NOTE TO READER

In accordance with National Instrument 51-102 *Continuous Disclosure Obligations*, part 4, subsection 4.3(3)(a) released by the Canadian Securities Administrators, Questor Technology Inc. discloses that the Company's independent auditor has not reviewed the unaudited condensed consolidated financial statements for the three months ended March 31, 2020 and 2019.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Stated in Canadian dollars, unaudited

	Notes	**March 31, 2020**	Dec 31, 2019
ASSETS			
Current assets			
Cash		**$14,936,468**	$13,491,383
Trade and other receivables		**3,811,373**	5,571,950
Inventories		**2,228,320**	2,167,750
Prepaid expenses and deposits		**452,308**	954,784
Current tax assets		**696,275**	318,488
Total current assets		**22,124,744**	22,504,355
Non-current assets			
Property and equipment	3,13	**17,474,885**	17,923,848
Right-of-use assets	4	**724,655**	792,033
Intangible assets	5	**753,516**	810,728
Deferred tax assets		**95,474**	79,048
Total non-current assets		**19,048,530**	19,605,657
Total assets		**$41,173,274**	$42,110,012
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables, accrued liabilities and provisions	11,16	**$1,032,127**	$2,485,445
Deferred revenue		**839,284**	1,982,166
Current portion of lease obligations	8	**258,190**	273,266
Current tax liabilities		**-**	337,617
Total current liabilities		**2,129,601**	5,078,494
Non-current liabilities			
Lease obligations	8	**485,201**	526,891
Deferred tax liabilities		**1,511,995**	1,170,960
Total non-current liabilities		**1,997,196**	1,697,851
Total liabilities		**4,126,797**	6,776,345
Shareholders' equity			
Issued capital	6	**8,545,502**	8,256,566
Contributed surplus		**1,328,069**	1,326,096
Retained earnings		**27,073,230**	25,807,778
Cumulative translation adjustment		**99,676**	(56,773)
Total shareholders' equity		**37,046,477**	35,333,667
Total liabilities and shareholders' equity		**$41,173,274**	$42,110,012

Contingencies 19

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Stated in Canadian dollars, unaudited

For the months ended March 31,	Notes	**2020**	2019
Revenue	13	**$4,489,470**	$7,720,488
Cost of sales		**2,502,524**	3,301,705
Gross Profit		**1,986,946**	4,418,783
Administration expenses		**1,100,094**	1,140,594
Depreciation of properties and equipment and right-of-use assets	3,4	**33,630**	32,154
Amortization of intangible assets	5	**57,212**	57,516
Net foreign exchange losses (gains)		**(872,752)**	64,184
Other (income)		**(18,441)**	(28,216)
Profit before tax		**1,687,203**	3,152,551
Income tax expense	14	**421,751**	816,482
Profit for the period		**$1,265,452**	$2,336,069
Exchange differences on translating foreign operations		**156,449**	25,887
Total comprehensive income		**$1,421,901**	$2,361,956
Earnings per share	12		
Basic		**$0.05**	$0.09
Diluted		**$0.05**	$0.09

The accompanying notes are an integral part of these consolidated financial statements.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Stated in Canadian dollars, unaudited

	Notes	Issued capital	Reserves	Retained earnings	Cumulative Translation Adjustment	Total equity
Balance at December 31, 2019		**8,256,566**	**1,326,096**	**25,807,778**	**(56,773)**	**35,333,667**
Profit for the period		**-**	**-**	**1,265,452**	**-**	**1,265,452**
Share-based payments	**7**	**-**	**116,658**	**-**	**-**	**116,658**
Stock options exercised	**6,7**	**288,936**	**(114,685)**	**-**	**-**	**174,251**
Translation of foreign operations		**-**	**-**	**-**	**156,449**	**156,449**
Balance at March 31, 2020		**$8,545,502**	**$1,328,069**	**$27,073,230**	**$99,676**	**$37,046,477**
Balance at December 31, 2018		$6,381,520	$1,702,303	$18,265,088	$30,544	$26,379,455
Impact of change in accounting policy		-	-	51,781	-	51,781
January 1, 2019		$6,381,520	$1,702,303	$18,316,869	$30,544	$26,431,236
Profit for the period		-	-	2,336,069	-	2,336,069
Share-based payments	7	-	51,080	-	-	51,080
Stock options exercised	6,7	497,345	(201,407)	-	-	295,938
Translation of foreign operations		-	-	-	(25,887)	(25,887)
Balance at March 31, 2019		$6,878,865	$1,551,976	$20,652,938	$4,657	$29,088,436

