
MANAGEMENT'S DISCUSSION AND ANALYSIS

The 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 months ended September 30, 2008 compared to the three and nine months ended September 30, 2007. This MD&A dated November 28, 2008 should be read in conjunction with the accompanying unaudited interim financial statements and notes thereto of Questor as at and for the three and nine months ended September 30, 2008 and with the audited financial statements and MD&A contained in the Company's annual report for the year ended December 31, 2007.

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.

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

QUESTOR TECHNOLOGY INC.

Questor is an international environmental oil field service company founded in late 1994 and headquartered in Calgary, Alberta, Canada with a field office located in Grande Prairie, Alberta, Canada. The Company is focused on clean air technologies with activities in Canada, the United States, Europe and Asia. Questor designs and manufactures high efficiency waste gas incinerators for sale or for use on a rental basis and also provides combustion services. The Company's proprietary incinerator technology destroys noxious or toxic hydrocarbon gases which ensures regulatory compliance, environmental protection, public confidence and reduced operating costs for clients. Questor is recognized for its particular expertise in the combustion of sour gas (H₂S). While the Company's current client base is primarily in the oil and gas industry, this technology is applicable to other industries such as landfills, water and sewage treatment, tire recycling and agriculture.

FINANCIAL RESULTS

Questor's financial information and the related discussion of financial results in the MD&A are for the three-month and nine-month periods ended September 30, 2008 and September 30, 2007.

Financial Results Summary

(\$ unless otherwise noted)

For the	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Total revenue	1,372,938	6,925,555	2,386,195	8,215,262
Gross margin	530,385	3,304,118	606,260	3,723,140
EBITDA ⁽¹⁾	418,384	2,880,572	232,646	2,959,186
Income before interest expense and income tax expense ⁽¹⁾	380,067	2,844,322	117,367	2,851,892
Net income	286,313	1,883,793	51,388	1,870,992
Funds generated from operations ⁽¹⁾	319,557	2,958,303	60,063	2,876,331
Cash provided by (used in) operating activities	(122,301)	3,220,193	(631,168)	3,625,226
Total assets	5,993,848	5,594,453	5,993,848	5,594,453
Long-term liabilities	23,080	69,304	23,080	69,304
Shares outstanding (<i>thousands</i>) ⁽²⁾				
Basic	23,804	23,757	23,798	23,725
Diluted	24,725	24,981	24,719	24,949
Net income per share – Basic	\$ 0.012	\$ 0.079	\$ 0.002	\$ 0.079
Net income per share – Diluted	\$ 0.012	\$ 0.075	\$ 0.002	\$ 0.075

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

⁽²⁾ Weighted average.

Discussion of Financial Results for the Three Months Ended September 30, 2008

Net income for the three months ended September 30, 2008 was \$286,313 (\$0.012 per basic share) compared to net income of \$1,883,793 (\$0.079 per basic share) for the three months ended September 30, 2007. Third quarter 2007 was an exceptional quarter for Questor and the net income variance is primarily attributable to a significant incinerator sales contract completed in that period, the magnitude of which was not repeated in the current quarter. To a much lesser extent, higher general and administrative expenses in 2008 also contributed to the change on a comparative basis. The net income variance was partially mitigated by higher combustion services revenue, other revenue, foreign exchange gains and lower current and future income tax expense.

Total revenue for third quarter 2008 was \$1,372,938 compared to \$6,925,555 for the same period in 2007, a change of \$5,552,617. Revenue decreased by \$5,842,846 as a result of differences in the incinerator sales and services mix and volume quarter-over-quarter. A material contract to provide incinerators was completed in third quarter 2007 for which a comparable sale did not occur in third quarter 2008. Without the impact of this one contract, revenue for the three months ended September 30, 2008 would have exceeded the comparable 2007 period by 340 percent. Contrasted with total revenue for third quarter 2006, arguably a more typical third quarter for Questor, third quarter 2008 total revenue was higher by \$0.5 million. The revenue variance was partially offset by higher parts sales in conjunction with combustion services of \$150,170 and higher incinerator rentals and services revenue of \$89,215. Other revenue increased by \$50,844 quarter-over-quarter

