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. ("Questor" or the "Company") discloses that the Company's independent auditor has not reviewed the unaudited condensed consolidated financial statements for the three and nine-month periods ended September 30, 2019 and 2018.

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Stated in Canadian dollars
Unaudited

As at	Notes	**September 30, 2019**	December 31, 2018
ASSETS			
Current assets			
Cash		**$10,196,456**	$8,809,644
Trade and other receivables		**7,340,422**	4,698,093
Inventories		**1,483,394**	1,070,541
Prepaid expenses and deposits		**289,607**	1,382,581
Current tax assets		**344,159**	530,158
Total current assets		**19,654,038**	16,491,017
Non-current assets			
Property and equipment	4,12	**18,030,744**	13,419,524
Right-of-use assets	3,5	**778,704**	-
Intangible assets	6	**637,420**	692,535
Deferred tax assets		**371,475**	339,169
Total non-current assets		**19,818,343**	14,451,228
Total assets		**$39,472,381**	$30,942,245
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade payables, accrued liabilities and provisions		**$1,317,370**	$1,955,019
Customer deposits		**1,119,751**	1,169,780
Current portion of lease inducement	3	**-**	45,200
Current portion of lease obligations	5	**287,020**	-
Current tax liabilities		**1,082,132**	216,093
Total current liabilities		**3,806,273**	3,386,092
Non-current liabilities			
Lease obligations	5	**503,368**	-
Lease inducement	3	**-**	258,233
Deferred tax liabilities		**1,060,505**	918,465
Total non-current liabilities		**1,563,873**	1,176,698
Total liabilities		**5,370,146**	4,562,790
Shareholders' equity			
Issued capital	7	**8,144,411**	6,381,520
Reserves		**1,224,953**	1,702,303
Retained earnings		**24,745,394**	18,265,088
Cumulative translation adjustment		**(12,523)**	30,544
Total shareholders' equity		**34,102,235**	26,379,455
Total liabilities and shareholders' equity		**$39,472,381**	$30,942,245

Contingencies **20**

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

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Stated in Canadian dollars
Unaudited

For the		Three months ended September 30		Nine months ended September 30	
	Notes	**2019**	2018	**2019**	2018
Revenue	12	**$8,293,734**	$5,761,465	**$23,377,705**	$17,491,620
Cost of sales		**4,258,975**	1,881,122	**10,357,979**	6,485,921
Gross Profit		**4,034,759**	3,880,343	**13,019,726**	11,005,699
Administration expenses		**1,116,656**	954,906	**3,382,788**	2,759,658
Depreciation of property and equipment and right-of-use assets	4,5	**26,308**	25,743	**80,688**	39,641
Amortization of intangible assets	6	**57,516**	89,552	**172,548**	268,656
Net foreign exchange (gains) losses		**(146,764)**	147,887	**127,392**	(218,996)
Other expenses		**228,250**	64,613	**423,494**	63,911
Profit before tax		**2,752,793**	2,597,642	**8,832,816**	8,092,829
Income tax expense	19	**784,508**	851,399	**2,466,610**	2,468,646
Profit for the period		**$1,968,285**	$1,746,243	**$6,366,206**	$5,624,183
Exchange differences on translating foreign operations		**(90,812)**	172,711	**(43,067)**	1,157
Total comprehensive income		**$1,877,473**	$1,918,954	**$6,323,139**	$5,625,340
Earnings per share	14				
Basic		**$0.07**	$0.07	**$0.23**	$0.21
Diluted		**$0.07**	$0.07	**$0.23**	$0.21

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

INTERIM
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Stated in Canadian dollars
Unaudited

