Management Discussion and Analysis of Financial Condition and Results of Operations (As of May 24, 2011)

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 year ended January 31, 2011. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada (Canadian GAAP). 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.

2011 Development Highlights:

- **Obtained regulatory approval from the Italian regulatory agency (Agenzia italiana del Farmaco, AIFA) for the initiation of a Phase IIb multicentre study 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.**

- **Signed Clinical Development Agreement with Hemispherx Biopharma Inc. to evaluate a combinatorial Immunotherapy in a 30 patient clinical trial to evaluate the ability of a TLR-3 agonist to enhance the strength of the oregovomab immune response in ovarian cancer patients.**

- **Continued progression with SL052 Prostate Cancer clinical trial. Enrolled four patients to date.**

- **Established a Clinical Advisory Panel comprised of international experts with special expertise in ovarian cancer to guide the Company through the conduct and analysis of its clinical trial program with oregovomab and to provide support with other programs.**

- **Continued to support the financial position of the Company through debt financing of up to $1,000,000 from an officer of the Company, of which $830,000 has been drawn to date. In addition, the Company received debt financing of $100,000 from an independent director of the Company.**

Overview

Quest is committed to building shareholder value through the discovery, development and commercialization of new pharmaceutical products. It is developing a portfolio of product candidates for the treatment of cancer by combining immunotherapeutic antibodies with chemotherapy, photodynamic therapy, radioimmunotherapy or immunoadjuvants. Quest is also developing a series of products for the treatment of cancer and dermatological conditions, based on its SonoLight Technology platform.

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 antibodies 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 tumour-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 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 will conduct three carefully planned and executed proof-of-concept clinical trials to establish these principles to ultimately lead to the design of a definitive combinatorial product registration.

An 80 patient multicentre Italian 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 30 patient clinical trial to evaluate the ability of a TLR-3 agonist (Ampligen, to enhance the strength of the Oregovomab immune response with front-line chemotherapy generated in advanced ovarian cancer patients.

A 30 patient 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 cells 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 etc. 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.

SonoLight Technology

SonoLight Technology for Dermatology Applications : The Company's lead product, SL017, is a topical formulation indicated for dermatology applications. Recently the Company 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 $1,354,773 or $0.02 per share as compared to a consolidated loss of $517,799 or $0.01 per share for the year ended January 31, 2010. Research and development expenditures totaled $687,156 while general and administrative expenses were $500,626 for the same period. As of January 31, 2011, the Company had cash and cash equivalents of $13,394 (May 24, 2011 – approximately $20,000). The Company also has debt of $500,000 in the form of a convertible debenture (exercisable at $0.25 and due on September 22, 2011) and demand loans of $790,000 (May 24, 2011 - $930,000).

Selected Annual Financial Information

	January 31, 2011	January 31, 2010	January 31, 2009
Revenue from continuing operations	8,000	758,000	2,008,000
Net loss for the year	(1,354,773)	(517,799)	(204,047)
Basic and diluted loss / share	(0.02)	(0.01)	(0.00)
Total assets	396,596	508,751	978,337
Total debt	1,290,000	500,000	500,000

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, and loss on write down/sale of assets. For the years ended January 31, 2011 and January 31, 2010, amortization was $113,760 and $87,815 respectively, and stock based compensation expense related to shares/options issued for services was $22,000 and $23,250 respectively and for employees was $50,000 and $47,500, respectively. For 2011, The Company recorded a gain on the revaluation of marketable securities of $26,772. For 2010, the Company recorded a loss on the revaluation of marketable securities of $5,138. Net consolidated loss for the year ended January 31, 2011 was $1,354,773 or $0.02 per share on a fully diluted basis as compared to a consolidated loss of $517,799 or $0.01 per share for the year ended January 31, 2010. After adjusting for non-cash items, cash flows used in operating activities for the year ended January 31, 2011 were $808,358 as compared to $515,403 for the year ended January 31, 2010.

Revenues:

The following table identifies the changes in revenue for the year ended January 31, 2011 compared to the year ended January 31, 2010.

Revenue	2011	2010	Increase (decrease)
	$	$	$
License fees	-	750,000	(750,000)
Market distribution rights	8,000	8,000	-
Total revenue	8,000	758,000	(750,000)

License Fees

During the year ended January 31, 2011, the Company did not recognize license fee revenue. During the year ended January 31, 2010, the Company recognized license fee revenue of $750,000 for SonoLight oncology applications.