due to receipt of a contract cancellation fee which was partially offset by lower interest income given lower investment levels and interest rates in third quarter 2008 compared to the same period in 2007. Questor's accounting policy is that revenue is recognized only upon product delivery or performance of services. Consequently, approximately \$0.5 million of revenue attributable to incinerator sales orders received in third quarter 2008 will not be reflected in the results until delivery which is currently expected to occur in fourth quarter 2008 and first quarter 2009. The incinerator sales order status is discussed in more detail in the Outlook section of this MD&A.

For the three months ended September 30, 2008, the Company reported a gross margin of \$530,385 compared to a gross margin of \$3,304,118 for the same period of 2007. Direct costs of \$763,449 in third quarter 2008 were lower by \$2,829,728 compared to third quarter 2007. This variance is primarily due to the direct costs associated with differences in the incinerator sales and volume mix and the variable direct costs associated with combustion services and, to a lesser extent, incinerator rentals and services.

General and administrative expense was \$321,563 for the three months ended September 30, 2008 compared to \$270,116 for the three months ended September 30, 2007. The \$51,447 increase was principally attributable to higher employee costs of \$47,462 which are inclusive of non-cash share-based compensation expense.

Foreign exchange gains of \$103,489 were recorded in third quarter 2008 compared to foreign exchange losses of \$208,704 in the same period of 2007. The foreign exchange gains arose from cash and transactions denominated in foreign currencies, principally in United States dollars, which strengthened during third quarter 2008 relative to the Canadian dollar.

Depreciation and amortization expense for the three months ended September 30, 2008 was \$38,317 compared to \$36,250 in the same period of 2007. Depreciation expense of \$26,970 and \$27,014 for the quarters ended September 30, 2008 and 2007, respectively, relating to rental incinerators, service vehicles and equipment has been included in direct costs. Depreciation expense increased quarter-over-quarter as a result of additions to property and equipment during the latter part of 2007 and first nine months of 2008.

Interest expense for the three months ended September 30, 2008 was \$790 compared to \$4,703 for the same period in 2007. In third quarter 2007, the amount of interest-bearing debt, the time period during which it was outstanding and the interest rate were all higher than those same parameters applicable to debt drawn during third quarter 2008.

Income tax expense for third quarter 2008 is comprised of a non-cash future income tax expense of \$92,964 compared to a current income tax expense of \$155,065 and a non-cash future income tax expense of \$800,761 in third quarter 2007. The income tax expense is lower in the three months ended September 30, 2008 as a result of lower taxable income in that period as compared to third quarter 2007.

Discussion of Financial Results for the Nine Months Ended September 30, 2008

Net income for the nine months ended September 30, 2008 was \$51,388 (\$0.002 per basic share) compared to net income of \$1,870,992 (\$0.079 per basic share) for the nine months ended September 30, 2007. 2007 was an exceptional year for Questor and the net income variance is primarily attributable to a significant incinerator sales contract completed in the third quarter of 2007, the magnitude of which has not been repeated in 2008. To a much lesser extent, lower incinerator rentals and services revenue and higher general and administrative expenses in 2008 also contributed to the change on a comparative basis. The net income variance was partially mitigated by higher combustion services revenue, other revenue, foreign exchange gains, decreased interest expense and lower income tax expense.

