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, 2024 and 2023.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Stated in Canadian dollars, unaudited

	Notes	**June 30, 2024**	December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents		**$3,758,867**	$4,327,048
Investments	5	**5,071,209**	8,183,893
Trade, contract assets and other receivables		**1,863,910**	1,211,474
Inventory		**402,565**	351,778
Prepaid expenses and deposits		**326,733**	150,415
Current tax assets	8	**16,072**	55,417
Total current assets		**11,439,356**	14,280,025
Non-current assets			
Property and equipment	3	**6,674,409**	7,055,543
Right-of-use assets	6	**627,355**	233,037
Intangible assets	4	**7,340,084**	4,714,694
Deferred tax assets	8	**844,647**	842,521
Total non-current assets		**15,486,495**	12,845,795
Total assets		**$26,925,851**	27,125,820
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables, accrued liabilities and provisions		**$830,872**	$1,107,142
Deferred revenue		**100,197**	10,000
Current portion of lease obligations	6	**168,085**	192,845
Current portion of repayable government grant	7	**321,600**	321,600
Current portion of deferred grant benefits	7	**2,181,046**	804,260
Total current liabilities		**3,601,800**	2,435,847
Non-current liabilities			
Lease obligations	6	**483,164**	63,385
Repayable government grant	7	**119,036**	248,818
Deferred grant benefits	7	**5,560**	20,118
Total non-current liabilities		**607,760**	332,321
Total liabilities		**4,209,560**	2,768,168
Shareholders' equity			
Issued capital		**9,418,733**	9,519,917
Contributed surplus		**1,502,562**	1,420,061
Retained earnings		**11,797,907**	13,456,893
Accumulated other comprehensive loss		**(2,911)**	(39,219)
Total shareholders' equity		**22,716,291**	24,357,652
Total liabilities and shareholders' equity		**$26,925,851**	$27,125,820
Commitments and contingencies	13		
Subsequent event	15		

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

Approved by the Board of Directors:

(signed) Paul Huizinga
Paul Huizinga, Director

(signed) Audrey Mascarenhas
Audrey Mascarenhas, Director

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Stated in Canadian dollars except per share data, unaudited

For the		Three months ended June 30,		Six months ended June 30,	
	Notes	**2024**	2023	**2024**	2023
Revenue	11	**$870,360**	$2,216,578	**$1,601,978**	$4,055,353
Cost of sales		**828,204**	1,408,873	**1,347,547**	2,505,132
Gross profit		**42,156**	807,705	**254,431**	1,550,221
Administration expenses		**919,215**	921,249	**1,802,366**	1,793,477
Research and development expenses	4	**93,174**	139,977	**173,038**	242,788
Share based payments	10	**43,690**	93,831	**82,501**	177,534
Depreciation expense		**28,450**	32,410	**56,967**	64,073
Amortization of intangible assets	4	**571**	35,031	**1,229**	70,063
Net foreign exchange (gains) losses		**(30,860)**	104,733	**(124,860)**	109,932
Other (income) expense		**(51,991)**	(113,106)	**(139,426)**	(183,371)
Loss before tax		**(960,093)**	(406,420)	**(1,597,384)**	(724,275)
Income tax expense (recovery)	8	**6,153**	95,357	**5,621**	(47,630)
Loss for the period		**$(966,246)**	$(501,777)	**$(1,603,005)**	$(676,645)
Other comprehensive loss					
Items that may be reclassified to profit and loss in subsequent periods:					
Exchange gains (losses) on translating foreign operations		**13,559**	(62,702)	**36,308**	(58,962)
Total comprehensive loss		**$(952,687)**	$(564,479)	**$(1,566,697)**	$(735,607)
Loss per share					
Basic and diluted	9	**$(0.03)**	$(0.02)	**$(0.06)**	$(0.02)

