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 condensed consolidated financial statements for the three and six months ended June 30, 2021 and 2020.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Stated in Canadian dollars, unaudited

	Notes	**June 30, 2021**	December 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents		**$15,434,727**	$16,307,029
Trade and other receivables		**1,443,260**	2,217,820
Contract assets		**172,137**	76,010
Inventories		**2,120,609**	1,934,690
Prepaid expenses		**287,107**	364,791
Current tax assets		**331,055**	140,471
Total current assets		**19,788,895**	21,040,811
Non-current assets			
Property and equipment	3,12	**14,960,399**	15,978,181
Right-of-use assets	4,12	**691,768**	418,132
Intangible assets	5,12	**502,144**	524,119
Deferred tax assets		**47,359**	53,668
Total non-current assets		**16,201,670**	16,974,100
Total assets		**$35,990,565**	$38,014,911
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables, accrued liabilities and provisions		**$921,066**	$1,042,053
Deferred revenue		**199,045**	587,273
Current portion of lease obligations	9	**213,861**	111,032
Current portion of deferred grant benefits	10	**205,655**	-
Current tax liabilities		**71,226**	-
Total current liabilities		**1,610,853**	1,740,358
Non-current liabilities			
Lease obligations	9	**508,821**	335,340
Deferred grant benefits	10	**205,155**	329,951
Repayable government assistance	10	**675,377**	636,236
Deferred tax liabilities		**534,496**	983,926
Total non-current liabilities		**1,923,849**	2,285,453
Total liabilities		**3,534,702**	4,025,811
Shareholders' equity			
Issued capital	7	**8,685,168**	8,630,146
Contributed surplus		**1,613,129**	1,416,169
Retained earnings		**22,218,801**	23,977,902
Accumulated other comprehensive loss		**(61,235)**	(35,117)
Total shareholders' equity		**32,455,863**	33,989,100
Total liabilities and shareholders' equity		**$35,990,565**	$38,014,911

Subsequent event 19

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

Approved by the Board of Directors:

(*signed*) Stewart Hanlon
Stewart Hanlon, Director

(*signed*) Audrey Mascarenhas
Audrey Mascarenhas, Director

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Stated in Canadian dollars except per share data, unaudited

		Three months ended June 30,		Six months ended June 30,	
For the	Notes	**2021**	2020	**2021**	2020
Revenue	12	**$1,184,040**	$1,030,724	**$2,732,431**	$5,520,194
Cost of sales		**1,311,117**	1,067,541	**2,823,683**	3,570,065
Gross Profit (Loss)		**(127,077)**	(36,817)	**(91,252)**	1,950,129
Administration expenses		**832,561**	1,068,564	**1,787,077**	2,168,658
Depreciation expense of properties and equipment and right-of-use assets	3,4	**33,635**	36,227	**67,524**	69,857
Amortization of intangible assets	5	**71,783**	57,212	**143,435**	114,424
Net foreign exchange losses (gains)	15	**80,953**	290,487	**150,945**	(582,265)
Other expenses		**50,288**	148,247	**80,031**	129,806
Profit (Loss) before tax		**(1,196,297)**	(1,637,554)	**(2,320,264)**	49,649
Income tax expense (recovery)		**(323,083)**	(390,044)	**(561,163)**	31,707
Profit (Loss) for the period		**$(873,214)**	$(1,247,510)	**$(1,759,101)**	$17,942
Other comprehensive income (loss)					
Items that may be reclassified to profit and loss in subsequent periods:					
Exchange differences on translating foreign operations		**(14,039)**	(55,617)	**(26,118)**	100,832
Total comprehensive income (loss)		**$(887,253)**	$(1,303,127)	**$(1,785,219)**	$118,774
Earnings (Loss) per share	11				
Basic		**$(0.03)**	$(0.05)	**$(0.06)**	$0.00
Diluted		**$(0.03)**	$(0.05)	**$(0.06)**	$0.00