Total revenue for the first nine months of 2008 was \$2,386,195 compared to \$8,215,262 for the same period in 2007, a change of \$5,829,067. Revenue decreased by \$6,056,310 principally as a result of differences in the incinerator sales and service volume and mix between the two periods, combined with lower overall utilization of the incinerator rental fleet and decreased interest income stemming from lower investment levels and interest rates in third quarter 2008 compared to the same period in 2007. A material contract to provide incinerators was completed in third quarter 2007 for which a comparable sale has not occurred in the first nine months of 2008. Without the impact of this one contract, revenue for the nine months ended September 30, 2008 would have exceeded the comparable 2007 period by 49 percent. These revenue variances were

partially offset by parts sales of \$81,884 made in conjunction with combustion services, government assistance received in the form of a Scientific Research and Experimental Development investment tax credit of \$77,508 in second quarter 2008 and receipt of a contract cancellation fee of \$67,623 in third quarter 2008. The Company's accounting policy is to recognize revenue when the product has been delivered or the services have been performed. Consequently, approximately \$1.9 million of revenue attributable to incinerator sales orders received since the beginning of the year will not be reflected in the results until delivery which is currently expected to occur in fourth quarter 2008 and first quarter 2009.

For the nine months ended September 30, 2008, the Company reported a gross margin of \$606,260 compared to a gross margin of \$3,723,140 for the same period of 2007. Direct costs of \$1,493,431 in the first nine months of 2008 were lower by \$2,946,825 compared to the first nine months of 2007. This variance is primarily due to the direct costs associated with differences in the incinerator sales and volume mix and the variable direct costs associated with combustion services and, to a lesser extent, incinerator rentals and services. The margin is somewhat distorted by the net gain realized on the disposition of assets in second quarter 2008 as this was effectively an incinerator sale but is included in Other Revenue rather than operating revenue.

General and administrative expense was \$948,499 for the nine months ended September 30, 2008 compared to \$715,116 for the nine months ended September 30, 2007. The \$233,383 increase was principally attributable to higher employee costs of \$186,107 which are inclusive of non-cash share-based compensation expense, higher minimum lease payments for office space of \$32,962 and research and development expenditures of \$14,616.

Foreign exchange gains of \$204,383 were recorded in the first nine months of 2008 compared to foreign exchange losses of \$180,533 in the same period of 2007. The foreign exchange gains arose from cash and transactions denominated in foreign currencies, principally in United States dollars, which strengthened, on average, during the first nine months of 2008 relative to the Canadian dollar.

Depreciation and amortization expense for the nine months ended September 30, 2008 was \$115,279 compared to \$107,294 in the same period of 2007. Depreciation expense of \$83,998 and \$79,829 for the nine-month periods ended September 30, 2008 and 2007, respectively, relating to rental incinerators, service vehicles and equipment has been included in direct costs. Depreciation expense was higher in the first nine months of 2008 compared to the same period in 2007 as a result of additions to property and equipment during the latter half of 2007 and in the first nine months of 2008.

Interest expense for the nine months ended September 30, 2008 was \$6,295 compared to \$19,674 for the same period in 2007. In the first nine months of 2007, the amount of interest-bearing debt, the time period during which it was outstanding and the interest rate were all higher than those same parameters applicable to debt drawn during the same period of 2008.

Income tax expense for the first nine months of 2008 is comprised of current income tax expense of \$37,711 and a non-cash future income tax expense of \$21,973 compared to a current income tax expense of \$155,065 and a non-cash future income tax expense of \$806,161 in the first nine months of 2007. The current income tax expense recognized in second quarter 2008 was the result of a revision to the estimated income taxes payable for 2007. The lower overall income tax expense year-to-date 2008 is as a result of lower taxable income in that period as compared to the same period of 2007.

OUTLOOK

Questor's operating and financial results for third quarter 2008 were strong, more than offsetting the impact of historically lower activity levels experienced during the first half of this year. Despite the current market turmoil, the Company is well capitalized and anticipates the results in the fourth quarter of 2008 and the first quarter of 2009 will also be strong due to the sales orders received for which delivery will occur over the next four months, planned utilization of the rental fleet to the end of the year and full deployment of the combustion services division over the next several weeks.

