
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management 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, 2011 compared to the three and nine months ended September 30, 2010.

This MD&A dated November 29, 2011 should be read in conjunction with the accompanying unaudited condensed financial statements and notes thereto of Questor as at and for the three and nine months ended September 30, 2011 and with the audited financial statements and MD&A contained in the Company's annual report for the year ended December 31, 2010. These unaudited condensed financial statements for the three and nine month periods ended September 30, 2011 and 2010 are presented in Canadian dollars and have been prepared in accordance with IFRS applicable to the preparation of condensed financial statements, including International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") and IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The audited financial statements for the year ended December 31, 2010 were prepared in accordance with previous Canadian Generally Accepted Accounting Principles ("GAAP"). An explanation of how the transition from previous Canadian GAAP to IFRS has affected the reported financial position, financial performance and cash flows of the Company is set out in note 22 to the Company's unaudited condensed financial statements as at and for the three months ended March 31, 2011 and in note 20 to the Company's unaudited condensed financial statements as at and for the three and nine months ended September 30, 2011. The unaudited condensed financial statements for the three and nine month periods ended September 30, 2011 (including comparatives) and related MD&A have been approved and authorized for issue by Questor's Board of Directors and Audit and Governance Committee.

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.

ADVISORY REGARDING FORWARD-LOOKING STATEMENTS

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

BUSINESS OVERVIEW

The Company

Questor is an international environmental oilfield services provider founded in late 1994 and headquartered in Calgary, Alberta, Canada with a field office located in Grande Prairie, Alberta, 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 oilfield 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 customers. Questor is recognized for its particular expertise in the combustion of sour gas (H₂S). While the Company's current customer 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. Questor trades on the TSX Venture Exchange under the symbol "QST".

Financial Highlights Summary – Third Quarter 2011

(Stated in Canadian dollars except per share amounts)

	For the three months ended September 30			For the nine months ended September 30		
	2011	2010	Increase (decrease)	2011	2010	Increase (decrease)
Revenue ⁽¹⁾	1,583,571	1,987,106	(403,535)	3,780,828	3,637,937	142,891
Gross profit ⁽²⁾	802,243	422,512	379,731	1,338,413	1,039,092	299,321
EBITDA ⁽²⁾	605,795	162,209	443,586	808,730	288,299	520,431
Profit	304,596	66,015	238,581	394,057	74,403	319,654
Cost of sales as a percent of revenue ^{(2) (3)}	49.2%	78.4%	(29.2)%	59.4%	71.2%	(11.8)%
Cash generated from operations before movements in working capital ⁽²⁾	412,240	198,143	214,097	352,283	237,991	114,292
Total assets	7,818,476	7,388,720	429,756	7,818,476	7,388,720	429,756
Non-current liabilities	226,539	108,287	118,252	226,539	108,287	118,252
Shares outstanding ⁽⁴⁾						
Basic	24,712,261	24,331,283	380,978	24,709,018	24,137,223	571,795
Diluted	24,812,335	24,461,645	350,690	24,753,921	24,359,365	394,556
Earnings per share - Basic and diluted	0.012	0.003	0.009	0.016	0.003	0.013

(1) Includes net gain (loss) on disposal of property and equipment and other revenue.

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

(3) Revenue excludes net gain (loss) on disposal of property and equipment and other revenue.

(4) Weighted average.

Financial Highlights Summary - Quarterly

(Stated in thousands of Canadian dollars except per share amounts)

	2011 ⁽¹⁾				2010 ⁽¹⁾		2009 ⁽¹⁾	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue ⁽²⁾	1,584	1,297	900	2,205	1,987	1,161	490	846
Gross profit ⁽³⁾	802	239	298	966	422	466	150	268
EBITDA ⁽³⁾	606	303	(100)	572	162	291	(165)	(53)
Profit (loss)	305	209	(120)	370	66	172	(163)	(67)
Profit (loss) per share – Basic and diluted	0.01	0.01	(0.01)	0.02	0.00	0.01	(0.01)	(0.00)

(1) Figures presented for 2011 and 2010 have been prepared in accordance with IFRS. Figures presented for 2009 have been prepared in accordance with Canadian GAAP prior to IFRS transition.

(2) Includes net gain (loss) on disposal of property and equipment and other revenue.

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

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

FINANCIAL RESULTS ANALYSIS

Questor's financial information and the related discussion of financial results are for the three and nine months ended September 30, 2011 and 2010. Figures for the three and nine months ended September 30, 2010 have been prepared in accordance with IFRS and are restated from those reported previously under Canadian GAAP.

