
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 months ended March 31, 2009 compared to the three months ended March 31, 2008. This MD&A dated May 27, 2009 should be read in conjunction with the accompanying unaudited interim financial statements and notes thereto of Questor as at and for the three months ended March 31, 2009 and with the audited financial statements and MD&A contained in the Company's annual report for the year ended December 31, 2008.

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

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-related field 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 months ended March 31, 2009 and March 31, 2008.

Financial Results Summary

(\$ unless otherwise noted)

| For the three months ended March 31 | 2009 | 2008 |
|---|-----------|------------|
| Total revenue | 1,163,196 | 626,093 |
| Gross margin ⁽¹⁾ | 443,975 | 103,154 |
| EBITDA ⁽¹⁾ | 155,159 | (24,149) |
| Income (loss) before interest expense and income tax expense ⁽¹⁾ | 116,758 | (62,733) |
| Net income (loss) | 82,689 | (65,048) |
| Funds generated from operations ⁽¹⁾ | 164,113 | 12,012 |
| Cash provided by operating activities | 4,914 | 161,745 |
| Total assets | 6,627,142 | 5,814,657 |
| Long-term liabilities | 45,262 | 44,957 |
| Shares outstanding (thousands) ⁽²⁾ | | |
| Basic | 24,007 | 23,795 |
| Diluted | 24,385 | 23,795 |
| Net income (loss) per share – Basic | \$ 0.003 | \$ (0.003) |
| Net income (loss) per share – Diluted | \$ 0.003 | \$ (0.003) |

⁽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 March 31, 2009

Net income

Net income for the three months ended March 31, 2009 was \$82,689 (\$0.003 per basic share) compared to a net loss of \$65,048 (\$0.003 per basic share) for the three months ended March 31, 2008. On a comparative basis, the net income increase of \$147,737 was primarily attributable to higher revenues from incinerator sales and services, incinerator rentals and combustion services, partially offset by lower foreign exchange gains and higher variable direct costs, general and administrative expenses and income tax expense.

Total revenue

Total revenue for first quarter 2009 was \$1,163,196 compared to \$626,093 for the same period of 2008. Revenue increased by \$537,103 principally as a result of differences in the incinerator sales and service volume and mix between the two periods, combined with higher overall utilization of the incinerator rental fleet and higher combustion services and parts sales.

The Company's accounting policy is to recognize revenue when the product has been delivered or the services have been performed. Consequently, approximately \$1.2 million of revenue attributable to incinerator sales orders received during the latter part of 2008 and in first quarter 2009 will not be reflected in the results until delivery occurs in the second and third quarters of 2009.

Direct costs

For the first three months of 2009, the Company reported a gross margin of \$443,975 compared to a gross margin of \$103,154 for the first three months of 2008. Direct costs of \$713,893 in first quarter 2009 were higher by \$208,544 compared to first quarter 2008. This variance is primarily due to the direct costs associated with differences in the incinerator sales volume and mix and the variable direct costs associated with incinerator rental and combustion services.

General and administrative expense

General and administrative expense was \$364,627 for the three months ended March 31, 2009 compared to \$306,294 for the three months ended March 31, 2008. The increase was principally attributable to higher employee costs of \$38,093 due to staffing and compensation increases and to higher business development costs of \$19,622.

Foreign exchange gains and losses

Foreign exchange gains of \$42,339 were recorded in the first three months of 2009 compared to foreign exchange gains of \$132,513 in the same period of 2008. The foreign exchange gains arose from cash and transactions denominated in foreign currencies, principally in United States dollars, which strengthened during first quarter 2009 relative to the Canadian dollar. The cash balances held in United States dollars were significantly higher in first quarter 2008, a period when the Canadian dollar also experienced weakness relative to the United States dollar, and consequently resulted in a greater foreign exchange gain in first quarter 2008 compared to first quarter 2009.

Depreciation and amortization

Depreciation and amortization for the three months ended March 31, 2009 was \$38,401 compared to \$38,584 in the same period of 2008. Depreciation relating to rental incinerators, service vehicles and equipment of \$28,144 and \$28,888 for the quarters ended March 31, 2009 and 2008, respectively, has been included in direct costs. Depreciation and amortization was relatively flat quarter-over-quarter.

Interest expense

Interest expense for the three-month periods ended March 31, 2009 and March 31, 2008 was virtually unchanged at \$826 and \$825, respectively. The interest on short-term debt arises when Questor draws on its revolving demand operating loan. The interest on long-term debt relates to vehicle financing.

Income tax expense

Income tax expense for first quarter 2009 is comprised of a current income tax expense of \$28,579 and a non-cash future income tax expense of \$4,664 compared to a non-cash future income tax expense of \$1,490 in first quarter 2008. Income tax expense is higher for the three months ended March 31, 2009 due to higher taxable income in that period as compared to first quarter 2008.

