Management Discussion and Analysis of Financial Condition and Results of Operations (As of May 16, 2014)

This MD&A contains projections and other forward-looking statements regarding future events. Such statements are predictions, which may involve known and unknown risks, uncertainties and other factors, which could cause the actual events or results and company plans and objectives to differ materially from those expressed. For information concerning factors affecting the Company's business, the reader is referred to the documents that the Company files from time to time with applicable Canadian securities and regulatory authorities.

This discussion and analysis of the results of operations of Quest PharmaTech Inc. ("Quest" or the "Company") should be read in conjunction with the audited consolidated financial statements and accompanying notes for the years ended January 31, 2014 and 2013. The audited consolidated financial statements have been prepared in accordance with international financial reporting standards ("IFRS") and have been audited by the Company's auditors. This discussion and analysis provides information on the operations of Quest on a consolidated basis. All amounts are expressed in Canadian dollars unless otherwise noted and references to the term "year" refer to the fiscal year ended January 31st. Additional information related to the Company is on SEDAR at www.sedar.com.

2014 Development Highlights:

The Company continued to progress with the Phase IIb multicentre study for the treatment of advanced ovarian cancer with 13 active centres in Italy and the U.S. Quest is approaching full enrollment of this clinical study. In addition, the Company announced the start of its third combinatorial immunotherapy clinical trial for Oregovomab with a TLR3 agonist, Hiltonol®.

The Company signed license agreements with the University of California at Los Angeles (UCLA), the University of California at San Francisco (UCSF) and Stanford University for their tumor antigen associated IgE molecules and commenced pre-clinical studies with the University of Nebraska under a contract research agreement.

The Company entered into a strategic relationship with Korean-based AD Biotech Co., Ltd. to share research and technology development resources with the intent to co-develop technologies of both companies. Under this arrangement, AD Biotech has provided $2,000,000 of clinical development funding to Quest.

The Company entered into a license agreement with U.S. based Oncovir, Inc. to evaluate the clinical utility of combining Quest's antibody immunotherapy technology with Oncovir's immune activator, Hiltonol®, in a Phase II clinical trial for Ovarian Cancer.

The Company entered into an agreement with WuXi AppTec Inc. for cell-line and manufacturing development of an Anti-MUC1 Antibody (MAb AR20.5) for use in combinatorial immunotherapy.

The Company entered into product development studies with Dalton Pharma Services to develop an intravenous formulation for the Company's Sonolight photosensitizer.

The Company entered into a license agreement with the University of Nebraska for their anti-MUC 16 antibody technology.

The Company strengthened its intellectual property portfolio by obtaining five U.S. patents for SL017, SL052, PSA-IgE and for a medical device for use in Photodynamic Therapy.

The Company completed a $1,000,000 private placement of 10,000,000 units at $0.10 per unit. Each unit is comprised of one common share and one warrant. Each warrant is exercisable into one common share at $0.15 per common share. The warrants carry a two year expiry.

Products under Development - Proprietary Technology:

Quest is developing high affinity monoclonal antibodies targeting certain tumor associated antigens that are presented in various cancers including ovary, pancreas, lung, breast, prostate and stomach. Quest believes that it can apply its portfolio of antibody oncology product candidates to prolong, amplify and shape anti-tumor immune responses to increase the clinical benefits of its proprietary antibodies for the treatment of cancer. The following modalities are critical to that approach:

Chemo Enhanced Immuno-Therapy – combining antibodies with chemotherapy can potentially further complement and enhance the treatment outcome compared to antibody treatment alone.

Combination Therapy – combining antibodies with a booster compound (adjuvant) that improves the immune system's response – compared to antibody treatment alone - can potentially complement and enhance the therapeutic outcome.

SonoLight Technology – is based on a unique non-toxic family of photosensitizing and sonosensitizing, small molecular weight compounds called Hypocrellin, isolated from a parasitic fungus that grows on bamboo trees in China. Quest's products are expected to offer high selectivity and efficacy with minimal side effects. Quest is also developing these compounds as an adjuvant to cancer immunotherapy.

