



**NEWS RELEASE**  
**QUESTOR TECHNOLOGY INC.**  
**ANNOUNCES RECORD QUARTERLY REVENUE AND PROFIT**

**Calgary, Alberta (May 15, 2019)** – Questor Technology Inc. (“Questor” or the “Company”) (TSX-V: QST) is pleased to announce its financial and operating results for the first quarter of 2019.

**FINANCIAL HIGHLIGHTS SUMMARY**

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

Three Months Ended March 31,	2019	2018	Increase (decrease)
Revenue	<b>7,720,488</b>	5,996,936	1,723,552
Gross profit	<b>4,418,783</b>	3,840,344	578,439
Profit for the period	<b>2,336,069</b>	2,096,747	239,322
Gross profit as a percent of revenue	<b>58.00%</b>	64.00%	(6)%
Net cash generated from operating activities	<b>1,631,394</b>	1,904,278	(272,884)
Earnings per share			
Basic	<b>0.09</b>	0.07	0.02
Diluted	<b>0.09</b>	0.07	0.02

As at	March 31, 2019	December 31, 2018	Increase (decrease)
Total assets	<b>33,213,782</b>	30,942,245	2,271,537
Total equity	<b>29,088,436</b>	26,379,455	2,708,981
Shares outstanding <sup>(1)</sup>			
Basic	<b>26,745,745</b>	26,465,110	280,635
Diluted	<b>27,535,906</b>	27,358,637	177,269

<sup>(1)</sup> *Weighted average shares outstanding during the year.*

Questor’s audited consolidated financial statements and notes thereto and Management’s Discussion and Analysis for the three months ended March 31, 2019 is available on the Company’s website at [www.questortech.com](http://www.questortech.com) and through SEDAR at [www.sedar.com](http://www.sedar.com).

## PRESIDENT'S MESSAGE

The Questor team delivered strong results for Q1 2019 with the highest quarterly revenue, profit and earnings per share in the Company's history.

Our first quarter 2019 revenue grew by 29% to \$7.7 MM compared to the same period from 2018. This is a direct result of our top performing emissions control technology that is being recognized for its 99.99% efficiency, superior technical and field support, sales initiatives to secure longer-term rental contracts and the recognition of revenue from the incineration and heat to power project recently awarded in Mexico.

The strong performance in the first quarter of 2019 is a result of great effort by the Company to secure contracts and to continually succeed in accessing new markets. The combination of an increased sales contribution and the Company securing longer-term rental contracts with rate-based incentives has resulted in an 11% increase in gross profit over the same 3-month period in 2018. The Company continues to pursue areas for our rental incineration which has been critical to the penetration and success in North Dakota and to our initial entry into Texas, Wyoming and New Mexico. We are targeting spending between \$7-10 million this year on the rental fleet to support our continued growth. The Company has managed to secure 40% of the rental fleet on rate-incentive based longer-term contracts that has allowed for efficient planning within our Operations while solidifying a predictable outlook of growing activity.

The US emissions regulations that limit Volatile Organic Compounds (VOCs) and Nitrous Oxides (NOx) have created a significant opportunity for us. Colorado and North Dakota enforce emissions regulations that limit Volatile Organic Compounds (VOCs) and Nitrous Oxides (NOx). The currently emission limit on VOC's is 100 tonnes per year and will drop to 50 tonnes per year in 2020. Clients who utilize Questor incinerators are being credited with an extremely high destruction efficiency reducing the site emissions below the limit and hence, allowing higher oil production. In North Dakota, our clients have permission from the regulator to use Questor's high combustion efficiency if they configure the sites with our equipment in the same way as it was set up when the efficiency testing occurred and with confirmation of our units stack top temperature.

In response to a widespread demand in a currently unserved area, Questor undertook to initiate a pilot project that offers data collection and management for our clients. The project will ultimately target key information that allows performance to be determined and, therefore, confirmation that our clients are operating in a compliant manner. The data management center will be located in Calgary and this project is expected to engage the Company's current customers as well as those who wish to offset environmental liability with live information that demonstrates both continual monitoring and compliance.

Questor is ambitious with its expectations for Mexico, given Mexico's aggressive objectives to address climate change within its mature oil and gas industry. The entrance into the Mexico market where aggressive environmental objectives requiring emissions control and renewable energy solutions are in place, provided a significant increase in revenue. This has increased Questor's Sales revenue in the first quarter of 2019 to \$2.49MM, or 32% of gross revenue, as compared to \$1.1MM, or 18.6% of gross revenue, in the same period in 2018.

We have demonstrated significant growth with our existing resources and expertise, strengthening the bottom line. We are confident in our ability to innovate, execute and continue to grow with our core team. We will continue to invest capital to assist in solving our client's challenges. Questor is fully engaged in providing solutions for the complete life cycle. We have established a strong supply chain and vendor network to scale up in a timely manner that will respond and grow with us. Questor views the data management project as a key component to its technical offerings into the future. Our strong balance sheet will allow us to take advantage of the opportunities we see in the pipeline for Questor through the remainder of 2019 and beyond.