OUTLOOK

Questor is focused on navigating the business through the current market uncertainties and delivering positive results for 2009. Notwithstanding the immediate economic challenges, the environment remains a concern as governments respond with regulation to changing global attitudes towards the effects of climate change and the growing desire to reduce greenhouse gases. Meeting these clean air standards, both domestically and internationally, will require innovation and technological developments and is expected to generate demand opportunities for Questor's technology and services. The Company's products are increasingly viewed as best in class because of their quality, reliability and effectiveness. This, coupled with Questor's expertise in sour gas (H₂S) combustion and engineering knowledge, enables the Company to understand and adapt solutions to the customer's business needs.

For these reasons, Questor continues to receive a significant number of requests for proposal, particularly from the United States. At this time, the Company has more than \$31 million of bids for projects of varying scope and jurisdictions outstanding pending completion of the tender process and notification of the clients' purchase decision. While the number of the bids for which Questor will ultimately be successful, their quantum and timing is not reasonably determinable, the opportunity to grow the revenue is clearly present. The current order backlog for permanent applications of Questor's products is \$1.2 million, the revenue for which will be

recognized in the second and third quarters of 2009. Combined with planned utilization of the rental fleet and full deployment of the combustion services division, the Company anticipates positive results for the year.

Apart from leveraging the market opportunities for existing technology, the Company is also committed to developing compatible air quality solutions and alternate markets for application of its technology. Two strategic initiatives upon which the Company is actively focused is the development of a process to convert waste gas to heat/power and to develop a portable process to remove hydrogen sulfide from waste gas streams and convert it to liquid sulphur which would reduce sulphur dioxide emissions. Questor is also in discussion with numerous clients regarding opportunities to generate carbon credits.

Overall, the Company's outlook is quite promising as Questor benefits from increasing corporate and government focus on environmental responsibility and sustainable development. Questor is well-positioned to capitalize on market opportunities given its robust technology solution, capable team and healthy balance sheet.

SUMMARY OF EIGHT MOST RECENTLY COMPLETED QUARTERS

| | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 |
|---|-------|-------|-------|--------|--------|-------|-------|--------|
| <i>(in \$ thousands except per share amounts)</i> | 2009 | 2008 | 2008 | 2008 | 2008 | 2007 | 2007 | 2007 |
| Total revenue | 1,163 | 2,085 | 1,373 | 387 | 626 | 1,017 | 6,925 | 330 |
| Gross margin | 444 | 792 | 530 | (27) | 103 | 449 | 3,278 | (0) |
| Income (loss) before interest expense and income tax expense | 117 | 874 | 380 | (200) | (63) | 148 | 2,844 | (190) |
| Net income (loss) | 83 | 577 | 286 | (170) | (65) | 106 | 1,884 | (141) |
| Net income (loss) per share | | | | | | | | |
| Basic | 0.00 | 0.03 | 0.01 | (0.01) | (0.00) | 0.00 | 0.08 | (0.01) |
| Diluted | 0.00 | 0.03 | 0.01 | (0.01) | (0.00) | 0.00 | 0.08 | (0.01) |

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, the currency in which the sales are transacted and the timing of revenue recognition.

FINANCIAL POSITION

The following table outlines the significant changes in the balance sheets of Questor from March 31, 2009 to December 31, 2008.

| Balance sheet item | \$ Increase (decrease) | Explanation |
|--------------------------------|---------------------------|--|
| Accounts receivable | (180,756) | The decrease was due primarily to the timing of revenue generating activities in first quarter 2009 compared to fourth quarter 2008 and fewer transactions denominated in foreign currencies during a period when foreign currencies strengthened relative to the Canadian dollar. |
| Inventory | 75,831 | The increase was related to the higher number of incinerator units in finished goods inventory at March 31, 2009 destined for delivery in the first half of 2009, partially offset by fewer incinerators under construction at March 31, 2009 relative to December 31, 2008. |
| Property and equipment | 63,127 | The increase was a reflection of the first quarter 2009 capital additions as detailed in the Invested Capital section of this MD&A, partially offset by depreciation recorded during the first three months of 2009. |
| Income and other taxes payable | (277,791) | The decrease was principally attributable to settlement of the 2008 income taxes payable. |
| Deferred revenue and deposits | 68,857 | The increase related to deposits received when sales orders were placed in first quarter 2009 for incinerator units to be delivered later in the year. |
| Contributed surplus | 38,200 | The increase was due to share-based compensation expense recorded in the period. |

INVESTED CAPITAL

During first quarter 2009 Questor acquired \$94,279 of plant and equipment, up from \$22,494 in first quarter 2008. The majority of invested capital in the first three months of 2009 consisted of additions to the incinerator rental fleet and the acquisition of a service vehicle, supplemented by expenditures for tools and equipment and computer hardware and software. During first quarter 2008, property and equipment increases related to the acquisition of computer hardware and software and an investment in research and development.