Profit

(Stated in Canadian dollars unless otherwise noted)

	For the three months ended September 30			For the nine months ended September 30		
	2011	2010	Increase (decrease)	2011	2010	Increase (decrease)
Profit	304,596	66,015	238,581	394,057	74,403	319,654
Earnings per share - Basic and diluted	0.012	0.003	0.009	0.016	0.003	0.013

The profit for the three months ended September 30, 2011 was \$304,596 (\$0.012 per basic share) compared to a profit of \$66,015 (\$0.003 per basic share) for the same three-month period last year. Profit for the nine months ended September 30, 2011 was \$394,057 (\$0.016 per basic share) compared to a profit of \$74,403 for the nine months ended September 30, 2010.

On a comparative basis, profit improved in each of the three and nine month periods ended September 30, 2011 due to higher margins resulting from the sales and services mix achieved, partially offset by higher income tax expense and administration expenses. Profit for the three months ended September 30, 2011 further benefited from the net foreign exchange gains recorded compared to the net foreign exchange losses in the same period of 2010. Other non-recurring revenue arising in second quarter 2011 further contributed to the positive profit variance for the nine months ended September 30, 2011.

Revenue

(Stated in Canadian dollars unless otherwise noted)

	For the three months ended September 30			For the nine months ended September 30		
	2011	2010	Increase (decrease)	2011	2010	Increase (decrease)
Sale of goods	761,560	1,496,264	(734,704)	1,687,753	2,335,891	(648,138)
Rendering of services						
Incinerator rental income	520,616	323,710	196,906	910,471	779,335	131,136
Incinerator and combustion services	298,219	135,107	163,112	699,528	488,542	210,986
	1,580,395	1,955,081	(374,686)	3,297,752	3,603,768	(306,016)
Net gain (loss) on disposal of property and equipment	(13,340)	-	(13,340)	188,199	-	188,199
Other revenue						
Order cancellation fee	-	28,444	(28,444)	263,408	28,444	234,964
Government assistance	12,010	1,991	10,019	15,263	1,991	13,272
Interest income	4,044	1,254	2,790	6,042	1,275	4,767
Aggregate of immaterial items	462	336	126	10,164	2,459	7,705
Revenue	1,583,571	1,987,106	(403,535)	3,780,828	3,637,937	142,891

Revenue decreased by 25.5 percent in the three-month period ended September 30, 2011 compared to the corresponding period of 2010. This unfavourable variance is primarily attributable to the differences in the volume and mix of incinerators sold in each period, partially offset by improved utilization and rate differences in the incinerator rental and services mix.

Revenue for the nine months ended September 30, 2011 increased modestly relative to same period of 2010. This favorable variance is as a result of utilization and rate differences in the incinerator rental and services mix and higher incinerator commissioning services revenue. The incinerator sales comparative also includes the net gain on sale of \$219,997 following the disposition of incinerator equipment from the rental fleet in second quarter 2011 and the recovery of \$263,408 of fabrication costs for an incinerator order that was later cancelled by the customer in second quarter 2011. Partially offsetting this favourable variance are differences in the volume and mix of incinerators sold in each year and reduced combustion services activity.

Cost of sales

(Stated in Canadian dollars unless otherwise noted)

	For the three months ended September 30			For the nine months ended September 30		
	2011	2010	Increase (decrease)	2011	2010	Increase (decrease)
Cost of sales	778,152	1,532,569	(754,417)	1,959,339	2,564,676	(605,337)
Cost of sales as a percent of revenue ^{(1) (2)}	49.2%	78.4%	(29.2)%	59.4%	71.2%	(11.8)%

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

(2) Revenue excludes net gain (loss) on disposal of property and equipment and other revenue.

Cost of sales is lower in the three and nine months ended September 30, 2011 when compared to the same periods of 2010. This variance is due primarily to the sales and services mix, with some impact from the applicable revenue levels achieved in each of the third quarters.

Cost of sales as a percent of revenue (excluding other revenue and gain (loss) on disposal of property and equipment) for the three and nine months ended September 30, 2011 is 49.2 percent and 59.4 percent, respectively, compared to 78.4 percent and 71.2 percent for the three and nine months ended September 30, 2010. Cost of sales as a percent of revenue has generally fallen within a relatively narrow range but there will be variation because of differences in the margins associated with Questor's various operations and the level of fixed costs incurred regardless of revenues generated in the period. This statistic is somewhat distorted by the net gain on sale of \$219,997 realized upon disposition of assets in second quarter 2011 as this was effectively an incinerator sale but the impact is included in net gain (loss) on disposal of property and equipment rather than operating revenue and cost of sales. If the applicable revenue and cost of sales amounts were corrected for this presentation, the cost of sales as a percent of revenue would be 57.7% percent for the nine months ended September 30, 2011.