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 gain (loss)	Total Shareholder's equity
Balance at December 31, 2023		**$9,519,917**	**$1,420,061**	**$13,456,893**	**$(39,219)**	**$24,357,652**
Loss for the period		**-**	**-**	**(1,603,005)**	**-**	**(1,603,005)**
Repurchase of shares for cancellation	9	**(101,184)**	**-**	**(55,981)**	**-**	**(157,165)**
Share-based payments	10	**-**	**82,501**	**-**	**-**	**82,501**
Translation of foreign operations		**-**	**-**	**-**	**36,308**	**36,308**
Balance at June 30, 2024		**$9,418,733**	**$1,502,562**	**$11,797,907**	**$(2,911)**	**$22,716,291**
Balance at December 31, 2022		$9,390,136	$1,560,422	$18,263,305	$(19,075)	$29,194,788
Loss for the period		-	-	(676,645)	-	(676,645)
Share-based payments	10	-	177,534	-	-	177,534
Restricted share units settled	10	14,500	(14,500)	-	-	-
Translation of foreign operations		-	-	-	(58,962)	(58,962)
Balance at June 30, 2023		$9,404,636	$1,723,456	$17,586,660	$(78,037)	$28,636,715

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, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Cash flows from (used in) operating activities					
Loss for the period		**$(966,246)**	$(501,777)	**$(1,603,005)**	$(676,645)
Adjustments for:					
Income tax expense (recovery)		**6,153**	95,357	**5,621**	(47,630)
Depreciation of property and equipment and right-of-use assets		**322,490**	510,316	**658,246**	1,048,213
Amortization of intangible assets	4	**571**	35,031	**1,229**	70,063
Gain on disposal of property and equipment		**-**	-	**(15,211)**	-
Lease interest	6	**5,686**	5,939	**8,920**	12,748
Share-based payments	10	**43,690**	93,831	**82,501**	177,534
Accrued investment interest	5	**(28,604)**	(98,129)	**(23,384)**	(223,970)
Realized interest on investments	5	**(54,184)**	(9,059)	**(152,184)**	(9,059)
Movements in non-cash working capital		**25,316**	(47,977)	**95,972**	322,563
Income tax refund (paid)		**26,921**	(2,912)	**39,190**	(32,487)
Net cash provided by (used in) operating activities		**(618,207)**	80,620	**(902,105)**	641,330
Cash flows from (used in) investing activities					
Payments for property and equipment		**(18,517)**	(20,912)	**(124,937)**	(20,912)
Payments for intangible assets		**(1,712,000)**	(663,993)	**(2,394,960)**	(1,034,518)
Net redemptions (additions) of investments	5	**2,169,875**	977,822	**3,169,875**	(3,052,128)
Interest received from investments	5	**54,184**	9,059	**152,184**	9,059
Unrealized translation on investments	5	**117**	29,344	**(33,807)**	29,344
Net cash provided by (used in) investing activities		**493,659**	331,320	**768,355**	(4,069,155)
Cash flows from (used in) financing activities					
Lease obligations payments	6	**(67,104)**	(74,778)	**(141,872)**	(150,302)
Repuchase of shares		**(110,762)**	-	**(157,165)**	-
Payment of government grant	7	**(80,400)**	(80,400)	**(160,800)**	(160,800)
Net cash used in financing activities		**(258,266)**	(155,178)	**(459,837)**	(311,102)
Net increase (decrease) in cash		**(382,814)**	256,762	**(593,587)**	(3,738,927)
Cash and cash equivalents at beginning of the period		**4,131,375**	4,952,263	**4,327,048**	8,943,710
Effects of exchange rate changes on the balance of cash held in foreign currencies		**10,306**	(52,643)	**25,406**	(48,401)
Cash and cash equivalents at end of the period		**$3,758,867**	$5,156,382	**$3,758,867**	$5,156,382

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 – 4th Avenue S.W. Calgary, Alberta, Canada, T2P 3N3.

2. BASIS OF PREPARATION

Statement of compliance

These unaudited interim condensed 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, 2023. 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 14, 2024.

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.

Accounting policies and future accounting pronouncements

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, 2023. 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.

In April 2024, the IASB issued new IFRS 18 - Presentation and Disclosure in Financial Statements ("IFRS 18") replacing IAS 1. The new guidance is expected to improve the usefulness of information presented and disclosed in the financial statements of companies. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027, with early adoption permitted. The Company is currently assessing the impact of this new IFRS accounting standard on its consolidated financial statements.

Critical accounting estimates and judgments

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 critical accounting judgements, estimates and assumptions are set out in annual audited financial statements for the year ended December 31, 2023.

