MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis ("MD&A") is dated April 17, 2024, and is a review of Questor Technology Inc. ("Questor" or the Company") financial condition and results of operations prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with the audited consolidated financial statements and notes of Questor as of December 31, 2023. This MD&A contains forward-looking information or statements. See the legal advisory related to this in the *Forward-Looking Statements* section of this MD&A.

QUESTOR'S BUSINESS OVERVIEW

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 per its ISO 14034 Certification. 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, and cement plant waste heat, in addition to a wide variety of oil and gas projects. The combination of Questor's clean combustion and power generation technologies can help clients achieve net zero emission targets for minimal cost. 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 to demonstrate a clear picture of the site's emission profile.

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.

CONSOLIDATED FINANCIAL RESULTS

	Three months ended December 31,		Twelve months ended December 31,	
For the	**2023**	2022	**2023**	2022
(Stated in CDN $)				
Revenue	**1,445,128**	1,664,962	**7,190,871**	8,380,827
Gross profit	**738,031**	486,695	**2,730,907**	2,033,774
Loss for the period	**(891,982)**	(890,370)	**(4,806,412)**	(1,726,212)
Loss per share - basic and diluted	**(0.03)**	(0.03)	**(0.17)**	(0.06)

As at	**December 31, 2023**	December 31, 2022
(Stated in CDN $)		
Working capital[1]	**11,844,178**	15,005,682
Total assets	**27,125,820**	33,872,553
Total equity	**24,357,652**	29,194,788

Revenue for the three and twelve months ended December 31, 2023, has decreased by $0.2 million and $1.2 million compared to the same periods in 2022. Rental revenue for the three and twelve months ended December 31, 2023[2] was $0.9 million and $4.0 million compared to $1.0 million and $3.3 million for the same period in 2022[2] and equipment sales revenue was $0.6 million and $3.2 million compared to $0.7 million and $5.0 million respectively. The increase of rental revenue for the twelve months ended December 31, 2023, is offset by a decrease of equipment sales revenue.

Gross profit increased $0.3 million and $0.7 million for the three and twelve months ended December 31, 2023, compared to the same periods in 2022. These increases in gross profit are a result of $0.6 million of costs related to the waste to heat power project in Mexico with no associated revenue being recorded in 2022 as well as Company's continued focus on cost control, partially offset with valuation allowance taken against slow moving inventory of $0.2 million and write-off of onerous provision of $0.1 million with the closing of the waste to heat project in Mexico in 2023.

During the twelve months ended December 31, 2023, the Company's net asset value was greater than its market capitalization resulting in an impairment test being performed in accordance with IFRS. An impairment charge of $3.6 million was taken on non-financial assets resulting in an increase in the loss for the twelve months ended December 31, 2023, compared to 2022. The loss for the twelve months ended December 31, 2023, was also impacted by $0.1 million of termination payments, a $0.2 million signing bonus described further in the related party section of this MD&A and $0.8 million of deferred tax valuation allowance.

The Company continues to have a strong financial position at December 31, 2023, including cash and cash equivalents of $4.3 million, $8.2 million of highly liquid short-term investments and working capital of $11.8 million.

[1] Working capital is defined as total current assets less total current liabilities.
[2] Service revenue was realigned, disaggregated, and included within equipment sales and rental revenue lines to accurately reflect the nature of the business activities and provide clearer insight into the drivers of the revenue. Comparative 2022 figures were reclassified to conform to the current year's revenue classification.

2023 HIGHLIGHTS AND SUBSEQUENT EVENTS

The Company is continuing to assemble the prototype for its 1500kw waste heat to power unit and shop testing will commence in the second quarter of 2024. Installation at a third-party site and final field testing is expected to commence in the second half of 2024.

In prior years, the Company filed a claim against three former employees and their company, Emission Rx. The three former employees resigned from the Company over a period of two months, in 2018. After the former employees resigned, the Company learned that the former employees had incorporated Emission Rx on November 14, 2017, several months prior to their departures, and had developed a low-pressure burner technology which they then marketed and sold through Emission Rx. The Company sought injunctive relief to prevent Emission Rx competing in the market against the Company and infringing the Company's intellectual property. The Company asserts ownership of Emission Rx's LP Burner Technology, through the terms of the employment agreements signed by the three former employees or the application of the common law. The court declined to issue the injunction in 2019, however ordered the defendants to deliver all remaining confidential information belonging to the Company. The court's decision included the statement that the Company has demonstrated that it has a prima facie case with respect to its claim that the defendants breached their fiduciary duties and contractual duties of confidentiality. The Company brought a contempt of court application against the three former employees and Emission Rx which was heard in December 2023. In February 2024, the Court requested the parties make additional submissions towards the procedure for resolving the Company's contempt application. The parties are in the process of exchanging further written submissions, and if necessary, an additional hearing is scheduled for May 16, 2024.

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 will be completed at Questor's discretion. As of April 16, 2024 under the current NCIB and the instructions in place with the broker, Questor purchased for cancellation 113,500 shares for the weighted average of $0.57.

Effective February 16, 2024, Ann-Marie Osinski, Chief Financial Officer and Corporate Secretary ("CFO") resigned and Audrey Mascarenhas, President and Chief Executive Officer ("CEO"), has been appointed as interim Chief Financial Officer. With the resignation of the CFO, all her previously granted and outstanding share-based compensation awards have been forfeited.