Current Clinical Programs:

Antibody Immunotherapy

Quest is developing the high affinity monoclonal antibody Oregovomab (MAb B43.13) for the treatment of ovarian cancer. Oregovomab targets the circulating tumor-associated antigen CA125, which is shed from the surface of human epithelial ovarian cancer cells; the antibodies induce broad cellular and humoral immune responses against CA125 via complex formation. Clinical testing conducted to date has shown that front-line carboplatin-paclitaxel administered

in combination with Oregovomab immunotherapy results in a more vigorous immune response to the immunization than observed with Oregovomab in the post front-line mono-immunotherapy maintenance setting. There is a growing appreciation in the cancer immunotherapy community that cytotoxic therapy can provide the immune system better access to injured cells and also dampen the immune suppressive pathways that serve to turn off immune reactions. The Company believes further clinical trials are warranted with Oregovomab in combination with front-line chemotherapy for the treatment of ovarian cancer.

Clinical Trial Strategy

Taking advantage of the availability of clinical grade Oregovomab (anti CA125 antibody), Quest is conducting two and is planning to conduct one other proof-of-concept clinical trial to establish these principles to ultimately lead to the design of a definitive combinatorial product registration.

An 80 patient multicentre Italian and U.S. cooperative trial to establish evidence for the clinical benefit associated with enhanced specific T cell immunity achievable by combining Oregovomab with carboplatin and paclitaxel in the initial treatment of advanced ovarian cancer (front-line).

A Phase II clinical trial to evaluate the ability of an immuno-adjuvant (TLR3 agonist, Hiltonol®) to enhance the strength of the Oregovomab immune response with front-line chemotherapy generated in advanced ovarian cancer patients.

A Phase II U.S. trial will use gemcitabine, another cytotoxic agent, with neoadjuvant immunotherapy in a cohort of patients with CA125 associated partially resectable pancreatic cancer.

One of the endpoints in all the three clinical trials is the induction of CA125 specific T cells as measured by a well validated ELISPOT assay. Since CA125 specific T cell induction has been correlated with progression free survival and overall survival in our previous 40 patient Oregovomab combination therapy clinical trial, we are hoping to use this assay as a surrogate marker to get expedited product approval.

Product Pipeline

Quest's pipeline of product candidates consists of four other monoclonal antibodies targeting certain tumor antigens that are presented in a variety of cancers including such cancers as breast, lung, pancreas, stomach and, prostate. Quest already has in its possession proprietary antibodies against MUC1, PSA, CA19.9 and TAGG72. These antibodies in the platform will undergo continuing preclinical development in anticipation of rapid clinical development, once the initial Oregovomab studies establish the validity of the proof-of-concept. It is noted that a Phase I clinical trial with anti-MUC1 antibody in 17 patients with metastatic cancer, including multiple myeloma, demonstrated the activation of anti-tumor immunity in those patients.

Monoclonal IgE for Solid Tumor Immunotherapy

The immunoglobulin E (IgE) is a class of antibody that is capable of triggering a robust immune response resulting in anaphylaxis, which plays a central role in allergic reactions against environmental agents and immunity against parasites. Multiple studies also suggest that IgE plays a role in cancer immunosurveillance. For example, relevant epidemiological studies on the association of allergies with cancer support a lower cancer risk among people with a history of allergies. Antibodies of IgE class isolated from pancreatic cancer were shown to mediate cytotoxicity against targeted cancer cells. In addition, levels of polyclonal IgE directly correlated with the overall survival in patients with multiple myeloma. All these observations imply that this class of antibody can be exploited for the treatment of cancer to complement the IgG class that has traditionally been developed for cancer therapy.

IgE also has several intrinsic advantages that may increase its therapeutic potential compared to IgG including the exceptionally high affinity for its Fc receptors and its low serum concentration that provide less competition to effector cells involved in the tumor killing mechanism. Interestingly, IgE binds cells in tissue as well as in circulation and will home to tumor stroma. Antitumor effects of IgE have been reported in several model systems in the literature and at Advanced Immune Therapeutics, Inc. (AIT), a company founded by Dr. Christopher Nicodemus, M.D. FACP and from whom Quest acquired this technology.