There were no dispositions of capital assets in the first three months of either 2009 or 2008.

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 2009 funds generated from operations and current cash amounts will be sufficient to meet budgeted operating requirements and meet its anticipated capital requirements.

Cash Flows

(\$ unless otherwise noted)

| For the three months ended March 31 | 2009 | 2008 |
|--|-----------|-----------|
| Cash and cash equivalents, beginning of period | 3,259,037 | 2,753,997 |
| Cash provided by (used in): | | |
| Operating activities | 4,914 | 161,745 |
| Investing activities | (70,520) | (29,775) |
| Financing activities | (9,883) | (94,335) |
| Effect of exchange rates on cash | 17,545 | 117,223 |
| Cash and cash equivalents, end of period | 3,201,093 | 2,908,855 |

Operating Activities

Cash provided by operating activities was \$4,914 in the first three months of 2009 compared to \$161,745 in the first three months of 2008. The decrease was primarily attributable to the non-cash working capital deficit of \$141,654 in first quarter 2009 compared to a non-cash working capital contribution of \$266,956 in first quarter 2008, partially offset by higher operating results and the effect of foreign exchange gains on cash.

Working Capital

(\$ unless otherwise noted)

| As at | March 31 2009 | December 31 2008 |
|------------------------------------|------------------|---------------------|
| Current assets | 5,350,056 | 5,521,274 |
| Current liabilities ⁽¹⁾ | 874,831 | 1,109,575 |
| Working capital | 4,475,225 | 4,411,699 |
| Current ratio | 6.1 | 5.0 |

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

Investing Activities

Cash used in investing activities in the three months ended March 31, 2009 was \$70,520 compared to cash used in investing activities of \$29,775 in the same period of 2008. 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.

Financing Activities

Cash used in financing activities was \$9,883 in first quarter 2009 compared to \$94,335 in first quarter 2008. In each period, the Company reduced the long-term debt outstanding at that time, \$9,883 in the three months ended March 31, 2009 and \$17,184 in the three months ended March 31, 2008. In first quarter 2008, the Company decreased the balance outstanding on its credit facilities by \$77,151.

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 anticipated capital requirements in 2009.

As at March 31, 2009, the Company had cash on deposit and cash equivalents of \$3,201,093 as compared to cash balances of \$2,753,997 at December 31, 2008. The foreign currency composition of the cash balances is described in Note 3 to the interim financial statements as at and for the three months ended March 31, 2009. The use of cash during 2009 is described in the Financial Position and Liquidity and Capital Resources sections of this MD&A.

As at March 31, 2009, the Company had total debt outstanding of \$42,847, down from \$52,730 at December 31, 2008. The long-term debt at March 31, 2009 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 expired 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. At the end of each fiscal quarter the Company's debt-to-tangible-net-worth must be less than 2.5 and the Company's working capital ratio must be greater than 1.25. At the end of each fiscal year, Questor's debt service coverage ratio must be in excess of 1.25. Questor was in compliance with these covenants at the end of the March 31, 2009 fiscal quarter and at December 31, 2008.

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 and commitments from those identified in the MD&A included in the Company's 2008 annual report.

FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

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 8 to the interim financial statements as at and for the three months ended March 31, 2009 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 2008 annual report.

TRANSACTIONS WITH RELATED PARTIES

In the normal course of business, the Company may transact with related parties. These transactions are recorded at their exchange amounts which approximate fair value. In February 2009, Questor acquired a service vehicle at market value for \$45,184 from a corporation owned by a director of the Company. There were no related party transactions in 2008.

There were no amounts owing from or to related parties included in accounts receivable and accounts payable and accrued liabilities at March 31, 2009 or December 31, 2008.

OFF-BALANCE-SHEET ARRANGEMENTS

The Company is not party to any off-balance-sheet arrangements as at March 31, 2009.

SHARE CAPITAL

| As at | May 27 2009 | March 31 2009 | December 31 2008 |
|-------------------------------|----------------|------------------|---------------------|
| Shares issued and outstanding | 24,007,370 | 24,007,370 | 24,007,370 |
| Share options outstanding | 2,175,000 | 1,775,000 | 1,775,000 |
| Share options exercisable | 862,500 | 843,750 | 843,750 |

SIGNIFICANT ACCOUNTING POLICIES

Questor's significant accounting policies remain unchanged from December 31, 2008 except as disclosed in the notes to the interim financial statements as at and for the three months ended March 31, 2009. For further information regarding these policies refer to the notes to the interim financial statements as at and for the three months ended March 31, 2009 and to the audited financial statements in Questor's 2008 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 2008 audited financial statements included in the Company's 2008 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.