	Notes	Issued capital	Reserves	Retained earnings	Cumulative translation adjustment	Total shareholder's equity
Balance at December 31, 2018		$6,381,520	$1,702,303	$18,265,088	$30,544	$26,379,455
Impact of change in accounting policy	3	-	-	114,100	-	114,100
January 1, 2019		$6,381,520	$1,702,303	$18,379,188	$30,544	$26,493,555
Profit for the period		**-**	**-**	**6,366,206**	**-**	**6,366,206**
Share-based payments	**8**	**-**	**248,752**	**-**	**-**	**248,752**
Stock options exercised	**7,8**	**1,762,891**	**(726,102)**	**-**	**-**	**1,036,789**
Translation of foreign operations		**-**	**-**	**-**	**(43,067)**	**(43,067)**
Balance at September 30, 2019		**$8,144,411**	**$1,224,953**	**$24,745,394**	**$(12,523)**	**$34,102,235**
Balance at December 31, 2017		$6,262,931	$1,395,010	$11,127,564	$(6,286)	$18,779,219
Profit for the period		-	-	5,624,183	-	5,624,183
Share-based payments	8	-	302,332	-	-	302,332
Stock options exercised	7,8	33,945	(14,107)	-	-	19,838
Translation of foreign operations		-	-	-	1,157	1,157
Balance at September 30, 2018		$6,296,876	$1,683,235	$16,751,747	$(5,129)	$24,726,729

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

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Stated in Canadian dollars
Unaudited

For the	Notes	Three months ended September 30 **2019**	2018	Nine months ended September 30 **2019**	2018
Cash flows from operating activities					
Profit for the period		**$1,968,285**	$1,746,243	**$6,366,206**	$5,624,183
Adjustments for:					
Income tax expense		**784,508**	851,399	**2,466,610**	2,468,646
Depreciation of property and equipment and right-of-use assets	4,5	**611,340**	437,269	**1,681,441**	1,093,420
Lease inducement		-	11,200	**-**	33,600
Amortization of intangible assets	6	**57,516**	89,552	**172,548**	268,656
Lease interest		**9,423**	-	**34,984**	-
Share-based payments	8	**124,242**	94,117	**248,752**	302,332
Book value of used rental sales in operating activities		**138,275**	-	**214,864**	-
Movements in non-cash working capital	15	**(2,317,451)**	317,924	**(2,251,945)**	775,821
Income taxes paid		**(143,798)**	(891,556)	**(1,322,659)**	(2,981,644)
Net cash from operating activities		**1,232,340**	2,656,148	**7,610,801**	7,585,014
Cash used in investing activities					
Payments for property and equipment	4	**(353,481)**	(55,319)	**(6,486,498)**	(4,042,570)
Payments for intangible assets	6	**(117,009)**	-	**(117,009)**	-
Net cash used in investing activities		**(470,490)**	(55,319)	**(6,603,507)**	(4,042,570)
Cash (used in) from financing activities					
Proceeds from exercise of stock options		**881**	-	**708,989**	19,840
Lease obligations principal payments	5	**(84,198)**	-	**(251,305)**	-
Net cash (used in) from financing activities		**(83,317)**	-	**457,684**	19,840
Net increase in cash		**678,533**	2,600,829	**1,464,978**	3,562,284
Cash at beginning of the period		**9,468,720**	4,871,624	**8,809,644**	3,847,862
Effects of exchange rate changes on the balance of cash held in foreign currencies		**49,203**	10,320	**(78,166)**	72,627
Cash at end of the period		**$10,196,456**	$7,482,773	**$10,196,456**	$7,482,773

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019

Stated in Canadian dollars unless otherwise specified
Unaudited

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 Cleantech company founded in 1994 and headquartered in Calgary, Alberta, with field offices located in; Grande Prairie, Alberta; Brighton, 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 improves air quality, support energy efficiency and greenhouse gas emission reductions. Questor designs, manufactures and services high efficiency waste gas combustion systems. The Company's proprietary incinerator technology is utilized in the effective management of Methane, Hydrogen Sulphide gas, Volatile Organic Hydrocarbons, Hazardous Air Pollutants and BTEX 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 the power generation 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 consolidated financial statements and therefore should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2018. All financial information is reported Canadian dollars, unless otherwise noted.

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, 2018. All accounting policies and methods of computation followed in the preparation of these financial statements are consistent with those of the previous financial year, except as noted in Note 3 "Changes in Accounting Policies". There have been no significant changes to the use of estimates or judgments since December 31, 2018.

