
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 year ended December 31, 2009 compared to the year ended December 31, 2008. This MD&A dated April 27, 2010 should be read in conjunction with the accompanying audited annual financial statements and notes thereto of Questor for the year ended December 31, 2009.

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.

BUSINESS OVERVIEW

The Company

Questor is an international environmental oilfield services 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 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.

Market Opportunities

The state of the natural environment has attracted considerable attention worldwide as concerns relating to the effects of climate change and the desire to reduce greenhouse gases grows. While most greenhouse gases have both natural and human-caused sources, one of the primary activities that have added greenhouse gases to the atmosphere is through the burning of fossil fuels. The World Bank-led Global Gas Flaring Reduction partnership estimates that globally at least 14.5 billion cubic feet per day of natural gas are being flared or burned, the equivalent of daily natural gas production in Canada. This is a significant waste of a valuable non-renewable energy resource and harms the environment by adding about 400 million tonnes of carbon dioxide (“CO₂”) in annual emissions. The U.S. Environmental Protection Agency (“EPA”) estimates that over 9.6 billion cubic feet per day of methane is vented or lost through fugitive methane emissions in the oil and gas sector. As the global warming potential of methane is 21 times as potent a greenhouse gas as CO₂, this adds the equivalent of over 1 billion tonnes of carbon dioxide annually. Altogether, this is more than twice the potential yearly emission reductions from projects currently submitted under the Kyoto mechanisms.

Part of the solution to global climate change, then, is replacing burning of fossil fuels and other waste gases with alternative technologies. Governments worldwide are developing policies, enacting legislation and enforcing regulations to address air quality issues precipitated by natural gas flaring, venting and fugitive emissions. In turn, those impacted by regulation are actively considering clean air technologies to reduce their environmental footprint, manage operating costs and corporate liability and build sustainable development protocols.

The increasing focus directed to global climate change initiatives creates a unique business opportunity for Questor. The Company’s patented incineration process burns waste gas cleanly in a controlled, closed chamber with 99.99% combustion efficiency. And while this process still means ‘burning’ natural gas, it is an improvement to flaring and venting because of the combustion and energy efficiency characteristics and the opportunity to recover waste heat to convert to energy.

The market potential for Questor’s technology is significant. In the North American oil and gas sector alone there are currently more than 10,800 solutions gas flares in Alberta and over 30,000 in the U.S. Converting only 10 percent of the flares to incineration would generate in excess of \$400 million of sales revenue.

The Company’s products are increasingly viewed as best in class because of their quality, reliability and effectiveness. This, coupled with Questor’s engineering expertise and knowledge, enables the Company to understand and adapt solutions to the customer’s business needs in the core competency areas of incineration and combustion services.

Business Strategy

To capitalize on the market opportunities presented, Questor’s strategic priorities are to:

- Form strategic alliances to leverage market exposure and resources, increase value chain opportunities and manage risk;
- Expand internationally and to other industries where Questor’s proprietary technology would prove effective in order to garner markets for existing product offerings;
- Develop and market new applications, particularly as it relates to waste heat recovery and SO₂ emission capture; and
- Build corporate influence, brand awareness and marketing resources to increase incinerator sales and rentals.

2009 Operational Highlights

Relative to the strategic priorities, the following selected events and achievements demonstrate Questor's progression in 2009:

- Awarded its first international contract of some significance since 2007. Questor entered into a USD \$950,000 incinerator sales contract with a large U.S.-based global integrated energy company for a project located in Indonesia and for which delivery is anticipated to occur in third quarter 2010.
- Provided waste gas incinerator equipment on a long-term rental basis to its first heavy oil in situ combustion application. Questor's incinerator technology has been deployed to handle low heat content sour waste gases with high flow rates at a heavy oil operation located in southwest Saskatchewan. This project's success establishes the prospective application of Questor's products in oil sands development.
- Installed an incinerator on a long-term rental basis to combust the fugitive vapours at a loading/offloading facility in Fort Saskatchewan, Alberta. This application demonstrates a viable technology to handle vapours generated during shipping operations.
- Developed and tested a scaled-down version of its successful, larger incinerators to address the growing market for efficient combustion of waste gases characterized by low flow and atmospheric pressure. This unit has applicability particularly for the combustion of casing head gas that is currently vented and hence generating carbon equivalent greenhouse gas emissions.
- Advanced the development of a process to convert waste gas to heat and/or power. Questor completed its first design of a heat recovery module to operate in tandem with Questor's incinerator products. Construction of the prototype commenced in late 2009 and was completed in first quarter 2010. Testing is expected to conclude in second quarter 2010. Built market awareness and recognition for Questor's expertise in matters relating to air quality as demonstrated by invitations to present at several events worldwide:
 - Canadian Prairie Air & Waste Management and Northern Section (CPANS) 2009 Conference in Edmonton, Alberta in April 2009 on the topic of "Embracing Climate Change";
 - Global Gas Flaring: A Burning Concern Summit in New Delhi, India in September 2009 on the topic of "Curbing Climate Change: A Simple and Sustainable Solution" during the "Emerging Gas Utilization Technologies: Possibilities and Barriers" portion of the international Summit;
 - 2009 Northeast BC Energy Conference in Dawson Creek, British Columbia, Canada in September 2009 on the topic of "Waste Gas Combustion: Economic, Efficient and Effective";
 - U.S. Environmental Protection Agency sponsored "Natural Gas STAR 2009 Annual Implementation Workshop" in San Antonio, Texas in October 2009;
 - Acid Gas Injection Symposium in Calgary, Alberta, Canada in October 2009 on the topic of "Acid Gas: When to Inject and When to Incinerate"; and
 - Managing Total Emissions Conference in Calgary, Alberta, Canada in November 2009 on the topic of "Best Practices for the Combustion and Conservation of Solution and Waste Gas".
- Achieved recognition of Questor's growth when the Company was selected for *Alberta Venture's* 2010 Fast Growth 50 list, an annual ranking honoring fifty of the fastest growing companies in Alberta. Questor ranked 17th in the top 25 fastest growing companies with revenue under \$20 million. This is the second year in succession that Questor has been selected for the Fast Growth 50 list.

