

**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 interim condensed consolidated financial statements for the three and nine months ended September 30, 2024 and 2023.

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

Stated in Canadian dollars, unaudited

	Notes	September 30, 2024	December 31, 2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$3,279,465	\$4,327,048
Investments	5	4,022,324	8,183,893
Trade, contract assets and other receivables		2,221,748	1,211,474
Inventory		496,345	351,778
Prepaid expenses and deposits		215,479	150,415
Current tax assets	8	15,851	55,417
Total current assets		10,251,212	14,280,025
<b>Non-current assets</b>			
Property and equipment	3	6,301,927	7,055,543
Right-of-use assets	6	560,543	233,037
Intangible assets	4	8,542,845	4,714,694
Deferred tax assets	8	841,707	842,521
Total non-current assets		16,247,022	12,845,795
<b>Total assets</b>		<b>\$26,498,234</b>	<b>27,125,820</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade payables, accrued liabilities and provisions		\$1,218,179	\$1,107,142
Deferred revenue		55,098	10,000
Current portion of lease obligations	6	139,892	192,845
Current portion of repayable government grant	7	321,600	321,600
Current portion of deferred grant benefits	7	2,172,442	804,260
Total current liabilities		3,907,211	2,435,847
<b>Non-current liabilities</b>			
Lease obligations	6	445,937	63,385
Repayable government grant	7	51,180	248,818
Deferred grant benefits	7	1,621	20,118
Total non-current liabilities		498,738	332,321
Total liabilities		4,405,949	2,768,168
<b>Shareholders' equity</b>			
Issued capital		9,370,486	9,519,917
Contributed surplus		1,577,323	1,420,061
Retained earnings		11,172,440	13,456,893
Accumulated other comprehensive loss		(27,964)	(39,219)
Total shareholders' equity		22,092,285	24,357,652
Total liabilities and shareholders' equity		\$26,498,234	\$27,125,820
Commitments and contingencies	13		
Subsequent event	15		

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

Approved by the Board of Directors:

(signed) Paul Huizinga  
Paul Huizinga, Director

(signed) Audrey Mascarenhas  
Audrey Mascarenhas, Director

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

Stated in Canadian dollars except per share data, unaudited

For the	Notes	Three months ended September 30,		Nine months ended September 30,	
		2024	2023	2024	2023
Revenue	11	<b>\$1,142,710</b>	\$1,690,390	<b>\$2,744,688</b>	\$5,745,743
Cost of sales		<b>759,136</b>	1,247,735	<b>2,106,683</b>	3,752,867
Gross profit		<b>383,574</b>	442,655	<b>638,005</b>	1,992,876
Administration expenses		<b>763,025</b>	1,162,952	<b>2,565,391</b>	2,956,429
Research and development expenses	4	<b>111,828</b>	42,831	<b>284,866</b>	285,619
Share based payments (forfeitures)	10	<b>88,347</b>	(252,471)	<b>170,848</b>	(74,937)
Depreciation expense		<b>28,384</b>	50,146	<b>85,351</b>	114,219
Amortization of intangible assets	4	<b>475</b>	166,007	<b>1,704</b>	236,070
Impairment of non-financial assets	4	-	3,550,000	-	3,550,000
Net foreign exchange (gains) losses		<b>11,729</b>	(49,827)	<b>(113,131)</b>	60,105
Other income		<b>(29,174)</b>	(47,718)	<b>(168,600)</b>	(231,089)
<b>Loss before tax</b>		<b>(591,040)</b>	(4,179,265)	<b>(2,188,424)</b>	(4,903,540)
Income tax expense (recovery)	8	<b>(1,441)</b>	(941,480)	<b>4,180</b>	(989,110)
<b>Loss for the period</b>		<b>\$(589,599)</b>	(\$3,237,785)	<b>\$(2,192,604)</b>	(\$3,914,430)
<b>Other comprehensive loss</b>					
Items that may be reclassified to profit and loss in subsequent periods:					
Exchange gains (losses) on translating foreign operations		<b>(25,053)</b>	65,608	<b>11,255</b>	6,646
<b>Total comprehensive loss</b>		<b>\$(614,652)</b>	(\$3,172,177)	<b>\$(2,181,349)</b>	(\$3,907,784)
<b>Loss per share</b>					
Basic and diluted	9	<b>\$(0.02)</b>	(\$0.12)	<b>\$(0.08)</b>	(\$0.14)