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Stated in Canadian dollars, unaudited

	Notes	Issued capital	Contributed surplus	Retained earnings	Cumulative Translation Adjustment	Total shareholder's equity
Balance at December 31, 2020		**$8,630,146**	**$1,416,169**	**$23,977,902**	**$(35,117)**	**$33,989,100**
(Loss) for the period		**-**	**-**	**(1,759,101)**	**-**	**(1,759,101)**
Share-based payments	**8**	**-**	**219,482**	**-**	**-**	**219,482**
Stock options exercised	**7,8**	**55,022**	**(22,522)**	**-**	**-**	**32,500**
Translation of foreign operations		**-**	**-**	**-**	**(26,118)**	**(26,118)**
Balance at June 30, 2021		**$8,685,168**	**$1,613,129**	**$22,218,801**	**$(61,235)**	**$32,455,863**
Balance at December 31, 2019		8,256,566	1,326,096	25,807,778	(56,773)	35,333,667
Profit for the period		-	-	17,942	-	17,942
Share-based payments		-	116,658	-	-	116,658
Stock options exercised		288,936	(157,645)	-	-	131,291
Translation of foreign operations		-	-	-	100,832	100,832
Balance at June 30, 2020		$8,545,502	$1,285,109	$25,825,720	$44,059	$35,700,390

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, **2021**	2020	Six months ended June 30, **2021**	2020
Cash flows from operating activities					
Profit (loss) for the period		**(873,214)**	(1,247,510)	**(1,759,101)**	17,942
Adjustments for:					
Income tax expense (recovery)		**(323,083)**	(390,044)	**(561,163)**	31,707
Depreciation of property and equipment and right-of-use assets	3,4	**550,715**	584,943	**1,095,558**	1,199,390
Amortization of intangible assets	5	**71,783**	57,212	**143,435**	114,424
Lease interest		**6,416**	7,881	**11,803**	17,481
Share-based payments	8	**89,724**	(42,960)	**219,482**	73,698
Movements in non-cash working capital	14	**421,451**	2,174,925	**69,110**	1,817,156
Income taxes refund (paid)		**-**	(770,032)	**973**	(1,536,593)
Net cash provided by (used in) operating activities		**(56,208)**	374,415	**(779,903)**	1,735,205
Cash used in investing activities					
Payments for property and equipment		**-**	(22,796)	**(9,413)**	(54,580)
Payments for intangible assets		**(121,460)**	-	**(121,460)**	-
Net cash used in investing activities		**(121,460)**	(22,796)	**(130,873)**	(54,580)
Cash from (used in) financing activities					
Proceeds from exercise of stock options	7	**16,250**	-	**32,500**	174,251
Receipt of government grant	10	**-**	-	**120,000**	-
Lease obligations payments		**(48,808)**	(61,811)	**(87,262)**	(153,084)
Net cash provided by (used in) financing activities		**(32,558)**	(61,811)	**65,238**	21,167
Net increase (decrease) in cash		**(210,226)**	289,808	**(845,538)**	1,701,792
Cash at beginning of the period		**15,663,563**	14,936,468	**16,307,029**	13,491,383
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(18,610)**	(66,493)	**(26,764)**	(33,392)
Cash at end of the period		**$15,434,727**	$15,159,783	**$15,434,727**	$15,159,783

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) FOR THREE AND SIX MONTHS ENDED JUNE 30, 2021