Outlook

2009 presented some challenges for participants in the oilfield services industry. Weakening global economic conditions reduced the levels of demand for oil and natural gas and resulted in a significant contraction to commodity prices. Further compounding the impact of reduced levels of cash flows, was the diminished access to financing. Consequently, there was a noticeable reduction to and/or delay of capital expenditure decisions by Questor's customers. While oil prices have strengthened in recent months and natural gas prices have stabilized somewhat, the oil and gas industry continues to behave cautiously while monitoring the pace of economic recovery.

In 2009, the Company recognized that despite the market downturn, research and development activities were critical to the Company's future as the development of new air quality solutions and products will expand the Company's markets and differentiate Questor from its competitors. The increasing focus on climate change concerns and the desire to reduce greenhouse gas emissions have intensified customer interest in the Company's efforts to develop a process to convert waste gas to heat and/or power. Questor completed its first design of a heat recovery module and initiated construction of the prototype in fourth quarter 2009. The prototype fabrication was completed in first quarter 2010 and is currently subject to testing. The information gained from this testing will enable Questor to properly size commercial applications for heat redistribution as well as provide accurate data in designing for power generation projects. Preliminary data has identified certain design modifications needed to enhance performance in water vaporization applications, one of Questor's initial target markets. Another of the Company's product developments in 2009 was a scaled-down version of its successful, larger incinerators to address the growing market for efficient combustion of waste gases characterized by low flow and atmospheric pressure. This technology is intended for markets Questor does not currently serve and the Company is in the process of developing its marketing plan for commercial launch.

Questor's specialized technology allows companies to address unique operational and social considerations by reducing environmental impact and contributing to sustainable development. As such, interest in Questor's products and services remain strong as evidenced by the sustained level of requests for proposal and technical discussion. The quantum of bids outstanding for projects of varying scope and jurisdiction hovered near \$30 million for much of 2009 and currently stands at close to \$40 million. While the number and timing of projects for which Questor's proposal will be selected is not reasonably determinable, the continued stream of requests for proposal clearly demonstrates that market opportunities exist worldwide. The Company is seeking to capitalize on the favourable conditions for incinerator sales by developing and leveraging strategic market relationships and by expanding geographically and to other industries where Questor's proprietary technology would prove effective. At December 31, 2009, the Company had confirmed sales orders of \$1.0 million. Since the beginning of 2010, confirmed sales orders for an additional \$0.9 million have been received, resulting in a total order backlog for applications of Questor's products of \$1.9 million. Based on current client delivery schedules, the revenue to be recorded will almost be equally split between second and third quarter 2010.

In addition to the continued sales focus and product development, Questor is seeking to maximize its profitability through a focus on service excellence, deployment of the combustion services division to long-term services contracts during the remainder of the year, implementation of short-term and long-term utilization plans for the rental incinerator fleet and disciplined management of working capital.

The Company believes that until there is meaningful improvement to general economic conditions, there will continue to be uncertainty around oil and natural gas supply and demand fundamentals and volatility in commodity prices, the key drivers influencing the demand for oilfield services. Questor's financial results typically lag economic changes due to the timing and duration of its sales cycle. Given the capital expenditure commitment delays experienced in the latter part of 2009 and into 2010, that sales cycle has been protracted. Consequently, any positive impact of economic recovery will not become obvious in Questor's financial results until the second half of 2010. The Company's strong balance sheet, business and product development activities and established customers and markets provide the foundation to manage the business successfully through the opportunities and challenges that lie ahead. The Company is dedicated to executing on its strategic priorities to achieve profitability and create long-term shareholder value.

FINANCIAL RESULTS

Questor's financial information and the related discussion of financial results in the MD&A are for the years ended December 31, 2009 and December 31, 2008.