The accompanying notes are an integral part of these consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Stated in Canadian dollars, unaudited

For the months ended March 31,	Notes	**2020**	2019
Cash flows from operating activities			
Profit for the period		**$1,265,452**	$2,336,069
Adjustments for:			
Income tax expense		**421,751**	816,482
Depreciation of property, equipment and right-of-use assets	3,4	**614,447**	481,027
Amortization of intangible assets	5	**57,212**	57,516
Lease interest	8	**9,600**	11,976
Share-based payments	7	**116,658**	51,081
Movements in non-cash working capital	16	**(357,769)**	(1,612,577)
Income taxes paid		**(766,561)**	(510,180)
Net cash from operating activities		**1,360,790**	1,631,394
Cash used in investing activities			
Payments for property and equipment	3,13	**(31,784)**	(3,468,854)
Proceeds of disposition of property and equipment	3,13	**-**	30,900
Net cash used in investing activities		**(31,784)**	(3,437,954)
Cash from financing activities			
Proceeds from exercise of stock options	6,7	**174,251**	295,938
Lease obligation principal payments	8	**(91,274)**	(72,368)
Net cash from financing activities		**82,977**	223,570
Net increase (decrease) in cash		**1,411,983**	(1,582,990)
Cash at beginning of the period		**13,491,383**	8,809,644
Effects of exchange rate changes on the balance of cash held in foreign currencies		**33,102**	(41,387)
Cash at end of the period		**$14,936,468**	$7,185,267

The accompanying notes are an integral part of these consolidated financial statements.

1. DESCRIPTION OF BUSINESS

Questor Technology Inc. ("Questor" or the "Company") is incorporated in Canada under the Business Companies Act (*Alberta*). Questor is a public, environmental clean technology company founded in 1994 and headquartered in Calgary, Alberta, with field offices located in; Grande Prairie, Alberta; Brighton, Colorado; Watford City, North Dakota and Brooksville, Florida. The Company is active in Canada and the United States 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. The Company's proprietary combustion technology is utilized in the effective management of Methane, Hydrogen Sulfide gas, Volatile Organic Hydrocarbons, Hazardous Air Pollutants and BTEX (Benzene, Toluene, Ethylbenzene and Xylene) gases ensuring sustainable development, community acceptance and regulatory compliance. Questor and its subsidiary, ClearPower Systems Inc. has developed heat to power generation technology and is currently marketing solutions to various markets including landfill biogas, syngas, waste engine exhaust, geothermal and solar, cement plant waste heat in addition to a wide variety of oil and gas projects. The Company's common shares are traded on the TSX Venture Exchange under the symbol "QST". The address of the Company's corporate and registered office is 2240, 140 – 4 Avenue S.W. Calgary, Alberta, Canada, T2P 3N3.

2. BASIS OF PREPARATION

These unaudited condensed interim consolidated financial statements (the "financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements are condensed as they do not include all of the information required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019. All financial information is reported Canadian dollars, unless otherwise noted.

All inter-entity transactions have been eliminated upon consolidation between the Company and any subsidiaries in these financial statements. The Company's operations are viewed as a single operating segment by the chief operating decision maker of the Company for the purpose of resource allocation and assessing performance.

The financial statements have been prepared on a historical cost basis, except as detailed in the accounting policies disclosed in Note 3 "Summary of Significant Accounting Policies" of the Company's audited consolidated financial statements for the year ended December 31, 2019. All accounting policies and methods of computation followed in the preparation of these financial statements are consistent with those of the previous financial year, except as listed in Note 3 "Changes in Accounting Policies".

These financial statements were authorized for issue by the Company's Board of Directors on May 14, 2020.

In March 2020, the World Health Organization declared a global pandemic following the emergence and rapid spread of a novel strain of the coronavirus ("COVID-19"). The outbreak and subsequent measures intended to limit the pandemic contributed to significant declines and volatility in financial markets. The pandemic adversely impacted global commercial activity, including significantly reducing worldwide demand for crude oil as well as natural gas, impacting Questor's customers and its business. Crude oil prices have also been severely impacted by increased global supply due to disagreements over production restrictions between the Organization of Petroleum Exporting Countries ("OPEC") and non-OPEC members, primarily Saudi Arabia and Russia. As a result of declining commodity prices and financial markets, the Company's share price and market capitalization declined from December 31, 2019. The full extent of the impact of COVID-19 on the Company's operations and future financial performance is currently unknown. It will depend on future developments that are uncertain and unpredictable, including the duration and spread of COVID-19, its continued impact on capital and financial markets on a macro-scale and any new information that may emerge concerning the severity of the virus. These uncertainties may persist beyond when it is determined how to contain the virus or treat its impact.

