

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 interim condensed consolidated financial statements for the three and six months ended June 30, 2022 and 2021.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Stated in Canadian dollars, unaudited

	Notes	June 30, 2022	December 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents		\$14,630,646	\$14,660,080
Investment	5	251,544	-
Trade, contract assets and other receivables		2,422,876	3,154,929
Inventories		1,554,656	1,183,890
Prepaid expenses and deposits		277,164	412,443
Current tax assets	8	418,965	153,339
Total current assets		19,555,851	19,564,681
Non-current assets			
Property and equipment	3	12,753,384	13,789,935
Right-of-use assets	6	479,279	587,541
Intangible assets	4	1,422,017	958,198
Deferred tax assets		123,954	147,500
Total non-current assets		14,778,634	15,483,174
Total assets		\$34,334,485	\$35,047,855
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables, accrued liabilities and provisions		\$734,238	\$893,887
Onerous Contract Liabilities		619,270	78,834
Deferred revenue		762,654	1,989,289
Current portion of lease obligations	6	234,230	223,051
Current portion of repayable government grant	7	160,800	-
Current portion of deferred grant benefits	7	842,652	104,905
Total current liabilities		3,353,844	3,289,966
Non-current liabilities			
Lease obligations	6	283,545	400,544
Deferred grant benefits	7	112,710	158,336
Repayable government grant	7	600,232	716,928
Deferred tax liabilities		78,070	-
Total non-current liabilities		1,074,557	1,275,808
Total liabilities		4,428,401	4,565,774
Shareholders' equity			
Issued capital		9,093,149	9,093,149
Contributed surplus		1,691,752	1,472,506
Retained earnings		19,165,987	19,989,517
Accumulated other comprehensive loss		(44,804)	(73,091)
Total shareholders' equity		29,906,084	30,482,081
Total liabilities and shareholders' equity		\$34,334,485	\$35,047,855

Commitments and Contingencies 13

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

Approved by the Board of Directors:

(signed) Stewart Hanlon

Stewart Hanlon, Director

(signed) Audrey Mascarenhas

Audrey Mascarenhas, Director

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Stated in Canadian dollars except per share data, unaudited

For the	Notes	Three months ended June 30,		Six months ended June 30,	
		2022	2021	2022	2021
Revenue	11	\$2,454,229	\$1,184,040	\$5,041,936	\$2,732,431
Cost of sales		2,022,433	1,311,117	3,979,231	2,823,683
Gross profit (loss)		431,796	(127,077)	1,062,705	(91,252)
Administration expenses		945,725	720,998	1,603,337	1,500,182
Research and development expenses		141,063	21,839	290,966	67,413
Share based payments		118,659	89,724	219,246	219,482
Depreciation expense		32,644	33,635	65,628	67,524
Amortization of intangible assets		35,031	71,783	70,062	143,435
Net foreign exchange losses (gains)		(115,319)	80,953	(74,356)	150,945
Other expenses (income)		(126,743)	50,288	(88,548)	80,031
Loss before tax		(599,264)	(1,196,297)	(1,023,630)	(2,320,264)
Income tax recovery	8	(141,353)	(323,083)	(200,100)	(561,163)
Loss for the period		\$(457,911)	\$(873,214)	\$(823,530)	\$(1,759,101)
Other comprehensive income loss					
Items that may be reclassified to profit and loss in subsequent periods:					
Exchange losses (gains) on translating foreign operations		(47,814)	14,039	(28,287)	26,118
Total comprehensive loss		\$(410,097)	\$(887,253)	\$(795,243)	\$(1,785,219)
Loss per share					
	9				
Basic		\$(0.02)	\$(0.03)	\$(0.03)	\$(0.06)
Diluted		\$(0.02)	\$(0.03)	\$(0.03)	\$(0.06)

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Stated in Canadian dollars, unaudited