All inter-company 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.

These financial statements were authorized for issue by the Company's Board of Directors on November 13, 2019.

3. CHANGES IN ACCOUNTING POLICIES

The IASB issued IFRS 16, Leases, which requires that lessees recognize lease liabilities and right-of-use ("ROU") assets related to its lease commitments on the balance sheet. The Company adopted IFRS 16 on the effective date of January 1, 2019.

Initial Adoption
The Company has elected to apply IFRS 16 using a modified retrospective approach which does not require the restatement of prior period financial information. Modified retrospective application recognizes the cumulative effect of IFRS 16 as an adjustment to opening retained earnings at January 1, 2019 and applies the standard prospectively. The following table details the impact of the adoption of IFRS 16 on the Company's statement of financial position, as at January 1, 2019:

Impact on Statement of financial position		$
ROU assets	Increase	775,940
Current portion of lease obligations	Increase	261,723
Long-term portion of lease obligations	Increase	514,217
Current and long-term portion of lease inducement	Decrease	303,433
Property and equipment	Decrease	189,333
Deferred tax liabilities	Increase	19,152
Retained earnings	Increase	114,100

At January 1, 2019, the Company applied the following optional expedients permitted under the standard:

- Leases whose terms end within 12 months of initial adoption have been recognized as short-term leases;
- Leases having similar characteristics are measured on transition as a portfolio by applying a single discount rate;
- Leases having a low dollar value are not recognize as a ROU asset; and
- Use hindsight in determining the lease term where a contract contains terms to extend or terminate the lease.

On transition to IFRS 16 under the modified retrospective approach, lease payments are discounted using the Company's incremental borrowing rate as of January 1, 2019. The Company used a weighted average incremental borrowing rate of 4.95 per cent to measure the present value of the future lease payments on January 1, 2019.

The adoption of IFRS 16 had an immaterial impact on the Company's reported bank covenants.

Ongoing Recognition and Measurement
On the date that the leased asset becomes available for use, the Company recognizes a ROU asset and a corresponding lease obligation. Lease obligations are subsequently measured at amortized cost using effective interest method. Interest expense associated with the lease obligation is charged to the consolidated statements of comprehensive income over the lease period with a corresponding increase to the lease obligation. The lease obligation is reduced as payments are made against the principal portion of the lease. The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Depreciation of the ROU asset is recognized in depreciation of property and equipment in the consolidated statements of comprehensive income and right-of-use assets expense.

ROU assets and lease obligations are initially measured on a present value basis. Lease obligations are measured as the net present value of the lease payments which may include: fixed lease payments and payments to exercise an extension or termination option, if the Company is reasonably certain to exercise either of those options. ROU assets are measured at cost, which is composed of the amount of the initial measurement of the lease obligation, less any incentives received, plus any lease payments made at, or before, the commencement date and initial direct costs and asset restoration costs, if any. The rate implicit in the lease is used to determine the present value of the liability and ROU asset arising from a lease, unless this rate is not readily determinable, in which case the Company's incremental borrowing rate is used.