MARKET OUTLOOK

The global emission regulatory environment is rapidly evolving and continues to develop favorably for the Company's products, as regulators, the courts, investors and the public are putting pressure on the industry to reduce methane emissions, flaring and venting from their operations. Questor is seeing significant global interest in its technology solutions. Methane has become the emission of focus in the battle to stop the global temperature rise. Methane is a climate "super pollutant" and is considered the "low hanging fruit" in climate change mitigation because it's a potent greenhouse gas with **86 times the warming potential** of carbon dioxide over a 20-year period. It also degrades much more quickly than CO_2, meaning that cuts in methane emissions now can have a quick and significant effect on reducing global warming. Reducing methane emissions from sources like the fossil fuel industry is seen as one of the cheapest and most effective ways to combat climate change. Our ISO 14034 certified 99.99% combustion efficiency performance allows our clients to show that their facilities are not emitting methane. Utilizing the heat generated from combusting the methane creates a revenue stream that offsets the costs of getting to zero carbon dioxide equivalent emissions or what is referred to as "Net Zero". Most major oil and gas producers have made net zero goals. The combination of our clean combustion and waste heat to power technology means our clients can achieve their net zero goals for zero net cost.

On December 2, 2023 the Environmental Protection Agency (EPA) in the US issued a final rule to reduce emissions of methane and other harmful air pollution from oil and natural gas operations. This includes New Source Performance Standards (NSPS) to reduce methane and smog-forming volatile organic compounds pursuant to the Clean Air Act. This final rule is effective on May 7, 2024. The EPA is also cracking down on toxic emissions from more than 200 chemical plants as part of a broader effort to reduce cancer cases. Similarly, on November 15, 2023, the European Commission, European Parliament and Council of the European Union, finalized groundbreaking methane import standards to address methane emissions from imported oil and gas. These new standards will have a significant global impact on the industry. The production and operations of any company that exports to the EU will have to adopt these standards in addition to their own local emission regulations. In 2022, Europe imported more oil and related products than any other region across the globe, at roughly 14.4 million barrels per day[1]. The EU's biggest suppliers of crude oil are the United States, Norway, and Kazakhstan[2]. As a result, Kazakhstan and the US will face significant pressure to reduce flaring and venting in their oil producing regions to meet the standards, particularly in areas where significant volumes of gas are being flared. As far as liquefied natural gas is concerned, the United States was the EU's leading supplier in the second quarter of 2023, with a share of 46% in total EU imports followed by the Middle East and North Africa at 21% and Nigeria at 5%[3]. India is the largest supplier of refined fuels to Europe[4].

To meet these new European standards all hydrocarbon energy and product suppliers will have to eliminate their flaring and venting and methane emissions. This has significantly increased the interest in Questor's technology solutions globally. Questor has had an opportunity to visit and provide a proposal to address flaring and venting at two refineries in India with the aim of reducing emissions and improving air quality.

[1] www.statista.com, article titled "Leading crude oil importers worldwide in 2022"; August 29, 2023
[2] ec.europa.eu, article titled "Crude oil imports and prices: changes in 2022"; March 28, 2023
[3] ec.europa.eu, article titled "EU imports of energy products continued to drop in Q2, 2023"; September 25, 2023
[4] www.thehindu.com, article titled: India is now Europe's largest supplier of refined fuels: Kplr; May 1, 2023

Additionally, we have provided proposals to eliminate flaring and venting at upstream facilities in India. In Nigeria, the oil and gas regulator has granted approval to conduct a pilot to use its equipment to demonstrate the opportunity to eliminate flaring and venting onshore. The Company has provided proposals in Iraq and Libya to eliminate flaring and venting at oil battery sites for two major global oil and gas producers. With our 25-year track record successfully eliminating flaring and venting, we are hopeful that Questor can become best practices in these jurisdictions. The Company is addressing this significant international market opportunity through strategic partnerships with companies already operating in those jurisdictions with a strong track record and extensive experience on the ground. Questor has spent the last two years developing relationships with these partners, educating them on our technology and supporting them in client meetings and proposals. Questor has partnered with the following players: In India, Questor has partnered with Hi-Tech, who have been in business since 1989 with 11 locations and a track record introducing technology solutions to the Indian market. Questor is represented by OilSERV, a leading integrated oilfield services company in the Middle East and North Africa region. In Nigeria, Questor is represented by Ar-Rahman Technical Services Nig. Limited. In the Latin America region, Questor has partnered with Hoerbiger, which has over 120 locations in around 50 countries worldwide and has been in business since 1925. Over this period, we have submitted proposals worth over $60 million all of which have the potential to grow our international revenue significantly.

Questor has demonstrated its ability to eliminate flaring, venting and reduce emissions safely, cleanly and cost-effectively along the entire oil and gas value chain. We have worked with Exploration and Production (E&P), Midstream, Processing, Pipeline transportation and Utility companies all around the world. Questor will continue to build on its 25-year track record in North America. Questor has demonstrated its solutions apply to energy companies across the full cycle from drilling wells to production to processing, all the way to transporting the energy to the consumer. In other words, from "well to wheel". Demand for Questor's solutions will increase as the regulations and standards get operationalized and come into effect. Questor sees significant opportunities in both North America and internationally and is also developing a sales team to take advantage of the opportunities in North America. Questor focuses across the entire oil and gas value chain in jurisdictions where there is a strong business case and there is a need for change. With regulator endorsements, ISO 14034 certification on our technology performance and a strong track record, Questor is in a great position to support its clients in this demanding regulatory environment.

