Management Discussion and Analysis of Financial Condition and Results of Operations (As of December 20, 2017)

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 three and nine months ended October 31, 2017 and the audited consolidated financial statements for the years ended January 31, 2017 and 2016. This discussion and analysis provides an update to the discussion and analysis prepared for the year ended January 31, 2017. The 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 2018 Development Highlights:

In June 2017, OncoQuest announced the appointment of Hany Awadalla, senior biotech investment banker, as Senior Vice President and Chief Financial Officer.

In July 2017, the Company announced the appointment of Mark Lievonen, former President of Sanofi Pasteur Limited, to the Board of Directors.

In July 2017, OncoQuest announced first patient enrollment in the Phase 1 / 2 Study combining Oregovomab with Hiltonol in Recurrent Ovarian Cancer.

In August 2017, the Company announced the exercise of 16,666,667 share purchase warrants into 16,666,667 common shares at an exercise price of $0.10, for proceeds to the Company of $1,666,667.

In October 2017, OncoQuest announced the signing of a collaborative agreement with TESARO, Inc. to conduct a proof-of-concept clinical trial evaluating the combination of oregovomab with ZEJULA® (niraparib) in the recurrent ovarian cancer setting.

In November 2017, the Company announced the election of Mr. Lorne Meikle, Mr. J. Mark Lievonen, Mr. W. John Meekison, Mr. Shawn Lu and Madi R. Madiyalakan, Ph.D. to the Company's Board of Directors.

In November 2017, OncoQuest announced the presentation of translational immunology data from its Phase 2 clinical study examining oregovomab in combination with chemotherapy in front line ovarian cancer at the International Meeting of European Society of Gynaecological Oncology (ESGO) 2017.

In November 2017, OncoQuest announced the presentation of pre-clinical data from its IgE based immunotherapy platform technology at the 32nd Annual Society for Immunotherapy of Cancer (SITC).

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 other proof-of-concept clinical trials to establish these principles to ultimately lead to the design of a definitive combinatorial product registration.

A 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). In November 2016, OncoQuest announced positive interim clinical results from this 97-patient clinical trial.

A Phase II U.S. physician sponsored clinical trial is also currently ongoing evaluating Neoadjuvant Chemotherapy with the use of gemcitabine, another cytotoxic agent, and immunotherapy to CA125 (Oregovomab) followed by radiotherapy in a cohort of patients with CA125 associated partially resectable pancreatic cancer.

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

Another Phase I/II clinical trial to evaluate the safety and bioactivity of oregovomab and Nivolumab, a checkpoint inhibitor, as a combinatorial immunotherapy strategy in patients with recurrent ovarian cancer. This trial is being conducted at the National Cancer Centre in Singapore.

OncoQuest will explore the use of selected biomarkers to monitor the induction of CA125 specific T cells in the clinical trials.

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 (Fcε) 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.

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™ sales have commenced in Canada and Quest is in the final stages of implementing a European marketing strategy for Bellus Skin™.

Quest has also 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.

Quest has announced the development of the following three products for the SP-DERM line of cosmeceuticals specifically targeting applications that are demanded by dermatologists and medi -spas.: (i) SP-DERM Recovery, a post-procedural cream for promoting recovery after intensive laser treatments and/or other procedures that leave the skin barrier compromised, (ii) SP-DERM Maintenance, a maintenance cream for prolonging the effects of cosmetic procedures and (iii) SP-DERM Acne, a serum to minimize the appearance of acne scars.

Financial Results

Net consolidated loss for the three and nine months ended October 31, 2017 was $2,285,988 and $5,722,098, respectively, or $0.014 and $0.037 per share as compared to a consolidated loss of $1,393,754 and $2,766,812, respectively or $0.009 and $0.018 per share for the three and nine months ended October 31, 2016. Research and development expenditures for the three and nine months ended October 31, 2017 totaled $2,139,156 and $4,030,523, respectively, while general and administrative expenses were $466,093 and $1,616,868, respectively, for the same period. As of October 31, 2017, the Company had consolidated cash of $255,230 and consolidated short term investments of $10,705,150 (December 20, 2017 – consolidated cash of approximately $1,118,000 and consolidated short term investments of approximately $9,384,000.

Results of Operations

Net consolidated loss for the three and nine months ended October 31, 2017 was $2,285,988 and $5,722,098, respectively, or $0.014 and $0.037 per share on a fully diluted basis, as compared to a consolidated loss of $1,393,754 and $2,766,812, respectively, or $0.009 and $0.018 per share for the three and nine months ended October 31, 2016. After adjusting for non-cash items, cash flows used in operating activities for the three and nine months ended October 31, 2017 were $608,580 and $3,720,806, respectively, as compared to $1,253,397 and $3,593,803, respectively, for the three and nine months ended October 31, 2016.

Revenues:

The following table identifies the changes in revenue for the three and nine months ended October 31, 2017 compared to the three and nine months ended October 31, 2016.

Revenue	For the three months ended October 31			For the nine months ended October 31		
	2017	2016	Increase (decrease)	2017	2016	Increase (decrease)
	$	$	$	$	$	$
Bellus Skin sales	5,338	-		21,680	-	
Bellus Skin COGS	(2,165)	-		(10,044)	-	
Gross Margin	3,173			11,636		

Expenses

The following table identifies the changes in general and administrative expense for the three and nine months ended October 31, 2017 compared to the three and nine months ended October 31, 2016.