To date in 2008, the Company has received purchase orders for 21 incinerators of varying sizes. Eight incinerators were delivered in the first nine months of 2008 resulting in \$1.1 million of revenue. In accordance with Questor's accounting policy to recognize revenue when the product has been delivered (or the services have been performed), approximately \$1.9 million of revenue is pending the completion of the sale when the remaining 13 units are scheduled to be delivered.

Questor's incinerator sales have grown steadily during 2008 and the Company continues to experience a large volume of requests for proposals from both domestic and international parties stimulated, in part, by the changing regulations and by the Company's marketing efforts launched in late 2007. At the end of third quarter 2008, the Company had over \$10.5 million of bids outstanding pending completion of the tender process and notification of the clients' purchase decision. In Questor's experience, the timing of final determination by the client varies significantly and may be as little as a few weeks and as long as several months and the number of these bids that will ultimately be successful by Questor is not determinable.

The Company's overall outlook is quite positive given a heightened corporate focus on sustainable development and a continuing social and political focus on air quality, health impacts, global warming, greenhouse gas emissions and climate change. The public continues to demand action from their governments and increasingly rigorous regulatory standards are being implemented to address these issues world-wide. Meeting these standards will require innovation and technological developments and presents a significant and growing market opportunity for Questor. The Company's incinerator technology is a viable alternative which allows customers to ensure compliance, promote environmental protection and foster public confidence while reducing costs and potentially generating greenhouse gas credits.

Demand for Questor's technology in the United States market remains strong for the foreseeable future based on high development activity and the introduction of stringent environmental regulations. Environmental stewardship is an issue upon which President-elect Obama has placed importance, thereby further emphasizing the growing demand for technology to address environmental concerns. Questor's strategic relationship with National Tank Company ("NATCO") is providing a strong base upon which to capitalize on the U.S. market opportunity as Questor's technology provides a practical means for clients to meet the emission and air quality regulations.

The Company has been invited to commence technical discussions regarding other opportunities in China to apply Questor's technology following the successful commissioning and start-up of the well test incinerators early this quarter. Questor also continues to develop additional international markets with a current focus on the Middle East and Europe.

Consistent with the Company's strategic plan, markets beyond the oil and gas industry are being pursued. Questor successfully completed its first landfill project recently and this experience is expected to create additional opportunities for the Company to apply its technology in this manner worldwide. Questor is also committed to developing compatible air quality solutions and, to that end, continues to investigate the commercialization of waste heat recovery and its conversion to power and is currently in discussion with clients regarding a carbon capture opportunity, a gasification project and a coal mine methane elimination project which will generate carbon credits.

Tempering the optimism are concerns of an economic recession or, at minimum, a deceleration of growth rates world-wide which would reduce energy demands thereby reducing crude oil and natural gas prices and ultimately negatively impact activity levels. Questor is well-positioned to weather this period of uncertainty due to its strong capitalization and certain cash flow from incinerator rentals and combustion services under contract. Market uncertainties may also provide opportunities for Questor to reduce incinerator fabrication costs. Today's reality is the public demands environmental stewardship and regulators and industry continue to be pressured to demonstrate leadership in this arena.

SUMMARY OF EIGHT MOST RECENTLY COMPLETED QUARTERS

	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
<i>(in \$ thousands except per share amounts)</i>	2008	2008	2008	2007	2007	2007	2007	2006
Total revenue	1,373	387	626	1,017	6,925	330	960	664
Gross margin	530	(27)	103	449	3,304	(0)	419	135
Income (loss) before interest expense and income tax expense	380	(200)	(63)	148	2,844	(190)	198	(21)
Net income (loss)	286	(170)	(65)	106	1,884	(141)	128	700
Net income (loss) per share								
Basic	0.01	(0.01)	(0.00)	0.00	0.08	(0.01)	0.01	0.03
Diluted	0.01	(0.01)	(0.00)	0.00	0.08	(0.01)	0.01	0.03

A number of factors contribute to variations in the Company's quarterly results: customer capital spending as it is affected by oil and gas commodity prices; changes in legislation; seasonality; the Company's mix of product and service offerings; and the relative size of sales and the timing of revenue recognition.