Administration expenses

(Stated in Canadian dollars unless otherwise noted)

	For the three months ended September 30			For the nine months ended September 30		
	2011	2010	Increase (decrease)	2011	2010	Increase (decrease)
Employee costs	181,392	144,082	37,310	511,673	425,437	86,236
Share-based payments	11,079	19,156	(8,077)	38,642	61,845	(23,203)
Consultants and contractors	58,056	41,604	16,452	225,530	105,874	119,656
Marketing/business development	2,848	1,099	1,749	42,858	29,549	13,309
Office costs	36,072	37,030	(958)	117,167	112,372	4,795
Corporate/regulatory compliance	61,273	36,870	24,403	199,470	152,783	46,687
Other	3,610	829	2,781	8,108	4,214	3,894
Administration expenses	354,330	280,670	73,660	1,143,448	892,074	251,374

Administration expenses increased in each of the three and nine month periods ended September 30, 2011 compared to the same periods in 2010 primarily as a result of higher employee costs due to salary changes and a bonus accrual recorded in 2011, the impact of fluctuations in the level of staffing and external IFRS resources as it relates to consultants and contractors costs, increased business development activities, higher audit costs due to IFRS transition and the advent of director's fees. Partially offsetting the unfavourable variance is lower share-based payments in 2011.

Net foreign exchange gains (losses)

(Stated in Canadian dollars unless otherwise noted)

	For the three months ended September 30			For the nine months ended September 30		
	2011	2010	Increase (decrease)	2011	2010	Increase (decrease)
Realized	27,481	(30,956)	58,437	(157,396)	(111,708)	(45,688)
Unrealized	75,274	(7,478)	82,752	181,119	124,203	56,916
Net foreign exchange gains (losses)	102,755	(38,434)	141,189	23,723	12,495	11,228

The Canadian dollar has experienced some volatility relative to the United States dollar during the first nine months of 2011 but has, in general, weakened. The timing and level of cash balances denominated in United States dollars has been such that net foreign exchange gains are recorded in each of the three and nine month periods ended September 30, 2011. In accordance with a foreign exchange exposure policy adopted in second quarter 2011, the Company converted a majority of its United States cash balances on deposit at that time and has maintained minimum funds denominated in foreign currencies since.

Net foreign exchange losses were recorded in third quarter 2010 because the Canadian dollar strengthened during the quarter thereby negatively impacting the value of cash and transactions denominated in United States dollars. The opposite currency exchange relationship occurred in the first nine months of 2010 resulting in a small net foreign exchange gain for the nine-month period ended September 30, 2010.

Research and development costs

(Stated in Canadian dollars unless otherwise noted)

	For the three months ended September 30			For the nine months ended September 30		
	2011	2010	Increase (decrease)	2011	2010	Increase (decrease)
Research and development costs	(2,887)	17,392	(20,279)	28,810	37,607	(8,797)

Research and development costs for the three and nine month periods ended September 30, 2011 are lower than such costs in the same periods of 2010 due to the timing of incremental activity associated with the development and testing of a water vaporization prototype intended for commercial application later in 2011. These research and development efforts commenced in third quarter 2010 and were completed in early second quarter 2011 when the incineration and heat recovery equipment was delivered to the customer.

Depreciation of property and equipment

(Stated in Canadian dollars unless otherwise noted)

	For the three months ended September 30			For the nine months ended September 30		
	2011	2010	Increase (decrease)	2011	2010	Increase (decrease)
Depreciation included in cost of sales	49,064	44,169	4,895	135,776	132,224	3,552
Depreciation included in expenses	10,922	3,359	7,563	21,958	9,680	12,278
Depreciation of property and equipment	59,986	47,528	12,458	157,734	141,904	15,830

Depreciation of property and equipment for the three and nine month periods ended September 30, 2011 is higher than the depreciation in the corresponding periods of 2010 due to the impact of leasehold improvements undertaken in first quarter 2011 and significant capital expenditures for incinerator rental fleet additions and modifications in the second and third quarters of 2011.

Amortization of intangible assets

(Stated in Canadian dollars unless otherwise noted)

	For the three months ended September 30			For the nine months ended September 30		
	2011	2010	Increase (decrease)	2011	2010	Increase (decrease)
Amortization of intangible assets	305	305	-	914	4,619	(3,705)

Amortization of intangible assets for the nine months ended September 30, 2011 is lower than the same period in 2010 as the intangible development costs were fully amortized in early 2010.

