



QUESTOR TECHNOLOGY INC.
DEMONSTRATING RESILIENCY IN A DIFFICULT ECONOMIC ENVIRONMENT

Calgary, Alberta (May 15, 2020) – Questor Technology Inc. (“Questor” or the “Company”) (TSX-V: QST) announced today its financial and operating results for the first quarter of 2020.

FIRST QUARTER 2020 RESULTS

(Stated in Canadian dollars except per share and unit data)

Three Months Ended March 31,	2020	2019	Increase (decrease)
Revenue	4,489,470	7,720,488	(3,231,018)
Gross profit	1,986,946	4,418,783	(2,431,837)
Earnings for the period	1,265,452	2,336,069	(1,070,617)
Gross profit as a percent of revenue	44%	57%	(13)%
Net cash generated from operating activities	1,360,790	1,631,394	(270,604)
Earnings per share			
Basic	0.05	0.09	(0.04)
Diluted	0.05	0.09	(0.04)

As at	March 31, 2020	December 31, 2019	Increase (decrease)
Total assets	41,173,274	42,110,012	(936,738)
Total equity	37,046,477	35,333,667	1,712,810
Shares outstanding ⁽¹⁾			
Basic	27,348,018	27,048,432	299,586
Diluted	27,815,940	27,649,762	166,178

⁽¹⁾ *Weighted average shares outstanding during the year.*

Questor’s Audited Consolidated Financial Statements and Management’s Discussion and Analysis for the three months ended March 31, 2020 are available on the Company’s website at www.questortech.com and through SEDAR at www.sedar.com.

PRESIDENT'S MESSAGE

The Questor team delivered \$4.5 million of revenue this quarter, a 42% decline from the same period in 2019. The results for the three months ended March 31, 2020 reflect the significant impact of the Coronavirus pandemic and the commodity price collapse that started impacting industry activity in February 2020. In March 2020, we saw a return of rental units and suspension of sales orders, as our clients cut capital and shut in production to reduce costs and conserve cash. Gross profit decreased \$2.4 million to \$2.0 million in this quarter from \$4.4 million in Q1 2019. Earnings for this period are \$0.05 per share vs. \$0.09 per share in the corresponding period in 2019. We finish this quarter in strong financial position with \$15 million of cash in the bank, zero debt and \$20 million of working capital.

We have and continue to take action to reduce costs to ensure the long-term strength of the organization. The Company expects these fixed cost reduction measures will reduce year over year fixed costs by approximately 20%. While these cost reductions are significant, the Company will continue to look at all aspects of its business for further business optimization opportunities in these uncertain times. The Federal Government of Canada announced a new wage subsidy program recently, and we will assess how this and other available programs can be utilized to reduce the impact of this downturn on our staffing levels going forward.

Audrey Mascarenhas, Questor's CEO stated: "Financially, the progress we have achieved over the last three years leaves Questor well positioned to navigate this challenging environment. Our balance sheet demonstrates the financial flexibility of the company and we will continue to ensure that our liquidity needs are not compromised. With future industry activity levels uncertain, we will manage the business accordingly and will continue to operate at the highest efficiency to further protect the interests of all our stakeholders. Questor's strong balance sheet with zero debt, our substantial cash reserves, and large rental fleet will enable us to plan and strategize during this challenging market cycle and emerge as a stronger company. This strong foundation will enable us to move forward on a series of strategic initiatives and support our exponential growth when the market's confidence has returned. Questor intends to preserve its cash flow through 2020 and continue to be fiscally responsible, making prudent capital investments during this challenging period."

The Company believes that the clean technology industry will remain an integral component of resource development over the medium to long term and that Questor will be well positioned given its focus on top-tier service, quality, logistics management and our best in class equipment. The Company's proven, cost effective technology solutions will play an instrumental role in enabling our customers to meet their emission goals and targets.

The Company has focused its strategy to be positioned to capitalize on opportunities coming out of this downturn. During this time, we will be focusing our marketing efforts, educating our customers around our solutions for combating emissions, diversifying into other industries and expanding our waste heat to power offering. To support this effort a corporate rebranding is underway. We will continue to build our digital capability focused on an emissions platform that will eventually enable us to credibly quantify emission reductions for our clients and guarantee a zero emissions site, with the end goal of monetizing the emission reduction offsets.