3. PROPERTY AND EQUIPMENT

Cost	**Rental incinerators and trailers**	**Light vehicles, tools & equipment**	**Office equipment & leasehold improvements**	**Total**
	$22,424,944	$1,303,751	$362,074	$24,090,769
Additions	**37,027**	**110,909**	**-**	**147,936**
Disposals	**-**	**(55,706)**	**-**	**(55,706)**
Foreign currency translation	**-**	**29,177**	**940**	**30,117**
Balance at June 30, 2024	**$22,461,971**	**$1,388,131**	**$363,014**	**$24,213,116**
Accumulated depreciation				
Balance at December 31, 2023	$15,565,540	$1,164,571	$305,115	$17,035,226
Depreciation charges included in:				
Cost of sales	**490,342**	**29,583**	**118**	**520,043**

Depreciation expense	**-**	**-**	**5,026**	**5,026**
Disposals	**-**	**(47,917)**	**-**	**(47,917)**
Foreign currency translation	**-**	**25,431**	**898**	**26,329**
Balance at June 30, 2024	**$16,055,882**	**$1,171,668**	**$311,157**	**$17,538,707**
Carrying amounts				
Balance at December 31, 2023	$6,859,404	$139,180	$56,959	$7,055,543
Balance at June 30, 2024	**$6,406,089**	**$216,463**	**$51,857**	**$6,674,409**

IFRS Impairment Assessment of Non-Financial Assets

As at June 30, 2024, the Company performed its assessment of potential impairment indicators for its non-financial assets and noted the Company's net asset value was greater than its market capitalization. The Company performed an impairment test for its one cash generating unit. No impairment was recognized in the second quarter of 2024 as the estimated recoverable amount exceeded the carrying value of the non-financial assets.

4. INTANGIBLE ASSETS

Cost	Heat to power development	Software and data systems	Patents	Total
Balance at December 31, 2023	6,676,504	238,010	360,524	7,275,038
Additions	**2,626,619**	**-**	**-**	**2,626,619**
Balance at June 30, 2024	**$9,303,123**	**$238,010**	**$360,524**	**$9,901,657**
Accumulated Amortization				
Balance at December 31, 2023	$1,963,887	$238,010	$358,447	$2,560,344
Amortization [(1)]	**-**	**-**	1,229	1,229
Balance at June 30, 2024	**$1,963,887**	**$238,010**	**$359,676**	**$2,561,573**
Carrying Amounts				
Balance at December 31, 2023	$4,712,617	$-	$2,077	$4,714,694
Balance at June 30, 2024	**$7,339,236**	**$-**	**$848**	**$7,340,084**

(1) Previously developed ORC technology is amortized under heat to power development. Amortization of the technology currently under development has not yet commenced.

During six months of 2024, the Company has capitalized costs of $2,626,619 (2023 - $1,309,080) 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 $173,038 in the first six months of 2024 (2023 - $242,788).

5. INVESTMENTS AND BORROWING FACILITIES

The Company has invested in Canadian redeemable guaranteed investment certificates and US dollar redeemable term deposits with varying maturity dates from 180 days to one year. Interest is paid at maturity and ranges from a fixed annual rate of 3.25 percent to 5.21 percent.

Investments	
Balance at December 31, 2023	$8,183,893
Additions	**1,000,000**
Redeemed	**(4,169,875)**
Accrued interest	**175,568**
Redeemed interest	**(152,184)**
Foreign currency translation	**33,807**
Balance at June 30, 2024	**$5,071,209**

The Company has a $100,000 letter of credit guarantee facility for use with suppliers as well as a corporate credit card program. There are no standby fees and no specified facility expiration or renewal date. The Company put CND$200,000 and USD$40,000 of cash into one-year redeemable term deposits which expire in June 2025, as general security for its corporate credit card program.

6. RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS

The Company's leasing activities comprise buildings and yard leases. As at June 30, 2024, the carrying amounts of the Company's recognized right-of-use assets are $627,355 (December 31, 2023 - $233,037). The following table sets out the movement in the lease obligations:

Lease Obligations	
Balance at December 31, 2023	$256,230
Additions	**526,573**

Interest	**8,920**
Lease payments	**(141,872)**
Foreign currency translation	**1,398**
Balance at June 30, 2024	**$651,249**

Lease obligations due within one year	$168,085
Lease obligations due beyond one year	483,164
	$651,249

In May 2024, the Company completed the term of its lease for Colorado shop. The right-of-use (ROU) asset and corresponding lease liability associated with this lease were derecognized upon the lease's completion. No gain or loss was recognized in profit or loss upon derecognition. Similarly, in May 2024, the Company entered a new 61-months term lease in Colorado. In July, 2024, the Company renewed its lease for the Grand Prairie facility for an additional year, commencing in October of 2024. The Grand Prairie lease has a termination clause of a two months' notice.