Proprietary research done at AIT has established that IgE is capable of inducing potent cross presentation of tumor antigens allowing strong cellular immunity to form against targeted tumor antigens. Additionally, by mobilizing potent direct cellular cytotoxic effector mechanisms of the allergic inflammatory response, carefully targeted IgE monoclonal antibodies are capable of directly attacking cancer cells, including solid tumors. These effects are both induced at concentrations which are lower than required for monoclonal IgGs currently in clinical use. Safe administration of this class of monoclonal antibody has also been demonstrated in primates. The collaboration of AIT with Professor Manuel Penichet of UCLA has also led to some proprietary rights to this technology for Quest.

Quest has initiated a preclinical program to identify a lead product candidate that may be advanced to clinical trial for the treatment of solid malignancy.

SonoLight Technology

SonoLight Technology for Dermatology Applications: The Company's lead product, SL017, is a topical formulation indicated for dermatology applications. The Company has made a strategic decision to focus its development efforts towards oncology and is therefore looking to out-license its dermatology pipeline of products.

SonoLight Technology for Oncology Applications: A second product from the SonoLight platform, SL052, is an injectable formulation that has received approval from Health Canada's Therapeutic Product Division to initiate a Phase I clinical trial for the treatment of prostate cancer. The clinical trial will be conducted in two stages. The first stage of the study will evaluate the prostate gland distribution of SL052 in up to six subjects undergoing radical

prostatectomy. In the second stage of the study, the safety and preliminary efficacy of SL052 PDT treatment with light dose escalation will be studied in 12 subjects with localized prostate cancer. The treatment response will be monitored by MRI, prostate biopsy and changes in baseline PSA levels. The animal studies completed at the Cross Cancer Institute in Edmonton, Alberta, indicate that SL052 has the potential to destroy cancerous tumors in the prostate while limiting collateral damage to healthy tissue.

Products under Development:

Product Candidate	Class	Discovery	Preclinical	Phase I/II	Phase III	Regulatory Approval
Oregovomab (Ovarian Cancer)	Chemo-Enhanced Immunotherapy					
Oregovomab (Ovarian Cancer)	Adjuvant-Enhanced Immunotherapy					
Oregovomab (Pancreatic Cancer)	Chemo-Enhanced Immunotherapy					
SL052 (Prostate Cancer)	PDT					
Anti MUC1 AR20.5 (Pancreatic Cancer)	Chemo-Enhanced Immunotherapy					

Financial Results

Net consolidated loss for the year was $272,330 or $0.003 per share as compared to a consolidated loss of $1,630,167 or $0.020 per share for the year ended January 31, 2013. Net research and development expenditures totaled $1,340,055 while general and administrative expenses were $753,716 for the same period. As of January 31, 2014, the Company had cash and cash equivalents of $742,447 (May 16, 2014 – approximately $285,000). The Company also has debt of $870,000 in the form of demand loans (May 16, 2014 - $870,000).

Selected Annual Financial Information

	IFRS January 31, 2014	IFRS January 31, 2013	IFRS January 31, 2012
Revenue from continuing operations	1,929,000	-	85,667
Net loss for the year	(272,330)	(1,630,167)	(1,368,535)
Basic and diluted loss / share	(0.003)	(0.020)	(0.018)
Total assets	901,854	243,230	275,750
Total debt	870,000	1,770,000	1,520,000

Results of Operations

Quest's net consolidated loss includes some significant non-cash items. These non-cash items include amortization, options/shares issued as consideration for services and options issued to employees. For the years ended January 31, 2014 and January 31, 2013, amortization was $43,029 and $111,901 respectively, and share based payment transaction expense related to shares/options issued for services was $14,750 and $48,750 respectively and for employees was $61,500 and $37,600, respectively. Net consolidated loss for the year ended January 31, 2014 was $272,330 or $0.003 per share on a fully diluted basis as compared to a consolidated loss of $1,630,167 or $0.020 per share for the year ended January 31, 2013. After adjusting for non-cash items, cash flows used in operating activities for the year ended January 31, 2014 were $1,959,465 as compared to $1,824,540 for the year ended January 31, 2013.