4. PROPERTY AND EQUIPMENT

	Rental incinerators and trailers	Light vehicles, tools & equipment	Waste heat to power generator	Office equipment & leasehold improvements	Total
Cost					
Balance at December 31, 2017	$13,134,166	$796,138	$159,268	$427,077	$14,516,649
Additions	3,434,313	161,510	-	$28,659	3,624,482
Disposals	(142,188)	-	-	-	(142,188)
Foreign operation adjustments	-	11,035	-	(222)	10,813
Balance at December 31, 2018	$16,426,291	$968,683	$159,268	$455,514	$18,009,756
Additions	**6,195,520**	**267,672**	**-**	**16,764**	**6,479,956**
Disposals	**(277,975)**	**-**	**-**	**-**	**(277,975)**
Impact of changes in accounting policy (Note 3)	**-**	**-**	**-**	**(240,000)**	**(240,000)**
Foreign operation adjustments	**-**	**(23,230)**	**-**	**(426)**	**(23,656)**
Balance at September 30, 2019	**$22,343,836**	**$1,213,125**	**$159,268**	**$231,852**	**$23,948,081**
Accumulated depreciation					
Balance at December 31, 2017	$2,620,223	$393,241	$31,854	$114,868	$3,160,186
Depreciation charges included in:					
Cost of sales	1,334,740	103,229	-	-	1,437,969
Disposal	(61,240)	-	-	-	(61,240)
Depreciation expense	-	-	-	53,317	53,317
Balance at December 31, 2018	$3,893,723	$496,470	$31,854	$168,185	$4,590,232
Depreciation charges included in:					
Cost of sales	**1,316,460**	**96,048**	**-**	**9,695**	**1,422,203**
Disposals	**(62,753)**	**-**	**-**	**-**	**(62,753)**
Impact of changes in accounting policy (Note 3)	**-**	**-**	**-**	**(50,667)**	**(50,667)**
Depreciation expense	**-**	**-**	**-**	**18,322**	**18,322**
Balance at September 30, 2019	**$5,147,430**	**$592,518**	**$31,854**	**$145,535**	**$5,917,337**
Carrying amounts					
At December 31, 2018	$12,532,568	$472,213	$127,414	$287,329	$13,419,524
At September 30, 2019	**$17,196,406**	**$620,607**	**$127,414**	**$86,317**	**$18,030,744**

5. RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS

Right-of-use Assets

Cost	**Note**	**Buildings Use Right**
Balance at January 1, 2019	3	$775,940
Additions		236,877
Foreign operation adjustments		6,803
Balance at September 30, 2019		**$1,019,620**

Accumulated Depreciation	
Balance at January 1, 2019	$-
Depreciation	240,916
Balance at September 30, 2019	**$ 240,916**

Carrying Amounts	
Balance at January 1, 2019	$775,940
Balance at September 30, 2019	**$778,704**

Lease Obligations	**Note**	**Buildings Use Right**
Balance at January 1, 2019	3	$775,940
Additions		236,877
Interest		34,984
Lease payments		(257,870)
Foreign operation adjustments		457
Balance at September 30, 2019		**$790,388**

Lease obligations due within one year	$287,020
Lease obligations due beyond one year	$503,368

6. INTANGIBLE ASSETS

Cost	Waste heat to power development	Buner Management System	Design Drawings	Patents	Total
Balance at December 31, 2017 and 2018	$1,733,263	$-	$341,952	$15,225	$2,090,440
Additions	-	117,009	-	-	117,009
Balance at September 30, 2019	**$1,733,263**	**$117,009**	**$341,952**	**$15,225**	**$2,207,449**
Accumulated Amortization					
Balance at December 31, 2017	$827,074	$-	$327,353	$12,992	$1,167,419
Amortization expense	226,444	-	2,400	1,218	230,062
Balance at December 31, 2018	$1,053,518	$ -	$329,753	$14,210	$1,397,481
Amortization expense	169,833	-	1,802	913	172,548
Balance at September 30, 2019	**$1,223,351**	**$-**	**$331,555**	**$15,123**	**$1,570,029**
Carrying Amounts					
At December 31, 2018	$679,321	$-	$12,199	$1,015	$692,535
At September 30, 2019	**$509,912**	**$117,009**	**$10,397**	**$102**	**$637,420**

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, 2018	26,502,870	$6,381,520
Stock options exercised	649,750	1,762,891
Shares issued and outstanding September 30, 2019	**27,152,620**	**$8,144,441**

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 as amended on September 15, 2016.

Each share option converts into one common share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither right to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. Options granted under the plan have a term of five years to expiry and one quarter of the options vest on each of the first, second, third and fourth anniversary dates of the grant date on a cumulative basis.

On May 14, 2019 the Board of Directors approved 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, 2019. 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 Corporation. 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% of the outstanding common shares of the Corporation which is in accordance with the current Stock Option plan. At September 30, 2019, the Company has not granted any PSU's or RSU's to any directors and officers, employees or consultants.