1. DESCRIPTION OF BUSINESS

Questor Technology Inc. ("Questor" or the "Company") is incorporated in Canada under the Business Companies Act (Alberta). Questor is a public, environmental clean technology company founded in 1994 and headquartered in Calgary, Alberta, with field offices located in; Grande Prairie, Alberta; Windsor, Colorado; Watford City, North Dakota and Brooksville, Florida. The Company is active in Canada and the United States and is focused on clean air technologies that safely and cost effectively improve air quality, support energy efficiency and greenhouse gas emission reductions. Questor designs, manufactures and services high efficiency waste gas combustion systems. The Company's combustion technology is utilized in the effective management of Methane, Hydrogen Sulfide gas, Volatile Organic Hydrocarbons, Hazardous Air Pollutants and BTEX (Benzene, Toluene, Ethylbenzene and Xylene) gases ensuring sustainable development, community acceptance and regulatory compliance. Questor and its subsidiary, ClearPower Systems Inc. has developed heat to power generation technology and is currently marketing solutions to various 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's common shares are traded on the TSX Venture Exchange under the symbol "QST". The address of the Company's corporate and registered office is 2240, 140 –4 Avenue S.W. Calgary, Alberta, Canada, T2P 3N3.

2. BASIS OF PREPARATION

These unaudited condensed interim consolidated financial statements (the "financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements are condensed as they do not include all of the information required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2020. All financial information is reported Canadian dollars, unless otherwise noted.

All inter-entity transactions have been eliminated upon consolidation between the Company and any subsidiaries in these financial statements. The Company's operations are viewed as a single operating segment by the chief operating decision maker of the Company for the purpose of resource allocation and assessing performance.

The financial statements have been prepared on a historical cost basis, except as detailed in the accounting policies disclosed in Note 3 "Summary of Significant Accounting Policies" of the Company's audited consolidated financial statements for the year ended December 31, 2020. All accounting policies and methods of computation followed in the preparation of these financial statements are consistent with those of the previous financial year.

These financial statements were authorized for issue by the Company's Board of Directors on August 12, 2021.

3. PROPERTY AND EQUIPMENT

	Rental incinerators and trailers	Light vehicles, tools & equipment	Office equipment & leasehold improvements	Total
Cost				
Balance at December 31, 2019	$22,724,609	$1,391,008	$249,908	$24,365,525
Additions	84,737	7,698	54,580	147,015
Transfer from working in progress	-	-	-	-
Disposals and transfers	(139,232)	(48,667)	-	(187,899)
Foreign currency translation	-	(16,097)	(195)	(16,292)
Balance at December 31, 2020	$22,670,114	$1,333,942	$304,293	$24,308,349
Additions	**-**	**1,499**	**7,914**	**9,413**
Foreign currency translation	**-**	**(21,253)**	**(258)**	**(21,511)**
Balance at June 30, 2021	**$22,670,114**	**$1,314,188**	**$311,949**	**$24,296,251**
Accumulated depreciation				
Balance at December 31, 2019	$5,629,086	$669,606	$142,985	$6,441,677
Depreciation charges included in:				
Cost of sales	1,911,080	136,662	-	2,047,742
Depreciation expense			34,628	34,628
Disposal	(134,076)	(47,132)	-	(181,208)
Foreign currency translation	-	(12,499)	(172)	(12,671)
Balance at December 31, 2020	$7,406,090	$746,637	$177,441	$8,330,168
Depreciation charges included in:				
Cost of sales	**948,784**	**52,931**	**-**	**1,001,715**
Depreciation expense	**-**	**-**	**15,572**	**15,572**
Foreign currency translation	**-**	**(11,456)**	**(147)**	**(11,603)**
Balance at June 30, 2021	**$8,354,874**	**$788,112**	**$192,866**	**$9,335,852**
Carrying amounts				
Balance at December 31, 2020	$15,264,024	$587,305	$126,852	$15,978,181
Balance at June 30, 2021	**$14,315,240**	**$526,088**	**$119,071**	**$14,960,399**

4. RIGHT OF-USE ASSETS (FACILITIES)

Right-of-use Assets	
Cost	
Balance at December 31,2019	$1,130,748
Additions	-
Contract modification	(121,847)
Foreign currency translation	(3)
Balance at December 31, 2020	$1,008,898
Additions	**351,958**
Foreign currency translation	**(7,559)**
Balance at June 30, 2021	**$1,353,297**

Accumulated Depreciation	
Balance at December 31,2019	$338,715
Depreciation	262,548
Foreign currency translation	(10,497)
Balance at December 31, 2020	$590,766
Depreciation charged in:	
Cost of sales	**26,319**
Depreciation expense	**51,952**
Foreign currency translation	**(7,508)**
Balance at June 30, 2021	**$661,529**

Carrying Amounts	
Balance at December 31, 2020	$418,132
Balance at June 30, 2021	**$691,768**

During the second quarter, the Company entered into a three-year facility lease agreement in Colorado.

