



NEWS RELEASE

**August 22, 2016
TSX-V: QST**

QUESTOR TECHNOLOGY INC. REPORTS SECOND QUARTER 2016 FINANCIAL RESULTS

<i>(Stated in Canadian dollars)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(\$)	(\$)	(\$)	(\$)
Revenue	697,268	1,733,562	2,921,066	4,102,648
Gross Profit (Loss) ⁽¹⁾	(132,129)	648,753	781,748	1,848,292
Adjusted EBITDA ⁽¹⁾	(587,272)	341,020	(401,386)	1,251,079
Profit (Loss) for the period ⁽²⁾	(596,802)	85,696	(592,644)	577,678
Per share — basic	(0.02)	0.00	(0.02)	0.02
Per share — diluted	(0.02)	0.00	(0.02)	0.02

As at	June 30, 2016	December 31, 2015
Working capital, end of period	7,633,127	8,854,920
Total assets, end of period	15,225,482	16,280,884
Total equity, end of period	14,412,459	14,869,245

⁽¹⁾ *Non-IFRS financial measure. Please see discussion in the Non-IFRS Financial Measures section of Questor's Management's Discussion and Analysis for the year ended December 31, 2015.*

⁽²⁾ *Weighted average.*

Three months ended Q2 2016 versus Q2 2015

Revenue for the quarter was \$697,268, 60% lower than the prior year. The Company continues to experience declines in revenue as result of lower activity and constraints on capital spending in the North American Oil and Gas sector due to depressed oil and gas prices.

Incinerator sales were most significantly impacted, decreasing \$522,271 from the prior year. In addition to the severe impact on industry cash flow driven by low commodity prices, some customers are preserving capital rather than seeking to increase production into a declining commodity cycle. In Canada, clients that typically purchased units are renting.

Incinerator rental revenue for the quarter was \$572,385, decreasing 20% from \$776,572 in the prior year. The reduced rental revenue is due to several large units being returned in Q1 without sufficient notice. Questor was not able to redeploy the units until the end of Q2.

Demand for large rental incinerators in Colorado improved significantly at the end of Q2. The increased demand resulted in Questor deploying additional units into the State. Now that the key equipment is in place the Colorado market is expected to provide rental revenue growth through Q3 and Q4 of 2016. As result of the rental equipment deployment, Operations expenses increased as Questor incurred incremental expenses in the incinerator rental division. In order to serve this active and growing market, large rental units were transported from Canada to Colorado at high cost. The preparatory expenses had a significant impact on gross profit for the quarter.

Questor incurred incremental expenses in the ClearPower division, adding a test cell and the required operational resources at the Florida fabrication facility to advance the commercialization of the Waste Heat to Power technology.

The combined effect of the rental equipment deployment and incremental expenses at the Florida fabrication impacted gross profit by approximately \$300,000.

Administrative expenses increased as sales and marketing resources were added to position the Company to take advantage of a growing demand for Questor's technology solutions.

The Company recorded a loss of \$596,802 (\$0.02 per share) in the second quarter of 2016 down from a profit of \$85,696 (\$0.00 per share) in the prior year. The decrease in profit was due to lower revenues, rental equipment deployment expenses, incremental expenses at the Florida fabrication facility and increased sales and marketing resources.

Six months ended Q2 2016 versus Q2 2015

Revenue for this period was \$1,423,391, 29% lower than the prior year. Incinerator sales again were most significantly impacted, decreasing to \$1,423,391 from \$1,973,504 in the prior year. Rental revenue decreased 20% to \$1,222,476 from \$1,519,993 in the prior year.

Questor expects Incinerator sales will continue to be impacted until commodity prices recover, cash-flows improve and our customers capital budgets are increased. We continue to experience significant interest in incinerator rentals as an alternative to incinerator sales. Questor has invested over \$1,000,000 during the period expanding the US Incinerator rental fleet.

As previously discussed, operations expenses increased as Questor incurred incremental expenses in the incinerator rental division and at the Florida waste heat to power fabrication facility. Questor's heat to power technology continues to move forward. The waste heat to power sector is emerging as an area with enormous potential and reach. While it is premature to discuss specific opportunities we have recognized serious interest in our product in a variety of industries, including oil and gas. The addition of this technology to Questor will help us further diversify across a number of markets.

Questor has maintained its complement of Operations staff in an effort to be fully prepared for increased rental activity. With the base of activity now in the U.S. Questor is actively evaluating how best to support that market while maintaining its presence in Western Canada where will still have 30% of the rental fleet active. In addition, we continue to support relatively remote markets, such as Pennsylvania and Texas, from the Canadian field offices until such time as sufficient activity requires us to hire a permanent presence in such areas.