The oncology license agreement requires the Company to pay royalties on all future net revenue from the commercialization of the Company's SonoLight Technology oncology products.

Expenses

The following table identifies the changes in general and administrative expense for the year ended January 31, 2011 compared to the year ended January 31, 2010.

General and administrative expense	2011	2010	Increase (decrease)
	$	$	$
Salaries, wages and benefits	236,662	276,898	(40,236)
Other support costs	58,713	60,794	(2,081)
Consulting	49,999	112,719	(62,720)
Legal fees	783	30,921	(30,138)
Audit fees	62,485	63,881	(1,396)
Public company related costs	23,984	97,387	(73,403)
Rent	16,148	11,675	4,473
Travel	38,814	45,473	(6,659)
Insurance	13,038	12,768	270
Total general and administrative expense	500,626	712,516	(211,890)

Overall, general and administrative costs have decreased in 2011 compared to 2010. Public company related costs have decreased due to decreased investor relations activities by the Company. Legal fees have decreased in 2011 compared to 2010 due to decreased activity in the area of corporate development. Consulting costs have decreased due to a decrease in business development initiatives in 2011 compared to 2010. Salaries, wages and benefits have decreased due to decreased staffing levels.

The following table identifies the changes in research and development (R&D) expense for the year ended January 31, 2011 compared to the year ended January 31, 2010.

Research and development expense	2011	2010	Increase (decrease)
	$	$	$
Salaries, wages and benefits	199,522	231,424	(31,902)
Sub-contract, consulting and clinical trials	312,217	185,212	127,005
Rent	37,891	27,241	10,650
Legal (patent prosecution)	87,440	62,759	24,681
Supplies	8,415	23,623	(15,208)
Other R&D costs	72,137	70,658	1,479
Gross research and development expense	717,622	600,917	116,705
Less			
NRC – IRAP funding	-	(85,553)	(85,553)
Revenue Quebec – SR&ED tax credits	-	(92,568)	(92,568)
Alberta Finance – SR&ED tax credits	(30,466)	(3,733)	26,733
Research and development expense (net)	687,156	419,063	268,093

Overall, R&D costs have increased significantly in 2011 compared to 2010 due to an increase in expenditures for the Company's clinical trial activities. Most of this increase is reflected in the sub-contract, consulting and clinical trial costs. Legal costs have increased in 2011 compared to 2010 due to an increase in patent activity related to the Company's purchase of the

immunotherapy technology in fiscal 2010. Salaries, wages and benefits costs have decreased in 2011 compared to 2010 due to a decrease in R&D staff.

Fourth Quarter Results of Operations

For the three months ended January 31, 2011 ("Q4 2011"), the Company incurred a net loss of $365,489 or $0.00 per share compared to $367,815 or $0.01 per share for the three months ended January 31, 2010 ("Q4 2010"). Research and development costs of $128,148 were incurred during Q4 2011 compared to $96,320 during Q4 2010. The Company experienced a decrease in subcontract and clinical trial costs of $61,845 during Q4 2011 compared to Q4 2010. However, this was offset by provincial government SR&ED tax credits of $93,320 earned during Q4 2010 which were netted against R&D costs. General and administrative costs were $187,472 for Q4 2011 compared to $240,036 for Q4 2010. The decrease in G&A costs relates primarily to decreases in investor relations activities and to a decrease in staffing levels in Q4 2011 compared to Q4 2010.

Summary of Quarterly Results

The following table presents unaudited selected financial information for each of the last eight quarters ended January 31, 2011.

	Year ended January 31, 2011				Year ended January 31, 2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	$	$	$	$	$	$	$	$
Revenue	2,000	2,000	2,000	2,000	502,000	252,000	2,000	2,000
Net income (loss) for the period	(339,668)	(384,400)	(265,216)	(365,489)	126,978	(2,808)	(274,154)	(367,815)
Basic and diluted income (loss) per share (1)	(0.00)	(0.01)	(0.00)	(0.00)	0.00	(0.00)	(0.00)	(0.01)

(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.

Stock-Based Compensation Expense

During the year ended January 31, 2011, the Company granted a total of 1,700,000 (2010 – 1,775,000) stock options, as per the Company's Stock Option Plan, including 1,250,000 (2010 – 950,000) to employees and 450,000 (2010 – 825,000) to non-employees. The fair value of these options, totaling $72,000, was recognized as an expense and credited to contributed surplus for the year ended January 31, 2011 (2010 – $70,750).