Finance costs

(Stated in Canadian dollars unless otherwise noted)

	For the three months ended September 30			For the nine months ended September 30		
	2011	2010	Increase (decrease)	2011	2010	Increase (decrease)
Short-term borrowings	-	-	-	-	-	-
Long-term borrowings	-	4	(4)	-	1,012	(1,012)
Finance costs	-	4	(4)	-	1,012	(1,012)

The interest on long-term borrowings in 2010 relates to vehicle financing which was fully repaid in September 2010. The Company made no draws on its revolving demand operating loan in either of the three and nine month periods ended September 30, 2011 and 2010 which would otherwise have given rise to interest on short-term borrowings.

Income tax expense (recovery)

(Stated in Canadian dollars unless otherwise noted)

	For the three months ended September 30			For the nine months ended September 30		
	2011	2010	Increase (decrease)	2011	2010	Increase (decrease)
Current income tax	169,101	(8,569)	177,670	173,248	1,970	171,278
Deferred income tax	71,807	56,927	14,880	82,777	64,391	18,386
Income tax expense	240,908	48,358	192,550	256,025	66,361	189,664

An income tax expense of \$240,908 for third quarter 2011 is reflective of a profit before tax of \$545,504 as compared to an income tax expense of \$48,358 on a profit before tax of \$114,373 for the corresponding quarter in 2010. An income tax expense of \$256,025 for the nine months ended September 30, 2011 is reflective of a profit before tax of \$650,082 as compared to an income tax expense of \$66,361 on a profit before tax of \$140,764 for the nine months ended September 30, 2010.

The level of income tax expense relative to the profit before tax in each of the three and nine months ended September 30, 2011 and 2010 is due to permanent differences between the accounting and tax basis of assets and liabilities and the effect of changes in tax rates.

OUTLOOK

As expected, oilfield services demand increased during third quarter 2011 in response to higher oil and gas industry activity levels in Western Canada and the United States. Current activity levels are anticipated to continue and possibly increase for fourth quarter 2011 and into 2012 despite weakening oil and natural gas commodity prices and equity markets which have been prompted by growing concerns of renewed economic recession in view of the eurozone debt crisis. The impact to the Company of an economic slowdown in certain markets, particularly the United States, is partially mitigated by the stringent air emission regulations emerging to address increasing stakeholder pressure to improve environmental performance.

Questor's operations have begun to benefit from the improving industry conditions. At December 31, 2010, the Company had confirmed incinerator sales orders of \$0.5 million. Since the beginning of 2011, confirmed incinerator sales orders for an additional \$3.3 million have been received. Of the \$3.8 million of associated revenue to be recorded in relation to these orders, \$1.9 million was recognized by September 30, 2011. Based on current customer-determined delivery schedules, approximately \$1.6 million will be recorded during fourth quarter 2011 and the balance in first quarter 2012. Discussions are progressing with prospective customers for onshore and offshore projects in Mexico, the Middle East, Russia, China and Europe. The Company was recently awarded its first sales order to supply incineration equipment for a project located in Russia.

In addition to the preceding incinerator sales for permanent applications, demand for the Company's rental incinerator fleet is growing. To accommodate this trend, the Company expended \$0.2 million earlier in the year to modify existing rental incinerator equipment and is also adding approximately \$1.1 million of new equipment to its rental incinerator fleet by the end of 2011. To date, approximately \$0.7 million of new equipment has been put into service. At present, Questor has approximately 80 percent of its rental incinerator fleet committed under term contracts to the end of the year and operating in the traditional Western Canada markets as well as new markets in the United States and Europe.

The Company is currently formulating plans to expand its presence in the United States. Questor's expertise in efficient combustion, proficiency in H₂S destruction and demonstrated operational success is increasingly being sought to address air quality issues arising from the development of shale oil and gas targets and liquids rich gas plays. This trend has translated into incinerator sales destined for United States applications representing approximately 76 percent of the 2011 incinerator sales orders received to date. In addition, approximately 40 percent of the rental incinerator fleet is currently operating in the United States. The Company is actively leveraging its existing strategic market relationships and incrementing its sales and marketing efforts to develop new relationships in order to increase sales channels to those geographic areas with the highest opportunity. To address the anticipated demand for incineration equipment, the Company is seeking to diversify its supplier network and is considering the development of new fabrication infrastructure.

Development and commercialization of a process to recover waste heat from incineration and convert the heat to power would expand the Company's markets and differentiate Questor from its competitors. As previously disclosed, Questor is collaborating with a major Canadian university and with a leading Organic Rankine Cycle generator manufacturer to research and advance the development of waste heat utilization technologies. Three different designs have now been developed for which prototypes will be constructed and tested in the new year. In second quarter 2011, the Company delivered incineration and heat recovery equipment to a carbon emissions reduction and energy efficiency demonstration project in Colorado. The incineration equipment was commissioned in July 2011 but the phase of the project involving the use of waste heat generated from clean combustion of waste gases to vaporize produced water has not yet commenced. The factors affecting the project's readiness are outside of Questor's control.