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 gain (loss)	Total Shareholder's equity
<b>Balance at December 31, 2023</b>		<b>\$9,519,917</b>	<b>\$1,420,061</b>	<b>\$13,456,893</b>	<b>\$(39,219)</b>	<b>\$24,357,652</b>
Loss for the period		-	-	(2,192,604)	-	(2,192,604)
Repurchase of shares for cancellation	9	(163,017)	-	(91,849)	-	(254,866)
Share-based payments	10	-	170,848	-	-	170,848
Restricted share units settled	10	11,956	(11,956)	-	-	-
Performance share units settled	10	1,630	(1,630)	-	-	-
Translation of foreign operations		-	-	-	11,255	11,255
<b>Balance at September 30, 2024</b>		<b>\$9,370,486</b>	<b>\$1,577,323</b>	<b>\$11,172,440</b>	<b>\$(27,964)</b>	<b>\$22,092,285</b>
Balance at December 31, 2022		\$9,390,136	\$1,560,422	\$18,263,305	(\$19,075)	\$29,194,788
Loss for the period		-	-	(3,914,430)	-	(3,914,430)
Share-based payments	10	-	(74,937)	-	-	(74,937)
Deferred share units settled	10	16,876	(16,876)	-	-	-
Restricted share units settled	10	81,273	(81,273)	-	-	-
Performance share units settled	10	21,521	(21,521)	-	-	-
Translation of foreign operations		-	-	-	6,646	6,646
Balance at September 30, 2023		\$9,509,806	\$1,365,815	\$14,348,875	(\$12,429)	\$25,212,067

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 September 30, <b>2024</b>	2023	Nine months ended September 30, <b>2024</b>	2023
<b>Cash flows from (used in) operating activities</b>					
Loss for the period		<b>\$(589,599)</b>	(\$3,237,785)	<b>\$(2,192,604)</b>	(\$3,914,430)
Adjustments for:					
Income tax expense (recovery)		<b>(1,441)</b>	(941,480)	<b>4,180</b>	(989,110)
Depreciation of property and equipment and right-of-use assets		<b>305,241</b>	610,591	<b>963,487</b>	1,658,804
Amortization of intangible assets	4	<b>475</b>	166,007	<b>1,704</b>	236,070
Impairment of non-financial assets	3	-	3,550,000	-	3,550,000
Gain on disposal of property and equipment		-	-	<b>(15,211)</b>	-
Lease interest	6	<b>11,637</b>	5,020	<b>20,557</b>	17,768
Share-based payments (forfeitures)	10	<b>88,347</b>	(252,471)	<b>170,848</b>	(74,937)
Accrued investment interest	5	<b>1,046</b>	(93,134)	<b>(22,338)</b>	(317,104)
Realized interest on investments	5	<b>(59,151)</b>	(26,998)	<b>(211,335)</b>	(36,057)
Movements in non-cash working capital		<b>130,716</b>	(105,067)	<b>226,688</b>	217,496
Income tax refund (paid)		<b>1,500</b>	(41,707)	<b>40,690</b>	(74,194)
Net cash provided by (used in) operating activities		<b>(111,229)</b>	(367,024)	<b>(1,013,334)</b>	274,306
<b>Cash flows from (used in) investing activities</b>					
Payments for property and equipment		-	(935)	<b>(124,937)</b>	(21,847)
Payments for intangible assets		<b>(1,206,111)</b>	(989,055)	<b>(3,601,071)</b>	(2,023,573)
Net redemptions (additions) of investments	5	<b>1,028,575</b>	-	<b>4,198,450</b>	(3,052,128)
Interest received from investments	5	<b>59,151</b>	26,998	<b>211,335</b>	36,057
Unrealized translation on investments	5	<b>19,264</b>	(29,099)	<b>(14,543)</b>	245
Net cash provided by (used in) investing activities		<b>(99,121)</b>	(992,091)	<b>669,234</b>	(5,061,246)
<b>Cash flows from (used in) financing activities</b>					
Lease obligations payments	6	<b>(69,778)</b>	(75,490)	<b>(211,650)</b>	(225,792)
Repurchase of shares		<b>(97,701)</b>	-	<b>(254,866)</b>	-
Payment of government grant	7	<b>(80,400)</b>	(80,400)	<b>(241,200)</b>	(241,200)
Net cash used in financing activities		<b>(247,879)</b>	(155,890)	<b>(707,716)</b>	(466,992)
<b>Net increase (decrease) in cash</b>		<b>(458,229)</b>	(1,515,005)	<b>(1,051,816)</b>	(5,253,932)
Cash and cash equivalents at beginning of the period		<b>3,758,867</b>	5,156,382	<b>4,327,048</b>	8,943,710
Effects of exchange rate changes on the balance of cash held in foreign currencies		<b>(21,173)</b>	56,172	<b>4,233</b>	7,771
Cash and cash equivalents at end of the period		<b>\$3,279,465</b>	\$3,697,549	<b>\$3,279,465</b>	\$3,697,549