5. INTANGIBLE ASSETS

Cost	Heat to power development	Design drawings	Patents	Total
Balance at December 31, 2019	$2,080,893	$341,952	$15,225	$2,438,070
Additions	-	-	-	-
Balance at December 31, 2020	$2,080,893	$341,952	$15,225	$2,438,070
Additions	**121,460**	**-**	**-**	**121,460**
Balance at June 30, 2021	**$2,202,353**	**$341,952**	**$15,225**	**$2,559,530**
Accumulated Amortization				
Balance at December 31, 2019	$1,279,961	$332,156	$15,225	$1,627,342
Amortization	284,206	2,403	-	286,609
Balance at December 31, 2020	$1,564,167	$334,559	$15,225	$1,913,951
Amortization	142,102	1,333	-	143,435
Balance at June 30, 2021	**$1,706,269**	**$335,892**	**$15,225**	**$2,057,386**
Carrying Amounts				
Balance at December 31, 2020	$516,726	$7,393	$-	$524,119
Balance at June 30, 2021	**$496,084**	**$6,060**	**$-**	**$502,144**

6. BORROWING FACILITIES

Operating Loan Facility

The Company has in place a revolving demand operating loan facility, which is available to a maximum of $1,000,000 (2020 - $1,000,000), subject to specified margin requirements. The revolving demand operating loan bears interest at bank prime plus 1 percent per annum (2020 – bank prime plus 1 percent). Up to $100,000 (2020 - $100,000) of this loan is available to secure the issue of letters of credit and/or letters of guarantee for suppliers.

Capital Loan Facility

The capital loan facility was secured to assist in the financing of capital expenditures. The facility makes available a revolving demand capital loan to a maximum of $5,000,000 (2020 - $5,000,000). The revolving demand capital loan bears interest at bank prime plus 1.25 percent per annum.

The capital loan is available by way of multiple advances by delivery of a required notice to the bank. The initial advance, to a maximum amount of 60 percent of net book value ("NBV"), can be made available and completed based on the NBV of existing fixed assets. Fixed assets are defined as rental fleet, equipment and vehicles/trailers.

Subsequent advances are to be supported by a true and complete summary of capital expenditures, to a maximum amount of 100 percent of costs incurred.

The combined advances of the capital loan facility cannot, at any time, exceed 60 percent loan to value ("LTV") of the combination of: i) NBV of fixed assets, as per the most recent fiscal year-end financial reporting; and, ii) the aggregate amount of all invoices funded under the capital loan facility subsequent to the most recent fiscal year end reporting but prior to updated reporting being received. Should advances exceed 60 percent LTV, the Company is to pay down the capital loan by an amount equal to or greater than that which is required to reduce LTV to less than or equal to 60 percent, based on the then most recent reporting.

Borrowing Facilities

All of the borrowing facilities have financial tests and other covenants customary for these types of facilities. At the end of each fiscal quarter the Company's debt-to-tangible-net-worth must be less than 2.5 and the Company's working capital ratio must be greater than 1.25. At the end of each fiscal year, Questor's debt service coverage ratio must be in excess of 1.25. The Company was in compliance with the borrowing facilities covenants for the period ended June 30, 2021. No amounts have been drawn on the borrowing facilities at year end.

None of the borrowing facilities are subject to standby fees and there is no specified facility expiration or renewal date. The Company has provided a general security agreement and an assignment of insurance proceeds as security.