As ever, the Company is focused on progressing its strategic initiatives. The current economic conditions and regulatory climate are conducive to these efforts. As market understanding of the tangible, economic benefits of Questor's clean air incineration products grows and the new air quality solutions under development become commercial, the Company will achieve long-term growth and continued profitability.

FINANCIAL POSITION

The following table outlines the significant changes in the statement of financial position of Questor from December 31, 2010 to September 30, 2011.

Statement of financial position item	Increase (decrease)	Explanation
Cash and cash equivalents	(838,863)	The decrease is due primarily to the Company's investment in rental incinerator fleet equipment additions and modifications and, to a lesser extent, higher working capital funding requirements during third quarter 2011. These impacts are partially offset by positive operating results for the first nine months of 2011. See also the discussion in the Liquidity and Capital Resources section of this MD&A.
Inventories	225,672	The increase is related to the higher number of incinerator units in finished goods inventory and in the process of being fabricated as well as the differences as to composition and stage of construction relative to those units as at September 30, 2011.
Property and equipment	953,421	The increase is a reflection of capital additions in 2011 as detailed in the Invested Capital section of this MD&A, partially offset by depreciation recorded during the nine-month period ended September 30, 2011, derecognition of certain undepreciated capital balances, the disposition of a service vehicle in March 2011 and the disposition of certain incinerator rental fleet equipment in second quarter 2011.
Current tax liabilities	(150,848)	The decrease is attributable to settlement of 2010 income taxes payable and, to a lesser extent, payment of provincial sales tax and GST payable, partially offset by 2011 income taxes payable and the timing of instalment remittances thereto.

INVESTED CAPITAL

During third quarter 2011, the Company expended \$261,813 for additions to and modifications of the incinerator rental fleet equipment. During the same period of 2010, Questor acquired \$14,297 of plant and equipment consisting primarily of modifications to certain of the incinerators in the rental fleet (\$4,060) and the acquisition of tools (\$4,884) and computer hardware (\$5,163).

The majority of invested capital of \$1,220,599 in the nine-month period ended September 30, 2011 relates to additions to (\$730,245) and modifications of (\$292,528) the incinerator rental fleet and leasehold improvements (\$176,867). The balance of expenditures pertains to computer hardware and office furniture and equipment acquisitions. Of the capital invested to date, \$373,602 pertains to capital projects in process and will be subject to depreciation when the assets are put into service during fourth quarter 2011 and first quarter 2012. Invested capital of \$43,774 in the nine-month period ended September 30, 2010 pertains to modifications made to certain of the incinerators in the rental fleet (\$20,567) and the acquisition of computer hardware and software (\$17,786) and, to a lesser extent, expenditures for tools (\$5,231).

In first quarter 2011, the Company disposed of a service vehicle with a net book value of \$4,813 for proceeds of \$3,200, resulting in a net loss on disposition of \$1,613.

In second quarter 2011, the Company sold incinerator equipment from its rental fleet with a net book value of \$74,445 for gross proceeds of \$386,718, resulting in a net gain on sale of \$219,997 after deducting refurbishment and customization costs of \$92,276.

In the three and nine month periods ended September 30, 2011, the Company overhauled and modified certain of the equipment in the incinerator rental fleet resulting in derecognition of amounts equivalent to the undepreciated capital balance of \$13,340 and \$30,185, respectively.

The net gains and losses of the preceding dispositions are recognized in profit and included in net gain (loss) on disposal of property and equipment.

The Company did not dispose of any property and equipment during 2010 and all derecognized capital was fully depreciated.

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 2011 cash generated from operations and current cash deposit amounts will be sufficient to meet budgeted operating requirements and anticipated capital requirements.

Cash Flows

(Stated in Canadian dollars unless otherwise noted)

For the nine months ended September 30	2011	2010	Increase (decrease)
Cash and cash equivalents at beginning of period	3,995,669	3,080,997	914,672
Cash provided by (used in):			
Operating activities	(72,255)	541,494	(613,749)
Investing activities	(922,956)	(44,786)	(878,170)
Financing activities	27,000	47,268	(20,268)
Effect of exchange rate changes on cash	129,348	125,731	3,617
Cash and cash equivalents at end of period	3,156,806	3,750,704	(593,898)

Operating Activities

Net cash used in operating activities is \$72,255 in the nine-month period ended September 30, 2011 compared to net cash provided by operating activities of \$541,494 in the same period of 2010. The \$613,749 decrease is attributable primarily to income tax instalments of \$242,523 remitted in 2011 and a non-cash working capital deficit of \$182,015 in the nine-month period ended September 30, 2011 compared to a non-cash working capital contribution of \$266,050 in the nine months ended September 30, 2010. This unfavourable variance is partially offset by a \$114,292 improvement in operating results for the nine-month period ended September 30, 2011 compared to the same period of 2010.