The outbreak presents uncertainty and risk with respect to the Company, its performance, and estimates and assumptions used by management in the preparation of financial results. A full list of the key sources of estimation uncertainty can be found in the Company's annual Consolidated Financial Statements for the year ended December 31, 2019. The outbreak and current market conditions have increased the complexity of estimates and assumptions used to prepare the consolidated financial statements, particularly related to:

i) Impairment of non-financial assets as it relates to impairment assessment on property and equipment;

ii) Allowance for doubtful accounts (expected credit loss) as it relates to accounts receivable from customers who operate in the energy sector and are equally impacted by these same COVID-19 issues; and

iii) Tax provisions where estimates are made of annual taxable income and also estimates regarding recoverability of deferred tax assets.

3. PROPERTY AND EQUIPMENT

	Rental incinerators and trailers	Light vehicles, tools & equipment	Office equipment & leasehold improvements	Total
Cost				
Balance at December 31, 2018	$16,426,291	$1,127,951	$455,514	$18,009,756
Additions	6,922,498	292,323	34,898	7,249,719
Disposals and transfers	(624,180)	-	-	(624,180)
Impact of changes in accounting policy	-	-	(240,000)	(240,000)
Foreign currency translation	-	(29,266)	(504)	(29,770)
Balance at December 31, 2019	$22,724,609	$1,391,008	$249,908	$24,365,525
Additions	**-**	**-**	**31,784**	**31,784**
Foreign currency translation	**-**	**75,389**	**922**	**76,311**
Balance at March 31, 2020	**$22,724,609**	**$1,466,397**	**$282,614**	**$24,473,620**
Accumulated depreciation				
Balance at December 31, 2018	$3,893,723	$528,324	$168,185	$4,590,232
Depreciation charges included in:				
Cost of sales	1,798,116	145,582	-	1,943,698
Disposals and transfers	(62,753)	-	-	(62,753)
Depreciation expense	-	(87)	25,252	25,165
Impact of changes in accounting policy	-	-	(50,667)	(50,667)
Foreign currency translation	-	(4,213)	215	(3,998)
Balance at December 31, 2019	$5,629,086	$669,606	$142,985	$6,441,677
Depreciation charges included in:				
Cost of sales	**481,194**	**35,513**	**-**	**516,707**
Depreciation expense	**-**	**1,564**	**7,660**	**9,224**
Foreign currency translation	**-**	**30,512**	**615**	**31,127**
Balance at March 31, 2020	**$6,110,280**	**$737,195**	**$151,260**	**$6,998,735**
Carrying amounts				
At December 31, 2019	$17,095,523	$721,402	$106,923	$17,923,847
At March 31, 2020	**$16,614,329**	**$729,202**	**$131,354**	**$17,474,885**

For the purpose of assessing impairment of non-financial assets, the Company groups assets and liabilities into cash generating units (CGUs). Management has determined that the two appropriate CGU's for the Company are Incineration and Heat to Power.

At March 31, 2020, the Company determined that indicators of impairment existed within the Company's CGUs. These indicators arose due to the unprecedented worldwide impact on businesses as a result of the COVID-19 pandemic, together with the simultaneous downward pressure on oil commodity prices caused by oversupply conditions as well as pricing strategies by global players.

Testing was completed for the Heat to Power CGU and is detailed in note 5 Intangible Assets as substantially all of the capitalized costs for the Heat to Power CGU are technology development costs and reflected in the Intangible Assets amounts.

Testing was completed for the Incineration CGU and no impairment resulted, as the calculated recoverable amount associated with the Company's Incineration CGUs was higher than their carrying amounts. Recoverable value is calculated as the greater of value in use and fair value less costs of disposal.

At March 31, 2020, value in use was the relevant recoverable amount to use in the impairment calculations, calculated as the future five year discounted net cash flows expected to be derived from the CGU's business, using forecast prices and cost estimates. Cash flows beyond the year five forecast were extrapolated using a terminal value multiple.

