary measures presented in this MD&A do not have any standardized meaning under IFRS and, because IFRS have been incorporated as Canadian generally accepted accounting principles (GAAP), these supplementary measures are also non-GAAP measures. These measures have been described and presented in order to provide shareholders and potential investors with additional information regarding the Company's financial results, liquidity and ability to generate funds to finance its operations. These measures may not be comparable to similar measures presented by other entities and are explained below.

Gross profit is defined as net income (loss) before administrative expenses, administrative depreciation, amortization, foreign exchange gains or losses, other (income) expenses and income taxes. Management believes that gross profit is a useful supplemental measure as it provides an indication of the financial results generated by Questor's operating segment. Gross profit for the period was calculated as follows:

Three Months Ended March 31,	**2018**	2017
(stated in CDN$)	*($)*	*($)*
(unaudited)		
Profit for the period	**2,096,747**	416,170
Add back (deduct):		
Income tax expense	**879,377**	221,282
Interest income	**(28)**	(5,099)
Net foreign exchange (gains) losses	**(127,012)**	13,824
Amortization of intangible assets	**89,552**	905
Depreciation of property and equipment	**9,089**	10,267
Administrative Expenses	**892,619**	803,633
Gross Profit	**3,840,344**	1,460,982

Adjusted EBITDA is defined in the Company's credit facilities for covenant purposes as net income or loss for the period less interest, taxes, depreciation and amortization and non-cash stock-based compensation. Adjusted EBITDA for the period was calculated as follows:

Three Months Ended March 31,	**2018**	2017
(stated in CDN$)	*($)*	*($)*
(unaudited)		
Profit for the period	**2,096,747**	416,170
Add back (deduct):		
Income taxes expense	**879,377**	221,282
Interest income	**-**	(5,099)
Depreciation of property and equipment	**321,795**	175,028
Amortization of intangible assets	**89,552**	905
Stock Based Compensation	**105,312**	38,832
Adjusted EBITDA	**3,492,783**	847,118

CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

Questor has various contractual lease commitments related to three facilities located in Alberta and Florida as disclosed in the Company's 2017 annual consolidated financial statements.

LITIGATION

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

Notwithstanding the uncertainty as to the final outcome, based on the information currently available to it, the Company does not currently believe these matters in aggregate will have a material adverse effect on its consolidated financial position. Management regularly evaluates the likelihood of potential liabilities being incurred and the amounts of such liabilities after careful examination of available information and discussions with its legal advisors. Management is of the view that it is improbable there will be a material financial impact to the Company as a result of these claims. Consequently, no provision was recorded in the consolidated financial statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This MD&A is based on the Company's consolidated financial statements for the three months ended March 31, 2018 which were prepared in accordance with IFRS. Management is required to make assumptions, judgments and estimates in the application of IFRS. Questor's significant accounting policies are described in Note 2 to the annual consolidated financial statements.

The preparation of the consolidated financial statements requires that certain estimates and judgments be made concerning the reported amount of revenue and expenses and the carrying values of assets and liabilities. These estimates are based on historical experience and Management's judgment. The estimation of anticipated future events involves uncertainty and, consequently, the estimates used by Management in the preparation of the consolidated financial statements may change as future events unfold, additional experience is gained or the environment in which the Company operates changes. The accounting policies and practices requiring estimates that have a significant impact on the Company's financial results include the allowance for depreciation, the fair value of financial instruments, the carrying value of goodwill, impairment of property, plant and equipment, income taxes, stock-based compensation expenses, functional currency and cash-generating units. Judgment is also used in the determination of the functional currency of each subsidiary and in the determination of cash-generating units.

ALLOWANCE FOR DOUBTFUL ACCOUNTS RECEIVABLE

The Company performs ongoing credit evaluations of its customers and grants credit based on a review of historical collection experience, current aging status, financial condition of the customer and anticipated industry conditions. In situations where the creditworthiness of a customer is uncertain, services are typically provided on receipt of cash in advance or services are declined. Customer payments are regularly monitored and a provision for doubtful accounts has been established based on the new impairment model under IFRS 9, which requires the recognition of impairment provisions based on expected incurred credit losses rather than only incurred credit losses. The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss model to its trade accounts receivable. Lifetime expected credit losses are the result of all possible default events over the expected life of the financial instrument.

DEPRECIATION

Depreciation of the Company's property, plant and equipment incorporates estimates of useful lives and residual values. These estimates may change as more experience is obtained or as general market conditions change, thereby affecting the value of the Company's property, plant and equipment.

FINANCIAL INSTRUMENTS

Financial instruments included in the Company's consolidated balance sheets are cash, accounts receivable, deposits, current tax assets, accounts payable, accrued liabilities, customer deposits and current tax liabilities.

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair values of financial instruments included in the consolidated balance sheets, approximate their carrying amounts due to the short nature of those instruments.

GOODWILL

Goodwill represents an excess of the purchase price over the fair value of net assets acquired and is not amortized. The Company assesses goodwill at least annually. Goodwill is allocated to each operating segment, which represents the lowest level within the Company at which the goodwill is monitored for internal management purposes. The fair value of each operating segment is compared to the carrying value of its net assets.

IMPAIRMENT

Assessment of impairment is based on Management's judgment of whether there are internal and external factors that would indicate that an asset or CGU is impaired. The Company reviews the carrying amounts of its impairment of property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. The Company completes an annual assessment for impairment of property, plant and equipment impairment and determines if the recoverable amounts of its operating segments are greater than their carrying amounts to conclude if goodwill impairment is required.