7. ISSUED CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares without nominal or par value.

Shares issued and outstanding	Number of shares	Share capital
Shares issued and outstanding, December 31, 2019	27,215,120	$8,256,566
Stock options exercised	195,000	373,580
Shares issued and outstanding, December 31, 2020	27,410,120	8,630,146
Stock options exercised	**50,000**	**55,022**
Shares issued and outstanding, June 30, 2021	**27,460,120**	**8,685,168**

Share options exercised under the Company's share option plan

During the six months ended June 30, 2021, 50,000 (2020 – 157,500) options were exercised for cash consideration of $32,500 (2020 - $174,251). The fair value of these options, of $22,522 (2020 - $114,685), was transferred from contributed surplus to issued capital upon exercise.

8. SHARE-BASED PAYMENTS

The Board of Directors has adopted and approved a share option plan for the directors, officers, consultants and key employees and affiliates of the Company. The share option plan was approved by the shareholders of the Company on June 15, 2001 and was amended on September 15, 2016.

On May 14, 2020 the Board of Directors approved the performance share unit and restricted share unit plan ("PSU&RSU Plan"). The PSU&RSU Plan was subsequently approved by the shareholders of the Company on July 10, 2020. The implementation of the PSU&RSU Plan has been adopted to provide a vehicle by which equity-based incentives to directors and officers, as well as select employees and consultants to incentivize the long-term success of the Company. The Board, through the Company's compensation sub-committee, may in its sole discretion, grant PSUs and RSUs to select individuals. The maximum number of equity-based compensation units including stock options, PSUs and RSUs that may be reserved for issuances shall not exceed 10 percent of the outstanding common shares of the Company which is in accordance with the current Stock Option plan.

The following share-based payment arrangements were in existence at June 30, 2021 and December 31,2020:

At June 30, 2021

Number outstanding	Grant date	Expiry date	Remaining contractual life		Exercise price		Fair value at grant date	Number exercisable
265,000	**7/Dec/16**	**7/Dec/21**	**0.44**		**0.65**		**0.44**	**265,000**
177,375	**1/Dec/17**	**1/Dec/22**	**1.42**		**2.35**		**1.44**	**132,875**
121,000	**27/May/19**	**27/May/24**	**2.90**		**5.09**		**2.90**	**60,500**
40,000	**7/Oct/20**	**7/Oct/25**	**4.27**		**1.33**		**0.80**	**-**
603,375			**1.48**	**(1)**	**2.09**	**(2)**		**458,375**

At December 31, 2020

Number outstanding	Grant date	Expiry date	Remaining contractual life		Exercise price		Fair value at grant date	Number exercisable
315,000	7/Dec/16	7/Dec/21	0.93		0.65		0.44	315,000
37,500	10/Oct/17	10/Oct/22	1.77		1.40		0.86	-
214,875	1/Dec/17	1/Dec/22	1.92		2.35		1.44	151,625
187,500	27/May/19	27/May/24	3.40		5.09		2.90	46,875
40,000	7/Oct/20	7/Oct/25	4.77		1.33		0.80	
794,875			2.01	(1)	2.23	(2)		513,500

(1) *Weighted average number of years.*
(2) *Weighted average.*

Share-based payment costs for the three months ended June 30, 2021 were $89,724 (2020, -$42,960). Share-based payments for the six months ended June 30, 2021 were $219,482 (2020 -$116,658).

The share options outstanding and exercisable is as follows:

	Options Outstanding			
	June 30, 2021		December 31, 2020	
	Number	**Exercise price (1)**	Number	Exercise price (1)
Balance at beginning of the period	**794,875**	**$2.19**	1,104,750	$2.19
Granted	**-**	**-**	40,000	1.33
Forfeited	**(141,500)**	**3.39**	(154,875)	3.11
Exercised	**(50,000)**	**0.65**	(195,000)	1.16
Balance at end of the period	**603,375**	**2.09**	794,875	$2.19
Exercisable at end of the period	**458,375**	**1.73**	513,500	$1.56

(1) *Weighted average.*

Subsequent to the quarter end, the Board of Directors approved the granting of 25,000 share options to an officer of the Company.