FOURTH QUARTER FINANCIAL OVERVIEW

	Three months ended December 31,		Twelve months ended December 31,	
For the	**2023**	2022	**2023**	2022
(Stated in CDN $)				
Revenue	**1,445,128**	1,664,962	**7,190,871**	8,380,827
Cost of sales	**707,097**	1,178,267	**4,459,964**	6,347,053
Gross profit	**738,031**	486,695	**2,730,907**	2,033,774
Percent of gross profit to revenue	**51**	29	**38**	24

REVENUE

Revenue for the three and twelve months ended December 31, 2023 is comprised of:

Equipment Sales

Equipment sales revenue for the three and twelve months ended December 31, 2023[(1)] was $0.6 million and $3.2 million compared to $0.7 million and $5.0 million for the same periods in 2022[(1)]. The reduction in equipment sales is primarily attributed to timing differences resulting from delays and shifting project start dates within the timelines of customer proposals.

Equipment Rentals

Equipment rental revenue for the three and twelve months ended December 31, 2023[(1)], was $0.9 million and $4.0 million compared to $1.0 million and $3.3 million for the same periods in 2022[(1)]. The increase of 18 percent in rental revenue for the twelve months ended December 31, 2023, is due to increased activity with new and existing customers primarily in Colorado.

GROSS PROFIT (LOSS)

Gross profit increased $0.3 million and $0.7 million for the three and twelve months ended December 31, 2023 compared to the same periods in 2022. These increases in gross profit are a result of $0.6 million of costs related to the waste to heat power project in Mexico with no associated revenue being recorded in 2022 as well as Company's continued focus on cost control, partially offset with valuation allowance taken against slow moving inventory of $0.2 million and write-off of onerous provision of $0.1 million with the closing of the waste to heat project in Mexico in 2023.

CORPORATE COSTS

	Three months ended December 31,		Twelve months ended December 31,	
For the	**2023**	2022	**2023**	2022
(Stated in CDN $)				
Gross profit (loss)	**738,031**	486,695	**2,730,907**	2,033,774
Less corporate costs:				
Administration expenses	**766,498**	685,578	**3,722,927**	3,085,292
Research and development expenses	**72,243**	165,157	**357,862**	469,687
Share based payments (forfeitures)	**64,357**	43,626	**(10,580)**	384,903

[(1)] Service revenue was realigned, disaggregated, and included within equipment sales and rental revenue lines to accurately reflect the nature of the business activities and provide clearer insight into the drivers of the revenue. Comparative 2022 figures were reclassified to conform to the current year's revenue classification.

Depreciation expense	**42,084**	31,968	**156,303**	129,891
Amortization of intangible assets	**756**	35,032	**236,826**	140,125
Impairment of non-financial assets	**-**	-	**3,550,000**	-
Net foreign exchange losses (gains)	**85,266**	(32,522)	**145,371**	(346,036)
Other expenses (income)	**(20,387)**	792,462	**(251,476)**	657,302
Add Loss before tax	**(272,786)**	(1,234,606)	**(5,176,326)**	(2,487,390)
Income tax expense (recovery)	**619,196**	(344,236)	**(369,914)**	(761,178)
Loss for the period	**(891,982)**	(890,370)	**(4,806,412)**	(1,726,212)

Administration Expenses

Administration expenses for the three and twelve months ended December 31, 2023, were $0.8 million and $3.7 million compared to $0.7 million and $3.1 million for the same periods in 2022. Administration expenses for the three and twelve months ended December 31, 2023 are higher compared to the same period in 2022, due to termination costs of $0.1 million, a signing bonus of $0.2 million, significant increases in legal and other professional service costs in 2023, as well as 2022 expenses benefited from the receipt of $0.3 million of COVID-19 benefits, compared to none in 2023.

Research and development expenses

Research and development expenses were consistent for the three and twelve months ended December 31, 2023, compared to the same periods in 2022.

Share-based payments (forfeitures)

Share-based payments (forfeitures) for the three and twelve months ended December 31, 2023 were $0.1 million and $nil million recovery due to a large number of forfeitures.

Depreciation

Depreciation is consistent year over year as there have been no significant capital additions in 2023.

Amortization of intangible assets

Amortization of intangible assets increased $0.1 million for the twelve months ended December 31, 2023 due to the retirement of some old waste heat to power assets.

Impairment of non-financial assets

At September 2023, 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. As a result of the impairment indicator noted, the Company performed an impairment test in accordance with IFRS for its one cash generating unit and determined that the recoverable amount was below the carrying value of the non-financial assets resulting in an impairment for the year ended December 31, 2023 of $3,550,000 (2022 - $nil).

For the purposes of testing impairment, the Company included discounted cash flows using forecast revenue and gross margin assumptions based on the expected future results for a period of five years, applying a post tax discount rate of seventeen percent. Cash flow projections beyond the five-year period covered by the Company's forecast, were extrapolated based on a terminal value growth rate of two percent. This approach is considered a level three hierarchy in determination of the recoverable value of the non-financial assets.