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

## 1. DESCRIPTION OF BUSINESS

Questor Technology Inc., incorporated in Canada under the Business Companies Act (Alberta) is an environmental emissions reduction technology company founded in 1994, with global operations. The Company is focused on clean air technologies that safely and cost effectively improve air quality, support energy efficiency and greenhouse gas emission reductions. The Company designs, manufactures and services high efficiency clean combustion systems that destroy harmful pollutants, including Methane, Hydrogen Sulfide gas, Volatile Organic Hydrocarbons, Hazardous Air Pollutants and BTEX (Benzene, Toluene, Ethylbenzene and Xylene) gases within waste gas streams at 99.99 percent efficiency. This enables its clients to meet emission regulations, reduce greenhouse gas emissions, address community concerns and improve safety at industrial sites. The Company also has proprietary heat to power generation technology and is currently targeting new markets including landfill biogas, syngas, waste engine exhaust, geothermal and solar, cement plant waste heat in addition to a wide variety of oil and gas projects. The Company is also doing research and development on data solutions to deliver an integrated system that amalgamates all of the emission detection data available and demonstrates how Questor's clean combustion and power generation technologies can be used to help clients achieve zero emission targets.

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<sup>th</sup> Avenue S.W. Calgary, Alberta, Canada, T2P 3N3.

## 2. BASIS OF PREPARATION

### Statement of compliance

These unaudited interim condensed 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, 2023. All financial information is reported in Canadian dollars, unless otherwise noted. These financial statements were authorized for issue by the Company's Board of Directors on November 25, 2024.

### Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments that have been measured at fair value.

### Accounting policies and future accounting pronouncements

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements as of and for the year ended December 31, 2023. There are standards and interpretations that are issued, but not yet effective, however the Company does not expect them to have any significant impact on the Company's financial statements in the future periods.

In April 2024, the IASB issued new IFRS 18 - Presentation and Disclosure in Financial Statements ("IFRS 18") replacing IAS 1. The new guidance is expected to improve the usefulness of information presented and disclosed in the financial statements of companies. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027, with early adoption permitted. The Company is currently assessing the impact of this new IFRS accounting standard on its consolidated financial statements.

