

Management Discussion and Analysis of Financial Condition and Results of Operations (As of December 28, 2006)

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 unaudited consolidated financial statements and accompanying notes for the nine months ended October 31, 2006 and the audited consolidated financial statements for the years ended January 31, 2006 and January 31, 2005. This discussion and analysis provides an update to the discussion and analysis prepared for the year ended January 31, 2006. The unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada (Canadian GAAP) and have not been reviewed 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.

Overview

Quest is committed to the development and commercialization of new pharmaceutical products. It is developing a series of products for the treatment of cancer and other proliferative diseases based on its Sonolight and CDK platforms.

During the nine month period ended October 31, 2006 (**and subsequent thereto**), the Company experienced numerous significant developments. Highlights are:

the resignation, effective March 24, 2006, of Dr. David J. Cox as the Company's President and CEO. Dr. Cox continued to hold a position as Director on the Company's Board until the Company's AGM on December 7, 2006.

the extension of the maturity of the Company's \$1,000,000 convertible debenture, which is now due September 22, 2007. The interest rate has also changed from 8% to 9% per annum and the conversion price has changed from \$0.45 to \$0.25 per common share.

the receipt of bridge financing of \$230,000 during the period from March to July, 2006 at 6% from companies controlled by two of the Company's directors.

the receipt of bridge financing of \$60,000 at 8% from a third party to the Company.

the sale of one of the Company's non-core assets, Accu-MAB, to a third party for proceeds of \$200,000.

the receipt of Phase 1 clinical trial results in connection with the Company's lead product candidate, SL017 Topical Gel.

the sale of one of the Company's non-core assets, SHGP, to a third party for proceeds of 1,250,000 RMB.

the disposal of one of the Company's non-core assets, Anticort, to a third party for proceeds of \$50,000 U.S.

the approval for federal government assistance in the form of an IRAP grant of approximately \$49,500 to cover salaries and contractor fees related to the development of the Company's SL017 technology for acne applications.

the expiry of the consulting arrangement with Biostrat Inc. to provide management services to Quest and the appointment of Dr. R. Madiyalakan to the position of CEO of the Company, effective August 1, 2006. As part of his remuneration, Dr. Madiyalakan received 400,000 stock options exercisable at \$0.25 per common share.

the signing of a distribution agreement with KMH Co., Ltd. of Korea, to receive \$1,500,000 as an equity investment in exchange for the Asian marketing rights to SL017 for cosmetic hair removal. \$200,000 of this investment was made by way of a treasury issue of 1,000,000 common shares at \$0.20 per share on October 27, 2006. The remainder of the investment will be made in two installments upon reaching specific milestones related to SL017 development in the next seven months and at a share price to be determined later.

the receipt of the following patents:

- Aliphatic amino-substituted demethoxylated Hypocrellins and their synthesis for U.S.A. and Australia
- Perylenequinones for use with immunotherapy agent for Europe and Australia
- Amino-substituted Hypocrellins for use as sonosensitizers for Europe
- Perylenequinones for use as photosensitizers and sonosensitizers for Australia
- European patent 1,448,052 to protect the Company's Bionex products in Europe

the election of the following Board of Directors at the Company's December 7, 2006 Annual and General Meeting of Shareholders:

- Dr. Donald Rix, Chairman of the Board
- Dr. R. Madiyalakan, CEO
- Mr. Ian McConnan, FCA, Partner, Harris McConnan
- Dr. Bin Huang, Director of IP and Business Development, Chemokine Therapeutics.

The Company continues its focus on the sale of its remaining non-core assets to help cover drug and product development costs. Due to the sale or held for sale nature of the Company's non-core assets and technologies, this management discussion and analysis has been separated between continuing and discontinued operations. A summary of the Company's projects follows (in approximate order of resource allocation).

HYPOCRELLIN-BASED TECHNOLOGIES

This technology platform is based on a unique, non-toxic family of photosensitizing and sonosensitizing compounds. The active ingredient is a derivative of Hypocrellin B ("HB"), a small molecular compound isolated from parasitic fungi on bamboo. Quest has formulated HB derivatives into a topical gel (SL017), and an injectable solution (SL052).

HB Topical - SL017

This gel penetrates skin and can potentially be used to treat various skin conditions such as acne, actinic keratosis, psoriasis, etc. HB gels target a large patient population and will face comparatively less stringent regulatory requirements than injectable HB compounds. The Company is currently in a phase I clinical trial for actinic keratoses, with eight out of 12 patients enrolled. The Company has recently received results in connection with its phase I clinical trial for acne and hair removal, and the Company intends to initiate a 50 patient clinical trial, as soon as possible, to determine the appropriate light dose to be used with SL017 for cosmetic hair removal applications.

