Restated Management Discussion and Analysis of Financial Condition and Results of Operations (As of August 5, 2016)

This restated 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 restated discussion and analysis of the results of operations of Quest PharmaTech Inc. ("Quest" or the "Company") should be read in conjunction with the restated unaudited consolidated financial statements and accompanying notes for the three months ended April 30, 2016 and the restated audited consolidated financial statements for the years ended January 31, 2016 and 2015. This restated discussion and analysis provides an update to the restated discussion and analysis prepared for the year ended January 31, 2016. The restated unaudited consolidated financial statements have been prepared in accordance with international financial reporting standards ("IFRS") 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.

Fiscal 2017 Development Highlights:

In March, 2016, the Company's subsidiary, OncoQuest Inc. (OncoQuest), received $1,340,000 (U.S. $1,000,000) from Hepalink USA Inc. (Hepalink), a subsidiary of Shenzhen Hepalink Pharmaceutical Co., Ltd. (Shenzhen Hepalink), a China-based global pharmaceutical company, as the second milestone payment related to OncoQuest's November 12, 2015 Preferred Share Private Placement. OncoQuest issued 267,380 preferred shares to Hepalink as a result of this payment.

In March, 2016, OncoQuest signed a joint venture contract with Shenzhen Hepalink to fund the research and development of immunotherapies for treatment of cancer in China. The agreement results in the creation of a new company in China called OncoVent Co., Ltd., to focus on the research and development of cancer immunotherapy products for the Chinese market, with pancreatic cancer as its first target.

In April, 2016, the Company received European trademark registration for SP Technology. The Company has previously received European trademark registration for Bellus Skin and Canadian trademark registration for Bellus Skin and SP Technology.

In May, 2016, OncoQuest received the third and final milestone payment from Hepalink for $3,865,200 (US$3,000,000). OncoQuest has issued the remaining 802,139 preferred shares to Hepalink that are provided for under the November 12, 2015 private placement.

Technologies Under Development

Combinatory Antibody Immunotherapy of Cancer

Quest is developing its antibody based immunology technologies through OncoQuest Inc. and OncoVent Inc. OncoQuest is a clinical stage company, focused on combinatorial immunotherapeutic approaches to cancer by using either immunoglobulin G or E (IgG or IgE) and chemotherapy or immune-adjuvant or photodynamic therapy to enhance tumor specific immunity and clinical outcomes. OncoVent is focused on development of immunotherapy products for treatment of cancer in the greater China market.

Oregovomab

Quest, through its subsidiary, OncoQuest, 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), OncoQuest 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). This clinical trial is now fully enrolled.

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 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, OncoQuest is hoping to use this assay as a surrogate marker to get expedited product approval.

Immunoglobulin G Product Pipeline

OncoQuest'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. OncoQuest already has in its possession proprietary antibodies against MUC1, PSA, CA19.9 and TAG72. 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

OncoQuest's proprietary approach uses antibodies to modulate and enhance specific immunity to the target tumor antigen (and associated tumor). Recent insights into the ability of the adaptive immune system to exert an anti-cancer effect suggests that previously unappreciated molecular constructs targeting the Fc epsilon receptors may also have unique and beneficial effects as potential cancer immunotherapeutic agents.

The immunoglobulin E (IgE) is a class of antibody that is capable of triggering a broad range of immune responses which are still being fully elucidated in the scientific community. The IgE antibody class reacts with specific receptors via its unique heavy chain constant regions, Fcε receptors that are present on a variety of immune cells (including mast cells, basophils, monocytes, macrophages eosinophils and dendritic cells). IgE plays a central role in, immunity against parasitic infection, wound healing and tissue repair, and is also a major component of allergic reactions against environmental agents. Multiple studies suggest that IgE also 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 patients were shown to mediate cytotoxicity against autologous 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.

This technology has important features as a cancer treatment approach bridging immunology and current standard therapies and supplementing the use of monoclonal IgG's. OncoQuest scientists and collaborators have demonstrated IgE to effectively trigger cross-presentation by antigen presenting cells of selected tumor antigens leading to robust cellular immune responses. Additionally, multiple novel effector cell pathways are activated resulting in enhanced stromal penetration by effector cells and anti-neoplastic agents. The technology offers the promise of a new therapeutic approach to improve outcomes in the treatment of solid tissue malignancies in conjunction with current therapy. Controlled local hypersensitivity reactions in the tumor site and stroma foster this novel pharmacology.