### Critical accounting estimates and judgments

The preparation of the interim condensed consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported assets, liabilities, revenues, expenses and the disclosure of contingencies. Actual results may differ significantly from these estimates. A description of the critical accounting judgements, estimates and assumptions are set out in annual audited financial statements for the year ended December 31, 2023.

## 3. PROPERTY AND EQUIPMENT

Cost	Rental incinerators and trailers	Light vehicles, tools & equipment	Office equipment & leasehold improvements	Total
Balance at December 31, 2023	\$22,424,944	\$1,303,751	\$362,074	\$24,090,769
<b>Additions</b>	<b>37,027</b>	<b>110,909</b>	-	<b>147,936</b>
<b>Transfers</b>	<b>(183,712)</b>	-	-	<b>(183,712)</b>
<b>Disposals</b>	-	<b>(55,706)</b>	-	<b>(55,706)</b>
<b>Foreign currency translation</b>	-	<b>17,134</b>	<b>556</b>	<b>17,690</b>
<b>Balance at September 30, 2024</b>	<b>\$22,278,259</b>	<b>\$1,376,088</b>	<b>\$362,630</b>	<b>\$24,016,977</b>
<b>Accumulated depreciation</b>				
Balance at December 31, 2023	\$15,565,540	\$1,164,571	\$305,115	\$17,035,226

<b>Depreciation charges included in:</b>				
Cost of sales	718,267	44,255	174	762,696
Depreciation expense	-	-	7,440	7,440
Transfers	(57,717)	-	-	(57,717)
Disposals	-	(47,917)	-	(47,917)
Foreign currency translation	-	14,792	530	15,322
<b>Balance at September 30, 2024</b>	<b>\$16,226,090</b>	<b>\$1,175,701</b>	<b>\$313,259</b>	<b>\$17,715,050</b>
<b>Carrying amounts</b>				
Balance at December 31, 2023	\$6,859,404	\$139,180	\$56,959	\$7,055,543
<b>Balance at September 30, 2024</b>	<b>\$6,052,169</b>	<b>\$200,387</b>	<b>\$49,371</b>	<b>\$6,301,927</b>

#### **IFRS Impairment Assessment of Non-Financial Assets**

As at September 30, 2024, the Company performed its assessment of potential impairment indicators for its non-financial assets and noted the Company's net asset value was greater than its market capitalization. The Company performed an impairment test for its one cash generating unit. No impairment was recognized in the third quarter of 2024 as the estimated recoverable amount exceeded the carrying value of the non-financial assets (impairment of \$3,550,000 was recorded for the three and nine months ended September 30, 2023).

#### **4. INTANGIBLE ASSETS**

Cost	Heat to power development	Software and data systems	Patents	Total
Balance at December 31, 2023	6,676,504	238,010	360,524	7,275,038
<b>Additions</b>	<b>3,829,855</b>	-	-	<b>3,829,855</b>
<b>Balance at September 30, 2024</b>	<b>\$10,506,359</b>	<b>\$238,010</b>	<b>\$360,524</b>	<b>\$11,104,893</b>
<b>Accumulated Amortization</b>				
Balance at December 31, 2023	\$1,963,887	\$238,010	\$358,447	\$2,560,344
<b>Amortization <sup>(1)</sup></b>	-	-	<b>1,704</b>	<b>1,704</b>
<b>Balance at September 30, 2024</b>	<b>\$1,963,887</b>	<b>\$238,010</b>	<b>\$360,151</b>	<b>\$2,562,048</b>
<b>Carrying Amounts</b>				
Balance at December 31, 2023	\$4,712,617	\$-	\$2,077	\$4,714,694
<b>Balance at September 30, 2024</b>	<b>\$8,542,472</b>	<b>\$-</b>	<b>\$373</b>	<b>\$8,542,845</b>

<sup>(1)</sup> Previously developed ORC technology is amortized under heat to power development. Amortization of the technology currently under development has not yet commenced.