Financial Results Summary

(\$ unless otherwise noted)

For the years ended December 31	2009	2008
Total revenue	3,957,174	4,471,151
Gross margin ⁽¹⁾	1,317,229	1,397,753
EBITDA ⁽¹⁾	66,042	1,142,505
Income (loss) before interest expense and income tax expense ⁽¹⁾	(96,130)	991,385
Net income (loss)	(101,963)	628,056
Funds generated from operations ⁽¹⁾	406,176	541,415
Total assets	6,272,999	6,773,058
Long-term liabilities	74,057	72,517
Shares outstanding (thousands) ⁽²⁾		
Basic	24,007	23,830
Diluted	24,007	24,492
Net income (loss) per share – Basic and Diluted	\$ (0.004)	\$ 0.026

(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 and Year Ended December 31, 2009

Net income

(\$ unless otherwise noted)

For the	Three months ended December 31			Year ended December 31		
	2009	2008	\$ Change	2009	2008	\$ Change
Net income (loss)	(66,472)	576,668	(643,140)	(101,963)	628,056	(730,019)
Per basic and diluted share	(0.003)	0.024	(0.027)	(0.004)	0.026	(0.030)

The net loss for the three months ended December 31, 2009 is \$66,472 (\$0.003 per basic share) compared to net income of \$576,668 (\$0.024 per basic share) for the three months ended December 31, 2008. On a comparative basis, the net income decrease of \$643,140 is attributable to lower incinerator sales revenues and the foreign exchange loss recorded in fourth quarter 2009 compared to the foreign exchange gain recognized in the same quarter of 2008, partially offset by lower income tax expense and higher other revenue.

The net loss for the year ended December 31, 2009 is \$101,963 (\$0.004 per basic share) compared to net income of \$628,056 (\$0.026 per basic share) for the year ended December 31, 2008. The decrease in net income of \$730,019 is primarily attributable to the difference in foreign exchange gains and losses experienced in each of the two years. Partially mitigating this impact is the positive net effect of higher revenue from rental incinerator services and lower income tax expense, offset by lower incinerator sales and other revenues.

Total revenue

(\$ unless otherwise noted)

For the	Three months ended December 31			Year ended December 31		
	2009	2008	\$ Change	2009	2008	\$ Change
Incinerator sales and services	353,454	1,557,175	(1,203,721)	2,277,762	2,583,199	(305,437)
Incinerator rentals and services	322,090	280,667	41,423	1,098,385	954,396	143,989
Combustion services	124,767	278,722	(153,955)	478,419	678,660	(200,241)
Other revenue	46,284	(31,608)	77,892	102,608	254,896	(152,288)
Total revenue	846,595	2,084,956	(1,238,361)	3,957,174	4,471,151	(513,977)

Total revenue decreased in the three-month period ended December 31, 2009 compared to the same period in 2008. The number of confirmed sales orders declined in fourth quarter 2009 compared to fourth quarter 2008 as clients delayed capital expenditure commitments given continuing market uncertainty. This resulted in a lower volume of incinerator sales which, when combined with fewer combustion parts sales, resulted in a 65 percent decline in total revenue. This decrease in total revenue is partially offset by higher incinerator rentals and services revenue from improved utilization of the rental fleet and by other revenue. Other revenue is higher in fourth quarter 2009 compared to the same quarter in 2008 due to the recovery of an accounts receivable amount that had previously been impaired. In fourth quarter 2008, \$59,121 of SR&ED tax credits received earlier in 2008 were reclassified from other revenue to reduce capitalized development costs.

Total revenue decreased by 11% in 2009 compared to 2008 as a result of incinerator sales mix differences, fewer combustion parts sales and other revenue, partially offset by higher incinerator rentals revenue due to increased rental fleet utilization.

Direct costs

(\$ unless otherwise noted)

For the	Three months ended December 31			Year ended December 31		
	2009	2008	\$ Change	2009	2008	\$ Change
Cost of sales	374,852	1,170,065	(795,213)	1,837,112	2,155,600	(318,488)
Field office costs	102,330	98,221	4,109	442,604	428,185	14,419
Vehicles and trailers	19,500	27,141	(7,641)	96,305	90,543	5,762
Maintenance expensed capital	3,125	2,981	144	40,234	33,513	6,721
Depreciation	32,677	26,663	6,014	121,082	110,661	10,421
Direct costs	532,484	1,325,071	(792,587)	2,537,337	2,818,502	(281,165)

Direct costs are lower in fourth quarter 2009 and year-to-date in 2009 compared to the same periods of 2008. These variances are primarily due to the relationship between cost of sales, which are largely variable in nature, and revenue. Cost of sales as a percent of revenue (excluding other revenue) for the three months ended December 31, 2009 and the three months ended December 31, 2008 is 47 percent and 55 percent, respectively. Cost of sales as a percent of revenue (excluding other revenue) for the year ended December 31, 2009 and the year ended December 31, 2008 is 48 percent and 51 percent, respectively. The 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.

Higher field office costs due to staffing and compensation increases in 2009, expenditures for repairs and maintenance of vehicles and the rental incinerator fleet and the additional depreciation associated with capital additions to the rental fleet in fourth quarter 2009 also contributed to the increase in direct costs.

General and administrative expense

(\$ unless otherwise noted)

For the	Three months ended December 31			Year ended December 31		
	2009	2008	\$ Change	2009	2008	\$ Change
Employee costs	127,347	147,506	(20,159)	543,398	517,576	25,822
Share-based compensation	33,750	33,658	92	134,803	125,634	9,169
Consultants and contractors	54,107	37,362	16,745	212,070	181,258	30,812
Marketing/business development	11,678	17,769	(6,091)	52,218	46,825	5,393
Office costs	36,804	35,234	1,570	149,887	148,677	1,210
Corporate/regulatory compliance	48,257	41,352	6,905	192,136	217,226	(25,090)
Research and development	15,369	-	15,369	47,691	14,616	33,075
Other	35,408	67,089	(31,681)	42,469	76,657	(34,188)
General and administrative expense	362,720	379,970	(17,250)	1,374,672	1,328,469	46,203

General and administrative expense decreased by 5 percent in fourth quarter 2009 compared to fourth quarter 2008 and is principally due to a smaller allowance for doubtful accounts included in other general and administrative expense year-over-year, partially offset by higher research and development expenses.