The share options outstanding and exercisable at September 30, 2019 are as follows:

	Number	Exercise price [(1)]
Balance at beginning of the period	**1,563,000**	**$1.43**
Granted	**257,500**	**5.09**
Exercised	**(649,750)**	**1.60**
Forfeited	**(3,500)**	**2.35**
Balance at end of period	**1,167,250**	**$2.14**
Exercisable at end of period	**176,375**	**$1.07**

(1) *Weighted average.*

8. SHARE-BASED PAYMENTS (Continued)

The weighted average fair value of options granted during 2019, determined using the Black-Scholes valuation method, was $2.90 per option (nine months ended September 30, 2018 – $nil). The Company applied the following assumptions in determining the fair value of options on the date of grant:

Nine Months Ended September 30,	**2019**
Expected Life	**5 years**
Expected Volatility	**72.4%**
Risk-free rate	**1.48%**
Expected Dividends	**$-**

The following share-based payment arrangements were in existence at

September 30, 2019

Number outstanding	**Grant date**	**Expiry date**	**Remaining contractual life**		**Exercise price**		**Fair value at grant date**	**Number exercisable**
50,000	**20-Jan-16**	**20-Jan-21**	**1.31**		**0.77**		**0.56**	**-**
452,500	**7-Dec-16**	**7-Dec-21**	**2.19**		**0.65**		**0.44**	**132,500**
112,500	**10-Oct-17**	**10-Oct-22**	**3.03**		**1.40**		**0.86**	**-**
294,750	**1-Dec-17**	**1-Dec-22**	**3.17**		**2.35**		**1.44**	**43,875**
257,500	**27-May-19**	**26-May-24**	**4.65**		**5.09**		**2.90**	**-**
1,167,250			**3.02**	**(1)**	**$ 2.14**	**(1)**		**176,375**

December 31, 2018

Number outstanding	Grant date	Expiry date	Remaining contractual life		Exercise price		Fair value at grant date	Number exercisable
252,500	15-Apr-14	15-Apr-19	0.29		$ 2.48		$ 1.76	252,500
20,000	09-Jun-14	09-Jun-19	0.44		3.99		2.78	20,000
200,000	20-Jan-16	20-Jan-21	2.06		0.77		0.56	100,000
640,000	7-Dec-16	7-Dec-21	2.94		0.65		0.44	320,000
112,500	10-Oct-17	10-Oct-22	3.77		1.40		0.86	-
338,000	1-Dec-17	1-Dec-22	3.92		2.35		1.44	84,500
1,563,000			2.64	(1)	$ 1.43	(1)		777,000

(1) *Weighted average*

9. 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 10. At September 30, 2019, Questor was in compliance 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. It is expected, however, that Questor's funds generated from operations and cash amounts will provide sufficient capital resources and liquidity to fund existing operations in 2019 and anticipated capital expenditures.

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 unadjusted for cash balances. Equity is defined as capital and reserves attributable to equity holders. Total capitalization is defined as the sum of debt unadjusted for cash balances and the book value of equity.

The debt-to-total capitalization ratio was as follows:

As at September 30, 2019	
Short-term borrowings	**$-**
Long-term borrowings	-
Debt	**-**
Equity	**34,102,235**
Total capitalization	**$34,102,235**
Debt-to-total capitalization ratio	**0.00%**

10. BORROWINGS FACILITIES

The Company has in place an Operating Loan Facility, Capital Loan Facility and an Export Development Canada ("EDC") Secured Letter of Guarantee Facility (the "Borrowing Facilities").

Operating Loan Facility

The Company's revolving demand operating facility is $1,000,000 (2018-$1,000,000), the availability of which is subject to specified margin requirements. The revolving demand operating loan bears interest at bank prime plus 1 percent per annum. Up to $100,000 (2018-$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 (2018-$5,000,000). The revolving demand capital loan bears interest at bank prime plus 1.25 percent per annum.

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

10. BORROWING FACILITIES (Continued)

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

The combined advances of the capital loan facility cannot, at any time, exceed 60% 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 an updated reporting being received. Should advances exceed 60% 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%, based on the then most recent reporting.