Revenues:

The following table identifies the changes in revenue for the year ended January 31, 2014 compared to the year ended January 31, 2013.

Revenue			
	2014	2013	Increase (decrease)
	$	$	$
Gain on Settlement of Investment Financing Agreement	1,560,000	-	1,560,000
Investment Financing Revenue	369,000	-	369,000
Total revenue	1,929,000	-	1,929,000

Gain on settlement of investment financing agreement represents the revenue recognized in the year on the termination of the fiscal 2013 investment financing agreement.

Investment financing revenue represents the revenue recognized in the year related to the $2,000,000 of investment financing received by the Company in fiscal 2014.

Expenses

The following table identifies the changes in general and administrative expense for the year ended January 31, 2014 compared to the year ended January 31, 2013.

General and administrative expenses	2014	2013	Increase (decrease)
	$	$	$
Salaries, wages and benefits	275,473	280,001	(4,528)
Audit fees	65,910	69,673	(3,763)
Legal fees	27,992	31,256	(3,264)
Other support costs	82,226	72,396	9,830
Travel	61,570	51,146	10,424
Consulting/business development costs	153,333	49,999	103,334
Rent	17,072	16,991	81
Insurance	16,635	16,454	181
Public company related costs	52,077	59,598	(7,521)
Depreciation	1,428	1,667	(239)
Total general and administrative expenses	753,716	649,181	104,535

Overall, general and administrative costs have increased in 2014 compared to 2013, primarily due to an increase in consulting/business development costs and travel costs. Consulting/business development costs increased due to an increase in fees paid for business development activities. Travel costs increased due to an increase in U.S. and international investor relations activities.

The following table identifies the changes in research and development (R&D) expense for the year ended January 31, 2014 compared to the year ended January 31, 2013.

Research and development expenses	2014	2013	Increase (decrease)
	$	$	$
Sub-contract, consulting and clinical trials	852,570	412,632	439,938
Salaries, wages and benefits	131,552	136,925	(5,373)
Legal (patent prosecution)	158,232	90,910	67,322
Rent	40,588	40,745	(157)
Other R&D costs	140,669	102,912	37,757
Supplies	5,153	3,688	1,465
Depreciation	41,601	110,234	(68,633)
Gross research and development expenses	1,370,365	898,046	472,319
Less			
Alberta Finance – SR&ED tax credits	(30,310)	(50,939)	(20,629)
Research and development expense (net)	1,340,055	847,107	492,948

Overall, R&D costs have increased in 2014 compared to 2013 due to an increase in sub-contract, consulting and clinical trial costs, an increase in legal patent prosecution costs and an increase in other R&D costs. Sub-contract, consulting and clinical trial costs increased due to an increase in activity related to the Company's ongoing clinical trials. Legal patent prosecution costs increased due to an increase in patent activity related to the Company's acquisition of the IgE technology in fiscal 2013. Other R&D costs include the fair value of options granted to R&D employees and consultants of the Company (2014 - $13,500, 2013 - $35,550), and license fees paid to licensors (2014 - $64,619, 2013 - $nil).

Fourth Quarter Results of Operations

For the three months ended January 31, 2014 ("Q4 2014"), the Company had net income of $1,268,413 or $0.015 per share compared to a net loss of $454,713 or $0.005 per share for the three months ended January 31, 2013 ("Q4 2013"). Research and development costs of $325,715 were incurred during Q4 2014 compared to $240,166 during Q4 2013. Most of the R&D cost increase is the result of an increase in subcontract/consulting/clinical trial costs of $112,785 during Q4 2014 compared to Q4 2013. General and administrative costs of $312,558 were incurred for Q4 2014 compared to $182,944 for Q4 2013. The Q4, 2014 increase relates to business development fees incurred and to an increase in public company related costs.

Summary of Quarterly Results

The following table presents unaudited selected financial information for each of the last eight quarters ended January 31, 2014.