4. RIGHT OF USE (ROU) ASSETS

Cost	
Balance, January 1, 2019	$790,596
Additions	350,241
Foreign currency translation	(10,089)
Balance at December 31, 2019	$1,130,748
Additions	-
Foreign currency translation	37,535
Balance at March 31, 2020	**$1,168,283**

Accumulated Depreciation	
Balance, January 1, 2019	**-**
Depreciation on ROU assets expensed	341,792
Foreign currency translation	(3,077)
Balance at December 31, 2019	$338,715
Additions	88,418
Foreign currency translation	16,495
Balance at March 31, 2020	**$443,628**

Carrying Amounts	
Balance at December 31, 2019	$792,033
Balance at March 31, 2020	**$724,655**

5. INTANGIBLE ASSETS

Cost	Heat to power development	Design drawings	Patents	Total
Balance at December 31, 2018	$1,732,839	$341,952	$15,225	$2,090,016
Additions	348,054	-	-	348,054
Balance at December 31, 2019	$2,080,893	$341,952	$15,225	$2,438,070
Additions	-	-	-	-
Balance at March 31, 2020	**$2,080,893**	**$341,952**	**$15,225**	**$2,438,070**
Accumulated Amortization				
Balance at December 31, 2018	$1,053,518	$329,753	$14,210	$1,397,481
Amortization expense	226,443	2,403	1,015	229,861
Balance at December 31, 2019	$1,279,961	$332,156	$15,225	$1,627,342
Amortization expense	56,611	601	-	57,212
Balance at March 31, 2020	**$1,336,572**	**$332,757**	**$15,225**	**$1,684,554**
Carrying Amounts				
Balance at December 31, 2019	$800,932	$9,796	$-	$810,728
Balance at March 31, 2020	**$744,322**	**$9,195**	**$-**	**$753,516**

For the purpose of assessing impairment of non-financial assets, the Company groups assets and liabilities into cash generating units (CGUs). Management has determined that the two appropriate CGU's for the Company are Incineration and Heat to Power. Substantially all of the capitalized costs for the Heat to Power CGU are technology development costs and reflected in the Intangible Assets amounts in the table in note 5 above.

Testing was completed for the Heat to Power CGU and no impairment resulted, as the calculated recoverable amount associated with the Company's Incineration CGUs was higher than their carrying amounts. Recoverable value is calculated as the greater of value in use and fair value less costs of disposal.

At March 31, 2020, value in use was the relevant recoverable amount to use in the impairment calculations, calculated as the future five year discounted net cash flows expected to be derived from the CGU's business, using forecast prices and cost estimates. Cash flows beyond the year five forecast were extrapolated using a terminal value multiple.

6. ISSUED CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares without nominal or par value.

Shares issued and outstanding	Number of shares	Share capital
Shares issued and outstanding, December 31, 2018	26,502,870	$6,381,520
Stock options exercised	712,250	1,875,046
Shares issued and outstanding, December 31, 2019	27,215,120	$8,256,566
Stock options exercised	**157,500**	**288,936**
Shares issued and outstanding, March 31, 2020	**27,372,620**	**$8,545,502**

Share options exercised under the Company's share option plan

During the three months ended March 31, 2020, 157,500 options were exercised for cash consideration of $174,251. The fair value of these options, of $114,685 was transferred from contributed surplus to issued capital upon the exercise of the respective options.

7. SHARE-BASED PAYMENTS

The Board of Directors has adopted and approved a share option plan for the directors, officers, consultants and key employees and affiliates of the Company. The share option plan was approved by the shareholders of the Company on June 15, 2001 and as amended on September 15, 2016.

On May 14, 2019 the Board of Directors approved the performance share unit and restricted share unit plan ("PSU&RSU Plan"). The PSU&RSU Plan was subsequently approved by the shareholders of the Company on July 10, 2019. The implementation of the PSU&RSU Plan has been adopted to provide a vehicle by which equity-based incentives to directors and officers, as well as select employees and consultants to incentivize the long-term success of the Corporation. The Board, through the Company's compensation sub-committee, may in its sole discretion, grant PSUs and RSUs to select individuals. The maximum number of equity-based compensation units including stock options, PSUs and RSUs that may be reserved for issuances shall not exceed 10 percent of the outstanding common shares of the Corporation which is in accordance with the current Stock Option plan. At March 31, 2020, the Company has not granted any PSU's or RSU's to any directors and officers, employees or consultants.