	Notes	Issued capital	Contributed Surplus	Retained Earnings	Cumulative Translation Adjustment	Total Shareholder's Equity
Balance at December 31, 2021		\$9,093,149	\$1,472,506	\$19,989,517	\$(73,091)	\$30,482,081
Loss for the period		-	-	(823,530)	-	(823,530)
Share-based payments	10	-	219,246	-	-	219,246
Stock options exercised	10	-	-	-	-	-
Translation of foreign operations		-	-	-	28,287	28,287
Balance at June 30, 2022		\$9,093,149	\$1,691,752	\$19,165,987	\$(44,804)	\$29,906,084
Balance at December 31, 2020		\$8,630,146	\$1,416,169	\$23,977,902	\$(35,117)	\$33,989,100
Loss for the period		-	-	(1,759,101)	-	(1,759,101)
Share-based payments	10	-	219,482	-	-	219,482
Stock options exercised	10	55,022	(22,522)	-	-	32,500
Translation of foreign operations		-	-	-	(26,118)	(26,118)
Balance at June 30, 2021		\$8,685,168	\$1,613,129	\$22,218,801	\$(61,235)	\$32,455,863

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Stated in Canadian dollars, unaudited

For the	Notes	Three months ended June 30,		Six months ended June 30,	
		2022	2021	2022	2021
Cash flows from (used in) operating activities					
Loss for the period		\$(457,911)	\$(873,214)	\$(823,530)	\$(1,759,101)
Adjustments for:					
Income tax recovery		(141,353)	(323,083)	(200,100)	(561,163)
Depreciation of property and equipment	3	525,096	506,859	1,064,372	1,017,287
Depreciation of right-of-use assets	6	56,091	43,856	112,127	78,271
Amortization of intangible assets	4	35,031	71,783	70,062	143,435
Lease interest	6	6,829	6,416	14,330	11,803
Share-based payments	10	118,659	89,724	219,246	219,482
Movements in non-cash working capital		(720,422)	421,451	(404,651)	69,110
Income tax refund (paid)		(1,476)	-	39,748	973
Net cash provided by (used in) operating activities		(579,456)	(56,208)	91,604	(779,903)
Cash used in investing activities					
Payments for property and equipment		(4,621)	-	(22,654)	(9,413)
Payments for intangible assets		(262,830)	(121,460)	(533,881)	(121,460)
Payments for investments		(251,544)	-	(251,544)	-
Net cash used in investing activities		(518,995)	(121,460)	(808,079)	(130,873)
Cash from financing activities					
Proceeds from exercise of stock options	10	-	16,250	-	32,500
Receipt of government grant	7	-	-	801,209	120,000
Lease obligations payments	6	(62,542)	(48,808)	(123,975)	(87,262)
Net cash provided (used in) by financing activities		(62,542)	(32,558)	677,234	65,238
Net increase (decrease) in cash					
Cash at beginning of the period		(1,160,993)	(210,226)	(39,241)	(845,538)
Cash at beginning of the period		15,773,251	15,663,561	14,660,080	16,307,029
Effects of exchange rate changes on the balance of cash held in foreign currencies		18,388	(18,608)	9,807	(26,764)
Cash at end of the period		\$14,630,646	\$15,434,727	\$14,630,646	\$15,434,727

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

1. DESCRIPTION OF BUSINESS

Questor Technology Inc., incorporated in Canada under the Business Companies Act (Alberta) is an environmental emissions reduction technology company founded in 1994, with global operations. The Company is focused on clean air technologies that safely and cost effectively improve air quality, support energy efficiency and greenhouse gas emission reductions. The Company designs, manufactures and services high efficiency clean combustion systems that destroy harmful pollutants, including Methane, Hydrogen Sulfide gas, Volatile Organic Hydrocarbons, Hazardous Air Pollutants and BTEX (Benzene, Toluene, Ethylbenzene and Xylene) gases within waste gas streams at 99.99 percent efficiency. This enables its clients to meet emission regulations, reduce greenhouse gas emissions, address community concerns and improve safety at industrial sites. The Company also has proprietary heat to power generation technology and is currently targeting new 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 is also doing research and development on data solutions to deliver an integrated system that amalgamates all of the emission detection data available and demonstrates how Questor's clean combustion and power generation technologies can be used to help clients achieve zero emission targets.

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

(a) Statement of compliance

These unaudited interim 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, 2021. All financial information is reported in Canadian dollars, unless otherwise noted.

These financial statements were authorized for issue by the Company's Board of Directors on August 26, 2022.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments that have been measured at fair value.

Certain comparative figures in the condensed consolidated notes to the financial statements have been reclassified to conform to the current year's presentation.