	Year ended January 31, 2014				Year ended January 31, 2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	$	$	$	$	$	$	$	$
Revenue	-	-	-	1,929,000	-	-	-	-
Net income (loss) for the period	(375,390)	(640,126)	(525,227)	1,268,413	(309,391)	(433,923)	(432,140)	(454,713)
Basic and diluted income (loss) per share (1)	(0.004)	(0.008)	(0.006)	0.015	(0.004)	(0.005)	(0.005)	(0.005)

(1) Quarterly losses per share are not additive and may not equal annual loss per share reported. This is due to the effect of shares issued during the year on the weighted average number of shares outstanding for the full year.

Share-Based Payment Transactions

During the year ended January 31, 2014, the Company granted a total of 2,475,000 (2013 – 1,915,000) share options, as per the Company's Share Option Plan. In 2014, 425,000 options were granted to non-employees, and 2,050,000 to employees, at exercise prices ranging from $0.10 to $0.15 per share. 2,275,000 of these options vested immediately and 200,000 options vested two months following the grant date. In 2013, 975,000 options were granted to non-

employees and 940,000 to employees, all at an exercise price of $0.10 per share, and all vesting immediately. The fair value of these options, totaling $76,250, was recognized as an expense and credited to contributed surplus for the year ended January 31, 2014 (2013 - $86,350).

Intangible Assets

Intangible assets include proprietary rights, intellectual property and patent rights which have been acquired from third parties. Intangible assets are recorded at cost less accumulated amortization. The Company evaluates the recoverability of the carrying cost of proprietary rights and intellectual property annually and if the rights and intellectual property are not considered to be fully recoverable, a provision is recorded to recognize them at fair value. For the year ended January 31, 2014, no provision for impairment in value has been recorded.

Capital Expenditures

Expenditures on capital assets were $4,725 for the year ended January 31, 2014 (2013 - $4,906).

Outstanding Share Data

The Company has the following securities outstanding as at May 16, 2014:

Common shares issued and outstanding at January 31, 2014	101,697,580
Share options outstanding as at January 31, 2014	9,140,000
Warrants outstanding as at January 31, 2014	10,000,000
Share options granted since January 31, 2014	-
Share options expired since January 31, 2014	-

Fully diluted common shares are 120,837,580, assuming the exercise of all share options and warrants.

Financial Instruments

Fair Value - Given their short-term maturity, the fair value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and the convertible debenture approximate the carrying value. The fair values of the Company's financial instruments are measured using a Level 1 classification (quoted prices in active markets).

Foreign Currency Risk - The Company has assets and liabilities that are denominated in foreign currencies and that are exposed to the financial risk of earnings fluctuation arising from changes in foreign exchange rates and the degree of volatility of those rates. The Company does not consider its exposure to foreign currency risk to be significant and currently does not use derivative instruments to reduce its exposure to foreign currency risk.

Liquidity Risk - Company's exposure to liquidity risk is dependent on its ability to raise funds to meet its commitments and sustain its operations. The Company controls liquidity risk by managing its working capital and by securing additional funds through equity, debt or partnering transactions.

Credit Risk - Financial instruments that subject the Company to credit risk consist primarily of cash and cash equivalents and accounts receivable. To minimize its exposure to credit risk for

cash equivalents, the Company invests surplus cash in fully guaranteed short term deposits with its financial banker, a major Canadian bank. As the Company is primarily involved in research and development, the Company's exposure to credit risk related to accounts receivable is not considered to be significant. At January 31, 2014, 77% of accounts receivable were due from one organization under a provincial government program.

Interest Rate Risk - Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company's cash and cash equivalents are comprised of highly liquid deposits or investments that earn interest at market rates. Interest on the long-term debt is at fixed rates. Consequently, the Company is exposed to fair value changes on long-term debt when the market rate of interest changes. Accounts receivable, accounts payable and accrued liabilities bear no interest. The Company manages its interest rate risk by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis.

Liquidity and Capital Resources

The Company's ability to continue as a going concern is uncertain and is dependent upon its ability to raise additional capital to successfully complete its research and development programs, commercialize its technologies, conduct clinical trials and receive regulatory approval for its products.

At January 31, 2014 cash and cash equivalents were $742,447 as compared to $56,637 at January 31, 2013. At May 16, 2014, the Company had cash and cash equivalents of approximately $285,000.