7. REPAYABLE GOVERNMENT GRANTS AND DEFERRED GRANT BENEFITS

(a) Western Economic Diversification Grant

Balance at December 31, 2023	$570,418
Accretion	**31,018**
Repayments	**(160,800)**
Balance at June 30, 2024	**$440,636**
Current portion	321,600
Long-term portion	119,036
	$440,636

(b) Deferred grant benefits

	Sustainable Development Technology Canada	**Western Economic Diversification**	**Total**
Balance at December 31, 2023	$750,209	$74,169	$824,378
Additions	**1,393,246**	**-**	**1,393,246**
Recognized	**-**	**(31,018)**	**(31,018)**
Balance at June 30, 2024	**$2,143,455**	**$43,151**	**$2,186,606**
Current portion	2,143,455	37,591	2,181,046
Long-term portion	-	5,560	5,560
	$2,143,455	**$43,151**	**$2,186,606**

In June, the Company recognized the final payment of the SDTC milestone one totaling $1,393,246 with reasonable assurance the conditions of receiving the grant have been met, and grant disbursal is expected to be received by the end of 2024.

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 year. The Company recorded $367,398 of valuation allowance against deferred tax assets recognised during the six months ended June 30, 2024. The Company intends to continue maintaining a full valuation allowance on its deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of these allowances.

9. ISSUED CAPITAL

For the	Three months ended June 30,		Six months ended June 30,	
	2024	2023	**2024**	2023
Loss for the period	**$(966,246)**	$(501,777)	**$(1,603,005)**	$(676,645)
Weighted average number of common shares, basic and diluted	**27,906,936**	27,933,299	**27,967,757**	27,931,299
Basic and diluted loss per share	**$(0.03)**	$(0.02)	**$(0.06)**	$(0.02)

The Company is authorized to issue an unlimited number of common shares.

On February 9, 2024, Questor commenced Normal Course Issuer Bid ("NCIB") allowing Questor to purchase a maximum of 1,400,000 common shares over the 12-month period for cancellation. NCIB is effective until the earliest of (i) February 7, 2025, (ii) the Company purchasing the maximum of 1,400,000 Shares, and (iii) the Company terminating the NCIB. In connection with the current NCIB, Questor entered into an automatic share purchase plan ("ASPP") with its designated broker to enable the purchase of shares during blackout periods during which the Company would not ordinarily be permitted to purchase shares. Purchases under the ASPP during those periods are determined by the designated broker in its sole discretion based on the purchasing parameters set by Questor in accordance with the rules of the TSX Venture Exchange, applicable securities laws and the terms of the ASPP. Outside of the periods noted above, purchases under the current NCIB are completed at Questor's discretion. As of June 30, 2024 under the current NCIB and the instructions in place with the broker, Questor purchased for cancellation of 298,000 shares for the weighted average of $0.52. As of June 30, 2024 the Company has 27,739,194 shares issued and outstanding (December 31, 2023 – 28,037,194).

The calculation of diluted loss per share for the three and six months ended June 30, 2024 and 2023 excludes the effects of Stock Options, PSU's, RSU's, and DSU'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, key employees and affiliates of the Company. Total share-based payment costs associated with these plans for the six months ended June 30, 2024 were expense of $82,501 (2023 - expense of $177,534).

(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, 2023	129,000	1.01
Forfeited	**(25,000)**	**1.36**
Expired	**(4,000)**	**5.09**
Balance at June 30, 2024	**100,000**	**0.76**
Exercisable at June 30, 2024	**-**	**-**

[1] *Weighted average*

(b) Performance Share Unit, Restricted Share Unit and Deferred Share Unit Plans

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

	PSU's	RSU's	DSU's
Balance at December 31, 2023	293,333	472,332	184,212
Forfeited	**(128,333)**	**(121,666)**	**(92,106)**
Balance at June 30, 2024	**165,000**	**350,666**	**92,106**

During the second quarter of 2024, the Board of Directors approved the issuance of 25,000 stock options, 100,000 performance share units, and 105,167 restricted share units to officers and employees. The share-based awards will be issued in third quarter.

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 management. The following tables provide information regarding revenue on a geographic basis, as determined by the location of the customer or third party, and the location of the Company's non-current assets on a geographic basis.