Export Development Canada ("EDC") Secured Letter of Guarantee Facility

The EDC facility is secured to assist in the financing of the day to day operations of the Company through the issuance by the EDC of letters of guarantee, standby letters of credit, performance bonds, counter guarantees, counter standby letters of credit or similar credits from time to time (each an "LG") upon the instructions of the Company. The EDC facility is available to maximum of $2,000,000 (2018-$2,000,000)and bears interest at bank prime plus 1.0 (2018-1.0) percent per annum. The availability of each LG shall be at the discretion of the EDC and subject to the various stated conditions. LGs are available for terms of up to 12 months and require satisfactory the performance security guarantees ("PSG") from EDC (or guarantees from private insurance companies acceptable to the Bank) in the amount and terms of the obligation. In the event EDC (or private insurance company) does not extend coverage under the PSG, the Company is required to provide security in form and substance satisfactory to EDC. At the time of issuance by the EDC of each Performance LG, a fee equal to 1.50% per annum is calculated against the face amount and over the term of the performance LG.

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.

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.

11. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, trade and other receivables and trade payables, 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. At September 30, 2019, there were no investments, short-term or long-term borrowings outstanding. 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% 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. The analysis was consistent when compared to the Company's actual credit loss experience over the past 8 years or 10 years.

12. SEGMENTED INFORMATION

The Company reports its financial results as one reportable segment.

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

For the three months ended September 30, 2019	**Canada**	**United States**	**International**	**Consolidated**
Equipment sales	**$540,554**	**$585,531**	**$2,518,749**	**$3,644,834**
Equipment rentals	**-**	**3,980,235**	**-**	**3,980,235**
Services & repairs	**22,367**	**646,298**	**-**	**668,665**
	$562,921	**$5,212,064**	**$2,518,749**	**$8,293,734**

For the three months ended September 30, 2018	Canada	United States	International	Consolidated
Equipment sales	$4,914	$752,920	$-	$757,834
Equipment rentals	97,425	4,231,354	-	4,328,779
Services & repairs	67,298	607,554	-	674,852
	$169,637	$5,591,828	$-	$5,761,465

For the nine months ended September 30, 2019	**Canada**	**United States**	**International**	**Consolidated**
Equipment sales	**$1,373,061**	**$724,880**	**$5,955,719**	**$8,053,660**
Equipment rentals	**21,400**	**13,192,765**	**-**	**13,214,165**
Services & repairs	**137,701**	**1,942,157**	**30,022**	**2,109,880**
	$1,532,162	**$15,859,802**	**$5,985,741**	**$23,377,705**

For the nine months ended September 30, 2018	Canada	United States	International	Consolidated
Equipment sales	$98,421	$3,330,334	$-	$3,428,755
Equipment rentals	256,575	11,762,743	-	12,019,318
Services & repairs	157,630	1,868,061	17,856	2,043,547
	$512,626	$16,961,138	$17,856	$17,491,620

Property and equipment

As at	**September 30, 2019**	December 31, 2018
Canada	**481,995**	1,099,763
United States	**17,548,749**	12,319,761
	$18,030,744	$13,419,524

13. INFORMATION ABOUT MAJOR CUSTOMERS

	Three months ended September 30		Nine months ended September 30	
	2019	2018	**2019**	2018
Number of customers comprising greater than 10% of total revenues for the period	**2**	3	**2**	2
Revenue for each customer that represents greater than 10% of total revenues for the period:				
Customer#1	**$2,518,748**	$2,747,788	**$6,038,384**	$10,178,489
Customer#2	**$1,959,593**	$931,288	**$5,955,719**	$2,325,572
Customer#3	**-**	$772,288	**-**	-

	At September 30	
	2019	2018
Number of customers comprising greater than 10% of total trade and other Receivables at the end of the period	**3**	2
Accounts receivable balance for each customer that represents greater than 10% of total trade and other receivables at the end of the period:		
Customer#1	**$1,349,348**	$1,669,313
Customer#2	**$1,216,713**	$627,149
Customer#3	**$1,178,700**	-