SHARE-BASED PAYMENTS (continued)

The following share-based payment arrangements were in existence at:

At March 31, 2020

Number outstanding	Grant date	Expiry date	Remaining contractual life		Exercise price		Fair value at grant date	Number exercisable
358,750	**7-Dec-16**	**7-Dec-21**	**1.69**		**0.65**		**0.44**	**198,750**
75,000	**10-Oct-17**	**10-Oct-22**	**2.53**		**1.40**		**0.86**	**-**
256,000	**1-Dec-17**	**1-Dec-22**	**2.67**		**2.35**		**1.44**	**88,750**
257,500	**27-May-19**	**27-May-24**	**4.15**		**5.09**		**2.90**	**-**
947,250			**2.69**	**(1)**	**$ 2.38**	**(2)**		**287,500**

At December 31, 2019

Number outstanding	Grant date	Expiry date	Remaining contractual life		Exercise price		Fair value at grant date	Number exercisable
50,000	20-Jan-16	20-Jan-21	1.06		0.77		0.56	-
427,500	7-Dec-16	7-Dec-21	1.94		0.65		0.44	267,500
75,000	10-Oct-17	10-Oct-22	2.78		1.40		0.86	-
294,750	1-Dec-17	1-Dec-22	2.92		2.35		1.44	127,500
257,500	27-May-19	27-May-24	4.40		5.09		2.90	-
1,104,750			2.79	(1)	$ 2.19	(2)		395,000

(1) *Weighted average number of years.*
(2) *Weighted average.*

Share-based payments for the three months ended March 31, 2020 were $116,658 (2019 - $51,080).

The share options outstanding and exercisable at the beginning and end of the periods is as follows:

	Options Outstanding			
	March 31, 2020		December 31, 2019	
	Number	**Exercise price(1)**	Number	Exercise price(1)
Balance at beginning of the year	**1,104,750**	**$2.19**	1,563,000	$1.43
Granted	**-**	**-**	257,500	5.09
Forfeited	**-**	**-**	(3,500)	2.35
Exercised	**(157,500)**	**1.11**	(712,250)	1.55
Balance at end of the period	**947,250**	**$2.38**	1,104,750	$2.19
Exercisable at end of the period	**287,500**	**$1.17**	395,000	$1.20

(1) *Weighted average.*

8. LEASES

The following table sets out the movement in the right-of-use assets by class of underlying asset:

Lease Obligations	
Balance, January 1, 2019	$790,596
Additions	350,241
Interest	36,448
Lease payments	(369,190)
Foreign currency translation	(7,938)
Balance at December 31, 2019	$800,157
Additions	-
Interest	9,600
Lease payments	(91,274)
Foreign currency translation	24,908
Balance at March 31, 2020	**$743,391**

9. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to:

- Deploy capital to provide an appropriate return on investment to its shareholders;
- Maintain financial flexibility in order to preserve the Company's ability to meet financial obligations; and,
- Maintain a capital structure that provides financial flexibility to execute on strategic opportunities.

The Company's strategy is formulated to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year-over-year sustainable profitable growth. The Company is not subject to any externally imposed capital requirements other than the financial tests and covenants associated with its credit facilities as described in Note 10. At March 31, 2020 and 2019, Questor complied with these covenants.

The Company's capital structure consists of equity and cash. In order to maintain or alter the capital structure, the Company may adjust capital spending, refinance existing credit facilities, raise new debt and issue common shares. The Company expects that funds generated from operations and cash amounts will provide sufficient capital resources and liquidity to fund existing operations in 2020.

A key measure the Company utilizes in evaluating its capital structure is the ratio of debt-to-total capitalization. Debt-to-total capitalization is calculated as debt divided by total capitalization. Debt is defined as total short-term and long-term borrowings unadjusted for cash balances. Equity is defined as issued capital and reserves attributable to equity holders. Total capitalization is defined as the sum of debt unadjusted for cash balances and the book value of equity. The Company has no debt; therefore, the total debt-to-total capitalization ratio is 0 percent.

The Company believes that its cash deposits, non-cash working capital and net cash generated from operating activities is enough to fund operations and anticipated capital requirements in 2020. The debt facilities secured during the year are undrawn and available to provide additional capital resources.

At March 31, 2020, the Company held cash balances of $14,936,468.