Subsequent to this assessment, no additional indicators of impairment have been identified as of December 31, 2023. Although the Company's net asset value continued to be greater than its market capitalization, the impairment charge recognized as of September 30, 2023 was assessed to be sufficient. Consequently, no additional impairment was recorded as of December 31, 2023.

Net foreign exchange (gains) losses

Foreign exchange gains and losses for the Company fluctuate primarily based on the change in the US dollar relative to the CDN dollar.

Other (income) expenses

Other (income) expenses for the three and twelve months ended December 31, 2023 include $0.1 million and $0.5 million interest earned on investments in 2023 compared to $0.1 million and $0.2 million for the same periods in 2022, partially offset by the costs of $0.1 million and $0.3 million incurred for the three and twelve months ended December 31, 2023 to pursue a contempt of court application in the Emission Rx lawsuit.

Income tax expense (recovery)

For the three and twelve months ended December 31, 2023, the Company had income tax expense of $0.6 million and a recovery of $0.4 million compared to an income tax recovery of $0.3 million and $0.8 million for the same periods in 2022. The reduction in the income tax recovery is largely due to valuation allowance against deferred tax assets on impairment of non-financial assets.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial liability obligations. The Company manages its liquidity risk through cash, short-term investments, and debt management, which includes monitoring forecasts of the Company's cash and cash equivalents on the basis of projected cash flow. The Company has positive net working capital of $11.8 million at December 31, 2023 (December 31, 2022 - $15.0 million).

The Company has invested in Canadian redeemable guaranteed investment certificates and US dollar redeemable term deposits with varying maturity dates from 90 days to one year. Interest is paid at maturity and ranges from a fixed annual rate of 3.25 to 5.21 percent.

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 2024, as general security for its corporate credit card program.

	Three months ended December 31,		Twelve months ended December 31,	
Cash flow for the	**2023**	2022	**2023**	2022
Cash provided by (used in):				
Operating activities	**(125,205)**	818,109	**149,101**	1,522,072
Investing activities	**936,461**	(6,447,837)	**(4,124,785)**	(7,900,481)
Financing activities	**(154,340)**	(74,552)	**(621,332)**	637,816
Decrease in cash	**656,916**	(5,704,280)	**(4,597,016)**	(5,740,593)

Operating Activities
The Company had a cash outflow of $0.1 million and cash inflow of $0.1 million from operations for the three and twelve months ended December 31, 2023, compared to cash inflows of $0.8 million and $1.5 million for the same periods in 2022. The decrease in cash inflow for the twelve months ended December 31, 2023 compared to the same period in 2022 is mainly due $0.8 million of cash received in 2022 related to the utilization of tax loss carryback and $0.3 million in COVID -19 benefits, where it were none in 2023 and due to a significant increase in administration costs as a result of termination payments, CEO signing bonus and increased professional fees for the twelve months ended December 31, 2023 partially offset by higher gross profit than the prior year due to a better sales mix.

Investing Activities
The Company invested $0.5 million and $2.6 million for the three and twelve months ended December 31, 2023, in the development of the Company's waste heat to power research and development project. The Company also invested, net of redemptions $2.0 million in highly liquid short-term investments to take advantage of higher interest rates for twelve months ended December 31, 2023.

Financing Activities
Cash used in financing activities for the three and twelve months ended December 31, 2023 of $0.1 million and $0.6 million comprises lease payments on office and yard space as well as loan repayments which commenced January 1, 2023 on the interest free Western Diversification loan received during COVID. In the twelve months of 2022, the Company received $0.9 million cash from government grants for its research and development projects and paid $0.2 million under its lease obligations.

SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares. Subsequent to December 31, 2023, the Company commenced the Normal Course Insurer Bid ("NCIB") allowing Questor to purchase a maximum of 1,400,000 common shares over the 12-month. As of April 16, 2024, under the current NCIB Questor purchased for cancellation 113,500 shares for the weighted average of $0.57 resulting in 27,923,694 common shares outstanding. The Company has share-based payment plans comprising restricted, performance and deferred share unit plans as well as a stock option plan. The maximum number of equity-based compensation units in aggregate under these plans that may be reserved for issuance shall not exceed 10 percent of the outstanding common shares of the Company. Subsequent to December 31, 2023, the Company announced the resignation of the CFO. As a result, 12,500 options, 98,333 PSU's and 91,666 RSU's were forfeited. As at the date of this MD&A, there were 863,878 share-based payments issued and outstanding.

SUMMARY OF QUARTERLY RESULTS

For the three months ended	**Dec 31, 2023**	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022
(CND$ '000's except amounts per share)								
Revenue	**1,445**	1,690	2,217	1,839	1,665	1,674	2,454	2,588
Gross profit (loss)	**738**	443	808	743	487	484	432	631
Loss for the period	**(892)**	(3,238)	(502)	(175)	(890)	(12)	(458)	(366)
Per share – basic and diluted	**(0.03)**	(0.12)	(0.01)	(0.01)	(0.03)	(0.00)	(0.02)	(0.01)

COMMITMENTS, CONTINGENCIES AND OFF-BALANCE SHEET ARRANGEMENTS

December 31, 2023	1 Year	2-3 Years	Total
Trade payables, accrued liabilities	$1,107,142	$ -	$1,107,142
Purchase commitments[(1)]	671,547	-	671,547
Lease obligations (principal and interest)	184,105	-	184,105
Lease obligations (operating costs and property tax)[(2)]	157,508	-	157,508
Repayable government assistance	321,600	322,987	644,587
	$ 2,441,902	$ 322,987	2,764,889