HB Injectable – SL052

Quest has developed SL052, which may have utility in the photodynamic therapy treatment of prostate cancer. During 2004, the Company entered into an agreement with Dr. Ronald B. Moore, the Alberta Cancer Board and the Cross Cancer Institute to complete preclinical studies on SL052 prior to entering phase I clinical trials. Over the next year, the Company will continue to focus on the development of HB Injectable for prostate cancer and will incur additional costs associated with accumulating preclinical data to advance this technology into clinical trials.

Quest is also developing SL052 (SDT) for peritoneal carcinomatosis to demonstrate the proof-of-principle for a Sonodynamic Therapy approach for the treatment of cancer. The Company has identified peritoneal carcinomatosis as a suitable indication for such applications. The Company is trying to identify a partner to undertake development of an ultrasound transducer suitable for abdominal and thoracic activation of the sonosensitizer, SL052, previously administered to the ascites fluid or pleural effusion of patients with advanced carcinomatosis.

OTHER DRUG DEVELOPMENT PROGRAMS

2127 (formerly CDK Immunomodulator)

2127 is a novel immunomodulator with anti-cancer properties targeted to inhibit cyclin-dependant kinases (“CDKs”) functionality and prevent the growth of cancer cells. CDKs are the proteins that control the growth cycle of cancer cells. By using small molecule CDK inhibitors to disrupt the cycle of a cancer cell, the growth and spread of cancer can be stopped. During the prior year, the Company completed initial studies on 2127. Based upon results compared with other CDK inhibitors in its class, the Company is proceeding with patent applications to increase the value of this technology. Further development of 2127 is on hold pending receipt of additional Company funding.

Results of Operations

It is important to note that Quest’s net consolidated loss includes non-cash items. These non-cash items from continuing operations include amortization and options issued as consideration for services and options issued to employees. For the three and nine months ended October 31, 2006, amortization from continuing operations was \$20,014 and \$57,010 respectively, options issued for services was \$13,730 and \$18,230 respectively and options issued to employees was \$30,900 and \$30,900, respectively. Net consolidated loss for the three and nine months ended October 31, 2006 was \$287,098 or \$0.01 per share and \$908,850 or \$0.02 per share, respectively, on a fully diluted basis. For the three and nine months ended October 31, 2005, net consolidated loss was \$884,110 or \$0.02 per share and \$2,339,289 or \$0.06 per share, respectively, on a fully diluted basis. After adjusting for non-cash items, cash flows used to fund continuing operations for the three and nine months ended October 31, 2006 were \$386,223 and \$815,729, respectively, as compared to \$922,007 and \$2,670,268, respectively, for the three and nine months ended October 31, 2005.

Expenses

The following table identifies the changes in general and administrative expense for the three and nine months ended October 31, 2006 compared to similar periods in the prior year.

General and administrative expenses	For the three months ended Oct 31			For the nine months ended Oct 31		
	2006	2005	Increase (decrease)	2006	2005	Increase (decrease)
	\$	\$	\$	\$	\$	\$
Salaries, wages and benefits	34,526	126,850	(92,324)	124,165	423,895	(299,730)
Accounting/audit fees	-	-	-	1,136	5,083	(3,947)
Legal fees	6,433	25,566	(19,133)	13,902	66,511	(52,609)
Other support costs	39,080	2,076	37,004	46,562	50,676	(4,114)
Travel	15,866	17,806	(1,940)	30,821	40,808	(9,987)
Consulting	28,199	39,594	(11,395)	108,836	84,782	24,054
Rent	3,990	-	3,990	11,970	-	11,970
Insurance	3,898	16,928	(13,030)	26,285	34,913	(8,628)
Public company related costs	13,574	51,613	(38,039)	31,724	85,434	(53,710)
Total general and administrative expenses	145,566	280,433	(134,867)	395,401	792,102	(396,701)

Salaries, wages and benefits expense for the nine months ended October 31, 2006 decreased compared to the same period in 2005 due to a reduction in the number of staff.

Consulting fees for the nine month period ended October 31, 2006 have increased compared to the same period in 2005 due to an increase in the use by the Company of outside consultants.

Legal fees for the nine months ended October 31, 2006 decreased compared to the same period in 2005 due to a decrease in legal activity.

Other support costs include the estimated fair value of stock options granted in the period.

General and Administrative expenses were generally lower in 2006 compared to 2005 which reflects a continued cost containment effort on the part of the Company.