Cash used in operating activities was $1,959,465 for the year ended January 31, 2014 compared to $1,824,540 for the year ended January 31, 2013.

During Fiscal 2014, the Company made a $400,000 principal payment on the convertible debenture which is repaid in full.

Commencing in February, 2010, the Company secured demand loan financing of up to $1,000,000 from one of its officers. This demand loan financing bears interest at 8% per annum, interest payable monthly and is unsecured with principal repayment to be made 30 days after demand. The principal is to be repaid upon the Company receiving sufficient future licensing fees, equity financing or other revenues. To date, the Company owes $680,000 on this demand loan financing.

In March and May, 2011, the Company secured additional demand loan financing of $100,000 from an independent director of the Company. This demand loan financing bears interest at 8% per annum, interest payable monthly and is unsecured with principal repayment to be made 30 days after demand.

As at January 31, 2014, the Company had secured demand loan financing of $90,000 from an

officer of the Company. This demand loan financing bears interest at 8% per annum, interest payable monthly and is unsecured with principal repayment to be made 30 days after demand.

In May, 2014, the Company received $300,000 of demand loan financing from a third party. This demand loan financing bears interest at 8% per annum, interest payable monthly and is unsecured with principal repayment to be made 30 days after demand.

During fiscal 2014, $2,050,000 of investment financing was received by the Company.

During Fiscal 2014, the Company received $1,000,000 under a private placement of 10,000,000 units at $0.10 per unit. Each unit is comprised of one common share and one warrant. Each warrant is exercisable into one common share at $0.15 per common share. The warrants carry a two year expiry.

The Company continues to implement a disciplined approach to containing costs and is focusing on programs aimed at achieving near-term goals.

Quest's funding needs will vary as its drug development products move into and through clinical trials. Based on current operating budgets, management believes that the capital resources of the Company should be sufficient to fund operations to the third quarter of fiscal 2015.

The Company will seek additional capital through the sale of non-core assets, further equity financings, licensing arrangements involving its core technologies and strategic partnerships.

Contractual Obligations

In the normal course of operations, Quest has entered into several contracts providing for the following payments over the following fiscal years:

	Payments due by year				
	Total	Within 1 year	2 – 3 years	4 – 5 years	After 5 years
	$	$	$	$	$
Operating leases	199,810	57,086	121,702	21,022	-
Research & development and other contracts	2,676,165	1,075,555	1,091,268	509,342	-
Total contractual obligations	2,875,975	1,132,641	1,212,970	530,364	-

In addition, under the investment financing agreements, Quest is obligated to share 40% of future net revenue for the Company's Oregovomab for treatment of cancer product sales, 7% of future net revenue with a related party for the Company's Immunotherapy and Prostate Cancer product sales, and 3% of future net revenue with an unrelated party to a maximum of $5 million for the Company's Immunotherapy and Prostate Cancer product sales.

Demand Loans and Related Party Transactions

During fiscal 2011, the Company entered into a demand loan agreement with Dr. Ragupathy Madiyalakan, CEO and a director of the Company, to provide up to $1,000,000 in 8% annual interest bearing demand loan financing to be used for the Company's operating expenditures.

This financing is unsecured, with principal repayment to be made 30 days after demand, interest payable monthly. The principal is to be repaid upon the Company receiving sufficient future licensing fees, equity financing or other revenues. To date, the Company owes $680,000 on this financing.

During April and May, 2011, the Company received demand loan financing of $100,000 from Mr. Ian McConnan, an independent director of the Company. This demand loan financing bears interest at 8% per annum, interest payable monthly and is unsecured with principal repayment to be made 30 days after demand.

As at January 31, 2014, the Company had demand loan financing of $90,000 from Mr. Thomas Woo, an officer of the Company. This financing is unsecured, with principal repayment to be made 30 days after demand, and with 8% annual interest payable monthly.

Accounting Standards and Amendments Issued But Not Yet Adopted

The listing below includes standards, amendments, and interpretations that the Company reasonably expects to be applicable at a future date and intends to adopt when they become effective. Unless otherwise noted, the effective date of each standard below is the first annual period beginning on or after January 1, 2014, with retrospective application required and early adoption permitted.