[(1)]*Purchase commitments for materials required to build the 1500kw prototype unit for its waste heat to power research and development project.*
[(2)]*The Company is required under its lease commitments to pay annual operating costs. The amounts can vary each year based on inflation.*

The Company filed a claim against three former employees and their company, Emission Rx. The three former employees resigned from the Company over a period of two months, in 2018. After the former employees resigned, the Company learned that the former employees had incorporated Emission Rx on November 14, 2017, several months prior to their departures, and had developed a low-pressure burner technology which they then marketed and sold through Emission Rx. The Company sought injunctive relief to prevent Emission Rx competing in the market against the Company and infringing the Company's intellectual property.

The Company asserts ownership of Emission Rx's LP Burner Technology, through: (i) the terms of the employment agreements signed by the three former employees; or (ii) the application of the common law. The court declined to issue the injunction in 2019, however ordered the defendants to deliver all remaining confidential information belonging to the Company. The court's decision included the statement that the Company has demonstrated that it has a prima facie case with respect to its claim that the defendants breached their fiduciary duties and contractual duties of confidentiality. The Company brought a contempt of court application against the three former employees and Emission Rx which was heard in December 2023. In February 2024, the Court requested the parties make additional submissions towards the procedure for resolving the Company's contempt application. The parties are in the process of exchanging further written submissions, and if necessary, an additional hearing is scheduled for May 16, 2024.

Notwithstanding the uncertainty as to the outcome, based on the information currently available, the Company does not believe the outcome of this litigation will have a material adverse effect on its consolidated financial position.

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 or issue 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's aged trade, contract assets and other receivables net of allowance at December 31, 2023 and 2022 are as follows:

For the years ended December 31,	**2023**	2022
Current[1]	**$597,326**	$1,100,633
31 - 60 days	**345,075**	435,925
61 - 90 days	**58,146**	66,396
Greater than 90 days	**210,927**	230,185
Total trade, contract assets and other receivables, net of allowance	**$1,211,474**	$1,833,139

[1]Total contract assets are $40,702 (2022 - $277,034) and have been included in current above.

IFRS 9, Financial Instruments, requires an entity to estimate its expected credit loss for all trade accounts receivable and contract assets even when they are not past due based on the expectation that certain receivables and contract assets will be uncollectible. For accounts receivable numbers and contract assets, a loss allowance matrix is utilized to measure expected credit losses. The matrix contemplates historical credit losses by age of receivables, adjusted for any forward-looking information and management expectations. The total expected credit loss allowance as of December 31, 2023 to receivables not specifically provided for is $24,201 (2022 - $33,441). In addition, the Company has provided for specific items where there is collection risk in the amount of $118,504 (2022 - $1,131,338).

In December 2023, Questor closed its waste-to-heat power project in Mexico. The company fulfilled its contractual obligations to fabricate and install the Organic Rankine Cycles (ORCs) and made considerable efforts to complete the commissioning process. However, the project faced challenges beyond Questor's control, particularly the lack of sufficient heat available on the customer site to operate the power generation equipment and finalize commissioning. With the closing of the project, the allowance for doubtful accounts of $1,020,013 recognized in 2022 was reversed and the outstanding balance was directly written off.

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 equipment sales and equipment rental and related service revenue that is associated to the equipment and rental revenue. For the year ended December 31, 2023, there were three customers who comprised 77 percent of total revenue (2022 – four customers who comprised 83 percent[2]).

[2]Comparative 2022 figures were reclassified to conform to the current year's revenue classification

Liquidity risk
The Company's principal sources of liquidity are cash and cash equivalents, investments, operating cash flows, existing or new credit facilities and new share equity. The Company monitors its liquidity to ensure it has sufficient funds to complete planned capital and other expenditures. The Company mitigates liquidity risk by maintaining adequate banking and credit facilities and monitoring its forecast and actual cash flows. The Company may also adjust its capital spending to maintain liquidity. The Company has positive net working capital as of December 31, 2023 of $11,844,178 (2022 - $15,005,682).

Foreign currency risk

The Company is exposed to foreign exchange risk associated with foreign operations where assets, liabilities, revenue and costs are denominated in USD. The impact of this exposure is recorded as a cumulative translation adjustment in other comprehensive income. The net exchange difference in 2023 is a loss of $20,144 and in 2022 a gain of $54,016.

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 loss of $145,371 for the year ended December 31, 2023 (2022 – gain of $346,036). 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 in the Canadian entity.

RELATED-PARTY TRANSACTIONS

The Company defines key management personnel as being the Directors of the Board, Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and VP Global Operations and Customer Experience ("VP Operations"). In addition to their salaries and directors' fees, the Company also provides non-cash benefits including participation in the Company's stock option, RSU, PSU and DSU plans. Total expense for the year ending December 31, 2023 including salaries, director fees, benefits and share based compensation, CEO termination pay and signing bonus is $1,156,035 (2022 - $1,127,076).