The slightly higher general and administrative expense in the year ended December 31, 2009 compared to the year ended December 31, 2008 is attributable to higher employee costs, share-based compensation expense and consultants and contractors expense due to an increase in the level of staffing and to increased research and development expenses. Partially offsetting these higher costs is lower corporate/regulatory compliance costs and accounts receivable impairment.

Foreign exchange loss (gain)

(\$ unless otherwise noted)

For the	Three months ended December 31			Year ended December 31		
	2009	2008	\$ Change	2009	2008	\$ Change
Realized	136	(439,440)	439,576	(78,769)	(412,460)	333,691
Unrealized	37,037	(63,841)	100,878	178,974	(295,204)	474,178
Foreign exchange loss (gain)	37,173	(503,281)	540,454	100,205	(707,664)	807,869

Foreign exchange losses are recorded in the three months and year ended December 31, 2009 whereas foreign exchange gains were recorded in each of the same periods in 2008. The exchange rate between the Canadian dollar and the United States dollar displayed significant volatility in both 2008 and 2009. In the first six months of 2008, the exchange rate strengthened close to parity before the Canadian dollar weakened by approximately 19 percent over the balance of the year. During 2009, the Canadian dollar strengthened thereby negatively impacting the value of cash and transactions denominated in United States dollars, resulting in the foreign exchange loss in the fourth quarter and all of 2009. In addition, significantly higher cash balances were held in United States dollars in 2008 compared to 2009, further accentuating the positive impact to Questor's financial results of a weaker Canadian dollar in 2008.

Depreciation and amortization

(\$ unless otherwise noted)

For the	Three months ended December 31			Year ended December 31		
	2009	2008	\$ Change	2009	2008	\$ Change
Depreciation included in direct costs	32,677	26,663	6,014	121,082	110,661	10,421
Included in expenses:						
Depreciation	3,045	2,930	115	12,092	11,461	631
Amortization of intangibles	7,249	6,248	1,001	28,998	28,998	-
Depreciation and amortization expense	10,294	9,178	1,116	41,090	40,459	631
Total depreciation and amortization	42,971	35,841	7,130	162,172	151,120	11,052

Depreciation and amortization for the three months and year ended December 31, 2009 is higher than the corresponding periods in 2008 due to the depreciation of capital additions occurring in 2009.

Interest expense

(\$ unless otherwise noted)

For the	Three months ended December 31			Year ended December 31		
	2009	2008	\$ Change	2009	2008	\$ Change
Short-term debt	1	413	(412)	1,456	5,196	(3,740)
Long-term debt	504	504	-	2,016	2,016	-
Interest expense	505	917	(412)	3,472	7,212	(3,740)

Interest expense in fourth quarter 2009 and year-to-date 2009 is lower than the corresponding periods in 2008 because the Company made virtually no draws on its revolving demand operating loan which would otherwise give rise to interest on short-term debt. The interest on long-term debt relates to vehicle financing.

Income tax expense (recovery)

(\$ unless otherwise noted)

For the	Three months ended December 31			Year ended December 31		
	2009	2008	\$ Change	2009	2008	\$ Change
Current income tax	(42,586)	353,617	(396,203)	12,127	391,328	(379,201)
Future income tax	12,477	(57,184)	69,661	(9,766)	(35,211)	25,445
Income tax expense (recovery)	(30,109)	296,433	(326,542)	2,361	356,117	(353,756)

An income tax recovery of \$30,109 for fourth quarter 2009 is reflective of a loss before income tax expense of \$96,582 as compared to a non-cash income tax expense of \$296,433 on income before income tax expense of \$873,102 for fourth quarter 2008.

The Company incurred a small income tax expense for the year ended December 31, 2009 despite a loss before income tax expense of \$99,602 due to permanent differences and timing differences between deductions from income for tax and accounting purposes. The higher income tax expense for the year ended December 31, 2008 arose from the level of taxable income for that year as well as a \$37,711 revision to income taxes payable for 2007.

SUMMARY OF EIGHT MOST RECENTLY COMPLETED QUARTERS

<i>(in \$ thousands except per share amounts)</i>	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	2009	2009	2009	2009	2008	2008	2008	2008
Total revenue	846	719	1,229	1,163	2,085	1,373	387	626
Gross margin	268	235	370	444	792	530	(27)	103
Income (loss) before interest expense and income tax expense	(96)	(171)	54	117	874	380	(200)	(63)
Net income (loss)	(67)	(139)	21	83	577	286	(170)	(65)
Net income (loss) per share								
Basic	(0.00)	(0.01)	0.00	0.00	0.03	0.01	(0.01)	(0.00)
Diluted	(0.00)	(0.01)	0.00	0.00	0.03	0.01	(0.01)	(0.00)

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 POSITION

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

Balance sheet item	\$ Increase (decrease)	Explanation
Cash and cash equivalents	(178,040)	The decrease is due primarily to the capital investment funding requirements during 2009 and a weakening of foreign currencies relative to the Canadian dollar, partially offset by funds generated from operations. See also the discussion in the Liquidity and Capital Resources section of this MD&A.
Accounts receivable	(897,337)	The decrease is due primarily to the timing and quantum of revenue generating activities in fourth quarter 2009 compared to fourth quarter 2008 and the effect of transactions denominated in foreign currencies during a period when foreign currencies weakened relative to the Canadian dollar.