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, 2011, no provision for impairment in value has been recorded.

Capital Expenditures

Expenditures on capital assets were $nil for the year ended January 31, 2011 compared to $10,171 for fiscal 2010. Capital expenditures for the prior year relate primarily to the acquisition of scientific equipment. .

Deferred Revenue

The Company has recorded deferred revenue of $85,667 in connection with amounts received for market distribution rights that relate to future periods. This amount relates to the Company's market distribution rights for Asian hair removal and is being recognized over a remaining 10.7 year period.

Outstanding Share Data

The Company has the following securities outstanding as at May 24, 2011:

Common shares issued and outstanding at January 31, 2011	73,197,580
Stock options outstanding as at January 31, 2011	5,040,000
Stock options granted since January 31, 2011	100,000
Stock options expired since January 31, 2011	(100,000)
Stock options outstanding as at May 24, 2011	5,040,000
Common shares issuable upon conversion of $500,000 convertible debenture	2,000,000

Fully diluted common shares are 80,237,580, assuming the exercise of all stock options and the conversion of the convertible debenture.

Financial Instruments

Fair Value - Given their short-term maturity, the fair value of cash and cash equivalents, accounts receivable, marketable securities, 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, 2011, approximately 90% of accounts receivable were due from one organization under a federal government program.

Market Risk - The Company owns investments in common shares of publicly traded companies that subject the Company to market risk. As market prices change, the Company's income and the value of its marketable securities are affected. The Company expects that its exposure to market risk will be short lived as the investments are viewed as temporary in nature.

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, 2011 cash and cash equivalents were $13,394 as compared to $31,752 at January 31, 2010. At May 24, 2011, the Company had cash and cash equivalents of approximately $20,000.

During the year ended January 31, 2011, the Company recognized revenue of $8,000 related to market distribution rights, and $30,466 of funding from the Alberta Finance SR&ED tax credit program.

Cash used in operating activities was $808,358 for the year ended January 31, 2011 compared to $515,403 for the year ended January 31, 2010.

The Company has negotiated various extensions to the maturity date of the $500,000 convertible debenture which is now due September 22, 2011. The interest rate and conversion rate remain unchanged at 9% per annum and $0.25 per common share, respectively.

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 no fixed terms of repayment. The principal is to be repaid upon the Company receiving sufficient future licensing fees, equity financing or other revenues. To date, the Company has drawn $830,000 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.

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 and assuming the ongoing divestiture of non-core assets, management believes that the capital resources of the Company should be sufficient to fund operations into Q3, fiscal 2012.

The Company will seek additional capital through the sale of the remaining 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	29,295	29,295	-	-	-
Research & development and other contracts	807,827	242,689	322,936	242,202	-
Total contractual obligations	837,122	271,984	322,936	242,202	-

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, has no fixed terms of repayment, with 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 has drawn $830,000 on this financing through a wholly-owned company of Dr. Madiyalakan.

Subsequent to year end, the Company received demand loan financing of $100,000 from Mr. Ian McConnan, an independent director of the Company. The loan is 8% annual interest bearing, unsecured with principal payable 30 days after demand and interest payable monthly.

Accounting Pronouncements for Recent Adoption

International Financial Reporting Standards
In February, 2008, the Canadian Accounting Standards Board confirmed that Canadian public enterprises will need to adopt International Financial Reporting Standards ("IFRS") for years beginning on or after January 1, 2011. The Company will therefore be required to report using IFRS commencing with its unaudited interim consolidated financial statements for the three months ended April 30, 2011, which must include the interim results for the three months ended April 30, 2010 prepared on the same basis. IFRS uses a conceptual basis similar to Canadian GAAP, but there are some significant differences on recognition, measurement and disclosures.

The Company has completed its conversion project and is monitoring the ongoing impact of IFRS on its financial statements. The Company has chosen its accounting policies and is monitoring the impact of IFRS on its information systems, internal controls and business operations. During fiscal 2011, the Company completed the opening balance sheet. The Company anticipates that there will be a significant increase in disclosure resulting from the adoption of IFRS. The Company also expects IFRS to have an ongoing impact on financial reporting, business processes, internal controls and information systems.

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.