INCOME TAXES

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement amounts of existing assets and liabilities and their respective tax bases. Estimates of the Company's future taxable income are considered in assessing the utilization of available tax losses. The Company's business is complex and the calculation of income taxes involves many factors as well as the Company's interpretation of relevant tax legislation and regulations.

STOCK-BASED COMPENSATION

The fair value of stock options is estimated at the grant date using the Black-Scholes option pricing model, which includes underlying assumptions, related to the risk-free interest rate, average expected option life, estimated forfeitures, estimated volatility of the Company's shares and anticipated dividends.

FUNCTIONAL CURRENCY

Management applies judgment in determining the functional currency of its foreign subsidiaries. Judgment is made with regard to the currency that influences and determines sales prices, labor, material and other costs as well as financing and receipts from operating income.

CASH-GENERATING UNITS

The determination of CGUs is based on Management's judgment regarding shared equipment, mobility of equipment, geographical proximity and materiality.

RELATED-PARTY TRANSACTIONS

The Company defines key management personnel as being the Directors, Chief Executive Officer, Chief financial Officer, Chief Operating Officer and other key employees. In addition to their salaries and directors' fees, the Company also provides non-cash benefits including participation in the Company's share option plan, as described in Notes 6 and 7.

The Company has entered into an employment agreement with an executive officer of the Company. In the event of termination without cause or resignation or change of control, the executive officer is entitled to any unpaid annual base salary and all accrued but unpaid bonuses and vacation pay through to the date of termination, a severance payment equal to 18 months of their annual base salary and accelerated vesting of any share options not then exercisable but which would have become exercisable within six months of the date of termination. In the event of a change of control, all share options that are not then exercisable shall vest immediately and become exercisable.

CHANGES IN ACCOUNTING POLICIES

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

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

RECENT ACCOUNTING STANDARDS NOT YET APPLIED

January 2017, the IASB issued IFRS 16 Leases, which requires lessees to recognize all leases on the statement of Financial Position. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with earlier application permitted for companies that also applies IFRS 15 Revenue from Contracts with Customers. The Company is currently evaluating the impact of the standard on its consolidated financial statements.

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting that occurred during the interim period ended March 31, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

BUSINESS RISKS

The business of Questor is subject to certain risks and uncertainties. Prior to making any investment decision regarding Questor, investors should carefully consider, among other things, the risk factors set forth in the Company's most recently filed Annual Information Form, which are specifically incorporated by reference herein.

FORWARD-LOOKING STATEMENTS

In order to provide Questor shareholders and potential investors with information regarding the Company and its subsidiaries, including management's assessment of Questor's plans and future operations, certain statements contained in this MD&A, including statements that contain words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "forecast" or similar words suggesting future outcomes, are forward-looking statements.

In particular, forward-looking statements in this MD&A include, but are not limited to, statements with respect to expected operating strategies and targets, capital expenditure programs, future financial resources, use of funds held in the Company's segregated bank account (as an equity cure or otherwise), anticipated equipment utilization levels, future oil and natural gas well activity in each of the Company's operating jurisdictions, results of acquisitions, the impact of environmental regulations and economic reforms and sanctions on the Company's business, future costs or potential liabilities, projections of market prices and costs, supply and demand for oilfield services, expectations regarding the Company's ability to maintain its competitive position, anticipated benefits of the Company's competitive position, expectations regarding the Company's ability to raise capital, treatment under government regulatory regimes, commodity prices, anticipated outcomes of specific events, trends in, and the growth prospects of, the global oil and natural gas industry, the Company's growth prospects including, without limitation, its international growth strategy and prospects, and the impact of changes in accounting policies and standards on the Company and its financial statements.

These statements are derived from certain assumptions and analyses made by the Company based on its experience and perception of historical trends, current conditions, expected future developments and other factors that it believes are appropriate in the circumstances, including, but not limited to, the economic and political environment in which the Company operates, the Company's expectations for its current and prospective customers' capital budgets and geographical areas of focus, the Company's existing contracts and the status of current negotiations with key customers and suppliers, the effect unconventional gas projects have had on supply and demand fundamentals for natural gas and the likelihood that the current tax and regulatory regime will remain substantially unchanged.

Forward-looking statements are subject to a number of known and unknown risks and uncertainties that could cause actual results to differ materially from the Company's expectations. Such risk factors include: general economic conditions in Canada, the United States, volatility in market prices for oil and natural gas and the effect of this volatility on the demand for oilfield services generally; competition; liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations; changes in legislation and the regulatory environment; sourcing, pricing and availability of raw materials, components, parts, equipment, suppliers, facilities and skilled personnel; the ability to integrate technological advances and match advances by competitors; the availability of capital on satisfactory terms; intellectual property risks; uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed; dependence on, and concentration of, major customers; the creditworthiness and performance by the Company's counterparties and customers; liabilities and risks associated with prior operations; the effect of accounting pronouncements issued periodically; failure to realize anticipated benefits of acquisitions and dispositions; and currency exchange rate risk. Further information about these and other risks and uncertainties may be found under "Business Risks" above.

Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and there can be no assurance that actual results or developments anticipated by the Company will be realized, or that they will have the expected consequences or effects on the Company or its business or operations. These statements speak only as of the respective date of this MD&A or the document incorporated by reference herein. The Company assumes no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise, except as required pursuant to applicable securities laws.

ADDITIONAL INFORMATION

Further information regarding Questor Technology Inc. can be accessed on the Company's website at www.questortech.com or under the Company's public filings found at www.sedar.com.