In April, the Canadian federal government announced it will invest \$1.7 billion to clean up abandoned and inactive natural gas and oil wells. In addition, it will establish a \$750 million Emission Reduction Fund, with a focus on methane, to create and maintain jobs through pollution reduction efforts. This goes a long way toward indicating the federal government does understand the importance of this industry and the struggles it currently faces. The Company currently evaluating opportunities in this area. The Company believes that it is uniquely positioned within the market to offer products and services to support these initiatives.

Our underlying theme for this down cycle is resilience and we are approaching 2020 with strategic discipline, a focus on consistent execution, a strong balance sheet, great products, a clear commitment to environmental, social and governance leadership and an excellent team that is experienced with challenge and change. The Company is confident that with our base, our approach to business and outstanding customer service, we will emerge from this challenge, poised for continued success.

FIRST QUARTER 2020 OVERVIEW

- The worldwide pandemic and commodity price collapse negatively impacted the Company's activity starting in February 2020 with more significant returns of rental units and suspension of sales orders occurring during the month of March 2020.
- Revenue decreased \$3.2 million (42 percent) for the three months ending March 31, 2020 versus the same period in 2019:
 - Incinerator equipment sales decreased 13 percent from \$2.5 million in 2019 to \$2.2 million in 2020;
 - Revenue from incinerator rentals decreased 54 percent from \$4.5 million in 2019 to \$2.0 million in 2020;
 - Incinerator service revenue decreased 61 percent from \$0.8 million in 2019 to \$0.3 million in 2020;
 - During the first quarter of 2020, the Company sold and delivered 6 incinerator units to customers.
- Gross profit decreased \$2.4 million (55 percent) from \$4.4 million in 2019 to \$2.0 million in 2020:
 - Gross profit as a percentage of revenue decreased from 57 percent in 2019 to 44 percent in 2020;
 - The Company implemented a mitigation strategy subsequent to the first quarter of 2020. The strategy revolves around:
 - Managing operations infrastructure ensuring indirect operational resources are consistent with activity;
 - Commitment to supply chain management focused on procuring quality materials and sourcing materials at competitive prices.
- Gain on foreign exchange increased \$1.0 million from 2019 to 2020:
 - The Company recorded a \$0.9 million foreign exchange gain versus a \$0.1 million loss in 2019. The Canadian dollar weakened significantly versus the US dollar in the first three months of 2020 due to the collapse of energy commodity prices and general financial market uncertainty.
- Earnings decreased \$1.0 million (46 percent) from 2019 to 2020.
- The Company continues to be in a strong financial position at March 31, 2020:
 - Cash increased to \$14.9 million from \$13.5 million at December 31, 2019;
 - The Company has an undrawn \$1.0 million revolving demand loan facility and an undrawn \$5.0 million capital loan facility;
 - Healthy cash reserves provide the working capital to thrive during tough market cycles;
 - Strong balance sheet that will serve as a foundation to launch into new products and markets once the economy rebounds;
 - The Company has suspended capital expansion plans until there is a sustained commodity price recovery. This strategy preserves our liquidity while improving capital efficiency;
 - The Company applied increased focus on operating efficiencies and enhancing cash flow by working with our service providers to further reduce costs.

OUTLOOK

Key Markets

In response to the COVID-19 pandemic, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the spread of the virus, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. Those measures are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. The continued spread of COVID-19 nationally and globally has had, and will continue to have, a material adverse effect on our business, operations and financial results. In addition, the unprecedented reduction of crude oil prices due to excessive supply compared to energy consumption, notwithstanding the recent agreement among OPEC members and other global oil producing countries to implement supply reductions, will continue to have a significant impact on our industry for months to come. As such, overall market conditions are anticipated to remain uncertain for the foreseeable future. Upstream, midstream and downstream companies will continue to reduce or carefully manage spending for capital projects and operations where possible until some sort of market stability has returned.