IgE also has several intrinsic advantages that may increase its therapeutic potential compared to IgG including the exceptionally high affinity for its receptor, FcεR1, and the low serum concentration of endogenous IgE that provides less competition to administered IgE in binding effector cells involved in orchestrating this biology. Interestingly, IgE binds cells in tissue as well as in circulation and will home to tumor stroma.

OncoQuest has licensed a number of cancer antigen specific monoclonal IgE from Advanced Immune Therapeutics, Stanford University, the University of California at Los Angeles and the University of California at San Francisco, that target MUC1, PSA and the HER2/neu antigen. Preclinical studies are being conducted in collaboration with Dr. Michael Hollingsworth at the University of Nebraska Medical Center to develop the Anti-HER2/neu IgE product candidate for advancing it to a clinical trial for the treatment of solid malignancy. Antitumor effects of IgE have been reported in several model systems in the literature, including each of the three OncoQuest monoclonal IgE's in the pipeline.

Quest has received a funding commitment for fiscal years 2015, 2016 and 2017 from the National Research Council Canada's Industrial Research Assistance Program for up to $206,000 to be used for the IgE cell culture development project.

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

SonoLight Technology

SonoLight Technology for Dermatology and Oncology Applications:

SonoLight Technology is based upon proprietary derivatives of hypocrellins, a major, natural product of a phytopathogen of bamboo (Hypocrella bambusae). In general, hypocrellins are small, non-toxic molecules which can be activated by visible light, ultrasound and oxidizing agents such as H_2O_2, to produce reactive oxygen and nitrogen species with high quantum yield. Hypocrellin derivatives can be formulated for topical and systemic delivery and their treatment selectivity effectively limits side-effects or toxicity to the remainder of the patient. Photodynamic therapy has applications in the management and cure of hyperproliferative diseases including cancer, psoriasis, macular degeneration; and cosmetic applications such as hair removal.

In fiscal 2015, the Company out-licensed its SonoLight Technology for Dermatology and Oncology applications to Bioceltran Co., Ltd. ("Bioceltran") in return for future royalty income. Bioceltran is a Korean based company focused on SP Technology for transdermal delivery of drugs for cosmetics and pharmaceuticals. Bioceltran is working with Quest to develop the SonoLight Technology for various applications. In addition, SP Technology when used in combination with Quest's SonoLight Technology has some unique advantages both for dermatology and oncology applications.

Protein Transduction Domain (PTD) Drug Delivery Technology

Quest and Bioceltran are developing skin penetrating active molecules for cosmetic and pharmaceutical use. Quest has worldwide (excluding South Korea) rights to Bioceltran PTD Technology and Products for certain indications.

Macromolecules such as Protein, DNA and Peptide are very difficult to transfer through the skin barrier. However, PTD technology enables effective transfer of these macromolecules and is superior to current use of liposomal delivery systems. The technology can be applied to a variety of growth factors, hormones or other bioactive protein molecules. Quest will be developing products utilizing PTD technology for sexual health/dysfunction, and for wound healing/diabetic ulcers.

Targeted Cancer Therapy Technology

Quest is also developing a novel approach for cancer therapy using a combinatorial approach for optimal efficacy. Lead product (MAb AR9.6) under development is for a novel target (truncated O-glycans on MUC16) for cancer therapy discovered at University of Nebraska Medical Center. MAb AR 9.6 binds to MUC16 and blocks the activation of growth factor receptors and thereby inhibit phosphorylation of Akt, which leads to reduced cell proliferation, in vivo tumor growth and metastasis.

The Akt pathway can also be regulated by Cyclin Dependent Kinases and/or mTOR Inhibitors. Quest has developed ACP 2127, which is a novel immunomodulator with anti-cancer properties targeted to inhibit CDK functionality and prevent the growth of cancer cells. ACP 2127 is a multi-functional potential irreversible inhibitor combining the effect of CDK inhibitor p21 and also through additionally inhibiting mTOR in the PI3K-AKT Pathway. The dual target activity enhance efficacy and the technology is protected by our US patent #7659244 titled "Rapamycin peptides conjugates: synthesis and uses thereof".