The Company recorded a loss of \$592,644 (\$0.02 loss per share), down from a profit of \$577,678 (\$0.02 per profit share) in the prior year. The decrease in profit was a cumulative effect of the factors discussed above.

Outlook

The prolonged downturn in oil and gas prices continues to decrease the activity levels and capital spending in the oil and gas industry in 2016 and the Company remains focused managing through the current industry downturn. We believe the Canadian governments target to reduce methane emissions by 45% by 2025 will create an opportunity for the Company. Questor believes that the clean technology industry will become an integral component of resource development and the Company is well-positioned given its focus on top-tier service, quality, logistics management and technology.

The recent global focus on emissions and the commitments in Paris at COP21 to reduce greenhouse gas emissions (GHG) over concern with climate change is also anticipated to have an impact on our clients. The governments of Canada and the United States recently issued a joint statement committing to reduce methane emissions from the oil and gas sector by 40-45 percent below 2012 levels by 2025. To implement this commitment, the Canadian federal government will introduce regulations to reduce methane emissions from the oil and gas sector to address venting and fugitive emissions. The Canadian requirements will cover emissions from the same sources subject to current and proposed U.S. regulatory requirements and will

also require reductions from some unique Canadian sources such as heavy oil. Implementation of a carbon tax is being contemplated both Federally and Provincially.

“In this challenging economic environment, our clients in Canada will be looking for technology solutions that are reliable, reduce operating costs, are cost effective, have a track record, and are proven. Cleanly combusting methane using Questor’s technology solutions will reduce GHG emissions nine fold at a cost of less than \$3/t or \$0.02/mcf because the Global Warming Potential (GWP) of methane is 25 times that of CO₂ over a hundred year period. Therefore venting or inefficient combustion of methane increases the greenhouse gases emitted,” said Ms. Audrey Mascarenhas, Questor’s President and CEO.

“In response to regulations and demand for our equipment in Colorado, we deployed our mobile rental units to the State and set up an operations facility to meet demand for regulated closed loop completions or green completions,” she added. “The company is well positioned to create additional operating hubs with rental equipment in other locations as the opportunities arise” Questor is experiencing significant interest in incinerator rentals as an alternative to incinerator sales. This confirms to Management that it is vital to continue to market and grow the rental fleet as it is emerging as a more capital efficient option than purchasing. Despite lower rental activity in 2016 due to transition between projects, the Company expects demand for incinerator rentals will remain strong, increasing through 2016. Strengthened regulations in the U.S. have caused an increased demand for Questor’s technology. The United States Environmental Protection Agency (EPA) issued regulations to reduce harmful air pollution arising out of crude oil and natural gas industry activities with a particular focus on the efficient destruction of volatile organic compounds (VOC’s) and hazardous air pollutants (HAP’s) and has recently introduced methane emission reduction legislation. “Questor’s has a unique ability to address air quality issues associated with tank and gas dehydration emissions in a cost effective way meeting the new standards. The superior performance of Questor’s products and demonstrated operational success has led certain customers to specify the Company’s equipment as a best practice” said Mrs. Audrey Mascarenhas. Questor will continue to closely monitor where regulations are enforced or becoming enforceable and ensure that our sales efforts are matched appropriately.

While continuing to meet demand in Canada, the Company expects to continue to expand its presence in the United States. Questor has added sales and marketing resources as well as service technicians for select areas where they will focus on increasing incinerator sales, rentals, and servicing in the United States. Questor has committed capital to growing its revenue in Colorado and certain other states where producers are looking for different technologies to manage their waste gases. Questor is also planning to replicate this strategy in Texas and possibly other states and regions where this approach is deemed advantageous. Energy efficiency is important in North Dakota and Questor’s heat to power option, in addition to its incineration, will be marketed aggressively.

The Alberta government has released the new Climate Change Policy. The policy opens opportunities for Questor to provide high efficiency combustion and heat to power technologies solutions. The opportunities range from methane emissions reductions to replacing coal powered electricity with electrical power generated from waste heat. Questor’s solutions are ideal for this policy’s targets, as they enable customers to reduce costs, comply with regulations and improve the profitability of their operations. Further policy changes require small emitters under 100,000 tonnes per year of CO_{2e} to aggregate their facilities. The aggregation may result in the same level of compliance required by large emitter (>100,000 tonnes per year of CO₂). Questor has developed solutions that have meaningful impact on emissions reductions for smaller facilities.