Restricted Share Unit Plan

Under the terms of the restricted share unit plan, The RSUs awarded will vest in four equal portions annually based upon the grant date. Each RSU will be settled in equity based upon a one-to-one conversion of RSU to Company share. The fair value of the RSUs is expensed equally over the vesting period.

The following table provides a summary of the Company's RSU plan.

	Number of units
Balance at December 31, 2019	-
Granted	382,856
Balance at December 31, 2020	382,856
Granted	**26,946**
Forfeited	**(107,022)**
Exercised	**-**
Balance at June 30, 2021	**302,780**

During the period ended June 30, 2021, the Company's Board of Directors approved the granting of an aggregate of 450,315 RSUs and PSUs to certain of its officers and employees. Subsequent to the quarter end, an additional 25,000 RSUs and 45,000 PSUs were approved. The approved RSUs and PSUs have not been granted as at August 12, 2021.

9. LEASES

The Company's leasing activities comprise of buildings and yard leases. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

The following table sets out the movement in the right-of-use assets by class of underlying asset:

Lease Obligations

Balance at December 31,2019	$800,157
Additions	22,372
Contract modification	(124,318)
Interest	30,092
Lease payments	(272,142)
Foreign currency translation	(9,789)
Balance at December 31, 2020	$446,372
Additions	**351,958**
Interest	**11,803**
Lease payments	**(87,262)**
Foreign currency translation	**(189)**
Balance at June 30, 2021	**$722,682**

Lease obligations due within one year	$213,861
Lease obligations due beyond one year	508,821
	$722,682

10. REPAYABLE GOVERNMENT ASSISTANCE AND DEFERRED GRANT BENEFITS

During 2020, the Company entered into a federal government grant assistance agreement with the Western Economic Diversification Canada. Under the agreement, the Company was provided $966,187 of assistance to help fund its operating costs. The total amount of the repayable government assistance was recognized at fair value using an interest rate of 12 percent, which is considered a market rate of interest for similar unsecured loans at the date of inception.

The Company is required to repay the contribution in 35 consecutive monthly installments of $26,800, commencing January 1, 2023 and one final installment of $28,187 due June 30, 2025. Interest payable on any late payments is to be calculated and compounded monthly at the average bank prime rate plus 3 percent.

Under the agreement, unless the Company has disclosed pre-existing commitments to make payments or disbursements to shareholders / partners, including management bonuses, and has received written approval from the Minister to make such payments, the Company shall not pay management bonuses, repay shareholder loans / partnership loans or approve any distribution of the retained earnings to the shareholders / partners until the contribution has been paid in full.

Repayable government assistance - Western Economic Diversification Canada

Balance at December 31, 2019	$ -
Additions	617,524
Accretion	18,712
Repayments	-
Balance at December 31, 2020	636,236
Additions	**-**
Accretion	**39,141**
Repayments	**-**
Balance at June 30, 2021	**$675,377**
Current portion	-
Long-term portion	675,377
	$675,377

Deferred grant benefits - Western Economic Diversification Canada

The Company recognized the benefit as the difference between the initial carrying value of the repayable government assistance and the proceeds received.

Balance at December 31, 2019	$ -
Additions	348,663
Recognized	(18,712)
Balance at December 31, 2020	329,951
Additions	**-**
Recognized	**(39,141)**
Balance at June 30, 2021	**$290,810**
Current portion	85,655
Long-term portion	205,155
	$290,810

Deferred grant benefits – *Alberta Innovates*

In March of 2021, the Company entered into a government investment agreement with Alberta Innovates, and received a funding advance of $120,000. This amount is recorded under current portion of deferred government grant until the associated project milestones are completed.