The following table identifies the changes in research and development expense for the three and nine months ended October 31, 2006 compared to similar periods in the prior year.

Research and development expenses	For the three months ended Oct 31			For the nine months ended Oct 31		
	2006	2005	Increase (decrease)	2006	2005	Increase (decrease)
	\$	\$	\$	\$	\$	\$
Sub-contract and consulting	54,073	128,726	(74,653)	146,850	283,075	(136,225)
Salaries, wages and benefits	55,438	111,639	(56,201)	241,824	352,234	(110,410)
Legal (patent prosecution)	35,846	59,806	(23,960)	98,418	100,634	(2,216)
Rent	11,870	45,996	(34,126)	34,568	145,769	(111,201)
Other R&D costs	21,069	25,100	(4,031)	58,202	125,767	(67,565)
Supplies	6,849	30,827	(23,978)	46,394	97,991	(51,597)
Total research and development expenses	185,145	402,094	(216,949)	626,256	1,105,470	(479,214)

Salaries, wages and benefits and sub-contract and consulting decreased during the nine month period ended October 31, 2006 compared to the same period in 2005 due to a reduction in staff levels and to a reduction in contract work performed.

Legal (patent prosecution) costs have decreased during the nine month period ended October 31, 2006 compared to the same period in 2005 due to a decrease in patent prosecution activity.

Rent has decreased during the nine month period ended October 31, 2006 compared to the same period in 2005 due to a reduction in lab space requirements for the Company's R&D activities.

Overall, R&D costs have decreased during the nine month period ended October 31, 2006 compared to the same period in 2005 due to the Company's continued efforts to reduce costs where possible.

Discontinued Operations

On July 30, 2004 the Company sold its assets relating to the contract manufacturing operations in Edmonton, Alberta, to a third party. The Company received proceeds of \$460,000 and realized a gain on sale of \$360,207.

On August 18, 2005, the Company received China government approval to wind-up and dissolve SACP and repatriate its remaining assets to Canada. This repatriation process was completed in September, 2005.

On September 2, 2005, the Company completed the dissolution of its inactive, wholly-owned subsidiary, Altachem Pharma (Barbados) Inc.

On October 28, 2005, the Company completed the wind-up and dissolution of 790563 Alberta Ltd. into its parent, Steroidogenesis Inhibitors Canada Inc.

On January 30, 2006, the Company sold its interest in the ACP-HIP related technologies to the original inventor for gross proceeds of \$60,000 plus future consideration.

On June 9, 2006, the Company sold its interest in Accu-MAb to a third party for gross proceeds of \$200,000.

At the end of July, 2006, the Company sold its interest in SHGP to the Gaojing Government for gross proceeds of 1,250,000 RMB.

In August, 2006, the Company disposed of its interest in Anticort to Samaritan Pharmaceuticals, Inc. ("Samaritan") for gross proceeds of \$50,000 U.S. and 50,000 common shares of Samaritan.

The following table identifies the activity in connection with the Company's discontinued operations for the three and nine month periods ended October 31, 2006 compared to the three and nine month periods ended October 31, 2005.

Discontinued operations	For the three months ended Oct 31			For the nine months ended Oct 31		
	2006	2005	Increase (decrease)	2006	2005	Increase (decrease)
	\$	\$	\$	\$	\$	\$
Revenue	205	62,993	(62,788)	27,224	171,316	(144,092)
Direct Costs	39	35,550	(35,511)	10,868	76,084	(65,216)
Gross Margin	166	27,443	(27,282)	16,356	95,232	(78,876)
General and administrative expenses	36,157	36,679	(522)	100,557	150,472	(49,915)
Amortization expense	-	35,708	(35,708)	46,205	143,254	(97,049)
Interest expense	-	12,492	(12,492)	13,040	41,559	(28,519)
Interest income	225	471	(246)	303	1259	(956)
Gain on disposal of assets	63,656	-	63,656	320,059	-	320,059
Income / (loss) from discontinued operations	27,890	(56,965)	84,855	176,916	(238,794)	415,710

Manufacturing Operations :

The previous strategy of Quest's manufacturing operations was to provide positive cash flow to support drug and product development. However, net cash flowing from most of these activities has not met expectations so the Company has decided to divest all of these operations.

Therefore, on July 30, 2004, Quest sold the assets associated with its contract manufacturing operations in Edmonton, Alberta for the sum of \$460,000. Quest's Edmonton, Alberta manufacturing facility was primarily used to manufacture breath test kits under an agreement that was to expire in November 2007.