During the nine months of 2024, the Company has capitalized costs of \$3,829,855 (2023 - \$2,141,024) associated with its waste heat to power project that is being partially funded by Sustainable Development Technology Canada ("SDTC") (see note 7). The Company has also expensed certain administrative costs relating to this waste heat to power project and other research and development project costs that do not yet meet the criteria for capitalization in the amount of \$284,866 in the first nine months of 2024 (2023 - \$285,619).

See note 3 for a discussion regarding the Company's impairment assessment of non-financial assets in accordance with IFRS.

#### **5. INVESTMENTS AND BORROWING FACILITIES**

The Company has invested in Canadian redeemable guaranteed investment certificates and US dollar redeemable term deposits with varying maturity dates from 91 days to one year. Interest is paid at maturity and ranges from a fixed annual rate of 3.45 percent to 5.18 percent.

##### **Investments**

Balance at December 31, 2023	\$8,183,893
<b>Additions</b>	<b>1,592,845</b>
<b>Redeemed</b>	<b>(5,791,295)</b>
<b>Accrued interest</b>	<b>233,673</b>
<b>Redeemed interest</b>	<b>(211,335)</b>
<b>Foreign currency translation</b>	<b>14,543</b>
<b>Balance at September 30, 2024</b>	<b>\$4,022,324</b>

The Company has a \$100,000 letter of credit guarantee facility for use with suppliers as well as a corporate credit card program. There are no standby fees and no specified facility expiration or renewal date. The Company put CAD\$200,000 and USD\$40,000 of cash into one-year redeemable term deposits which expire in July 2025, as general security for its corporate credit card program and letter of credit facility.

## 6. RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS

The Company's leasing activities comprise buildings and yard leases. As at September 30, 2024, the carrying amounts of the Company's recognized right-of-use assets are \$560,543 (December 31, 2023 - \$233,037). The following table sets out the movement in the lease obligations:

<b>Lease Obligations</b>	
Balance at December 31, 2023	\$256,230
<b>Additions</b>	<b>526,573</b>
<b>Interest</b>	<b>20,557</b>
<b>Lease payments</b>	<b>(211,650)</b>
<b>Foreign currency translation</b>	<b>(5,881)</b>
<b>Balance at September 30, 2024</b>	<b>\$585,829</b>
Lease obligations due within one year	\$139,892
Lease obligations due beyond one year	445,937
	<b>\$585,829</b>

During the nine months ended September 30, 2024, the Company completed the term of its lease for Colorado shop. The right-of-use (ROU) asset and corresponding lease liability associated with this lease were derecognized upon the lease's completion. No gains or losses were recognized in profit or loss upon derecognition. Similarly, the Company entered into a new 61-month term lease in Colorado. In July, 2024, the Company renewed its lease for the Grand Prairie facility for an additional year, commencing in October of 2024. The Grand Prairie lease has a termination clause of a two months' notice.

## 7. REPAYABLE GOVERNMENT GRANTS AND DEFERRED GRANT BENEFITS

### (a) Western Economic Diversification Grant

Balance at December 31, 2023	\$570,418
<b>Accretion</b>	<b>43,562</b>
<b>Repayments</b>	<b>(241,200)</b>
<b>Balance at September 30, 2024</b>	<b>\$372,780</b>
Current portion	321,600
Long-term portion	51,180
	<b>\$372,780</b>

### (b) Deferred grant benefits

	<b>Sustainable Development Technology Canada</b>	<b>Western Economic Diversification</b>	<b>Total</b>
Balance at December 31, 2023	\$750,209	\$74,169	\$824,378
<b>Additions Recognized</b>	<b>1,393,246</b>	<b>-</b>	<b>1,393,246</b>
	<b>-</b>	<b>(43,561)</b>	<b>(43,561)</b>
<b>Balance at September 30, 2024</b>	<b>\$2,143,455</b>	<b>\$30,608</b>	<b>\$2,174,063</b>
Current portion	2,143,455	28,987	2,172,442
Long-term portion	-	1,621	1,621
	<b>\$2,143,455</b>	<b>\$30,608</b>	<b>\$2,174,063</b>

During the nine months ended September 30, 2024, the Company recognized the final payment of the SDTC milestone one totaling \$1,393,246 with reasonable assurance the conditions of receiving the grant have been met, and grant disbursement is expected to be received in early 2025.