The Company feels that a strong balance sheet is imperative for success and has focused efforts to that strategy for several years. Having a strong balance sheet not only protects the Company in economic turmoil but enables growth when the market's confidence improves. The Company currently has substantial cash reserves, a large rental fleet, and no debt.

On April 17, 2020, the Canadian federal government announced it will invest \$1.7 billion to clean up abandoned and inactive natural gas and oil wells. In addition, it will establish a \$750 million Emission Reduction Fund, with a focus on methane, to create and maintain jobs through pollution reduction efforts. This goes a long way toward indicating the federal government does understand the importance of this industry and the struggles it currently faces. The Company is currently evaluating opportunities in this area. The Company believes that it is uniquely positioned within the market to offer products and services to support these initiatives.

ABOUT QUESTOR TECHNOLOGY INC.

Headquartered in Calgary, Alberta, with operations across North America, the Company provides specialized waste gas incineration products and services that destroys harmful pollutants in any waste gas stream at 99.99% efficiency enabling our clients to meet emission regulations, address community concerns and improve safety at industrial sites.

There are several methods for handling waste gases at oil and gas industrial facilities, the most common being combustion. Flaring and incineration are two methods of combustion accepted by many provincial and state regulators. Historically, the most common type of combustion has been flaring which is the igniting of natural gas at the end of a long metal tube or flare stack. This action causes the characteristic flame associated with flaring.

Incineration is the mixing and combusting of waste gas streams, air, and fuel in an enclosed chamber which are mixed at a controlled rate and ignited so that no flame is visible when operating properly. A correctly designed and operated incinerator can yield higher combustion efficiencies through proper mixing, gas composition, retention time, and combustion temperature. Combustion efficiency, generally expressed as a percentage, is represented by the amount of methane converted to CO₂, or H₂S converted to SO₂. The more converted, the better the efficiency.

The Company designs, manufactures and services proprietary high efficiency waste gas incineration systems. The Company's incineration product line is based on clean combustion technology that was developed by the Company and initially patented in both Canada and the United States in 1999. The Company has continued to evolve the technology over the years making several improvements from the original patent which expired in November 2019. The Company currently has five new patent filings that are pending.

The Company's highly specialized technical team works with the client to understand the waste gas volume and composition allowing it to determine the correct incineration product specification to achieve 99.99 percent combustion efficiency. The incinerators vary in size to accommodate small to large amounts of gas handling ranging from 20 mcf/d to 5,000 mcf/d. The incinerators also vary in automation and instrumentation depending on the client's requirements. The Company's incinerators are currently used in multiple segments of the Oil and Gas industry including drilling, completions, production, midstream, downstream, and transportation and distribution.

The Company has three primary incinerator related revenue streams: sales, rentals and services. Incinerator services include hauling, commissioning, repairs, maintenance and decommissioning. The Company's current key incineration markets are Colorado, North Dakota, Mexico, Pennsylvania, Texas, Alberta and North East BC.

The Company services its key markets with field offices in Brighton and Fort Lupton, Colorado; Watford City, North Dakota and Grande Prairie, Alberta. The infrastructure at the field offices consist of field technicians, maintenance technicians, technical sales and administration. The facilities generally include, office space, maintenance shop and a yard to store incinerators. Personnel based out of the Company's head office in Calgary, Alberta include Officers of the Corporation, management, engineering, technical sales, accounting and administration.

NEW DEVELOPMENTS

In April 2020, Questor became the first ETV-certified clean combustion company in the world. ISO 14034 is an internationally recognized certificate that verifies the performance of innovative environmental technologies. The project was supported by Standard Council of Canada and the certification issued by 350Solutions. The organization is the only company accredited by national accreditation board of ANSI, in the United States.

The evaluation process of ETV certification, verifies company's performance claims according to the procedures outlined in ISO14034. This certification confirms that Questor's performance claims of 99.99% combustion efficiency and H₂S destruction efficiency. Historical data and rigorous statistical analysis were used to verify the validity of the performance claims. All data were collected on client sites during operation or during the unit performance test runs for regulatory compliance.

QUESTOR TRADES ON THE TSX VENTURE EXCHANGE UNDER THE SYMBOL 'QST'

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