Balance sheet item	\$ Increase (decrease)	Explanation
Income and other taxes receivable	300,624	The increase reflects an income tax refund arising from tax instalments in excess of taxes payable for 2009 and, to a lesser extent, an expected GST refund.
Property and equipment	241,995	The increase is a reflection of the capital additions in 2009 as detailed in the Invested Capital section of this MD&A, partially offset by depreciation recorded during the year.
Accounts payable and accrued liabilities	(319,642)	The decrease relates to the composition and timing of business reflected at the end of each period.
Income and other taxes payable	(266,761)	The decrease is principally attributable to settlement of the 2008 income taxes payable.
Contributed surplus	164,099	The increase is due to share-based compensation expense recorded in the year.

INVESTED CAPITAL

During fourth quarter 2009 Questor acquired \$271,519 of plant and equipment consisting primarily of additions to the incinerator rental fleet. In the same period of 2008, property and equipment increased by \$11,689 due to the acquisition of tools and equipment and to capital expenditures for modifications to certain incinerators in the rental fleet.

The majority of invested capital of \$375,170 in 2009 consists of additions to and modifications of the incinerator rental fleet. The remaining capital invested in 2009 is comprised of a service vehicle acquisition and expenditures for tools, equipment and computer hardware and software. During 2008 plant and equipment increased \$36,954 for which computer hardware acquisitions accounted for approximately half the expenditures and the balance related to the acquisition of tools and equipment and the cost of modifications to certain incinerators in the rental fleet.

The only disposition occurring in either 2009 or 2008 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 2010 funds generated from operations and current cash amounts will be sufficient to meet budgeted operating requirements and anticipated capital requirements.

Cash Flows

(\$ unless otherwise noted)

For the years ended December 31	2009	2008
Cash and cash equivalents, beginning of year	3,259,037	2,753,997
Cash provided by (used in):		
Operating activities	385,154	351,063
Investing activities	(372,373)	88,070
Financing activities	(37,498)	(230,595)
Effect of exchange rates on cash	(153,323)	296,502
Cash and cash equivalents, end of year	3,080,997	3,259,037

Operating Activities

Cash provided by operating activities is \$385,154 in 2009 compared to \$351,063 in 2008. The \$34,091 increase is primarily attributable to a smaller non-cash working capital deficit in 2009 as compared to 2008, partially offset by lower operating results in 2009.

Working Capital

(\$ unless otherwise noted)

As at December 31	2009	2008
Current assets	4,838,793	5,521,274
Current liabilities ⁽¹⁾	568,106	1,109,575
Working capital	4,270,687	4,411,699
Current ratio	8.5	5.0

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

Investing Activities

Cash used in investing activities in 2009 is \$372,373 compared to cash provided by investing activities of \$88,070 in 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. In 2008, investing activities also reflected the disposition of an incinerator from the rental fleet.

Financing Activities

Cash used in financing activities is \$37,498 in 2009 compared to \$230,595 in 2008. In each period, the Company reduced the long-term debt outstanding at that time, \$37,498 in 2009 and \$60,659 in 2008. In 2008, the Company decreased the balances outstanding on its credit facilities by \$191,186 and applied the \$21,250 of proceeds from share option exercises to debt reduction.

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 2010.

As at December 31, 2009, the Company has cash on deposit of \$3,080,997 as compared to cash and cash equivalent balances of \$3,259,037 at December 31, 2008. The foreign currency composition of the cash balances is described in Note 3 to the audited annual financial statements as at and for the year ended December 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 December 31, 2009, the Company has total debt outstanding of \$15,232, down from \$52,730 at December 31, 2008. The debt at December 31, 2009 is comprised solely of vehicle financing and is scheduled to be fully repaid by September 2010.

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.

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 expires on November 12, 2011.

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. In 2009, Questor is in compliance with these covenants at the end of each fiscal quarter and at December 31.

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

As at December 31, 2009, the Company has the following contractual obligations and commitments:

Long-term Debt

The long-term debt consists of vehicle financing and the remaining \$15,232 will be repaid in 2010.

Lease Agreement

Future minimum lease payments under operating leases for office space expiring March 29, 2011 and September 30, 2013, exclusive of operating costs, are estimated as follows:

2010	\$	98,320
2011		60,580
2012		48,000
2013		36,000
	\$	242,900

Royalty Agreement

On December 23, 2008, the royalty obligation of 1.5 percent of incinerator sales payable annually to an individual at arm's length ceased. The Company and the royalty holder agreed to terminate the arrangement and replace it with an agreement whereby the Company will pay the royalty holder \$30,575 in each of 2009 and 2010. Upon payment of the second amount, the agreement will terminate and the royalty holder will have no further rights and the Company will have no further obligations in this regard.

FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

The Company is exposed to market risk and potential loss from changes in the value of financial instruments.

Fair Value

The carrying value of the current financial assets and liabilities of Questor approximate their fair value due to their short period to maturity. The carrying value of short-term debt approximates the fair value as it bears interest at a floating interest rate as described in Note 7 to the audited annual financial statements as and for the year ended December 31, 2009. The carrying value of long-term debt also approximates fair value as the fair value of long-term debt is estimated using discounted cash flows based on current rates of interest.