11. EARNINGS (LOSS) PER SHARE

	Three months ended June 30,		Six months ended June 30,	
For the	**2021**	2020	**2021**	2020
Profit (loss) for the period attributable to ordinary equity holders	**(873,214)**	(1,247,510)	**(1,759,101)**	17,942
Weighted average number of common shares for the purpose of:				
Basic	**27,456,823**	27,372,620	**27,440,369**	27,361,185
Basic earnings (loss) per share	**$(0.03)**	$(0.05)	**$(0.06)**	$0.00
Weighted average number of common shares for the purpose of:				
Diluted	**27,456,823**	27,372,620	**27,440,369**	27,643,911
Diluted earnings (loss) per share	**$(0.03)**	$(0.05)	**$(0.06)**	$0.00

12. SEGMENTED INFORMATION

The Company reports its financial results as one reportable segment as this is how the financial information is reviewed by the chief decision makers of the Company.

The following table provides information regarding revenue on a geographic basis as determined by the location of the customer or third party:

For the three months ended June 30, 2021

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

For the three months ended June, 2020

	Canada	United States	Consolidated
Equipment sales	$90,879	$43,198	$134,077
Equipment rentals	-	731,194	731,194
Equipment service & repairs	12,600	152,853	165,453
	$103,479	$927,245	$1,030,724

For the six months ended June 30, 2021	**Canada**	**United States**	**Consolidated**
Equipment sales	**$1,443,163**	**$91,433**	**$1,534,596**
Equipment rentals	**-**	**932,427**	**932,427**
Equipment service & repairs	**98,764**	**166,644**	**265,408**
	$1,541,927	**$1,190,504**	**$2,732,431**

For the six months ended June 30, 2020	Canada	United States	Consolidated
Equipment sales	$102,962	$2,082,869	$2,185,831
Equipment rentals	-	2,896,209	2,896,209
Equipment service & repairs	38,302	399,852	438,154
	$141,264	$5,378,930	$5,520,194

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

As at	**June 30, 2021**	December 31, 2020
Intangible assets		
Canada	**$502,144**	$524,119
United States	**-**	-
	$502,144	$524,119
Property and equipment		
Canada	**$721,522**	$743,313
United States	**14,238,877**	15,234,868
	$14,960,399	$15,978,181
Right-of-use assets		
Canada	**$354,945**	$406,887
United States	**336,823**	11,245
	$691,768	$418,132

13. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to:

- Deploy capital to provide an appropriate return on investment to its shareholders;
- Maintain financial flexibility in order to preserve the Company's ability to meet financial obligations; and,
- Maintain a capital structure that provides financial flexibility to execute on strategic opportunities.

The Company's strategy is formulated to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year-over-year sustainable profitable growth. The Company is not subject to any externally imposed capital requirements other than the financial tests and covenants associated with its credit facilities as described in Note 6 and repayable government assistance that described in Note 10. At June 30, 2021 and 2020, Questor complied with these covenants.

The Company's capital structure consists of equity and cash. In order to maintain or alter the capital structure, the Company may adjust capital spending, refinance existing credit facilities, raise new debt and issue common shares. The Company expects that funds generated from operations and cash balances will provide sufficient capital resources and liquidity to fund existing operations in 2021.

A key measure the Company utilizes in evaluating its capital structure is the ratio of debt-to-total capitalization. Debt-to-total capitalization is calculated as debt divided by total capitalization. Debt is defined as total short- and long-term borrowings. The only loan that the Company has is a repayable government assistance described in Note 10. Equity is defined as issued capital and reserves attributable to equity holders. Total capitalization is defined as the sum of debt plus the book value of equity.

As at	**June 30,2021**	December 31,2020
Loans and borrowings	**$966,187**	$966,187
Shareholder's equity	**32,455,863**	33,989,100
Total capitalization	**$33,422,050**	$34,955,287
Long-term debt to total capitalization	**2.89%**	2.76%

In 2020, the Company entered into a repayable government assistance agreement with the Western Economic Diversification Canada to assist with funding its operating costs. The details are described in Note 10.