The Company's CEO employment agreement in effect at the time of termination stipulated that in the event of termination without cause, the executive officer is entitled to any unpaid annual base salary and all accrued but unpaid bonuses and vacation pay through to the date of termination and a severance payment equal to eighteen months of their annual base salary. The Company paid the CEO $102,566 for accrued vacation and termination pay owing under applicable Alberta employment standards legislation.

Upon termination, the CEO proposed to the Board of Directors that she would forgo the eighteen months annual base salary severance owed pursuant to her employment contract at the time of termination and the Board of Directors accepted this proposal. The Company has also agreed to pay a $150,000 signing bonus to the CEO as part of the new employment terms. Payment of the signing bonus is outstanding as of December 31, 2023 and has been included in trade payables, accrued liabilities and provisions.

The new employment terms agreed between the Company and the CEO have a similar severance clause of eighteen months annual base salary, entitlement to any unpaid annual base salary and all accrued but unpaid bonuses and vacation pay through to the date of termination and accelerated vesting of any share options not then exercisable but which would have become exercisable within six months of the date of termination. In the event of a change of control, all share options that are not then exercisable shall vest immediately and become exercisable.

In 2023, the Company amended the CFO and VP Operations employment agreements to provide severance benefits in the event of termination without cause in the amounts of twelve and six months of annual base salary respectively.

In 2023, the Company paid US$19,700 of consulting fees to a director for recruitment services.

ACCOUNTING POLICIES AND NEW ACCOUNTING PRONOUNCEMENTS

The Company's material accounting policies and future accounting pronouncements are included in the Annual Consolidated Financial Statements for the year ended December 31, 2023.

CRITIAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years. Critical estimates and judgements made in the preparation of the consolidated financial statements are outlined below:

Revenue recognition
Revenues are recorded when products have been delivered or services have been performed, the amount of revenue can be reliably measured and collectability is reasonably assured. Customer creditworthiness is assessed prior to agreement signing, as well as throughout the contract duration.

Equipment sales revenue for custom units is recognized based on performance over-time. Performance is measured primarily based on the milestones achieved throughout the contract which approximates the value to the customer relative to the total expected value. Where the outcome of

performance obligations cannot be reliably measured, contract revenue is either deferred on the statements of financial position or recognized in the current year to the extent that costs have been incurred until such time that the outcome of the performance obligations can be reasonably measured. Critical judgement is required to assess whether there is an alternative use for the input materials before the commencement of the manufacturing process. Critical estimation assumptions are required to estimate total contract costs, which are recognized as expenses in the year in which they are incurred.

Onerous contract
When it is probable that total contract costs will exceed total contract revenue it is called an onerous contract and the expected loss is recognized as an accrued liability and an expense in cost of sales on the statement of comprehensive income (loss). Critical estimation assumptions are required to estimate remaining costs of the contract.

Componentization and useful lives of property and equipment and intangible assets
Amounts recorded for depreciation and amortization expense are based on the Company's componentization of its property and equipment and intangible assets and management's estimates of the useful life, pattern of consumption of future economic benefits and residual value of the Company's property and equipment and intangible assets. These estimates affect the carrying amount of property and equipment and intangible assets.

Determining cash generating units
For the purpose of assessing impairment of non-financial assets, the Company must determine its cash-generating units (CGUs). Assets and liabilities are grouped into CGUs at the lowest level of separately identified cash flows. The determination of a CGU is based on management's judgment and is an assessment of the smallest group of assets that generate cash inflows independently of other assets.

Impairment of non-financial assets
The determination of whether indicators of impairment exist is based on management's judgment of whether there are internal and external factors that would indicate that a non-financial asset is impaired. The recoverable amounts used for impairment calculations may require estimates of future net cash flows related to the assets or CGU's, probability of successful contract proposals and estimates of discount rates applied to these cash flows, or consideration of the Company's market capitalization as compared to the CGU's carrying amount. The Company also assesses whether there are circumstances that indicate that previously impaired assets are now recoverable and need to be increased to their original carrying values.

Impairment of inventories
The Company regularly reviews the nature and quantities of inventory on hand and evaluates the net realizable value of items based on historical usage patterns, known changes to equipment or processes and customer demand for specific products. Significant or unanticipated changes in business conditions could impact the magnitude and timing of impairment recognized.

Share-based payments
The Company's share-based compensation expense is subject to measurement uncertainty as a result of estimates and assumptions related to the expected performance multiplier, forfeiture rates, expected life, and underlying volatility of the price of the Company's common shares.

Taxation
Deferred tax assets and liabilities contain estimates about the nature and timing of future permanent and temporary differences as well as the future tax rates that will apply to those differences. Changes in Canadian and foreign tax laws and rates as well as changes to the expected timing of reversals may have a significant impact on the amounts recorded for deferred tax assets and liabilities. Management monitors current and potential changes to Canadian and foreign tax laws and bases its estimates on the best available information at each reporting date. The Company is subject to assessments by various taxation authorities in the tax jurisdictions in which it operates, and these taxation authorities may interpret the tax legislation and regulations differently. In addition, the calculation of income taxes involves many complex factors. As such, income taxes are subject to measurement uncertainty and actual amounts of taxes may vary from the estimates made by management.

Allowance for doubtful accounts
The Company's trade and other receivables are typically short-term in nature and the Company recognizes an amount equal to the lifetime expected credit losses (ECL) on receivables for which there has been a significant increase in credit risk since initial recognition. The Company measures loss allowances based on historical experience and including forecasted economic conditions. The amount of ECLs is sensitive to changes in circumstances of forecast economic conditions.