## 8. TAXES

Income tax expense (recovery) is recognized based on Management's best estimate of the weighted average annual effective income tax rate expected for the year. The Company recorded \$503,337 of valuation allowance against deferred tax assets recognized during the nine months ended September 30, 2024. The Company intends to continue maintaining a full valuation allowance on its deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of these allowances.

## 9. ISSUED CAPITAL

For the	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
<b>Loss for the period</b>	<b>\$(589,599)</b>	(\$3,237,785)	<b>(\$2,192,604)</b>	(\$3,914,430)
<b>Weighted average number of common shares, basic and diluted</b>	<b>27,677,400</b>	28,001,018	<b>27,870,267</b>	27,954,632
<b>Basic and diluted loss per share</b>	<b>\$(0.02)</b>	(\$0.12)	<b>(\$0.08)</b>	(\$0.14)

The Company is authorized to issue an unlimited number of common shares.

On February 9, 2024, Questor commenced Normal Course Issuer Bid ("NCIB") allowing Questor to purchase a maximum of 1,400,000 common shares over the 12-month period for cancellation. NCIB is effective until the earliest of (i) February 7, 2025, (ii) the Company purchasing the maximum of 1,400,000 Shares, and (iii) the Company terminating the NCIB. In connection with the current NCIB, Questor entered into an automatic share purchase plan ("ASPP") with its designated broker to enable the purchase of shares during blackout periods during which the Company would not ordinarily be permitted to purchase shares. Purchases under the ASPP during those periods are determined by the designated broker in its sole discretion based on the purchasing parameters set by Questor in accordance with the rules of the TSX Venture Exchange, applicable securities laws and the terms of the ASPP. Outside of the periods noted above, purchases under the current NCIB are completed at Questor's discretion. As of September 30, 2024 under the current NCIB and the instructions in place with the broker, Questor purchased for cancellation of 480,000 shares for the weighted average of \$0.53. As of September 30, 2024 the Company has 27,567,860 shares issued and outstanding (December 31, 2023 – 28,037,194).

The calculation of diluted loss per share for the three and nine months ended September 30, 2024 and 2023 excludes the effects of Stock Options, PSU's, RSU's, and DSU's, as their impacts would be anti-dilutive.

## 10. SHARE-BASED PAYMENTS

The Company has a stock option plan, restricted share unit plan, performance share unit plan and deferred share unit plan for the directors, officers, consultants, key employees and affiliates of the Company. Total share-based payment costs associated with these plans for the nine months ended September 30, 2024 were expense of \$170,848 (2023 - recovery of \$74,937).

### (a) Stock options

The following table provides a continuity of the Company's stock option plan in units

	Number	Exercise price <sup>(1)</sup>
Balance at December 31, 2023	129,000	1.01
<b>Granted</b>	<b>25,000</b>	<b>0.60</b>
<b>Forfeited</b>	<b>(25,000)</b>	<b>1.36</b>
<b>Expired</b>	<b>(4,000)</b>	<b>5.09</b>
<b>Balance at September 30, 2024</b>	<b>125,000</b>	<b>0.73</b>
<b>Exercisable at September 30, 2024</b>	-	-

<sup>(1)</sup> Weighted average

### (b) Performance Share Unit, Restricted Share Unit and Deferred Share Unit Plans

The following table provides a continuity of the Company's PSU, RSU and DSU plans in units.