14. MOVEMENTS IN NON-CASH WORKING CAPITAL

For the six months ended June 30,	**2021**	2020
Trade and other receivables and contract assets	**$689,890**	$3,244,510
Inventories	**(185,919)**	(72,066)
Prepaid expenses and deposits	**77,684**	613,568
Trade payables, accrued liabilities and provisions	**(124,317)**	(1,092,981)
Deferred revenue and deposits	**(388,228)**	(875,875)
	$69,110	$1,817,156

15. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, trade and other receivables and trade payables, repayable government assistance, accrued liabilities and provisions. 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. The Company did not hold or issue any derivative financial instruments during the period.

IFRS 9, *Financial Instruments* requires an entity to estimate its expected credit loss for all trade accounts receivable even when they are not past due based on the expectation that certain receivables will be uncollectible. Based on the Company's assessment, an allowance for doubtful accounts of approximately 1 percent of outstanding receivables has been recorded using the lifetime expected credit loss model. The expected credit loss rate is based on the Company's actual credit loss experience over the past 5 years.

Foreign currency risk

The Company is exposed to foreign exchange risk associated with foreign operations where assets, liabilities, revenue and costs are denominated in currencies other than Canadian dollars. The Company maintains cash balances and enters into transactions denominated in foreign currencies, principally United States dollars, which exposes the Company to fluctuating balances and cash flows due to variations in foreign exchange rates. The Company is also exposed to the impact of foreign currency fluctuations in its Canadian operations on purchases of products and property and equipment from vendors in the United States.

The Company currently has limited commitments in US dollars and as a result has not implemented currency hedges. The Company will continue to monitor currency requirements and may implement currency strategies to satisfy obligations or commitments when they arise.

Credit risk

Credit risk arises from the potential that one or more counterparties fail to meet their obligations.

Substantial amounts of the Company's trade and other receivables, which relate to the Company's revenues, are with customers in the oil and natural 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.

16. INFORMATION ABOUT MAJOR CUSTOMERS

During the three months ended June 30, 2021, considering individual customers comprising greater than 10 percent of total revenue, three customers (2020 – three) comprised 66 percent (2020 – 58 percent) of the Company's total revenue.

During the six months ended June 30, 2021, considering individual customers comprising greater than 10 percent of total revenue, three customers (2020 – three) comprised 58 percent (2020 – 53 percent) of the Company's total revenue.

As at June 30, 2021, considering individual customers comprising greater than 10 percent of total trade and other receivables, three customers (2020 – three) comprised 97 percent (2020 - 58 percent) of the Company's total trade and other receivable.

17. SEASONALITY AND CYCLICALITY OF OPERATIONS

There are a number of factors contributing to quarterly variations that may not be reflective of the Company's future performance. A significant portion of the Company's operations are carried on in Western Canada and the Northern United States where activity levels in the oilfield services industry are subject to a degree of seasonality due to volatility in the weather and temperatures. Oilfield services demand is driven by customer capital spending and drilling programs which are affected by oil and natural gas commodity prices, changes in legislation and seasonal behaviours. Other factors causing variation include the Company's mix of products and services delivered, and the currency in which the sales are transacted.

18. RELATED PARTY TRANSACTIONS

In the normal course of business, the Company may transact with related parties. Apart from director and officer compensation, there were no related party transactions in the period ended June 30, 2021 and 2020.

19. SUBSEQUENT EVENT

Subsequent to June 30, 2021, the Company has entered into an agreement from Sustainable Development Technology Canada (SDTC) to receive up to $4.5 million of funding to support and expedite the development of the Company's CPS 50-1500 kW modular, reliable, high efficiency waste Heat to Power generation systems. This project furthers the Company's overall global strategy to provide clean, practical, cost-effective solutions to reduce greenhouse gas emissions (GHG) and supports our clients' ESG goals to achieve net zero emissions.