The inhibition of two novel targets with these agents can potentially be complimentary and can enhance the efficacy compared to each individual agent. The potential cancer targets include pancreatic, colon, leukemia, ovarian and breast cancer.

Cosmetics

Quest has signed an exclusive supply and distribution agreement with Smart Cell Tec for the world-wide marketing and distribution rights, excluding South Korea, for the science based, premium anti-wrinkle skin care product, Bellus Skin™.

Bellus Skin™ has several unique qualities that make it an effective high end anti-wrinkle serum. The patented SP Technology in Bellus Skin™ enables superior permeability of the key ingredients to the lower layers of the skin surface where the effect is profound and long lasting. The SP Technology platform, developed by Bioceltran, also has applications for other cosmetic and pharmaceutical products under development.

Bellus Skin™ is already being sold in Korea. Canadian pre-market testing feedback for the product has been favorable.

Quest is in the final stages of implementing a Canadian and European marketing strategy for Bellus Skin™.

Quest has also recently signed an exclusive distribution agreement with Global Persada International, a Singapore based company managed by Dr. Rikrik Ilya, CEO of Innokeys Pte Ltd., for marketing of Bellus Skin™ in ASEAN countries, and is also in negotiations with parties to market the product in Europe.

The Company anticipates a near term revenue stream from a number of product pipelines based on this product.

Financial Results

Net consolidated loss for the three months ended April 30, 2016 was $258,201 or $0.002 per share as compared to a consolidated loss of $250,488 or $0.002 per share for the three months ended April 30, 2015. Research and development expenditures totaled $376,797 while general and administrative expenses were $291,884 for the same period. As of April 30, 2016, the Company had consolidated cash of $1,572,361, consolidated non-current restricted cash of

$3,731,953 and consolidated non-current restricted short term investments of $5,052,347 (August 5, 2016 – consolidated cash of approximately $4,200,000, consolidated short term investments of approximately $7,800,000 and consolidated non-current restricted short term investments of approximately $1,300,000).

Results of Operations

Quest's net consolidated loss includes some significant non-cash items, including amortization and share options issued as consideration for services to non-employees. For the three months ended April 30, 2016 and 2015, amortization was $3,416 and $9,508 respectively, and share based payment transaction expense related to share options issued for services was $35,000 and $2,500 respectively. Net consolidated loss for the three months ended April 30, 2016 was $258,201 or $0.002 per share on a fully diluted basis as compared to a consolidated loss of $250,488 or $0.002 per share for the three months ended April 30, 2015. After adjusting for non-cash items, cash flows used in operating activities for the three months ended April 30, 2016 were $1,620,110 as compared to $354,768 for the three months ended April 30, 2015.

Revenues:

The following table identifies the changes in revenue for the three month period ended April 30, 2016 compared to the three month period ended April 30, 2015.

Revenue			
	2015	2014	Increase (decrease)
	$	$	$
Investment financing revenue	-	99,000	(99,000)
Total revenue	-	99,000	(99,000)

Investment financing revenue represents the revenue recognized in the period 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 three months ended April 30, 2016 compared to the three months ended April 30, 2015.

General and administrative expenses			
	2016	2015	Increase (decrease)
	$	$	$
Salaries, wages and benefits	115,891	74,904	40,987
Professional fees	15,246	15,371	(125)
Other support costs	17,632	9,120	8,512
Travel	37,021	17,047	19,974
Consulting	70,525	30,000	40,525
Rent	4,948	4,690	258
Insurance	7,260	6,574	686
Public company related costs	23,026	2,980	20,046
Depreciation	335	478	(143)
Total general and administrative expenses	291,884	161,164	130,720

Overall, general and administrative costs have increased during the three months ended April 30, 2016 compared to the three months ended April 30, 2015, due to an increase in salaries, wages and benefits, consulting fees, public company related costs and travel costs. Salaries, wages and benefits increased due to an increase in staff and staff salary levels. Consulting fees increased due to increased fees for Bellus Skin related expenses. Public company related costs increased due to an increase in investor relations activities. Travel costs increased due to increased corporate travel activity abroad.