Working Capital

(Stated in Canadian dollars unless otherwise noted)

As at	September 30 2011	December 31 2010	Increase (decrease)
Current assets	5,770,662	6,290,701	(520,039)
Current liabilities	1,075,397	1,230,052	(154,655)
Working capital	4,695,265	5,060,649	(365,384)
Current ratio	5.4	5.1	0.3

Investing Activities

Cash used in investing activities in the nine months ended September 30, 2011 is \$922,956 compared to \$44,786 in the same period of 2010. The investing activities comprised expenditures as described in the Invested Capital section of this MD&A, proceeds from dispositions of property and equipment during the first six months of 2011 and the impact of capital amounts in accounts payable from prior periods.

Financing Activities

Net cash provided by financing activities during the nine months ended September 30, 2011 is \$27,000 compared to \$47,268 in the same period of 2010. In each period, the Company received proceeds from share option exercises; \$27,000 in 2011 and \$62,500 in 2010. In 2010, the Company also reduced the long-term borrowings outstanding by \$15,232.

Capital Resources

The Company believes that its cash deposits and cash generated from operations will provide sufficient capital resources and liquidity to fund existing operations and anticipated capital requirements in 2011.

As at September 30, 2011, the Company has cash on deposit of \$3,156,806 as compared to \$3,995,669 at December 31, 2010. The foreign currency composition of the cash balances is described in note 7 to the unaudited condensed financial statements as at and for the three and nine months ended September 30, 2011. The use of cash during the first nine months of 2011 is described in the Financial Position and Liquidity and Capital Resources sections of this MD&A.

As at September 30, 2011, the Company has no borrowings outstanding having fully repaid the vehicle financing in September 2010 as scheduled. The credit facilities to which the Company has access is described in note 7 to the audited annual financial statements as at and for the year ended December 31, 2010. As of the date of this MD&A, no amounts had been drawn against these facilities other than the USD \$47,000 performance guarantee described in the Contractual Obligations and Commitments section below.

All of the borrowing facilities from the chartered bank have financial tests and other covenants customary for these types of facilities. At the end of each fiscal quarter the Company's debt-to-tangible-net-worth must be less than 2.5 and the Company's working capital ratio must be greater than 1.25. At the end of each fiscal year, Questor's debt service coverage ratio must be in excess of 1.25. Questor was in compliance with these covenants at December 31, 2010 and at the end of each fiscal quarter in 2010 and in 2011 to date.

Contractual Obligations and Commitments

As at September 30, 2011, the Company has the following contractual obligations and commitments:

Performance guarantee

On December 30, 2009, the Company issued a USD \$47,000 irrevocable letter of guarantee under its revolving foreign letter of credit/letter of guarantee facility as security to the beneficiary during the fabrication and warranty periods associated with an incinerator sale. This letter of guarantee expired on November 12, 2011.

Leasehold improvements

On December 14, 2010, Questor executed an offer to lease new corporate office space in Calgary, Alberta, Canada for a six-year term commencing May 1, 2011. The offer contemplated Questor expending a minimum of \$128,125 for leasehold improvements prior to commencement of the term for which the Company will receive gross rent abatement for 26 months. The Company incurred leasehold improvement costs of \$176,867 thereby meeting the rent abatement terms and conditions. Consequently, the Company will record an office lease incentive liability amount in each of the ensuing 26 months commencing May 2011 and drawdown that liability over the remaining 46 months of the lease. The future minimum lease cash payments, inclusive of estimated operating costs, pursuant to this office space lease are included in the lease agreement commitments table below.