Edmonton, Alberta Manufacturing Facility

Up until June 9, 2006, Quest maintained a manufacturing facility located in Edmonton, Alberta to manufacture Accu-MAb™, a whooping cough test kit sold by Quest. This manufacturing facility is approximately 800 square feet, and is equipped with clean room facilities and is certified compliant with internationally recognized quality systems standards, ISO 9001:2000 and ISO 13488 and CMDCAS (Health Canada's requirement for medical devices). Effective June 9, 2006, the Company sold its interest in the Accu-MAb technology to a third party. As a result of the sale, the Company no longer maintains this manufacturing facility.

Shanghai, China Manufacturing Facility

At the end of July, 2006, the Company sold its interest in Shanghai Hua Gao Pharmaceutical Pellet Core Company Ltd. ("SHGP") to the Gaojing Government for gross proceeds of 1,250,000 RMB. As part of the sale, the lease obligations related to the SHGP manufacturing facility have been waived by the Gaojing Government. As a result of the sale, the Company no longer maintains this manufacturing facility.

The financial aspects of Quest's Chinese operations must be converted into Canadian dollars to prepare annual and quarterly financial statements. At the end of July, 2006, the Company sold its interest in SHGP. Up to July 31, 2006, SHGP was treated as an integrated operation and as a result, any foreign exchange gain or loss is included in income. Prior to the Company's dissolution of SACP, this company was also treated as an integrated operation. For the three and nine month periods ended October 31, 2006, foreign exchange gains of \$18,802 and \$31,112, respectively, compared to foreign exchange losses of \$79,733 and \$37,406, respectively for the three and nine month periods ended October 31, 2005 have been recorded on the statement of operations. The foreign exchange gains relate to fluctuations in the value of the U.S. dollar and Chinese yuan relative to the Canadian dollar and also to a change in the Company's net investment in China.

Revenues:

Prior to July 30, 2004, Quest generated revenue from three sources: contract manufacturing of diagnostic test kits, sales of Accu-MAb™, a whooping cough diagnostic test kit and sales of pharmaceutical pellet core. On July 30, 2004 the Company sold its assets relating to the contract manufacturing operations in Edmonton, Alberta. On June 9, 2006, the Company sold its interest in the Accu-MAb technology. At the end of July, 2006, the Company sold its interest in the pharmaceutical pellet core manufacturing facility.

The following table identifies the changes in revenue for the three and nine months ended October 31, 2006 compared to the three and nine months ended October 31, 2005.

Revenue	For the three months ended Oct 31			For the nine months ended Oct 31		
	2006	2005	Increase (decrease)	2006	2005	Increase (decrease)
	\$	\$	\$	\$	\$	\$
Accu-MAb™	-	40,740	(40,740)	24,787	121,411	(96,624)
Pharmaceutical pellet core	-	22,253	(22,253)	2,437	49,905	(47,468)
Total revenue from discontinued operations	-	62,993	(62,993)	27,224	171,316	(144,092)

There were no sales of Accu-MAB™ during the three month period ended October 31, 2006 due to the sale of the Accu-MAB technology to a third party on June 9, 2006. The decrease in revenue in connection with the Company's pharmaceutical pellet core operation is due to a scaling down of this operation in anticipation of the sale of the SHGP facility.

Stock-Based Compensation Expense

During the three and nine month periods ended October 31, 2006, the Company granted a total of 950,000 and 1,100,000 stock options, respectively. These options were granted to 4 officers, 1 director, 4 employees and 5 consultants with an exercise price of \$0.25. For the three and nine month periods ended October 31, 2005, the Company granted a total of 281,000 and 1,491,000 stock options, respectively. For the three and nine month periods ended October 31, 2006, the fair value of the vested options, \$44,630 and \$49,130, respectively, were recognized as an expense and credited to contributed surplus (for the three and nine month periods ended October 31, 2005 – \$22,447 and \$116,665, respectively).

Liquidity and Capital Resources

As noted in the Overview section above, 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.

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

At October 31, 2006, cash and cash equivalents was \$197,802 as compared to \$115,505 at January 31, 2006.

During the year ended January 31, 2006, the Company was awarded a grant from Alberta Ingenuity Fund to cover salary expenditures related to the development of the Company's photodynamic therapy for prostate cancer. The \$110,000 grant is being received over a 24 month period commencing in May, 2005. \$43,000 of funding was recognized during the nine month period ended October 31, 2006.