FINANCIAL POSITION

The following table outlines the significant changes in the balance sheets of Questor from December 31, 2007 to September 30, 2008.

Balance sheet item	\$ Increase (decrease)	Explanation
Cash	(624,717)	The decrease was primarily a result of working capital funding requirements during the first nine months of 2008, partially offset by a strengthening of foreign currencies, particularly United States dollars, relative to the Canadian dollar during the period. See also the discussion in the Liquidity and Capital Resources section of this MD&A.
Accounts receivable	753,315	The increase was due primarily to the timing of revenue generating activities in third quarter 2008 compared to fourth quarter 2007. As at September 30, 2008, Questor has no reason to doubt the ultimate collectability of any of the accounts receivable with the exception of \$629 for which a provision for doubtful accounts has been established.
Inventory	111,487	The increase was related to incineration units in the process of being fabricated for delivery in fourth quarter 2008 and first quarter 2009, partially offset by deliveries of incineration units from finished goods inventory during the first nine months of 2008.

Balance sheet item	\$ Increase (decrease)	Explanation
Property and equipment	(105,243)	The decrease principally reflects the disposition of assets in second quarter 2008 and depreciation recorded during 2008, partially offset by modest capital additions in the first nine months of 2008.
Accounts payable and accrued liabilities	389,504	The increase was reflective of the composition and timing of business at the end of each period.
Short-term debt	(191,186)	The decrease was due primarily to the repayment of short-term borrowings from asset disposition proceeds and reduced working capital funding requirements in 2008.
Income and other taxes payable	(98,206)	The decrease reflects the payments of income tax, VAT and PST during the first nine months of 2008.
Deferred revenue and deposits	(70,129)	The decrease was due to the delivery of incinerator units for which deposits had been received when the order was placed.
Long-term debt	(47,319)	The decrease was in accordance with scheduled principal repayments.
Contributed surplus	108,863	The increase was in conjunction with share-based compensation expense recorded in the period, partially offset by amounts transferred to share capital upon exercise of share options.

INVESTED CAPITAL

During third quarter 2008 Questor acquired \$2,171 of capital assets, down from \$183,908 in third quarter 2007. In each of third quarter 2008 and 2007, a comparable dollar amount of tools were acquired. Additions to the incinerator rental fleet and the acquisition of a service vehicle, both in third quarter 2007, account for the difference in invested capital between the two periods.

During the first nine months of 2008, the increase to plant and equipment was \$25,266 compared to \$187,540 for the same period of 2007. The asset acquisitions in 2008 were predominantly computer hardware related, followed by lesser investments in tools and marketing products. In the first nine months of 2007, the aforementioned acquisitions account for the majority of invested capital, supplemented by expenditures for office equipment and computer hardware and partially offset by the receipt of a \$1,415 cash rebate associated with an earlier vehicle purchase.

The only disposition occurring in the first nine months of either 2008 or 2007 transpired in second quarter 2008 when the Company sold an incinerator from the rental fleet with a net book value of \$37,980.

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 2008 funds generated from operations and current cash amounts will be sufficient to meet budgeted operating requirements and supply capital to finance the development of new clean air technologies or acquisitions.

Cash Flows

(\$ unless otherwise noted)

For the	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Cash and cash equivalents, beginning of period	2,547,526	818,623	2,753,997	29,186
Cash provided by (used in):				
Operating activities	(122,301)	3,220,193	(631,168)	3,625,226
Investing activities	(6,888)	(181,885)	102,409	(185,517)
Financing activities	(424,564)	(632,457)	(237,255)	(412,361)
Effective exchange rates on cash and cash equivalents	135,507	(209,567)	141,297	(41,627)
Cash and cash equivalents, end of period	2,129,280	3,014,907	2,129,280	3,014,907

Operating Activities

Cash used in operating activities was \$122,301 in the third quarter of 2008 compared to cash provided by operating activities of \$3,220,193 in the same period of 2007. The decrease was primarily attributable to lower earnings and the non-cash working capital deficit of \$441,858 during third quarter 2008 compared to a non-cash working capital contribution of \$261,890 during third quarter 2007.