Questor’s wholly owned subsidiary Clear Power Systems Inc. (CPS) has been aggressively marketing the waste heat to power technology. Questor has previously provided guidance that the waste heat to power first sales were anticipated to already have occurred. The projects are still active but the clients have not finalized decisions at this time. There is considerable global market interest in the ClearPower solution. We continue to make significant progress and gain confidence in our technology. CPS is pleased to announce the appointment of two new distributors; Inner Point Energy of Kirkwood (InnerPoint) and IHR Energy ApS of Norway (IHR). InnerPoint is a company that focuses on renewable waste to energy, gasifiers to produce

syngas, and behind the fence power. CPS continues to pursue opportunities in the US and is also seeking other key marketing collaborations. Questor remains confident the technology will become a profitable division that offers an essential economic waste heat recovery to power solution. Questor continues to be identified as an innovator. Alberta Innovates has recently approved two demonstration projects: water vaporization and glycol dehydration emissions. The equipment for the water vaporization project is currently being assembled in our Grande Prairie facility and we look to demonstrate this project in Q4 of this year. The glycol dehydration emissions project has been approved for \$475,000 and will demonstrate Questor's incineration technology as both a best in class control device for emissions as well as a replacement technology for condensing, liquid storage, trucking and deep-well disposal activities. There are approximately 4,000 operating glycol dehydrators in Alberta which could utilize this solution to eliminate benzene emissions, reduce operating costs and generate greenhouse gas emission reductions at a cost of less than \$1.40/t. The greenhouse gas emission reduction potential of this solution for Alberta is approximately 36Mt, contributing significantly to the targets set by the provincial and federal governments.

The Company remains committed to strategic and measurable technology diversification. Waste heat to power, water vaporization, and glycol dehydration emissions are all synergistic diversification of clean technology products and services that will support resource development over the long term. Recently, at the request and invitation of the Environment Agency in the United Kingdom Questor presented its suite of technologies to industry and government. Questor continues to explore areas where industry and government are seeking changes to traditional practices as a means to grow its reputation and business profile. We participated in the following this quarter;

- Questor was featured in Alberta Oil Magazine in an article titled "*How a New Canadian-U.S. Agreement on Curbing Methane Opens the Market for Companies Like Questor Technology*" in the May 30, 2016 issue. Link <http://www.albertaoilmagazine.com/?p=41732&print=1>.
- Panel member SDTC Leadership Summit - The Canadian Clean Tech Advantage in Ottawa on April 20th, 2016.
- Ontario Greenhouse Gas Innovation Initiative Business Roundtable in Toronto on May 9th, 2016.
- Panel member at the Global Petroleum Show "Low Carbon Innovation Forum - Methane Abatement Technologies" on June 8th, 2016.
- Panel member ISA "New Carbon Initiatives, Tax and the Implications" in Calgary on June 20th, 2016

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

Questor's unaudited condensed consolidated financial statements and notes thereto and management's discussion and analysis for the three months and six months ended June 30, 2016 will be available shortly on the Company's website at www.questortech.com and through SEDAR at www.sedar.com.

ABOUT QUESTOR TECHNOLOGY INC.

Questor is a public, international environmental Cleantech company founded in late 1994 and headquartered in Calgary, Alberta, with field offices located in; Grande Prairie, Alberta; Brighton, Colorado; and Brooksville, Florida. The company is active in Canada, the United States, Europe and Asia and is focused on clean air technologies that safely and cost effectively improve air quality, support energy efficiency and greenhouse gas emission reductions.

Questor designs, manufactures and services high efficiency waste gas combustion systems; as well as, power generation systems and water treatment solutions utilizing waste heat. Our proprietary incinerator technology is utilized worldwide in the effective management of Methane, Hydrogen Sulphide gas, Volatile Organic Hydrocarbons, Hazardous Air Pollutants and BTEX gases ensuring sustainable development, community acceptance and regulatory compliance. Questor and its subsidiary, ClearPower Systems are providing solutions for landfill biogas, syngas, waste engine exhaust, geothermal and solar, cement plant waste heat in addition to a wide variety of oil and gas projects in Canada, throughout the United States, the Caribbean, Western Europe, Russia, Thailand, Indonesia and China. With a focus on solid engineering design, our products enable our clients to operate cost effectively in an environmentally responsible and sustainable manner.

Questor trades on the TSX Venture Exchange under the symbol "QST"

For further information contact:

Audrey Mascarenhas	Dan Zivkusic
President and Chief Executive Officer	Chief Financial Officer
Phone: (403) 571-1530	Phone: (403) 539-4371
Facsimile: (403) 571-1539	Facsimile: (403) 571-1539
Email: amascarenhas@questortech.com	Email: dzivkusic@questortech.com

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