The Company categorizes its financial instruments carried at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. At December 31, 2009, Questor valued cash and cash equivalents using Level 1 inputs. At December 31, 2009, the Company did not have any assets and liabilities measured at fair value on a recurring basis using Level 2 or Level 3 inputs.

The Company assesses quarterly if there should be any impairment of the financial assets of the Company. At December 31, 2009 there is no impairment required on any of the financial assets of the Company other than an allowance for doubtful accounts provision more fully described in the "Credit Risk and Economic Dependence" section of this MD&A.

Credit Risk and Economic Dependence

Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. Financial instruments that subject the Company to credit risk consist primarily of accounts receivable. Accounts receivable credit exposure is minimized by entering into transactions with creditworthy counterparties, requiring deposits for incinerator sales, requiring progress payments or letters of credit in respect of international sales and monitoring the age and balances outstanding on an ongoing basis. Most of the Company's credit exposures are with counterparties in the energy industry and are subject to normal industry credit risk. Payment terms with customers are 30 days from invoice date however industry practice can extend these terms.

The credit risk on cash and cash equivalent balances is limited because the counterparty is a large commercial bank in Canada.

Revenue from the top ten customers represents 75 percent of the Company's total revenue in 2009 (2008 - 82 percent). Revenue from one customer represents 31 percent of the Company's total revenue in 2009 (2008 - 38 percent).

The following table sets forth details of the ageing profile of accounts receivable and the allowance for doubtful accounts:

As at December 31	2009	2008
Current	\$ 369,642	\$ 1,086,712
31 – 60 days	246,463	272,210
61 – 90 days	130	12,663
Greater than 90 days	224,779	126,760
Billed receivables	841,014	1,498,345
Allowance for doubtful accounts	(71,004)	(65,966)
Billed receivables, net	770,010	1,432,379
Unbilled receivables	94,250	329,218
Total accounts receivable, net	\$ 864,260	\$ 1,761,597

Three customers represents 60 percent of the Company's total net accounts receivable at December 31, 2009 (December 31, 2008 – One customer represented 43 percent).

Two customers comprise the accounts receivable amounts past due for greater than 90 days which remain after application of the allowance for doubtful accounts at December 31, 2009 (December 31, 2008 - Four customers).

The Company provided \$35,502 for credit risk with one counterparty in the allowance for doubtful accounts. Combined with an equivalent provision made in respect of the same counterparty in 2008, the total allowance for doubtful accounts as at December 31, 2009 is \$71,004. The Company will continue to pursue recovery of these amounts.

In December 2008, a customer filed for court protection under the Companies' Creditors Arrangement Act (CCAA) and Questor's exposure at the time was \$30,464. This amount was included in allowance for doubtful accounts as at December 31, 2008. In 2009 the customer restructured its operations and paid its creditors in full. The Company recorded the amount received to other revenue and reduced the allowance for doubtful accounts accordingly.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company generally relies on cash deposits, funds generated from operations, deposits received from customers in respect of a sale and credit facilities to provide sufficient liquidity to meet budgeted operating requirements and to supply capital to finance the development of new clean air technologies or acquisitions.

At December 31, 2009, the Company has the following contractual maturities with respect to non-derivative financial liabilities:

	Maturity	December 31 2009
Accounts payable and accrued liabilities	Within 1 year	\$ 348,150
Income and other taxes payable	Within 1 year	19,034
Long-term debt – current and non-current	September 2010	15,232
		\$ 382,416

Market Risk

Interest Rate Risk

Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of a change in market interest rates. The Company draws on its revolving demand operating loan facility to fund its operations with floating rate debt which exposes Questor to changes in interest payments due to fluctuations in interest rates as described in Note 7 to the audited annual financial statements as and for the year ended December 31, 2009.

The Company currently does not use interest rate hedges or fixed interest rate contracts to manage the Company's exposure to interest rate fluctuations.

Foreign Exchange Risk

Currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company maintains cash and cash equivalent balances and enters into transactions denominated in foreign currencies, principally in United States dollars, which exposes Questor to fluctuating balances and cash flows due to variations in foreign exchange rates.

At December 31, 2009, the Canadian equivalent carrying amounts of the Company's foreign currency denominated monetary assets is \$1,788,542 (2008 – \$1,541,416) and there were no foreign currency denominated monetary liabilities (2008 – \$40,342). Based on the net foreign currency assets as at December 31, 2009, and assuming that all other variables remain constant, a fluctuation of +/- 5.0 percent in the exchange rate between the Canadian dollar and the foreign currency dollar would impact net income or loss by approximately \$89,427 (2008 - \$75,054).

To date, Questor has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates. However, the Company has a facility available to purchase foreign forward exchange contracts if required, as described in Note 7 to the audited annual financial statements as and for the year ended December 31, 2009.

BUSINESS RISK MANAGEMENT

The Company is exposed to a number of business risks with the potential to affect financial performance.