Cash used in operating activities was \$631,168 in the first nine months of 2008 compared to cash provided by operating activities of \$3,625,226 in the same period of 2007. The decrease was primarily attributable to lower operating results and the non-cash working capital deficit of \$691,231 in the first nine months of 2008 compared to a non-cash working capital surplus of \$748,895 in the same period in 2007.

Working Capital

(\$ unless otherwise noted)

For the	September 30 2008	December 31 2007
Current assets	4,679,858	4,441,723
Current liabilities ⁽¹⁾	1,011,001	789,832
Working capital	3,668,857	3,651,891
Current ratio	4.6	5.6

⁽¹⁾ Excludes short-term debt and current portion of long-term debt.

Investing Activities

Cash used in investing activities in the three months ended September 30, 2008 was \$6,888 compared to \$181,885 in the same period of 2007. The investing activities comprised expenditures as described in the Invested Capital section of this MD&A and capital amounts in accounts payable from prior periods.

Cash provided by investing activities in the nine months ended September 30, 2008 was \$102,409 compared to cash used in investing activities of \$185,517 in the same period of 2007. The investing activities comprised expenditures as described in the Invested Capital section of this MD&A and capital amounts in accounts payable from prior periods. During second quarter 2008, the Company sold an incinerator from its rental fleet with a net book value of \$37,980 for gross proceeds of \$139,733 thereby contributing to the cash provided by investing activities.

Financing Activities

Cash used in financing activities in the three months ended September 30, 2008 was \$424,564 compared to \$632,457 in the same period of 2007. In third quarter 2008, the Company decreased the balances outstanding on its credit facilities by \$410,746 (September 30, 2007 - \$687,266) and reduced long-term debt by \$15,068 (September 30, 2007 - \$12,168), partially offset by the receipt of \$1,250 from share option exercises (September 30, 2007 - \$nil). In third quarter 2007, \$66,977 of new vehicle financing increased long-term debt.

For the nine months ended September 30, 2008 cash used in financing activities was \$237,255 compared to \$412,361 for the same period in 2007. In each period, the Company reduced the credit facilities and long-term debt outstanding at that time, \$238,505 in 2008 and \$499,838 in 2007. In third quarter 2007, \$66,977 of new vehicle financing increased long-term debt. The reduction to debt in 2007 was higher, in part, as \$20,500 of proceeds from share option exercises were applied accordingly whereas only \$1,250 of similar proceeds were applied in 2008.

Capital Resources

The Company believes that its cash deposits and funds generated from operations will provide sufficient capital resources and liquidity to fund existing operations and certain acquisition and expansion opportunities in 2008.

At September 30, 2008, the Company had cash on deposit of \$2,129,280 as compared to cash balances of \$2,753,997 at December 31, 2007. The foreign currency composition of the cash balances is described in Note 3 to the interim financial statements as at and for the three and nine months ended September 30, 2008. The use of cash during the first nine months of 2008 is described in the Financial Position section of this MD&A.

On October 23, 2008, \$1,500,000 United States dollars were converted to Canadian dollars at a rate of 1.2526 for a realized foreign exchange gain of \$378,900.

At September 30, 2008, the Company had total debt outstanding of \$66,070, down from \$304,575 at December 31, 2007. The long-term debt at September 30, 2008 was comprised solely of vehicle financing.

On November 14, 2008, the Company issued a USD \$329,428 irrevocable letter of guarantee under its revolving foreign letter of credit/letter of guarantee facility as security to the beneficiary during the warranty period associated with an incinerator sale. This letter of guarantee expires on March 26, 2009.