14. EARNINGS PER SHARE

Basic earnings per share

	Three months ended September 30		Nine months ended September 30	
	2019	2018	**2019**	2018
Profit for the period attributable to ordinary equity holders	**$1,968,285**	$1,746,243	**$6,366,206**	$5,624,183
Weighted average number of ordinary shares for the purposes of basic earnings per share	**27,152,327**	26,465,370	**27,000,592**	26,461,883
Basic earnings per share	**$0.07**	$0.07	**$0.23**	$0.21

Diluted earnings per share

	Three months ended September 30		Nine months ended September 30	
	2019	2018	**2019**	2018
Profit for the period attributable to ordinary equity holders	**$1,968,285**	$1,746,243	**$6,366,206**	$5,624,183
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**27,798,090**	27,398,836	**27,652,057**	27,361,133
Diluted earnings per share	**$0.07**	$0.06	**$0.23**	$0.21

14. EARNINGS PER SHARE (Continued)

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Three months ended September 30		Nine months ended September 30	
	2019	2018	**2019**	2018
Weighted average number of ordinary shares for the purposes of basic earnings per share	**27,152,327**	26,465,370	**27,000,592**	26,461,883
Shares deemed to be issued for no consideration in respect of employee options	**645,763**	933,466	**651,465**	899,250
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**27,798,090**	27,398,836	**27,652,057**	27,361,133

15. MOVEMENTS IN NON-CASH WORKING CAPITAL

	Three months ended September 30		Nine months ended September 30	
	2019	2018	**2019**	2018
Trade and other receivables	**$(2,156,394)**	$949,051	**$(2,015,974)**	$1,242,405
Inventories	**305,734**	(170,948)	**(412,847)**	(84,352)
Prepaid expenses and deposits	**738,031**	(80,859)	**1,092,976**	759,610
Trade payables, accrued liabilities and provisions	**(1,156,840)**	(603,669)	**(866,073)**	(1,596,897)
Deferred revenue and deposits	**(47,982)**	224,349	**(50,027)**	432,655
Lease inducements	**-**	-	**-**	22,400
	$(2,317,451)	$317,924	**$(2,251,945)**	$775,821

16. OTHER EXPENSES

The Company incurred legal expenses related to intellectual property litigation. The Company is the plaintiff and is taking action to protect and enforce certain intellectual property rights. The legal expenses relating to this action is approximately $251,000 for the three months ended September 30, 2019 (2018 – nil) and approximately $608,000 for the Nine months ended September 30, 2019 (2018 – nil) are included in other expenses.

17. RELATED PARTY TRANSACTIONS

In April 2019, the Company provided loans to one senior executive officer and one Director. The purpose of the loans is to allow the individuals to exercise stock options and for payment of related taxes upon option exercise. The loans are on a recourse basis and secured by a promissory note. The loans are non-interest bearing with maturities less than 120 days.

The Company loaned the senior executive officer $305,840 on April 15, 2019. The full principal amount was due and payable upon the maturity date of August 13, 2019. The Board of Directors subsequently approved an extension of the loan maturity. The loan was repaid in full on November 12, 2019.

The Company loaned the Director $83,640 on April 30, 2019. The loan was repaid in full on May 27, 2019.

18. 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 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.

19. INCOME TAX

On May 28, 2019, the Government of Alberta substantively enacted a reduction in the provincial corporate tax rate from 12% to 8% over four years. As a result, the Company recognized an additional 121,530 of deferred tax recovery as at September 30, 2019

20. CONTINGENCIES

From time to time, the Company is subject to costs and other effects of legal proceedings, settlements, investigations, claims and actions. The Company determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. The Company assesses potential liabilities by analyzing the claims using available information. The Company develops its views on estimated losses in consultation with outside counsel handling our defense in these matters. Should developments in any of these matters cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs.

Notwithstanding the uncertainty as to the final outcome, based on the information currently available to it, the Company does not currently believe these matters in aggregate will have a material adverse effect on its consolidated financial position.