Cosmetics - Included in general and administrative costs, primarily in professional fees and travel, the Company has incurred expenses related to the Company's cosmetics project for Bellus Skin™. During the three month period ended April 30, 2016, the Company incurred cosmetics related costs of $43,286.

The following table identifies the changes in research and development (R&D) expense for the three months ended April 30, 2016 compared to the three months ended April 30, 2015.

Research and development expenses			
	2016	2015	Increase (decrease)
	$	$	$
Sub-contract, consulting and clinical trials	190,469	82,819	107,650
Salaries, wages and benefits	41,718	35,934	5,784
Legal (patent prosecution)	47,790	18,150	29,640
Rent	11,544	10,943	601
Other R&D costs	97,039	44,087	52,952
Supplies	880	1,086	(206)
Depreciation	3,081	9,030	(5,949)
Gross research and development expenses	392,521	202,049	190,472
Less			
NRC – IRAP funding	(15,724)	(14,642)	1,082
Research and development expense (net)	376,797	187,407	189,390

R&D costs have increased during the three month period in 2016 compared to 2015 due to an increase in sub-contract, consulting and clinical trial costs, other R&D costs and legal patent prosecution costs. Sub-contract, consulting and clinical trial costs increased due to an increase in activity for the Company's clinical trial programs in 2016 compared to 2015. Other R&D costs include increased share based compensation expense for 2016 compared to 2015. Legal (patent prosecution costs) reflect an increase in legal patent activity for the Company's technologies in 2016 compared to 2015.

Summary of Quarterly Results

The following table presents unaudited selected financial information for each of the last eight quarters ended April 30, 2016.

	Q1, fiscal 2017	Q4, fiscal 2016	Q3, fiscal 2016	Q2, fiscal 2016	Q1, fiscal 2016	Q4, fiscal 2015	Q3, fiscal 2015	Q2, fiscal 2015
	$	$	$	$	$	$	$	$
Revenue	-	-	32,612	99,000	99,000	478,525	160,825	160,825
Net income (loss) for the period	(258,201)	(3,765,529)	(224,066)	(500,013)	(250,488)	(857,079)	(267,158)	(313,093)
Basic and diluted income (loss) per share (1)	(0.002)	(0.029)	(0.002)	(0.005)	(0.002)	(0.007)	(0.003)	(0.003)

(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 three months ended April 30, 2016, the Company granted a total of 1,275,000 (2015 – 50,000) share options, as per the Company's Share Option Plan. These share options were granted to employees and to non-employees, at exercise prices ranging from $0.10 to $0.25 with vesting provisions up to 6 months. The fair value of vested options, totaling $35,000 (2015 - $2,500), was recognized as an expense and credited to contributed surplus for the 3 month periods ended April 30, 2016 and 2015.

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 each quarter 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 three month period ended April 30, 2016, no provision for impairment in value has been recorded.

Capital Expenditures

Expenditures on capital assets were $7,855 for the three months ended April 30, 2016 (2015 – $nil).

Outstanding Share Data
The Company has the following securities outstanding as at August 5, 2016:

Common shares issued and outstanding at April 30, 2016	150,422,580
Share options outstanding as at April 30, 2016	14,615,000
Warrants outstanding as at April 30, 2016	20,095,834
Share options granted since April 30, 2016	-
Share options expired since April 30, 2016	-

Fully diluted common shares are 185,133,414, assuming the exercise of all share options and warrants.

Financial Instruments
Fair Value - Given their short-term maturity, the fair value of cash, restricted cash and short term investments, accounts receivable, and accounts payable approximate the carrying value. The fair values of these financial instruments are measured using a Level 1 classification (quoted prices in active markets). The fair value of the Company's preferred shares is measured using a Level 2 classification of the fair value hierarchy (directly or indirectly observable inputs).