(c) Accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements as of and for the year ended December 31, 2021.

There are standards and interpretations that are issued, but not yet effective, however the Company does not expect them to have any significant impact on the Company's financial statements in the future periods.

(d) Significant accounting estimates and judgements

The preparation of the interim condensed consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported assets, liabilities, revenues, expenses and the disclosure of contingencies. Actual results may differ significantly from these estimates. A description of the significant accounting judgements, estimates and assumptions are set out in annual audited financial statements for the year ended December 31, 2021.

3. PROPERTY AND EQUIPMENT

Cost	Rental incinerators and trailers	Light vehicles, tools & equipment	Office equipment & leasehold improvements	Total
Balance at December 31, 2021	\$21,862,198	\$1,272,587	\$335,171	\$23,469,956
Additions	-	21,309	1,345	22,654
Foreign currency translation	-	13,749	424	14,173
Balance at June 30, 2022	\$21,862,198	\$1,307,645	\$336,940	\$23,506,783
Accumulated depreciation				
Balance at December 31, 2021	\$8,687,657	\$779,951	\$212,413	\$9,680,021
Depreciation charges included in:				
Cost of sales	957,237	89,188	4,259	1,050,684
Depreciation expense	-	-	13,688	13,688
Foreign currency translation	-	8,672	334	9,006
Balance at June 30, 2022	\$9,644,894	\$877,811	\$230,694	\$10,753,399
Carrying amounts				
Balance at December 31, 2021	\$13,174,541	\$492,636	\$122,758	\$13,789,935
Balance at June 30, 2022	\$12,217,304	\$429,834	\$106,246	\$12,753,384

4. INTANGIBLE ASSETS

Cost	Heat to power development	Software and data system	Patents and other	Total
Balance at December 31, 2021	\$2,544,547	\$238,010	\$359,034	\$3,141,591
Additions	514,677	-	19,204	533,881
Balance at June 30, 2022	\$3,059,224	\$238,010	\$378,238	\$3,675,472
Accumulated Amortization				
Balance at December 31, 2021	\$1,811,166	\$19,834	\$352,393	\$2,183,393
Amortization	28,880	39,669	1,513	70,062
Balance at June 30, 2022	\$1,840,046	\$59,503	\$353,906	\$2,253,455
Carrying Amounts				
Balance at December 31, 2021	\$733,381	\$218,176	\$6,641	\$958,198
Balance at December 31, 2021	\$1,219,178	\$178,507	\$24,332	\$1,422,017

During six months of 2022, the Company capitalized costs of \$514,677 (\$121,460 in the six months of 2021) associated with its waste heat to power project that is being partially funded by Sustainable Development Technology Canada ("SDTC") (see note 7). The Company has also expensed certain administrative costs relating to this waste heat to power project and other research and development project costs that do not yet meet the criteria for capitalization in the amount of \$290,966 in the six months of 2022 (2021 - \$67,413). Subsequent to the period end, the Company received \$100,000 of funding through its partnership with SAIT and WD related to the integrated emissions data measurement and reporting platform project.

5. INVESTMENT AND BORROWING FACILITIES

The Company cancelled its \$1 million operating loan and \$5 million capital loan facilities and the bank released its general security agreement over the Company's assets. The Company retained the \$100,000 letter of credit guarantee facility for use with suppliers and its corporate credit card program. The Company put CDN\$200,000 and USD\$40,000 of cash into one-year redeemable term deposit as general security for these remaining facilities. None of the remaining facilities are subject to standby fees and there is no specified facility expiration or renewal date.

6. RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS

The Company's leasing activities comprise buildings and yard leases. As at June 30, 2022, the carrying amounts of the Company's recognized right-of-use assets are \$479,279 (December 31, 2021- \$587,541). The following table sets out the movement in the lease obligations:

Lease Obligations	
Balance at December 31, 2021	\$623,595
Additions	-
Interest	14,330
Lease payments	(123,975)
Foreign currency translation	3,825
Balance at June 30, 2022	\$517,775
Lease obligations due within one year	\$234,230
Lease obligations due beyond one year	283,545
	\$517,775

