



NEWS RELEASE
QUESTOR TECHNOLOGY INC.
ANNOUNCES SECOND QUARTER 2019 RESULTS

Calgary, Alberta (August 26, 2019) – Questor Technology Inc. (“Questor” or the “Company”) (TSX-V: QST) is pleased to announce its financial and operating results for the second quarter of 2019.

FINANCIAL HIGHLIGHTS SUMMARY

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

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	2019	2018
	(\$)	(\$)	(\$)	(\$)
Revenue	7,363,483	5,733,218	15,083,971	11,730,155
Gross profit ⁽¹⁾	4,566,184	3,285,011	8,984,967	7,125,356
Earnings	2,061,852	1,781,192	4,397,921	3,877,940
Earnings per share				
Basic	0.08	0.07	0.16	0.15
Diluted	0.07	0.07	0.16	0.14
As at		June 30, 2019		December 31, 2018
Working Capital (end of period)		11,050,804		6,854,250
Total assets (end of period)		37,825,459		30,942,245
Total equity (end of period)		32,003,957		26,379,455

⁽¹⁾ *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 and six months ended June 30, 2019 is available on the Company’s website at www.questortech.com and through SEDAR at www.sedar.com.

PRESIDENT'S MESSAGE

Audrey Mascarenhas, Questor's President and Chief Executive Officer commented, "I am pleased to report that the Questor team has delivered strong results in the second quarter. We are on pace for 2019 to be another record revenue and earnings year.

The strong performance in the first half of 2019 is a result of great effort by the Company to secure contracts and to continually succeed in accessing new markets. The North Dakota market and our initial entry into Texas, Wyoming and New Mexico are the drivers for our increased rental revenues. The entrance into the North Dakota market where aggressive environmental objectives requiring emissions control are in place, provided a significant increase in rental revenue in the first half of 2019. We previously announced that the Company has been awarded a \$5.8 million project to supply clean combustion incineration technology with our waste heat to power generation equipment at three oil and gas production facilities in Mexico. We have recorded revenues of \$3.4 million in the first half of 2019 and expect to complete the balance of the \$5.8 million contract during 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 \$7-8 million focused on the continued expansion of the rental fleet and the development of the Emissions Excellence Control Center. In the first half of 2019, the Company has completed 75-85% of the 2019 capital program, the expenditures have been dedicated to additional proprietary rental emissions control equipment. The investment in the first half of 2019 has setup the Company with a larger rental fleet platform going into remainder of the year. The balance of the capital program will be allocated to the Emissions Excellence Control Center. The Emissions Excellence Control 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 views the Emissions Excellence Control project as a key component to its technical offerings into the future.

In the second half of the year, we expect to complete installation of data monitoring equipment on the majority of the rental fleet in North Dakota and Colorado. We also expect to implement the first phase of the the Emissions Excellence Control Center by the end of the year making available live emissions monitoring information.

Questor is ambitious with its expectations for Mexico, given Mexico's aggressive objectives to address climate change within its mature oil and gas industry. I am pleased to share we have been awarded a second \$2.4 million contract in Mexico to supply clean combustion incineration technology. The project is expected to be completed in 2019.

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. 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."

THREE MONTHS ENDED JUNE 30, 2019

Revenue increased \$1.6 million (28%) during the three months ended June 30, 2019 versus the same period of 2018:

- Revenue from incinerators rentals increased \$1.4 million (41%) from \$3.4 million to \$ 4.8 million. The increased customer base in North Dakota is the primary driver of the rental revenue;
- Equipment sales increased \$0.3 million (19%) from \$1.6 million to \$ 1.9 million. The Company achieved certain contract milestones and recognized \$1.5 million of sales revenue related to the Mexico contract previously announced on January 7, 2019;
- Service revenue decreased \$0.1 million (20%) from \$0.8 million to \$ 0.7 million.

Gross profit increased by \$1.3 million (39%) as result of higher rental activity in North Dakota and increased equipment sales during the three months ended June 30, 2019 versus the same period of 2018.

Earnings increased \$0.3 million (15.7%) during the three months ended June 30, 2019 versus the same period of 2018.

The Company continues to expand its incinerator rental fleet, incurring capital expenditures of \$2.4 million for the three months ended June 30, 2019. The Company is forecasting 2019 Capital Expenditures of \$7-8 million.

SIX MONTHS ENDED JUNE 30, 2019

Revenue increased \$3.4 million (29%) during the six months ended June 30, 2019 versus the same period of 2018:

- Revenue from incinerators rentals increased \$1.5 million (41%) from \$7.7 million to \$ 9.2 million. The increased customer base in North Dakota is the primary driver of the rental revenue increase;
- Equipment sales increased \$1.7 million (65%) from \$2.7 million to \$ 4.4 million. The Company achieved certain contract milestones and recognized \$3.4 million of sales revenue related to the Mexico contract previously announced on January 7, 2019;
- Service revenue increased \$0.1 million (5%) from \$1.4 million to \$ 1.5 million.

Gross profit increased by \$1.9 million (26%) as result of higher rental activity and increased equipment sales during the six months ended June 30, 2019 versus the same period of 2018. Cost of sales as a percentage of revenue was consistent with the prior year at 40% of revenue. For the six months ended June 30, 2019, gross profit increased \$1.9 million on a revenue increase of \$3.4 million.

Earnings increased \$0.5 million (13.4%) during the six months ended June 30, 2019 versus the same period of 2018.

The Company continues to expand its incinerator rental fleet, incurring capital expenditures of \$5.8 million for the six months ended June 30, 2019.

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 tube 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 CO₂, or H₂S converted to SO₂. The more converted, the better the efficiency.

Questor designs, manufactures and services proprietary high efficiency waste gas incineration systems. The Company's 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. Questor's current key incineration market for 2018 and 2017 has been Colorado. 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 has 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, 2019 that it was awarded contracts in the of State North Dakota. At June 30, 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 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 its key markets with field offices in Brighton and Fort Lupton, 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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