10. BORROWING FACILITES

Operating Loan Facility

The Company has in place a revolving demand operating loan facility, which is available to a maximum of $1,000,000 (2019 - $1,000,000), subject to specified margin requirements. The revolving demand operating loan bears interest at bank prime plus 1 percent per annum (2019 – bank prime plus 1 percent). Up to $100,000 (2019 - $100,000) of this loan is available to secure the issue of letters of credit and/or letters of guarantee for suppliers.

Capital Loan Facility

The capital loan facility was secured to assist in the financing of capital expenditures. The facility makes available a revolving demand capital loan to a maximum of $5,000,000 (2019 - $5,000,000). The revolving demand capital loan bears interest at bank prime plus 1.25 percent per annum.

The capital loan is available by way of multiple advances by delivery of a required notice to the bank. The initial advance, to a maximum amount of 60 percent of net book value ("NBV"), can be made available and completed based on the NBV of existing fixed assets. Fixed assets are defined as rental fleet, equipment and vehicles/trailers.

Subsequent advances are to be supported by a true and complete summary of capital expenditures, to a maximum amount of 100 percent of costs incurred.

The combined advances of the capital loan facility cannot, at any time, exceed 60 percent loan to value ("LTV") of the combination of: i) NBV of fixed assets, as per the most recent fiscal year-end financial reporting; and, ii) the aggregate amount of all invoices funded under the capital loan facility subsequent to the most recent fiscal year end reporting but prior to updated reporting being received. Should advances exceed 60 percent LTV, the Company is to pay down the capital loan by an amount equal to or greater than that which is required to reduce LTV to less than or equal to 60 percent, based on the then most recent reporting.

Export Development Canada ("EDC") Secured Letter of Guarantee Facility

The EDC facility was secured to assist in the financing of the day-to-day operations of the Company through the issuance by the bank of letters of guarantee, standby letters of credit, performance bonds, counter guarantees, counter standby letters of credit or similar credits from time to time (each an "LG") upon the instructions of the Company. The EDC facility is available to a maximum of $2,000,000 (2019 - $2,000,000) and bears interest at bank prime plus 1.0 percent per annum. The availability of each LG shall be at the discretion of EDC and subject to the various stated conditions. LG's are available for term of up to 12 months and require satisfactory performance of security guarantees ("PSG") from EDC (or guarantees from private insurance companies acceptable to the EDC) in the amount and terms of the obligation. In the event EDC (or private insurance company) does not extend coverage under the PSG, the Company is required to provide security in form and substance satisfactory to the bank. At the time of issuance by EDC of each performance LG, a fee equal to 1.50 percent per annum is charged against the face amount and over the term of the performance LG.

Borrowing Facilities

All of the borrowing facilities 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. The Company was in compliance with the borrowing facilities covenants. No amounts have been drawn on the borrowing facilities at March 31, 2020.

None of the borrowing facilities are subject to standby fees and there is no specified facility expiration or renewal date. The Company has provided a general security agreement and an assignment of insurance proceeds as security.

11. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, trade and other receivables and trade payables, accrued liabilities and provisions. The carrying amounts of the current financial assets and current financial liabilities recognized in the Company's consolidated financial statements at the end of each reporting period approximate their fair value due to their short period to maturity. At March 31, 2020, there were no investments, short-term or long-term borrowings outstanding. The Company did not hold or issue any derivative financial instruments during the period.

IFRS 9, *Financial Instruments* requires an entity to estimate its expected credit loss for all trade accounts receivable even when they are not past due based on the expectation that certain receivables will be uncollectible. Based on the Company's assessment, an allowance for doubtful accounts of approximately 1% of outstanding receivables has been recorded using the lifetime expected credit loss model. The expected credit loss rate is based on the Company's actual credit loss experience over the past 5 years. The analysis was consistent when compared to the Company's actual credit loss experience over the past 8 years or 10 years.

12. EARNINGS PER SHARE

For the three months ended March 31,	**2020**	2019
Profit for the period attributable to ordinary equity holders	**$1,265,452**	$2,336,069
Weighted average number of common shares for the purpose of:		
Basic	**27,348,018**	26,745,745
Basic earnings per share	**$0.05**	$0.09
Weighted average number of common shares for the purpose of:		
Diluted	**27,815,940**	27,535,906
Diluted earnings per share	**$0.05**	$0.09

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

For the three months ended March 31	**2020**	2019
Weighted average number of ordinary shares for the purposes of basic earnings per share	**27,348,018**	26,745,745
Shares deemed to be issued for no consideration in respect of employee options	**467,922**	790,161
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**27,815,940**	27,535,906

13. SEGMENTED INFORMATION

The Company reports its financial results as one reportable segment as this is how the financial information is reviewed by the chief decision makers of the Company.