During the year ended January 31, 2005, the Company obtained federal government assistance in the form of a National Research Council Industrial Research Assistance Program ("IRAP") grant to cover salaries and contractor fees related to the development of the Company's photodynamic therapy for prostate cancer, based on the Company's lead proprietary hypocrellin derivative. During the nine month period ended October 31, 2006, the Company recognized \$17,600 of funding as a reduction of research and development expenses. This funding was part of a \$295,000 grant the Company was eligible to receive for the period from December, 2004 to March 31, 2006.

From March to July, 2006, the Company obtained bridge financing of \$180,000 from a company controlled by Dr. Madiyalakan, the Company's Executive Chairman. This bridge financing is unsecured, has no fixed terms of repayment and carries an interest rate of 6% per annum, with interest payable monthly.

On March 21, 2006, the Company signed an amendment to the \$1,000,000 convertible debenture agreement to extend the maturity date of the convertible debenture from March 22, 2006 to September 22, 2006.

In September, 2006, the Company renegotiated an extension of the maturity of the Company's \$1,000,000 convertible debenture, which is now due September 22, 2007. The debenture interest rate has also changed from 8% to 9% per annum and the debenture conversion price has changed from \$0.45 to \$0.25 per common share.

During May, 2006, the Company obtained bridge financing of \$50,000 from a company controlled by Dr. Donald Rix, a director of the Company. This bridge financing is unsecured, has no fixed terms of repayment and carries an interest rate of 6% per annum, with interest payable monthly.

Effective June 9, 2006, the Company sold its interest in the Accu-MAb technology to a third party for proceeds of \$200,000, comprised of \$100,000 in cash and two \$50,000 promissory notes, due August 1, 2006 and November 1, 2006, respectively.

At the end of July, 2006, the Company sold its interest in SHGP to the Gaojing Government for proceeds of 1,250,000 RMB.

In August, 2006, the Company divested itself of its interest in Anticort for proceeds of \$50,000 U.S. and 50,000 shares of Samaritan.

In August, 2006, the Company obtained approval for federal government assistance in the form of an IRAP grant of approximately \$25,000 (subsequently increased to \$49,500) to cover salaries and contractor fees related to the development of the Company's SL017 technology for acne applications.

In August, 2006, the Company received bridge financing of \$60,000 from a third party. This bridge financing is unsecured, has no fixed terms of repayment and carries an interest rate of 8% per annum, with interest payable monthly.

In September, 2006, the Company signed a distribution agreement with KMH Co., Ltd. of Korea, to receive \$1,500,000 as an equity investment in exchange for the Asian marketing rights to SL017 for cosmetic hair removal. \$200,000 of this investment was received in October, 2006 by way of a treasury issue of 1,000,000 common shares at \$0.20 per share upon signing a final licensing agreement. The remainder of the investment will be made in two installments upon reaching specific milestones related to SL017 development in the next seven months and at a share price to be determined later.

Based on current operating budgets and assuming the ongoing divestiture of non-core assets including the repatriation and liquidation of assets from Quest's Chinese subsidiary, management believes that the capital resources of the Company should be sufficient to fund operations into the fourth quarter of fiscal 2007.

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

Related Party Transactions

On August 8, 2005, the Company entered into an agreement with a company controlled by Dr. Madiyalakan to provide consulting services. The consulting agreement requires the Company to make monthly payments of \$7,500 and is for a term of 12 months.

From March to July, 2006, the Company obtained bridge financing of \$180,000 from a company controlled by Dr. Madiyalakan. This bridge financing is unsecured, has no fixed terms of repayment and carries an interest rate of 6% per annum, with interest payable monthly.

In May, 2006, the Company obtained bridge financing of \$50,000 from a company controlled by Dr. Donald Rix, a director of the Company. This bridge financing is unsecured, has no fixed terms of repayment and carries an interest rate of 6% per annum, with interest payable monthly.

Since the expiry of the consulting arrangement with Biostrat Inc. to provide management services to Quest, the Company has appointed Dr. R. Madiyalakan to the position of CEO of the Company, effective August 1, 2006. As part of his remuneration, Dr. Madiyalakan received 400,000 stock options exercisable at \$0.25 per common share.

Subsequent Events

In December, 2006, the Company obtained approval for an increase in federal government assistance in connection with an IRAP grant to cover salaries and contractor fees related to the development of the Company's SL017 technology for acne applications. The amount of the funding increased from \$24,500 to \$49,500.

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 and it is expected to continue to experience negative cash flows from operations in the coming fiscal year. The Company had a working capital deficiency of \$1,431,096 and a shareholders' deficiency of \$1,300,819 as at October 31, 2006.

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.

Given their short-term maturity, the fair value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and convertible debenture approximate the carrying value.

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 through the exercise of stock options and warrants, 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.