Provisions and contingencies
The Company is required to exercise judgment in assessing whether the criteria for recognition of a provision or a contingency has been met. The Company considers whether a present obligation exists, the probability of loss, and if a reliable estimate can be formulated. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. Management also uses judgment to assess the likelihood of the occurrence of one or more future events.

Right-of-use assets and lease liabilities
Lease liabilities and ROU assets require the use of judgment and estimates which are applied in determining the term of a lease, appropriate discount rates, whether an arrangement contains a lease, whether there are any indicators of impairment for ROU assets and whether any ROU assets should be grouped with other long-lived assets for impairment testing.

Capitalization of research and development costs
Determining the commencement of capitalization of development costs requires critical judgement to determine when the criteria for capitalization in accordance with IFRS has been met.

Government grants
The recovery of government grants requires judgement to determine when reasonable assurance exists that the Company has met the conditions contained in the applicable agreements.

BUSINESS RISKS

The business of Questor is subject to certain risks and uncertainties. Prior to making any investment decision regarding Questor, investors should carefully consider, among other things, the risk factors set out below.

Volatility of Industry Conditions
The demand, pricing and terms for the Company's services largely depend upon the level of activity and expenditures made by oil and gas companies on exploration, development and production activities in North America. Expenditures by oil and gas companies are typically directly related to the demand for, and price of, oil and gas.

In addition to current and expected future oil and gas prices, the level of expenditures made by oil and gas companies is influenced by numerous factors over which the Company has no control, including but not limited to: general economic conditions; the cost of exploring for, producing and delivering oil and gas; the expected rates of current production; the discovery rates of new oil and gas reserves; cost and availability of drilling equipment; availability of pipeline and other oil and gas transportation capacity; natural gas storage levels; political, regulatory and economic conditions; taxation and royalty changes; government regulation; environmental regulation; ability of oil and gas companies to obtain credit, equity capital or debt financing; and currency fluctuations. A material decline in global oil and natural gas prices or North American activity levels as a result of any of the above factors could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Equipment Levels
The quantity of oilfield service equipment does not always correlate with the level of actual demand for that equipment due to the long-life nature of the equipment and the lag between when a decision to build additional equipment is made and when the equipment is placed into service. Periods of high demand often spur increased capital expenditures on equipment, and those capital expenditures may add capacity that exceeds actual demand. Such capital overbuild could cause the Company's competitors to reduce pricing leading to decreased rates generally in the oilfield services industry, which could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Competition
Each of the markets in which the Company participates is competitive. To be successful, a service provider must provide services that meet the specific needs of its customers at competitive prices. The principal competitive factors within the Company's operating markets are product and service quality and availability, technical knowledge and experience, and safety reputation and price. The Company may compete with large national and multinational companies that have extensive financial and other resources. These companies offer a wide range of services in all geographic regions in which the Company operates. In addition, the Company competes with regional competitors. As a result of competition, the Company may suffer from a significant reduction in revenue or be unable to pursue additional business opportunities.

Federal, State and Provincial Legislative and Regulatory Initiatives
The operations of the Company's customers are also subject to or impacted by a wide array of regulations in the jurisdictions in which they operate. As a result of changes in regulations and laws, customers' operations could be disrupted or curtailed by governmental authorities. The cost of compliance with applicable regulations may cause customers to discontinue or limit their operations and may discourage companies from continuing development activities.

Environment Laws and Regulations
The Company is subject to increasingly stringent and complex laws and regulations relating the protection of workers and the environment, including laws and regulations governing occupational safety standards, air emissions, and waste management. The Company incurs and expects to continue to incur managerial and operating costs to comply with such health, safety and environmental laws and regulations. Violation of these laws and regulations could lead to loss of accreditation, damage to the Company's social license to operate, loss of access to markets and substantial fines and penalties which could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.
Changes to environmental regulations relating to climate change could impact the demand for, formulation or quality of the Company's products, or could require increased capital expenditures, operating expenses, abandonment and reclamation obligations and distribution costs, which may not be recoverable in the market and which could result in current operations or growth projects becoming less profitable or uneconomic.

Operational Risks
The Company's operations are subject to hazards such as equipment malfunction and failures, and natural disasters which can cause personal injury, loss of life, suspension of operations, damage to formations, damage to facilities, business interruption and damage to or destruction of property, equipment and the environment.

Reputational
Maintaining a positive reputation in the eyes of its customers, regulators, communities and the general public is an important aspect of the implementation of the Company's business strategy. The Company's reputation may be adversely impacted by the actions and activities it undertakes, as well as the activities of its employees. In addition, the Company's reputation could be affected by the actions and activities of other companies operating in the energy industry and by general public perceptions of the energy industry, over which the Company has no control.

Management Stewardship
The successful operation of the Company's business depends upon the abilities, expertise, judgment, discretion, integrity and good faith of its key employees. If the Company lost the services of one or more of its executive officers or key employees, it could have a material adverse effect on the

Company's business, financial condition, results of operations and cash flows.

New Technologies and Customer Expectations
The ability of the Company to meet its customers' performance and cost expectations will depend upon continuous improvements in operating equipment and proprietary technology. There can be no assurance that the Company will be successful in its efforts in this regard or that it will have the resources available to meet this continuing demand.