The following table provides information regarding revenue on a geographic basis as determined by the location of the customer or third party:

For the three months ended March 31, 2020	**Canada**	**United States**	**Consolidated**
Incinerator sales	**$12,083**	**$2,151,177**	**$2,163,260**
Incinerator rentals	**-**	**2,022,115**	**2,022,115**
Incinerator service & repairs	**25,703**	**278,392**	**304,095**
	$37,786	**$4,451,684**	**$4,489,470**

For the three months ended March 31, 2019	Canada	United States	Consolidated
Incinerator sales	$2,450,953	$36,968	$2,487,921
Incinerator rentals	21,400	4,441,004	4,462,404
Incinerator service & repairs	119,007	651,156	770,163
	$2,591,360	$5,129,128	$7,720,488

The following table provides information regarding the location of the Company's non-current assets on a geographic basis:

Property and equipment		
As at	**March 31, 2020**	December 31, 2019
Canada	**$459,340**	$478,268
United States	**17,015,544**	17,445,580
	$17,474,885	$17,923,848
Intangible		
Canada	**$753,516**	$810,728
United States	**-**	-
	$753,516	$810,728

14. INCOME TAX

On May 28, 2019, the Government of Alberta substantively enacted a reduction in the provincial corporate tax rate from 12% to 8% over four years. As a result, the effective tax rate for the three months ended March 31, 2020 was 25.0 percent versus 25.9 percent for the same period in 2019. The current enacted tax rate for the Company is 25.0 percent.

15. INFORMATION ABOUT MAJOR CUSTOMERS

For the three months ended March 31,	**2020**	2019
Number of customers comprising greater than 10% of total revenues for the period	**3**	3
Revenue for each customer that represents greater than 10% of total revenues for the period:		
Customer#1	**$940,053**	$1,882,678
Customer#2	**$927,233**	$1,716,315
Customer#3	**$875,812**	$834,690

As at March 31,		
Number of customers comprising greater than 10% of total trade and other Receivables at the end of the period	**2**	2
Accounts receivable balance for each customer that represents greater than 10% of total trade and other receivables at the end of the period:		
Customer#1	**$1,695,754**	**$1,844,987**
Customer#2	**$685,860**	**$822,567**

16. MOVEMENTS IN NON-CASH WORKING CAPITAL

For three months ended March 31	**2020**	2019
Trade and other receivables	**$1,760,576**	$(1,229,624)
Inventories	**(73,689)**	(29,498)
Prepaid expenses and deposits	**502,476**	294,634
Trade payables, accrued liabilities and provisions	**(1,404,250)**	427,778
Deferred revenue and deposits	**(1,142,882)**	(1,110,112)
Lease inducements	**-**	34,245
	$(357,769)	$(1,612,577)

17. SEASONALITY AND CYCLICALITY OF OPERATIONS

There are a number of factors contributing to quarterly variations that may not be reflective of the Company's future performance. A significant portion of the Company's operations are carried on in Western Canada and Northern United States where activity levels in the oilfield services industry are subject to a degree of seasonality due to volatility in the weather and temperatures. Oilfield services demand is driven by customer capital spending and drilling programs which are affected by oil and natural gas commodity prices, changes in legislation and seasonal behaviours. Other factors causing variation include the Company's mix of products and services delivered, and the currency in which the sales are transacted.

18. RELATED PARTY TRANSACTIONS

In the normal course of business, the Company may transact with related parties. Apart from key management compensation, there are no related party transactions as at March 31, 2020 and 2019.

19. CONTINGENCIES

Litigation

From time to time, the Company is subject to costs and other effects of legal proceedings, settlements, investigations, claims and actions. The Company determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. The Company assesses potential liabilities by analyzing the claims using available information. The Company develops its views on estimated losses in consultation with outside counsel handling our defense in these matters. Should developments in any of these matters cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on our results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs.

Notwithstanding the uncertainty as to the outcome, based on the information currently available to it, the Company does not currently believe these matters in aggregate will have a material adverse effect on its consolidated financial position. In 2019, the Company commenced intellectual property litigation. The Company is the plaintiff and is taking action to protect and enforce certain intellectual property rights.