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 currently 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, restricted cash and short term investments and accounts receivable. To minimize its exposure to credit risk for cash, restricted cash and short term investments, 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 April 30, 2016, 44% of accounts receivable was due from one organization under a federal 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, restricted cash and short term investments are comprised of highly liquid deposits that earn interest at market rates. Accounts receivable and accounts payable 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

At April 30, 2016 consolidated cash balances were $1,572,361, consolidated non-current restricted cash was $3,731,953 and consolidated non-current restricted short term investments were $5,052,347 as compared to consolidated cash of $788,627, consolidated non-current restricted cash of $1,566,000 and consolidated non-current restricted short term investments of $8,290,000 at January 31, 2016. At August 5, 2016, the Company had consolidated cash balances of approximately $4,200,000, consolidated short term investments of approximately $7,800,000 and consolidated non-current restricted short term investments of approximately $1,300,000.

Cash used in operating activities was $1,620,110 for the three months ended April 30, 2016 compared to $354,768 for the three months ended April 30, 2015.

During fiscal 2016, the Company closed a $1,000,000 unit offering private placement. The units were issued at $0.06 per unit. Each unit was comprised of one common share and one share purchase warrant. Each warrant is exercisable into one common share at an exercise price of $0.10. The warrants carry a two-year expiry.

During fiscal 2016, the Company closed a $2,000,000 common share private placement. The shares were issued at $0.08 per common share.

In November, 2015, OncoQuest secured an $11,976,300 (U.S. $9,000,000) preferred share private placement with Hepalink. The preferred shares were issued at U.S. $3.74 per preferred share. The preferred shares have a 5% annual dividend rate and are exchangeable on a one-for-one basis into common shares of OncoQuest.

In March, 2016, OncoQuest, received $1,340,000 (U.S. $1,000,000) from Hepalink, as the second milestone payment related to OncoQuest's November 12, 2015 Preferred Share Private Placement.

In May, 2016, OncoQuest received the third and final milestone payment from Hepalink for $3,865,200 (US$3,000,000).

On July 11, 2016, the Board of OncoQuest, unanimously approved the removal of the cash restrictions on $US6,000,000 of preferred share private placement proceeds.

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 into the first quarter of fiscal 2018.

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.

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 was unsecured, with principal repayment to be made 30 days after demand, interest payable monthly. The principal was to be repaid upon the Company receiving sufficient future licensing fees, equity financing or other revenues. As at April 30, 2015, the Company owed $680,000 on this financing. This demand loan financing was repaid in full during the year ended January 31, 2016.

During April and May, 2011, the Company received demand loan financing of $100,000 from Mr. Ian McConnan, an independent director of the Company. The loan was 8% annual interest bearing, unsecured with principal payable 30 days after demand and interest payable monthly. This demand loan financing was repaid in full during the year ended January 31, 2016.

As at April 30, 2015, the Company had demand loan financing of $140,000 from Mr. Thomas Woo, an officer of the Company. This financing was unsecured, with principal repayment to be made 30 days after demand, and with 8% annual interest payable monthly. This demand loan financing was repaid in full during the year ended January 31, 2016.

During fiscal 2015 and 2016, the Company secured $1,303,042 of demand loan financings from unrelated third parties to the Company. These demand loan financings bore interest at 8% per annum, interest payable monthly and were unsecured with principal repayment to be made 30 days after demand. During fiscal 2016, these demand loan financings were repaid in full.

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, 2016, with retrospective application required and early adoption permitted. The Company is currently assessing the impact of adopting these standards on the consolidated financial statements but does not expect any significant impact.

IFRS 9 - Financial Instruments: Classification and Measurement

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. This standard is effective for fiscal years beginning on or after January 1, 2018.

IFRS 15 Revenue from Contracts with Customers

This new standard establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard has an effective date of January 1, 2018, is applicable to all entities and will supersede all current revenue recognition requirements under IFRS.

IFRS 16 Leases

This new standard specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 applies to annual reporting periods beginning on or after 1 January 2019.

IAS 7 Statement of Cash Flows

The amendments to this standard are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after 1 January 2017, with earlier application being permitted.

IAS 12 Income Taxes

The amendments to this standard relate to the recognition of deferred tax assets and liabilities, with the latter also being subject to a 'probable profits' test. The amendments are effective for annual periods beginning on or after 1 January 2017, with earlier application being permitted.

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 Controls Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal controls 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

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 dependent 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.