Energy Industry Dynamics

The Company is subject to the risks and variables inherent in providing environmental services to the oil and gas industry. Demand for the Company's incinerator technology and other potential environmental technologies are primarily dependent upon the exploration, development and production activities of the energy industry. These activities are directly affected by factors such as oil and gas commodity prices, changes in legislation, exchange rates, the state of domestic and international economies, alternative energy sources and other factors, many of which are beyond the control of the Company, its customers and of industry. Certain aspects of the Company's activities, particularly incinerator rentals, are at risk should sustained levels of cash flow in the energy industry not be achieved. The Company's combustion service operations are not dependent on client capital expenditures to the same extent as incinerator rental activities, thereby providing a buffer to declining industry expenditures. Also partially offsetting the preceding potential impacts is increasing environmental regulation requiring companies to seek environmental solutions or otherwise be penalized. This factor is driving demand for the Company's technology and serves as a mitigant to the economic variables previously discussed.

Proprietary Technology

The Company's success is dependent upon intellectual capital, including innovation, ideas, patents and proprietary technology. The Company relies principally upon patent and trade secret laws to protect its technology as well as non-disclosed proprietary information. There can be no assurance that these laws will be adequate to prevent third party development of the same or similar technology.

Competitive Technologies

The Company is also at risk because of the potential for other environmental technologies to make the Company's incinerator technology obsolete or for competing incinerator providers to impact on the Company's market share related to its incinerator technology. To counter the business risks and diversify the revenue base of the Company, Questor continues to focus on the establishment of international client relationships in the petroleum production and processing industry, the development of new applications for industries where Questor's proprietary technology would also prove effective and the development of compatible air quality solutions to extend Questor's product line.

Sales Sustainability

Sales of incinerators are inherently unpredictable and it is not certain the Company will replicate the number or quantum of incinerator sales in each year. The Company has directed incremental resources to the sales and marketing effort as well as entered into strategic relationships to address sales sustainability risks.

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 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 December 31, 2009 or December 31, 2008.

OFF-BALANCE-SHEET ARRANGEMENTS

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

SHARE CAPITAL

The following table indicates the common shares and share options issued and outstanding at December 31, 2008 and 2009, and at April 27, 2010.

As at	April 27 2010	December 31 2009	December 31 2008
Shares issued and outstanding	24,007,370	24,007,370	24,007,370
Share options outstanding	2,475,000	2,175,000	1,775,000
Share options exercisable	1,312,500	1,293,750	843,750

CHANGES IN ACCOUNTING POLICIES

2009 Changes

Asset Recognition

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", and amended Section 1000, "Financial Statement Concepts". The purpose of these Sections is to provide more specific guidance on the recognition of assets, intangible assets and internally developed intangible assets. Items that no longer meet the definition of an asset are no longer recognized with assets. In accordance with the transitional provisions for this new standard, this policy was adopted prospectively and did not have a material impact to the Company's operations and financial position.

Financial Instruments

As of January 1, 2009, the Company adopted CICA Handbook Section 3862, "Financial Instruments – Disclosures", and Section 3863, "Financial Instruments – Presentations". The only significant effect on the Company's financial statements is the incremental disclosures in Note 14 to the audited annual financial statements as at and for the year ended December 31, 2009 regarding the significance of financial instruments to the Company's financial position and performance, and the nature, extent and management of risks arising from financial instruments to which the Company is exposed.

On January 20, 2009 the Emerging Issues Committee ("EIC") issued a new abstract, EIC 173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". This abstract concludes that an entity's own credit risk and the credit risk of the counterparty should be taken into account when determining the fair value of financial assets and financial liabilities, including derivative instruments. This abstract is to apply to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of this abstract did not have a significant impact on the Company's financial statements.

In June 2009, the CICA amended Section 3862 to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. The Company adopted this standard prospectively effective December 31, 2009. The adoption of this standard did not have a material impact on the financial statements of the Company.

In July 2009, the CICA amended section 3855, "Financial Instruments – Recognition and Measurement", in relation to the impairment of financial assets. Amendments to this section have revised the definition of "loans and receivables" and provided that certain conditions have been met, permits reclassification of financial assets from the held-for trading and available-for-sale categories into the loans and receivables category. The amendments also provide one method of assessing impairment for all financial assets regardless of classification. The Company adopted this standard prospectively effective December 31, 2009. The adoption of the amendments of this standard did not have a material impact on the financial statements of the Company.

Future Accounting Changes

Business Combinations

In January 2009, the CICA 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 disclosures. 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 impact on the Company's results of operations, financial position and disclosures.

Consolidated Financial Statements and Non-controlling Interests

In January 2009, the CICA 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 financial position and disclosures.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. In February 2008, the AcSB confirmed transition timing for publicly accountable enterprises in Canada to adopt International Financial Reporting Standards ("IFRS"). Accordingly, the Company will be required to adopt IFRS on January 1, 2011, with restatement for comparative purposes of amounts reported by the Company for the fiscal year beginning January 1, 2010.

The Company's transition project includes three phases:

Phase 1 – Diagnostic

This phase involved performing a high level review of the major differences between current Canadian generally accepted accounting principles ("GAAP") and IFRS. The Company has completed the diagnostic phase and has determined that the key areas with the highest potential impact to the Company under IFRS financial reporting are:

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- Property, plant and equipment;
 - Exemptions under IFRS 1 - First time adoption of IFRS;
 - Financial statement presentation and disclosures;
 - Stock-based compensation;
 - Asset impairments; and
 - Income taxes.