Lease agreements

Future minimum lease payments under operating leases for office spaces expiring September 30, 2013 and April 30, 2017, inclusive of estimated operating costs, are as follows:

October 1 to December 31, 2011	\$	15,320
2012		61,280
2013		117,684
2014		143,449
2015		143,449
2016		143,449
2017		47,816
	\$	672,447

Non-Derivative Financial Liabilities

At September 30, 2011 and December 31, 2010, the Company had the following contractual maturities with respect to non-derivative financial liabilities:

For the	Maturity	Nine months ended September 30 2011	Year ended December 31 2010
Trade payables, accrued liabilities and provisions	Within 1 year	\$ 774,138	\$ 852,821
Current tax liabilities	Within 1 year	79,898	230,746
		\$ 854,036	\$ 1,083,567

The Company has sufficient working capital to meet obligations as they come due.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist, from time to time, of cash and cash equivalents, trade and other receivables, short-term and long-term borrowings and trade payables, accrued liabilities and provisions. The carrying amounts of the current financial assets and financial liabilities recognized in the Company's financial statements at the end of each reporting period approximate their fair value due to their short period to maturity. The carrying value of short-term borrowings approximates the fair value as it bears interest at a floating interest rate as described in note 7 to the Company's audited financial statements for the year ended December 31, 2010. The carrying value of long-term borrowings also approximates fair value as the fair value of long-term borrowings is estimated using discounted cash flows based on current rates of interest. At September 30, 2011 and December 31 2010, there were no short-term or long-term borrowings outstanding. The Company did not hold or issue any derivative financial instruments during 2010 or in the nine months ended September 30, 2011.

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. At September 30, 2011 and at December 31, 2010, there was no impairment required on any of the financial assets of the Company.

The Company is exposed to market risk and potential loss from changes in the value of financial instruments. These risks are described in note 17 to the unaudited condensed financial statements as at and for the three and nine month periods ended September 30, 2011.

BUSINESS CONDITIONS AND RISK MANAGEMENT

The Company is exposed to a number of business risks with the potential to affect financial performance as detailed in the MD&A included in the Company's 2010 annual report. Since December 31, 2010, there have been no material changes to the uncertainties and risk factors facing Questor.

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.

For the	Three months ended September 30		Nine months ended September 30	
	2011	2010	2011	2010
Questor purchased vehicle repairs and maintenance services at market value from a corporation owned by a director of the Company ⁽¹⁾	\$ 1,562	\$ -	\$ 17,172	\$ -
Questor transacted with a corporation owned by a member of the key management personnel for the provision of consulting services to the Company at market value ⁽²⁾	38,025	36,405	114,257	114,540
Questor transacted with a member of the key management personnel who supplied the Company with rental equipment at market value	-	-	-	2,535
	\$ 39,587	\$ 36,405	\$ 131,429	\$ 117,075
Amounts owing from related parties	\$ -	\$ -	\$ -	\$ -
Amounts owing to related parties ^{(1) (2)}	\$ 12,735	\$ 13,410	\$ 12,735	\$ 13,410

⁽¹⁾ Before HST.

⁽²⁾ Before GST.

OFF-BALANCE-SHEET ARRANGEMENTS

The Company's obligations under guarantees are not recognized in the financial statements but are disclosed. At September 30, 2011 and December 31, 2010, the Company had not entered into any off-balance-sheet arrangements other than those noted in the Contractual Obligations and Commitments section of this MD&A.

SHARE CAPITAL

The following table indicates the common shares and share options issued and outstanding at December 31, 2010, September 30, 2011 and November 29, 2011.

As at	November 29 2011	September 30 2011	December 31 2010
Shares issued and outstanding	24,857,370	24,857,370	24,707,370
Share options outstanding	1,375,000	1,375,000	1,425,000
Share options exercisable	781,250	756,250	712,500

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's unaudited condensed financial statements for the three and nine month periods ended September 30, 2011 and 2010 have been prepared in accordance with IFRS applicable to the preparation of condensed financial statements, including International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") and IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The accounting policies applied in these unaudited condensed financial statements are based on the IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations that the Company expects to adopt in its December 31, 2011 financial statements and are consistent with the accounting policies in note 3 to the Company's first condensed financial statements for the three months ended March 31, 2011 and 2010. These policies have been applied retrospectively and consistently to all periods presented subject to certain transition elections. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2011 could result in a restatement of these condensed financial statements, including the transition adjustments recognized on the initial adoption of IFRS.

In the application of the Company's accounting policies, the Company is required to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses for the periods presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The most critical of these policies with respect to estimates are those related to componentization and useful lives of property and equipment and intangible assets, impairment of non-financial assets, share-based payments and taxation. These critical judgements in applying accounting policy and other key sources of estimation uncertainty are described in note 4 to the unaudited condensed financial statements as at and for the three months ended March 31, 2011.

CHANGES IN ACCOUNTING POLICIES

2011 Changes

For a detailed discussion of the Company's compliance with IFRS, refer to notes 2, 3, 4 and 22 to the unaudited condensed financial statements as at and for the three months ended March 31, 2011 and to notes 2 and 20 to the unaudited condensed financial statements as at and for the three and nine month periods ended September 30, 2011.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

The IASB and the IFRIC have issued a number of new and revised International Accounting Standards ("IAS"), International Financial Reporting Standards, amendments and related interpretations which are effective for the Company's financial year beginning on or after January 1, 2012, or later. The Company is currently reviewing the standards to determine the potential impact, if any, on its financial statements.