	PSU's	RSU's	DSU's
Balance at December 31, 2023	293,333	472,332	184,212
<b>Granted</b>	<b>100,000</b>	<b>41,670</b>	-
<b>Forfeited</b>	<b>(128,333)</b>	<b>(121,666)</b>	<b>(92,106)</b>
<b>Settled</b>	<b>(5,000)</b>	<b>(10,666)</b>	-
<b>Balance at September 30, 2024</b>	<b>260,000</b>	<b>381,670</b>	<b>92,106</b>

## 11. REVENUE BY GEOGRAPHIC SEGMENT

The Company reports its financial results as one reportable segment as this is how the financial information is reviewed by management. The following tables provide information regarding revenue on a geographic basis, as determined by the location of the customer or third party, and the location of the Company's non-current assets on a geographic basis.

<b>For the three months ended September 30, 2024</b>			
	<b>Canada</b>	<b>United States</b>	<b>Consolidated</b>
<b>Equipment sales</b>	<b>\$563,905</b>	<b>\$28,572</b>	<b>\$592,477</b>
<b>Equipment rentals</b>	<b>40,008</b>	<b>510,225</b>	<b>550,233</b>
	<b>\$603,913</b>	<b>\$538,797</b>	<b>\$1,142,710</b>
<b>For the three months ended September 30, 2023 <sup>(1)</sup></b>			
	<b>Canada</b>	<b>United States</b>	<b>Consolidated</b>
Equipment sales	\$673,490	\$40,216	\$713,706
Equipment rentals	6,685	969,999	976,684
	\$680,175	\$1,010,215	\$1,690,390
<b>For the nine months ended September 30, 2024</b>			
	<b>Canada</b>	<b>United States</b>	<b>Consolidated</b>
<b>Equipment sales</b>	<b>\$776,591</b>	<b>\$226,736</b>	<b>\$1,003,327</b>
<b>Equipment rentals</b>	<b>108,171</b>	<b>1,633,190</b>	<b>1,741,361</b>
	<b>\$884,762</b>	<b>\$1,859,926</b>	<b>\$2,744,688</b>
<b>For the nine months ended September 30, 2023 <sup>(1)</sup></b>			
	<b>Canada</b>	<b>United States</b>	<b>Consolidated</b>
Equipment sales	2,213,276	433,350	\$2,646,626
Equipment rentals	6,685	3,092,432	3,099,117
	\$2,219,961	3,525,782	\$5,745,743

<sup>(1)</sup> The comparative figures for the three and nine months ended September 30, 2023 were reclassified to conform to the current periods revenue presentation. For the three and nine months ended September 30, 2023, service revenue of \$72,793 and \$244,368 was included in equipment sales and \$227,205 and \$621,621 was included in equipment rentals respectively.

#### **Intangible assets**

	<b>September 30, 2024</b>
As at	
Canada	<b>8,542,845</b>
United States	-
	<b>\$8,542,845</b>

#### **Property and equipment and right-of-use assets**

	<b>September 30, 2024</b>
As at	
Canada	<b>407,363</b>
United States	<b>6,455,107</b>
	<b>\$6,862,470</b>

## **12. FINANCIAL RISK MANAGEMENT**

The Company's financial instruments consist of cash and cash equivalents, investments, trade, contract assets and other receivables, trade payables, accrued liabilities and provisions, and a repayable government grant. The Company did not hold any derivative financial instruments during the period.

#### **Fair values**

The carrying amounts of the current financial assets and current financial liabilities recognized in the Company's consolidated financial statements at the end of each reporting period approximate their fair value due to their short period to maturity except for the repayable government grant. Judgment is required in interpreting market data to develop the estimates of fair value. These estimates are not necessarily indicative of the amounts we could realize in current markets. The fair value of the government grant is determined based on market-based prices and is classified as Level 2 on the fair value hierarchy.

#### **Credit risk**

Credit risk arises from the potential that one or more counterparties fail to meet their obligations. A substantial amount of the Company's trade and contract receivables, which relate to the Company's revenues, are with customers in the oil and gas industry, and are subject to normal industry credit risks. The Company mitigates this risk through its credit policies and practices including the use of credit limits and approvals, and by monitoring the financial condition of its customers. Payment terms with customers vary by contract. Standard payment terms are 30 days from the invoice date.