For the three months ended June 30, 2024	**Canada**	**United States**	**Consolidated**
Equipment sales	**$131,884**	**$183,243**	**$315,127**
Equipment rentals	**31,675**	**523,558**	**555,233**
	$163,559	**$706,801**	**$870,360**
For the three months ended June 30, 2023 [2]	Canada	United States	Consolidated
Equipment sales	$1,127,162	$17,542	$1,144,704
Equipment rentals	-	1,071,874	1,071,874
	$1,127,162	$1,089,416	$2,216,578

[1] *The comparative figures for the three and six months ended June 30, 2023 were reclassified to conform to the current periods revenue presentation. For the three and six months ended June 30, 2023, service revenue of $99,748 and $171,574 was included in equipment sales and $220,597 and $394,417 was included in equipment rentals respectively.*

For the six months ended June 30, 2024	**Canada**	**United States**	**Consolidated**
Equipment sales	**$212,686**	**$198,164**	**$410,850**
Equipment rentals	**68,163**	**1,122,965**	**1,191,128**
	$280,849	**$1,321,129**	**$1,601,978**
For the three months ended June 30, 2023 (1)	Canada	United States	Consolidated
Equipment sales	$1,539,786	$393,134	$1,932,920
Equipment rentals	-	2,122,433	2,122,433
	$1,539,786	$2,515,567	$4,055,353

Intangible assets

As at	**June 30, 2024**
Canada	**7,340,084**
United States	**-**
	$7,340,084

Property and equipment and right-of-use assets

As at	**June 30, 2024**
Canada	**459,054**
United States	**6,842,710**
	$7,301,764

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 the invoice date.

The Company is also exposed to the risk of dependence on a few customers for a significant amount of the Company's revenue. This is to be expected given the complexity involved in engineering solutions for each client's needs, to ensure our products operate safely within paraments. The Company notes that equipment sales 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 equipment sales and equipment rental and related service revenue that is associated to the equipment and rental revenue. For the three and six months ended June 30, 2024, there were four customers who comprised 86 percent of revenues, and three customers who comprised 63 percent of total revenue respectively. For the three and six months ended June 30, 2023 – two customers who comprised 75 percent and three customers who comprised 75 percent respectively(1).

Liquidity risk

The Company has positive net working capital as of June 30, 2024 of $7,837,556 (December 31, 2023 - $11,844,178).

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.

(1) The comparative figures for the three and six months ended June 30, 2023 were reclassified to conform to the current periods revenue presentation. For the three and six months ended June 30, 2023, service revenue of $99,748 and $171,574 was included in equipment sales and $220,597 and $394,417 was included in equipment rentals respectively.

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 $30,860 and $124,860 for the three and six months ended June 30, 2024 respectively (for the three and six months ended 2023 – loss of $104,733 and 109,932 respectively). The Company mitigates some of the foreign currency risk by keeping a US dollar bank account to receive US payments, and fund US dollar expenses in the Canadian entity.

13. COMMITMENTS AND CONTINGENCIES

The Company has lease commitments for premises and storage facilities as disclosed in note 22 of the 2023 annual financial statements. As at June 30, 2024, the Company has entered into purchase commitments for materials required to build the 1500kw waste to heat prototype unit in the amount of $749,149.

During the six months ending June 30, 2024, the Company continued to pursue its claim against Emissions Rx related to infringement on the Company's intellectual property. In February 2024, the Court requested the parties make additional submissions towards the procedure for resolving the Company's contempt application. In June 2024, the primary individuals comprising Emissions Rx, were found guilty of civil contempt of court. They have filed a civil notice of appeal of the decision in July 2024. A hearing is scheduled for late August 2024 to determine a schedule for the "penalty" phase of the contempt application.

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, 2024.

14. RELATED PARTY TRANSACTIONS

The Company defines key management personnel as being the Board of Directors, Chief Executive Officer, Chief Financial Officer, and VP Global Operations and Engineering.

In addition to their salaries, benefits and directors' fees, the Company also provides non-cash benefits including participation in the Company's stock option, restricted performance and deferred share unit plans.

In June, 2024 the Company paid the accrued signing bonus of $150,000 awarded to the Chief Executive Officer upon her re-appointment in September 2023 (2023 – nil).

15. SUBSEQUENT EVENT

As of August 14, 2024, under the current NCIB and the instructions in place with the broker, Questor has purchased for cancellation of 391,500 shares for the weighted average share price of $0.55.