Intellectual Property
The success and ability of the Company to compete depends heavily on its proprietary technology. The Company currently relies on intellectual property rights and other contractual or proprietary rights, including (without limitation) copyright, trademark laws, trade secrets, confidentiality procedures, contractual provisions, licenses and patents to protect its proprietary technology. The Company may have to engage in litigation in order to protect its patents or other intellectual property rights, or to determine the validity or scope of the proprietary rights of others. This kind of litigation can be time-consuming and expensive, regardless of whether the Company is successful. The process of seeking patent protection can itself be time consuming and expensive, and there can be no assurance that any patent applications of the Company or such third parties will actually result in issued patents, or that, even if patents are issued, they will be of sufficient scope or strength to provide meaningful protection or any commercial advantage to the Company.

Cybersecurity
Threats to information technology systems associated with cybersecurity risks and cyber incidents or attacks continue to grow. Cybersecurity attacks could include, but are not limited to, malicious software, attempts to gain unauthorized access to data and the unauthorized release, corruption or loss of data and personal information, account takeovers, and other electronic security breaches that could lead to disruptions in the Company's critical systems. Risks associated with these attacks include, among other things, loss of intellectual property, disruption of the Company's and the Company's customers' business operations and safety procedures, loss or damage to the Company's data delivery systems, unauthorized disclosure of personal information and increased costs to prevent, respond to or mitigate cybersecurity events. Although the Company uses various procedures and controls to mitigate its exposure to such risk, cybersecurity attacks are evolving and unpredictable. The occurrence of such an attack could go unnoticed for a period of time. Any such attack could have a material adverse effect on the Company's business, financial condition and results of operations.

Sources, Pricing and Availability of Raw Materials, Components and Parts
The Company sources its raw materials, such as components and parts. The Company's current suppliers may be unable to provide the necessary raw materials and components at a price acceptable to the Company or otherwise fail to deliver products in the quantities required. Any resulting cost increases or delays in the provision of services could have a material adverse effect on its business, financial condition, results of operations and cash flows.

Employees
The Company’s growth could be limited due to its inability to find qualified workers as and when needed. Shortages of qualified personnel have occurred in the past during periods of high demand. The Company's success depends on its ability to continue to employ and retain qualified technical personnel. If the Company is unable to, it could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

ADVISORIES-FORWARD LOOKING STATEMENTS

In order to provide the Company shareholders and potential investors with information regarding the Company and its subsidiaries, including management's assessment of the Company’s plans and future operations, certain statements contained in this MD&A, including statements that contain words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "forecast" or similar words suggesting future outcomes, are forward-looking statements.

In particular, forward-looking statements in this MD&A include, but are not limited to, statements with respect to expected operating strategies and targets, capital expenditure programs, future financial resources, use of funds, anticipated equipment utilization levels, future oil and natural gas well activity in each of the Company's operating jurisdictions, results of acquisitions, the impact of environmental regulations and economic reforms and sanctions on the Company's business, future costs or potential liabilities, projections of market prices and costs and customer demand, supply and demand for the Company’s products and services, expectations regarding the Company's ability to maintain its competitive position, anticipated benefits of the Company's competitive position, expectations regarding the Company's ability to raise capital, treatment under government regulatory regimes, commodity prices, anticipated outcomes of specific events, trends in, and the growth prospects of, the global energy industry, the Company's growth prospects including, without limitation, its international growth strategy and prospects, and the impact of changes in accounting policies and standards on the Company and its financial statements. These statements are derived from certain assumptions and analyses made by the Company based on its experience and perception of historical trends, current conditions, expected future developments and other factors that it believes are appropriate in the circumstances, including, but not limited to, the economic and political environment in which the Company operates, the Company's expectations for its current and prospective customers' capital budgets and geographical areas of focus, the Company's existing contracts and the status of current negotiations with key customers and suppliers, the effect unconventional gas projects have had on supply and demand fundamentals for natural gas and the likelihood that the current tax and regulatory regime will remain substantially unchanged.

Forward-looking statements are subject to several known and unknown risks and uncertainties that could cause actual results to differ materially from the Company's expectations. Such risk factors include: general economic conditions in Canada and globally; volatility in market prices for oil and natural gas and the effect of this volatility on the demand for oilfield services generally; competition; liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations; changes in legislation and the regulatory environment; sourcing, pricing and availability of raw materials, components, parts, equipment, suppliers, facilities and skilled personnel; the ability to integrate technological advances and match advances by

competitors; the availability of capital on satisfactory terms; intellectual property risks; uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed; dependence on, and concentration of, major customers; the creditworthiness and performance by the Company's counterparties and customers; liabilities and risks associated with prior operations; the effect of accounting pronouncements issued periodically; failure to realize anticipated benefits of acquisitions and dispositions; and currency exchange rate risk. Further information about these and other risks and uncertainties may be found under "Business Risks" above.

Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and there can be no assurance that actual results or developments anticipated by the Company will be realized, or that they will have the expected consequences or effects on the Company or its business or operations. These statements speak only as of the respective date of this MD&A or the document incorporated by reference herein. The Company assumes no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise, except as required pursuant to applicable securities laws.

ADDITIONAL INFORMATION

Further information regarding Questor Technology Inc. can be accessed on the Company's website at www.questortech.com and at www.sedarplus.ca.