7. GOVERNMENT GRANTS AND DEFERRED GRANT BENEFITS

(a) Western Economic Diversification Grant

Balance at December 31, 2021	\$716,927
Additions	-
Accretion	44,105
Repayments	-
Balance at June 30, 2022	\$761,032
Current portion	160,800
Long-term portion	600,232
	\$761,032

(b) Deferred grant benefits

	Alberta Innovates	Sustainable Development Technology Canada	Western Economic Diversification	Total
Balance at December 31, 2021	\$13,982	\$ -	\$249,259	\$263,241
Recognized	(13,982)	-	(44,105)	(58,087)
Balance at June 30, 2022	\$ -	\$750,209	\$205,154	\$955,363
Current portion	-	750,209	92,443	842,652
Long-term portion	-	-	112,710	112,710
	\$ -	\$750,209	\$205,153	\$955,362

8. TAXES

Income tax expense (recovery) is recognized based on Management's best estimate of the weighted average annual effective income tax rate expected for the full financial year. During the period the Company filed tax returns to carry back tax losses and recover \$347,591 of previous taxes paid. This has been recorded as a current tax receivable.

9. ISSUED CAPITAL

For the	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Loss for the period	\$(457,911)	\$(873,214)	\$(823,530)	\$(1,759,101)
Weighted average number of common shares, basic and diluted	27,761,858	27,456,823	27,761,858	27,440,369
Basic and diluted loss per share	\$(0.02)	\$(0.03)	\$(0.03)	\$(0.06)

The Company is authorized to issue an unlimited number of common shares. As of June 30, 2022 the Company has 27,761,858 shares issued and outstanding (December 31, 2021 - 27,761,858).

The calculation of diluted loss per share for the periods ended June 30, 2022 and June 30, 2021 excludes the effects of Stock Options, PSU's, and RSU's, as their impacts would be anti-dilutive.

10. SHARE-BASED PAYMENTS

The Company has a stock option plan, restricted share unit plan, performance share unit plan and deferred share unit plan for the directors, officers, consultants and key employees and affiliates of the Company. Total share-based payment costs associated with these plans for the six months ended June 30, 2022 were \$219,246 (2021 - \$219,482).

(a) Stock options

The following table provides a continuity of the Company's stock option plan in units.

	Number	Exercise price (1)
Balance at December 31, 2021	317,625	3.28
Granted	-	-
Forfeited	(11,000)	3.29
Exercised	-	-
Expired	-	-
Balance at June 30, 2022	306,625	3.27
Exercisable at June 30, 2022	254,375	3.26

⁽¹⁾ Weighted average

(b) Performance Share Unit and Restricted Share Unit Plans

The following table provides a continuity of the Company's PSU&RSU plans in units.

	PSU's	RSU's
Balance at December 31, 2021	173,453	362,735
Granted	-	30,000
Forfeited	-	(35,345)
Settled	-	-
Balance at June 30, 2022	173,453	357,390

On July 4, 2022, the Company granted 127,500 RSU's and 127,500 PSU's at a fair value of \$1 to certain of its officers and directors.

(c) Deferred Share Unit Plan

During the period ended June 30, 2022, the Company received approval from its shareholders and the TSX Venture Exchange to implement a deferred share unit plan for the Company's Directors.

On July 4, 2022, the Company granted 16,876 DSU's at a fair value of \$1 to its directors.

11. REVENUE BY GEOGRAPHIC SEGMENT

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 June 30, 2022	Canada	United States	Consolidated
Equipment sales	\$1,618,122	\$867	\$1,618,989
Equipment rentals	-	667,213	667,213
Equipment service & repairs	36,028.00	131,999	168,027
	\$1,654,150	\$800,079	\$2,454,229

For the three months ended June 30, 2021

	Canada	United States	Consolidated
Equipment sales	\$613,815	\$30,293	\$644,108
Equipment rentals	-	390,167	390,167
Equipment service & repairs	55,159	94,606	149,765
	\$668,974	\$515,066	\$1,184,040

For the six months ended June 30, 2022

	Canada	United States	Consolidated
Equipment sales	\$3,443,715	\$8,569	\$3,452,284
Equipment rentals	-	1,264,967	1,264,967
Equipment service & repairs	56,839	267,846	324,685
	\$3,500,554	\$1,541,382	\$5,041,936