The Company has determined that the following standards may have an impact on the Company although the impact upon adoption is not anticipated to be material:

- IAS 1 (Amended) *Presentation of Financial Statements*. The amendments to IAS 1 require items within other comprehensive income that may be reclassified to the profit or loss section of the income statement to be grouped together. The amendments are to be applied retrospectively and are effective for annual periods commencing on or after July 1, 2012, with earlier application permitted.
- IFRS 7 (Revised) *Disclosures*. The revised standard introduces new disclosure requirements associated with the transfer and securitization of financial assets and is effective for annual periods beginning on or after July 1, 2011.
- IFRS 9 *Financial Instruments*. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value through profit and loss. The standard is effective for annual reporting periods beginning on or after January 1, 2013, with earlier adoption permitted.
- IFRS 13 *Fair Value Measurement*. The new standard establishes a single framework for measuring fair value estimates as required in other standards by defining fair value, providing guidance on its determination and establishing consistent disclosures required for fair value estimates. The standard is effective for annual reporting periods beginning on or after January 1, 2013, with earlier adoption permitted.

The following standards and interpretations are effective beginning January 1, 2013 but currently are not anticipated to be relevant for the Company:

- IAS 19 (Amended) *Employee Benefits*;
- IAS 27 (Amended) *Separate Financial Statements*;
- IAS 28 (Revised) *Investments in Associates and Joint Ventures*;
- IFRS 10 *Consolidated Financial Statements*;
- IFRS 11 *Joint Arrangements*; and
- IFRS 12 *Disclosure of Interests in Other Entities*.

NON-IFRS FINANCIAL MEASURES

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

Gross Profit

(Stated in Canadian dollars unless otherwise noted)

For the	Three months ended September 30		Nine months ended September 30	
	2011	2010	2011	2010
Gross profit	802,243	422,512	1,338,413	1,039,092
Add:				
Other revenue	16,516	32,025	294,877	34,169
Net gain (loss) on disposal of property and equipment	(13,340)	-	188,199	-
Deduct:				
Administration expenses	354,330	280,670	1,143,448	892,074
Net foreign exchange losses (gains)	(102,755)	38,434	(23,723)	(12,495)
Research and development costs	(2,887)	17,392	28,810	37,607
Depreciation of property and equipment	10,922	3,359	21,958	9,680
Amortization of intangible assets	305	305	914	4,619
Finance costs	-	4	-	1,012
Income tax expense	240,908	48,358	256,025	66,361
Profit (IFRS financial measure)	304,596	66,015	394,057	74,403

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

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

(Stated in Canadian dollars unless otherwise noted)

For the	Three months ended September 30		Nine months ended September 30	
	2011	2010	2011	2010
EBITDA	605,795	162,209	808,730	288,299
Deduct:				
Depreciation of property and equipment (including amount in cost of sales)	59,986	47,528	157,734	141,904
Amortization of intangible assets	305	304	914	4,619
Finance costs	-	4	-	1,012
Income tax expense	240,908	48,358	256,025	66,361
Profit (IFRS financial measure)	304,596	66,015	394,057	74,403

EBITDA is also a measure of the Company's operating profitability. EBITDA provides an indication of the results generated by the Company's principal business activities prior to accounting for how these activities are financed, assets are amortized or how the results are taxed. EBITDA is calculated from the Statement of Comprehensive Income and is defined as gross profit plus other revenue and gain (loss) on disposal of property and equipment less administration expenses, net foreign exchange losses (gains) and research and development costs.

Cost of Sales as a Percent of Revenue

(Stated in Canadian dollars unless otherwise noted)

For the	Three months ended September 30		Nine months ended September 30	
	2011	2010	2011	2010
Cost of sales (IFRS financial measure)	778,152	1,532,569	1,959,339	2,564,676
Revenue (IFRS financial measure)	1,580,395	1,955,081	3,297,752	3,603,768
Cost of sales as a percent of revenue	49.2%	78.4%	59.4%	71.2%

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

Cash Generated from Operations before Movements in Working Capital

(\$ unless otherwise noted)

For the nine months ended September 30	2011	2010
Cash generated from operations before movements in working capital	352,283	237,991
Movements in working capital	(182,015)	266,050
Income taxes refunded (paid)	(242,523)	37,453
Net cash generated from (used in) operating activities (IFRS financial measure)	(72,255)	541,494

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

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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