IFRS 9 - Financial Instruments: Classification and Measurement
IFRS 9 addresses classification and measurement of financial assets and will replace the multiple category and measurement models for debt instruments in IAS 39 – Financial Instruments: Recognition and Measurement with a new measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and related dividends which will now limit recognition to fair value through profit or loss or at fair value through other comprehensive income. The new standard will also address hedge accounting and impairment of financial assets. This standard is required to be applied for accounting periods beginning on or after January 1, 2018. The Company is currently assessing the impact of adopting this standard on the financial statements but does not expect any significant impact.

Amendments to IFRS 7 and IAS 32: Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 7 require an entity to disclose information about rights to set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set-off in accordance with IAS 32: "Financial Instruments: Presentation." The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments are effective for periods beginning on or after January 1, 2014 and the adoption of these amendments is not expected to impact the Company's financial statements.

Amendments to IAS 32 clarify the meaning of "currently has a legally enforceable right to set-off." These amendments are effective for periods beginning on or after January 1, 2014 and the adoption of these amendments is not expected to impact the Company's financial statements.

Annual improvements to IFRS – IFRS 3, IFRS 8, IAS 16, IAS 24, and IAS 38 – Amendments

The proposed amendments to these standards are required to be applied prospectively for annual periods beginning on or after July 1st, 2014. The Company does not expect any signification impact from adopting these amendments.

IFRIC Interpretation 21 Levies

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The Company does not expect any significant impact from adopting this standard.

Disclosure Controls and Procedures

The management of Quest is responsible for establishing and maintaining disclosure controls and procedures for the Company and is continuing with the implementation of disclosure controls and procedures, to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to Quest management particularly during the period in which the annual filings are being prepared.

Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Management has taken steps to improve the procedures and provide maintenance related to an effective design for the Company's internal controls and procedures over financial reporting.

Management continues to note weaknesses in internal controls over financial reporting including those related to the limited number of accounting staff members resulting in a lack of segregation of duties.

Management will continue with the implementation of procedures aimed at minimizing the risk of material error in its financial reporting and will seek outside expertise when the need arises.

Risks and Uncertainties

Going concern uncertainty - The Company's financial statements have been prepared on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company has experienced significant operating losses and cash outflows from operations since its inception. The Company's ability to

continue as a going concern is uncertain and is dependent upon its ability to raise additional capital to successfully complete its research and development programs, commercialize its technologies and conduct clinical trials and receive regulatory approvals for its products. It is not possible at this time to predict the outcome of these matters.

Quest's proprietary technologies are in various stages of development and some technologies have not received regulatory approval to begin clinical trials. It will be necessary for the Company to produce sufficient preclinical data in order to receive regulatory approval to begin clinical trials. There is no assurance that regulatory approval will be received to begin clinical trials. For the proprietary technologies that have received regulatory approval to begin clinical trials, future success will depend upon the ability of the Company to move the products through clinical trials, the effect and safety of these products, the timing and cost to receive regulatory and marketing approvals and the filing and maintenance of patent claims.

Quest's proprietary technologies have exposure to risks associated with commercialization. Even after product approval is obtained, there is no assurance that the Company will have a sufficient market for its products or the working capital required for commercialization.

The Company maintains clinical trial liability and product liability insurance; however, it is possible that this coverage may not provide full protection against all risks.

The Company may be exposed to risks associated with malfunctioning equipment, catastrophic events and other events within and outside of the Company's control. The Company maintains insurance believed to be adequate to cover any eventuality, but there is no guarantee that coverage will be sufficient for all purposes.

To a large degree, the Company's success is dependant upon attracting and retaining key management and scientific personnel to further the Company's drug development programs. There is a risk that required personnel may not be available to the Company when needed and, as a result, this may have a negative impact on the Company.

Quest must continue to raise additional capital by issuing new share capital through equity financing, licensing arrangements and/or strategic partnerships. The Company's ability to raise additional capital will depend upon the progress of moving its drug development products into and through clinical trials and the strength of the equity markets, which are uncertain. There can be no assurance that additional capital will be available.