The Company is also exposed to the risk of dependence on a few customers for a significant amount of the Company's revenue. This is to be expected given the complexity involved in engineering solutions for each client's needs, to ensure our products operate safely within parameters. The Company notes that equipment sales revenue generally relates to a small number of customers each year, but these customers change each year. The Company bills and collects equipment revenue throughout the contract, which reduces collection risk. There is a concentration of equipment sales and equipment rental and related service revenue that is associated to the equipment and rental revenue. For the three and nine months ended September 30, 2024,

there were four customers who comprised 78 percent of revenues, and three customers who comprised 54 percent of total revenue respectively. (For the three and nine months ended September 30, 2023 – three customers who comprised 81 percent and three customers who comprised 77 percent respectively) <sup>(1)</sup>.

### **Liquidity risk**

The Company has positive net working capital as of September 30, 2024 of \$6,344,001 (December 31, 2023 - \$11,844,178).

### **Foreign currency risk**

The Company is exposed to foreign exchange risk associated with foreign operations where assets, liabilities, revenue and costs are denominated in US dollars. The impact of this exposure is recorded as a cumulative translation adjustment in other comprehensive income.

The Company is also exposed to the impact of foreign currency fluctuations in its Canadian operations on sales and purchases of products and services from vendors primarily in the United States which resulted in a foreign exchange loss of \$11,729 and a foreign exchange gain of \$113,131 for the three and nine months ended September 30, 2024 respectively (for the three and nine months ended 2023 – gain of \$49,827 and loss of \$60,105 respectively). The Company mitigates some of the foreign currency risk by keeping a US dollar bank account to receive US payments, and fund US dollar expenses in the Canadian entity.

## **13. COMMITMENTS AND CONTINGENCIES**

The Company has lease commitments for premises and storage facilities as disclosed in note 22 of the 2023 annual financial statements. As at September 30, 2024, the Company has entered into purchase commitments for materials required to build the 1500kw waste to heat prototype unit in the amount of \$320,349.

During the nine months ending September 30, 2024, the Company continued to pursue its claim against Emission Rx related to infringement on the Company's intellectual property. Various legal matters relating to the claim continued through the third quarter and are expected to in the fourth quarter as well, with the "penalty" phase of the contempt hearing scheduled for Q2 2025.

From time to time, the Company is also subject to other legal proceedings, settlements, investigations, claims and actions arising from the normal course of business. While the final outcome of such actions and proceedings cannot be predicted with certainty, the Company believes that the resolution of such matters will not have a material impact on the Company's financial position or results of operations as at September 30, 2024.

## **14. RELATED PARTY TRANSACTIONS**

The Company defines key management personnel as being the Board of Directors, Chief Executive Officer and Chief Financial Officer, and VP Global Operations and Engineering.

In addition to their salaries, benefits and directors' fees, the Company also provides non-cash benefits including participation in the Company's stock option, restricted performance and deferred share unit plans.

During the nine months ended September 30, 2024 the Company paid the accrued signing bonus of \$150,000 awarded to the Chief Executive Officer upon her re-appointment in September 2023 (2023 – nil).

During the three months ended September 30, 2024 the Company granted 25,000 options, 100,000 PSU's and 41,670 RSU's to the officer of the Company (2023 – nil).

## **15. SUBSEQUENT EVENT**

As of November 22, 2024, under the current NCIB and the instructions in place with the broker, Questor has purchased for cancellation of 614,500 shares for the weighted average share price of \$0.49.

Subsequent to the third quarter, the Board of Directors approved the issuance of 231,940 RSU's to employees.

<sup>(1)</sup> The comparative figures for the three and nine months ended September 30, 2023 were reclassified to conform to the current periods revenue presentation.