All of the borrowing facilities from the chartered bank have financial tests and other covenants customary for these types of facilities, which must be met at each quarter-end. At September 30, 2008 Questor was in compliance with these covenants.

In January 2008, the Company obtained a demand revolving foreign exchange facility established to a maximum of USD \$630,000 to purchase foreign forward exchange contracts in order to hedge against currency fluctuations. This facility is secured by a general security agreement and an assignment of insurance proceeds. The availability of this facility is also subject to the Company meeting certain financial covenants. As of the date of this MD&A, no amounts have been drawn against this facility.

Contractual Obligations and Commitments

There have been no material changes to Questor's contractual obligations from those identified in the MD&A included in the Company's 2007 annual report, except for the execution of a lease agreement for office and warehouse space.

On August 26, 2008, Questor entered into a 60-month lease agreement for office and warehouse space in Grande Prairie, Alberta, Canada commencing October 1, 2008. The minimum lease payments will be \$7,800 in 2008, \$46,800 in each of 2009 through 2012, and \$35,100 in 2013.

FINANCIAL INSTRUMENTS

The Company is exposed to market risk and potential loss from changes in the value of financial instruments. To date, Questor has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates and interest rates. Refer to Note 10 to the interim financial statements as at and for the three and nine months ended September 30, 2008 for information pertaining to financial instruments and risk management thereto.

RISKS AND UNCERTAINTIES

The Company is exposed to a number of business risks with the potential to affect financial performance. There have been no material changes to Questor's financial and business risks identified in the MD&A included in the Company's 2007 annual report.

TRANSACTIONS WITH RELATED PARTIES

In the normal course of business, the Company transacts with related parties. These transactions are recorded at their exchange amounts which approximate fair value. During the first nine months of 2008 the Company was not party to any related party transactions.

OFF-BALANCE-SHEET ARRANGEMENTS

The Company is not party to any off-balance-sheet arrangements as at September 30, 2008.

SHARE CAPITAL

As at	November 28 2008	September 30 2008	December 31 2007
Shares issued and outstanding	24,007,370	23,807,370	23,794,870
Share options outstanding	1,775,000	2,175,000	2,137,500
Share options exercisable	850,000	1,062,500	812,500

On November 7, 2008, 200,000 options to purchase common shares were exercised at \$0.10 per share.

On November 18, 2008, 200,000 options to purchase common shares at \$0.10 per share expired.

CHANGES IN ACCOUNTING POLICIES

2008 Changes

Effective January 1, 2008 the Company adopted the new Canadian Institute of Chartered Accountants ("CICA") Handbook accounting requirements for Section 1535 "Capital Disclosures", Section 3031 "Inventories", Section 3862 "Financial Instruments – Disclosures" and Section 3863 "Financial Instruments – Presentation". In accordance with the transitional provisions for these new standards, these policies were adopted prospectively and without restatement of prior periods.

Refer to Note 2 to the interim financial statements as at and for the three and nine months ended September 30, 2008 for information pertaining to these accounting changes and the impact of their adoption on the Company's financial statements.

Future Accounting Changes

International Financial Reporting Standards (IFRS)

The CICA Accounting Standards Board ("AcSB") has published its strategic plan for convergence of Canadian generally accepted accounting standards with International Financial Reporting Standards ("IFRS"). The changeover date for Canadian publicly accountable enterprises is for annual and interim financial statements relating to fiscal years beginning on or after January 1, 2011 and will require restatement of comparative figures. Questor is currently assessing the impact the transition to IFRS will have to the Company's results of operations, financial position and disclosures and is developing an implementation plan. Questor will provide disclosures of the key elements of its plan and progress relative to this plan as the information becomes available during the transition period.

Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Other Intangible Assets", and Section 3450, "Research and Development Costs". The purpose of this Section is to provide more specific guidance on the recognition of internally developed intangible assets and requires that research and development expenditures be evaluated against the same criteria as expenditures for intangible assets. The Section harmonizes Canadian standards with International Financial Reporting Standards and applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, these new Sections are effective for the Company beginning January 1, 2009. Questor has not yet determined the impact this new Section will have on the Company's results of operations and financial position.