Phase 2 – Evaluation and development

This phase consists of preparing an assessment of the impact of changes resulting from conversion to IFRS, including those changes to the Company's information systems, internal controls and business processes and consequently the design and development of accounting policy and solutions necessary to effect the changes. The Company is currently working on this phase with an estimated completion date of early Q3 2010. The impact of IFRS on the Company's financial statements is not reasonably determinable or estimable at this time.

Phase 3 – Implementation

This phase involves implementation of all changes approved in the evaluation and development phase prior to the transition date.

The transition project is being conducted by management and the Company has engaged external advisers to supplement internal resources where required. As the evaluation and development phase progresses, the Company will enter into discussions with its external auditors. IFRS training is occurring in conjunction with the transition work requiring familiarization of the standards as part of the impact assessment. Corporate governance over the project involves progress reporting to the Audit and Governance Committee.

In the period leading up to the transition date, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating the impact of adopting IFRS at the changeover date. The International Accounting Standards Board ("IASB") may also continue to issue new accounting standards during the conversion. As a result, the final impact of IFRS adoption to the Company's financial statements will only be measurable once all of the standards applicable at the conversion date are known.

CRITICAL ACCOUNTING ESTIMATES

The Company's financial statements are prepared in accordance with GAAP. Questor's significant accounting policies are described in Note 2 to the audited annual financial statements as at and for the year ended December 31, 2009. 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. The most critical of these policies with respect to estimates are those related to share-based compensation expense, depreciation and amortization expense, asset impairment assessment and income taxes.

The following section describes the critical accounting estimates and assumptions that Questor has made and how they affect the amounts reported in the financial statements.

Share-Based Compensation

The Company accounts for share-based compensation in accordance with the fair value recognition provisions of GAAP. As such, share-based compensation expense for equity-settled plans is measured at the grant date based on the fair value of the award and is recognized as an expense over the vesting period. Determining the fair value of such share-based awards at the grant date requires judgment, including estimating the expected term of share options, the expected volatility of Questor's shares and expected dividends.

Share-based compensation is a critical accounting estimate because there are a number of uncertainties inherent in these estimates and changes to these assumptions could result in material adjustment to the amount of share-based compensation expense the Company charges to income.

Depreciation and Amortization

Questor performs assessments of depreciation for long-lived assets and amortization for intangible assets. When it is determined that assigned asset lives do not reflect the estimated remaining period of benefit, prospective changes are made to the depreciable lives of those assets.

Depreciation and amortization is a critical accounting estimate because there are a number of uncertainties inherent in estimating the remaining useful life of certain assets and changes in these assumptions could result in material adjustment to the amount of depreciation and amortization that the Company recognizes from period to period.

Asset Impairment

Questor reviews long-lived assets and intangible assets with finite lives whenever events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. Recoverability is determined based on an estimate of undiscounted future cash flows and measurement of an impairment loss is based on the fair value of the assets.

The Company believes that the accounting estimate related to asset impairment is a critical accounting estimate because it is highly susceptible to change from period to period as it requires management to make assumptions about future sales, margins and market conditions over the long-term life of the assets. The impact that recognizing an impairment would have to the Company's financial position and results of operations may be material. As at December 31, 2009, the Company determined that there were no triggering events requiring impairment analysis.

Income Taxes

The Company is subject to specialized rules prescribed under the Income Tax Act (Canada), as well as local tax rules applicable to foreign transactions, for purposes of determining the amount of the Company's income that will be subject to tax in Canada. Accordingly, the Company's provision for income taxes involves the application of these complex rules in respect of which alternative interpretations may arise. If management's interpretation of tax legislation differs from that of local tax authorities or if timing of reversals is not as anticipated, the provision for income taxes could increase or decrease in future periods.

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 years ended December 31	2009	2008
Gross margin	1,317,229	1,397,753
Add: Other revenue	102,608	254,896
Deduct: General and administrative expense	1,374,672	1,328,469
Foreign exchange loss (gain)	100,205	(707,664)
Depreciation and amortization expense	41,090	40,459
Interest expense	3,472	7,212
Income tax expense	2,361	356,117
Net income (loss)		
(GAAP financial measure)	(101,963)	628,056

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 years ended December 31	2009	2008
EBITDA	66,042	1,142,505
Deduct: Depreciation and amortization expense (including portion in direct costs)	162,172	151,120
Interest expense	3,472	7,212
Income tax expense	2,361	356,117
Net income (loss) (GAAP financial measure)	(101,963)	628,056

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 years ended December 31	2009	2008
Income (loss) before interest expense and income tax expense	(96,130)	991,385
Deduct: Interest expense	3,472	7,212
Income tax expense	2,361	356,117
Net income (loss) (GAAP financial measure)	(101,963)	628,056

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 (Used In) Operations*(\$ unless otherwise noted)*

For the years ended December 31	2009	2008
Funds generated from operations	406,176	800,129
Net change in non-cash working capital	(21,022)	(190,352)
Cash provided by operating activities (GAAP financial measure)	385,154	609,777

Funds generated from (used in) 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 (used in) 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 (used in) 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 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 and for the year ended December 31, 2009.

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.

SUBSEQUENT EVENTS

On April 26, 2010, subject to regulatory approval, the Company issued a grant of share options to select officers and employees entitling the purchase of up to 300,000 common shares at \$0.27 per share, exercisable for a period of five years and vesting in accordance with the provisions of the Company's share option plan.