For the six months ended June 30, 2021

	Canada	United States	Consolidated
Equipment sales	\$1,443,163	\$91,433	\$1,534,596
Equipment rentals	-	932,427	932,427
Equipment service & repairs	98,764	166,644	265,408
	\$1,541,927	\$1,190,504	\$2,732,431

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

Intangible assets

As at	June 30, 2022
Canada	\$1,422,017
United States	-
	\$1,422,017

Property and equipment and right-of-use assets

As at	June 30, 2022
Canada	\$808,052
United States	12,404,611
	\$13,232,663

12. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, investments, trade, contract assets and other receivables, trade payables, accrued liabilities and provisions, and a repayable government grant. The Company did not hold any derivative financial instruments during the period.

Fair values

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 except for the repayable government grant.

Judgment is required in interpreting market data to develop the estimates of fair value. These estimates are not necessarily indicative of the amounts we could realize in current markets. The fair value of the government grant is determined based on market-based prices and is classified as Level 2 on the fair value hierarchy.

Credit risk

Credit risk arises from the potential that one or more counterparties fail to meet their obligations. A substantial amount of the Company's trade and contract receivables, which relate to the Company's revenues, are with customers in the oil and gas industry and are subject to normal industry credit risks. The Company mitigates this risk through its credit policies and practices including the use of credit limits and approvals, and by monitoring the financial condition of its customers. Payment terms with customers vary by contract. Standard payment terms are 30 days from invoice date.

At June 30, 2022, the Company's receivables greater than 90 days includes an amount of \$923,000 related to commissioning three waste heat to power facilities in Mexico. Questor has renegotiated the terms of the letters of credit with the customer based on the maximum output of available gas supply and received confirmation that the new letters of credit are currently in process with the bank.

The Company is also exposed to the risk of dependence on a few customers for a significant amount of the Company's revenue. The Company notes that equipment sales revenue which comprises a significant portion of total revenue, generally relates to a small number of customers each year but these customers change each year. The Company bills and collects equipment revenue throughout the contract which reduces collection risk. There is a concentration of rental and related service repair revenue. For the three and six months ended June 30, 2022, there were two customers who comprised 72 percent and 77 percent of total rental, service and repair revenue respectively (For the three and six months ended June 30, 2021 – 53 percent and 50 percent respectively).

Liquidity risk

The Company has positive net working capital as of June 30, 2022 of \$16,202,007 (December 31, 2021 - \$16,274,715).

Foreign currency risk

The Company is exposed to foreign exchange risk associated with foreign operations where assets, liabilities, revenue and costs are denominated in US dollars. The impact of this exposure is recorded as a cumulative translation adjustment in other comprehensive income. The net foreign exchange impact is insignificant for the three and six months ended June 30, 2022 and 2021.

The Company is also exposed to the impact of foreign currency fluctuations in its Canadian operations on sales and purchases of products and services from vendors primarily in the United States which resulted in a foreign exchange gain of \$115,319 and \$74,356 for the three and six months ended June 30, 2022 (three months and six months to June 30, 2021- loss of \$80,953 and \$150,945). The Company mitigates some of the foreign currency risk by keeping a US dollar bank account to receive US payments and fund US dollar purchases.

13. COMMITMENTS AND CONTINGENCIES

The Company has lease commitments for premises and storage facilities as disclosed in note 22 of the 2021 annual financial statements. As at June 30, 2022, the Company has entered into purchase commitments for materials required to build the 1500kw prototype unit for its waste heat to power research and development project in the amount of \$1,267,324.

During the three and six months ended June 30, 2022, the Company continued to pursue its claim against Emissions RX related to infringement on the Company's intellectual property. From time to time, the Company is also subject to other legal proceedings, settlements, investigations, claims and actions arising from the normal course of business. While the final outcome of such actions and proceedings cannot be predicted with certainty, the Company believes that the resolution of such matters will not have a material impact on the Company's financial position or results of operations as at June 30, 2022.

14. RELATED PARTY TRANSACTIONS

The Company defines key management personnel as being the directors, Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer. In addition to their salaries, benefits and directors' fees, the Company also provides non-cash benefits including participation in the Company's stock option, RSU, PSU and DSU plans. There were no other related party transactions during the three and six months ended June 30, 2022.