SIGNIFICANT ACCOUNTING POLICIES

Questor's significant accounting policies remain unchanged from December 31, 2007 except as disclosed in the notes to the interim financial statements as at and for the three and nine months ended September 30, 2008. For further information regarding these policies refer to the notes to the interim financial statements as at and for the three and nine months ended September 30, 2008 and to the audited financial statements in Questor's 2007 annual report.

CRITICAL ACCOUNTING ESTIMATES

Since a determination of the value of many assets, liabilities, revenues and expenses is dependent upon future events, the preparation of the Company's interim financial statements requires the use of estimates and assumptions which have been made using careful judgment. Questor's significant accounting policies are described in the notes to the 2007 audited financial statements included in the Company's 2007 annual report. Certain of these policies involve critical accounting estimates as a result of the requirement to make particularly subjective or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions. Questor's critical accounting estimates are share-based compensation expense, depreciation and amortization expense, asset impairment assessment and future tax liability.

NON-GAAP FINANCIAL MEASURES

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

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

(\$ unless otherwise noted)

For the	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
EBITDA	418,384	2,880,572	232,646	2,959,186
Deduct: Depreciation and amortization expense	38,317	36,250	115,279	107,294
Interest expense	790	4,703	6,295	19,674
Income tax expense	92,964	955,826	59,684	961,226
Net loss (GAAP financial measure)	286,313	1,883,793	51,388	1,870,992

EBITDA is 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 Statements of Income, Comprehensive Income and Deficit and is defined as gross margin plus other revenue less general and administrative expense and foreign exchange losses (gains).

Income Before Interest Expense and Income Tax Expense

(\$ unless otherwise noted)

For the	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Income before interest expense and income tax expense	380,067	2,844,322	117,367	2,851,892
Deduct: Interest expense	790	4,703	6,295	19,674
Income tax expense	92,964	955,826	59,684	961,226
Net income (GAAP financial measure)	286,313	1,883,793	51,388	1,870,992

Income before interest expense and income tax expense is a measure of the Company's operating profitability generated by the Company's principal business activities prior to how these activities are financed or results are taxed. Income before interest expense and income tax expense is calculated from the Statements of Income, Comprehensive Income and Deficit and is defined as gross margin plus other revenue less general and administrative expense, foreign exchange losses (gains) and depreciation and amortization.

Funds Generated From Operations

(\$ unless otherwise noted)

For the	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Funds generated from operations	319,557	2,958,303	60,063	2,876,331
Add: Net change in non-cash working capital	(441,858)	261,890	(691,231)	748,895
Cash provided by (used in) operating activities (GAAP financial measure)	(122,301)	3,220,193	(631,168)	3,625,226

Funds generated from operations is used to assist management and investors in analyzing operating performance, after interest and taxes, without regard to changes in the Company's non-cash working capital in the period. Funds generated from operations as presented should not be viewed as an alternative to cash provided by (used in) operating activities, or other cash flow measures calculated in accordance with GAAP. Funds generated from operations is calculated from the Statements of Cash Flows and is defined as cash provided by (used in) operating activities before changes in non-cash working capital.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

On November 23, 2007, the Alberta Securities Commission and the securities commissions in the other jurisdictions in which Questor is registered, exempted Venture Issuers from certifying disclosure controls and procedures as well as internal controls over financial reporting as of December 31, 2007, and thereafter. Since Questor is a Venture Issuer it is now required to file "basic certificates", which it has done for the interim period ended September 30, 2008.

The Company is cognizant of the impact that good internal controls have with regards to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation. The Company will continue 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 President and Chief Executive Officer and the Chief Financial Officer and Corporate Secretary as appropriate, to allow timely decisions and actions regarding required disclosure. The Company will also endeavour 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.