CHANGES IN ACCOUNTING POLICIES

2009 Changes

Effective January 1, 2009 the Company adopted the new Canadian Institute of Chartered Accountants ("CICA") Handbook accounting requirements for Section 3064 "Goodwill and Intangible Assets". 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. In accordance with the transitional provisions for this new standard, this policy was adopted prospectively and without restatement of prior periods and did not have any impact to the Company's results of operations and financial position.

Future Accounting Changes

International Financial Reporting Standards (IFRS)

In February 2008 the Accounting Standards Board ("AcSB") of the Canadian Institute of Chartered Accountants ("CICA") confirmed that publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS") for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011 and will require restatement of comparative figures. The Company expects that the adoption of IFRS will impact accounting policies, financial reporting, information systems and business processes. Questor is continuing to assess the financial reporting impacts of the adoption of IFRS

and, at this time, the impact on future financial position, results of operations and disclosures is not reasonably determinable or estimable.

Business Combinations

In January 2009, the AcSB issued Section 1582, “Business Combinations”, which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method for business combinations and related disclosure. This statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 2011 with earlier application permitted. This Section is not expected to have any effect on the Company’s results of operations or financial position.

Consolidated Financial Statements and Non-Controlling Interests

In January 2009, the AcSB issued Sections 1601, “Consolidated Financial Statements”, and 1602, “Non-Controlling Interests”, which replaces existing guidance. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards are effective on or after the beginning of the first annual reporting period beginning on or after January 2011 with earlier application permitted. These Sections are not expected to have any effect on the Company’s results of operations or financial position.

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.

Gross Margin

(\$ unless otherwise noted)

| For the three months ended March 31 | 2009 | 2008 |
|---|-----------------|-----------|
| Gross margin | 443,975 | 103,154 |
| Add: Other revenue | 5,328 | 17,590 |
| Deduct: General and administrative expense | 364,627 | 306,294 |
| Foreign exchange gain | (42,339) | (132,513) |
| Depreciation and amortization expense | 10,257 | 9,696 |
| Interest expense | 826 | 825 |
| Income tax expense | 33,243 | 1,490 |
| Net income (loss) (GAAP financial measure) | 82,689 | (65,048) |

Gross margin is a measure of the Company's operating profitability. Gross margin 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 margin is calculated from the Statements of Income, Comprehensive Income and Retained Earnings (Deficit) and is defined as revenue less direct costs.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)*(\$ unless otherwise noted)*

| For the three months ended March 31 | 2009 | 2008 |
|---|----------------|----------|
| EBITDA | 155,159 | (24,149) |
| Deduct: Depreciation and amortization expense (including portion in direct costs) | 38,401 | 38,584 |
| Interest expense | 826 | 825 |
| Income tax expense | 33,243 | 1,490 |
| Net income (loss) (GAAP financial measure) | 82,689 | (65,048) |

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

Income (Loss) Before Interest Expense and Income Tax Expense*(\$ unless otherwise noted)*

| For the three months ended March 31 | 2009 | 2008 |
|--|----------------|----------|
| Income (loss) before interest expense and income tax expense | 116,758 | (62,733) |
| Deduct: Interest expense | 826 | 825 |
| Income tax expense | 33,243 | 1,490 |
| Net income (loss) (GAAP financial measure) | 82,689 | (65,048) |

Income (loss) 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 (loss) before interest expense and income tax expense is calculated from the Statements of Income, Comprehensive Income and Retained Earnings (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 March 31 | 2009 | 2008 |
|---|------------------|-----------|
| Funds generated from operations | 164,113 | 12,012 |
| Net change in non-cash working capital | (141,654) | 266,956 |
| Foreign exchange gain on cash | (17,545) | (117,223) |
| Cash provided by operating activities (GAAP financial measure) | 4,914 | 161,745 |

Funds generated from operations 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. 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 and foreign exchange loss (gain) on cash.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Alberta Securities Commission and the securities commissions in the other jurisdictions in which Questor is registered, has exempted Venture Issuers from certifying 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 required to file "basic certificates", which it has done for each fiscal quarter since the exemption came into effect and for the year ended December 31, 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.

SUBSEQUENT EVENTS

On May 1, 2009, subject to regulatory approval, the Company issued a grant of share options to select officers, employees and contractors entitling the purchase of up to 400,000 common shares at \$0.25 per share, exercisable for a period of five years and vesting in accordance with the provisions of the Company's share option plan.