## FIRST QUARTER 2018 HIGHLIGHTS

Revenue increased 29% during the three months ended March 31, 2019 versus the same period of 2018:

- Equipment sales increased 127% from \$1.1 million to \$ 2.5 million. The Company achieved certain contract milestones and recognized \$1.8 million of sales revenue related to the Mexico contract previously announced on January 7, 2019;
- Revenue from incinerators rentals increased 3% from \$4.3 million to \$ 4.5 million. The Company reduced both customer and market concentration by expanding into North Dakota;
- Service revenue increased 36% from \$0.6 million to \$ 0.8 million as result of activity in the North Dakota market.

Gross profit increased by 15 percent as result of higher sales revenue during the three months ended March 31, 2019 versus the same period of 2018.

During the three months ended March 31, 2019, gross profit as a percentage of revenue decreased from 64% to 57% in the same period of 2018:

- Equipment sales accounted for majority of the revenue increase versus the prior year. Equipment sales as a percentage of revenue increase by 77% from 18% to 32%. Equipment sales carry a lower margin. The higher mix of equipment sales versus rentals resulted in a lower gross profit margin as a percentage of revenue.
- The Company also offered clients in North Dakota pricing incentives to enter larger volume and longer-term rental contracts. The contracts gave us the critical mass to invest in operational infrastructure in North Dakota. While the incentives and increased infrastructure has resulted in reduced margins, the strategy is expected to result in improved market diversification, customer diversification, improved customer retention and provide the platform for future growth in the State.

Earnings increased 11% during the three months ended March 31, 2019 versus the same period of 2018.

The Company continues to expand its incinerator rental fleet, incurring capital expenditures of \$3.5 million for the three months ended March 31, 2019. Questor will continue to commit capital to grow a presence in regions where producers are looking for high performing, cost-effective technologies to manage their waste gas and fugitive emissions. The Company is forecasting 2019 Capital Expenditures of \$7-10 million focused on the continued expansion of the rental fleet.

## ABOUT QUESTOR TECHNOLOGY INC.

Headquartered in Calgary, Alberta, Questor has a trained workforce who provide specialized waste gas incineration products and services that may be required for the exploration, development and production of oil and gas reserves.

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

Incineration is the mixing and combusting of waste gas streams, air, and fuel in an enclosed chamber. Air and gas are mixed at a controlled rate and ignited. No flame is visible from an incinerator that is operating properly. Properly designed incinerators can result in higher combustion efficiency than flares. A correctly operated incinerator can yield higher efficiencies through proper mixing, gas composition, retention time, and combustion temperature. Combustion efficiency, generally expressed as a percentage, is essentially the amount of methane converted to CO<sub>2</sub>, or H<sub>2</sub>S converted to SO<sub>2</sub>. The more converted, the better the efficiency.

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

Questor's highly specialized technical team works with the client to understand the waste gas volume and composition. The Company's technical team determines the specific incineration product specification to achieve 99.99 percent combustion efficiency. The incinerators vary in size to accommodate small to large amounts of gas handling, the range is 50 mcf/d to 5,000 mcf/d. The incinerators also range in automation and instrumentation depending on the client's requirements. Questor's incinerators are used in multiple segments of the Oil and Gas industry including: drilling, completions, production and downstream.

The Company has three primary revenue streams; incinerator sales, incinerator rentals and incinerator services. Incinerator services include incinerator hauling, commissioning, repairs, maintenance and decommissioning. The Company offers incinerator products for purchase or for rent. The United States Environmental Protection Agency (EPA) issued regulations to reduce harmful air pollution arising out of crude oil and natural gas industry activities with a particular focus on the efficient destruction of volatile organic compounds (VOC's) and hazardous air pollutants (HAP's) and have recently introduced methane emission reduction legislation. In conjunction with U.S. Environmental Protection Agency (EPA) regulations, Colorado's Regulation 7 mandates the use of enclosed combustion (incinerators) and now targets methane, resulting in a statewide focus on the responsible management of potentially fugitive hydrocarbons. North Dakota also has additional requirements that reflect some of the unique and specific needs that extend beyond the EPA's requirements. The Company announced on November 26, 2018 that it was awarded contracts in the State North Dakota. At March 31, 2019, over 90% of the Company's incinerator rental fleet is located in Colorado and North Dakota where regulation supports demand for its proprietary high efficiency waste gas incineration systems.

The Company also provides its solutions to the Texas, New Mexico, Wyoming and Western Canadian markets. Questor expects that demand in these markets will increase as regulation continues to develop. Questor continues to discuss economically advantageous solutions to its considerable client base in Alberta and it appears that a number of companies are taking leadership roles to lower their carbon footprint sooner than rules may require.

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

### **Questor trades on the TSX Venture Exchange under the symbol 'QST'.**

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