General and administrative expenses	For the three months ended October 31			For the nine months ended October 31		
	2017	2016	Increase (decrease)	2017	2016	Increase (decrease)
	$	$	$	$	$	$
Salaries, wages and benefits	128,045	98,324	29,721	408,895	379,779	29,116
Professional fees	29,911	142,947	(113,036)	190,073	280,955	(90,882)
Other support costs	64,151	217,901	(153,750)	388,656	267,698	120,958
Travel	25,172	11,257	13,915	61,726	54,740	6,986
Consulting/business development costs	180,302	56,438	123,864	375,778	200,758	175,020
Rent	2,756	5,017	(2,261)	9,504	14,088	(4,584)
Insurance	6,372	6,507	(135)	19,541	19,312	229
Public company related costs	28,496	44,967	(16,471)	160,032	81,799	78,233
Depreciation	888	756	132	2,663	2,015	648
Total general and administrative expenses	466,093	584,114	(118,021)	1,616,868	1,301,144	315,724

Overall, general and administrative costs have increased during the nine months ended October 31, 2017 compared to the nine months ended October 31, 2016, primarily due to increases in

consulting/business development costs, other support costs, public company related costs, and salaries, wages and benefits, offset by a decrease in professional fees. Consulting/business development costs increased due to an increase in business development activities. Other support costs increased due to increases in share based compensation costs. Public company related costs increased due to increases in investor relations activities. Salaries wages and benefits cost increases are due to increases in staff salary levels. Professional fees decreased due to decreases in audit, accounting and legal corporate finance activities.

Cosmetics - Included in general and administrative costs, primarily in consulting/business development costs, professional fees and travel, the Company has incurred expenses related to the Company's cosmetics project for Bellus Skin™. During the nine-month period ended October 31, 2017, the Company incurred cosmetics related costs of $118,495.

The following table identifies the changes in research and development (R&D) expense for the three and nine months ended October 31, 2017 compared to the three and nine months ended October 31, 2016.

Research and development expenses	For the three months ended October 31			For the nine months ended October 31		
	2017	2016	Increase (decrease)	2017	2016	Increase (decrease)
	$	$	$	$	$	$
Sub-contract, consulting and clinical trials	2,017,878	930,765	1,087,113	3,458,984	1,290,744	2,168,240
Salaries, wages and benefits	71,107	38,774	32,333	217,391	144,478	72,913
Legal (patent prosecution)	63,028	35,961	27,067	180,499	137,903	42,596
Rent	6,431	11,707	(5,276)	22,177	32,872	(10,695)
Other R&D costs	10,993	83,054	(72,061)	174,941	202,662	(27,721)
Supplies	1,216	1,611	(395)	3,237	3,066	171
Depreciation	2,137	2,950	(813)	6,928	9,106	(2,178)
Gross research and development expenses	2,172,790	1,104,822	1,067,968	4,064,157	1,820,831	2,243,326
Less						
NRC – IRAP funding	-	-	-	-	(15,724)	15,724
Alberta Finance – SR&ED	(33,634)	-	(33,634)	(33,634)	-	(33,634)
Research and development expenses (net)	2,139,156	1,104,822	1,034,334	4,030,523	1,805,107	2,225,416

Overall, R&D costs have increased for the nine months ended October 31, 2017 compared to the same period in 2016 due to increases in sub-contract, consulting and clinical trial costs, salaries, wages and benefits and legal patent costs, offset by a decrease in other R&D costs. Sub-contract, consulting and clinical trial costs increased in 2017 due to an increase in activity for the Company's clinical trial programs. Salaries, wages and benefits increased due to an increase in staffing and staff salary levels. Legal patent prosecution costs increased due to an increase in activity for the Company's patent matters. Other R&D costs decreases relate primarily to a decrease in share based compensation.

Summary of Quarterly Results

The following table presents unaudited selected financial information for each of the last eight quarters ended October 31, 2017.

	Q3, fiscal 2018	Q2, fiscal 2018	Q1, fiscal 2018	Q4, fiscal 2017	Q3, fiscal 2017	Q2, fiscal 2017	Q1, fiscal 2017	Q4, fiscal 2016
	$	$	$	$	$	$	$	$
Revenue	5,338	13,299	3,043	2,569	-	-	-	-
Net income (loss) for the period	(2,285,988)	(2,137,172)	(1,298,938)	(1,652,944)	(1,393,754)	(1,114,857)	(258,201)	(3,765,529)
Basic and diluted income (loss) per share (1)	(0.014)	(0.014)	(0.008)	(0.009)	(0.009)	(0.007)	(0.002)	(0.029)

(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 nine months ended October 31, 2017, the Company granted a total of 1,850,000 (2016 – 1,275,000) share options, as per the Company's Share Option Plan. These share options were granted to employees and to non-employees, all at an exercise price of $0.15. The fair value of vested options, totaling $438,587 (2016 - $35,000), including an accrual of $208,587 for OncoQuest stock options, was recognized as an expense and credited to contributed surplus for the 9 month periods ended October 31, 2017 and 2016.

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 October 31, 2017, no provision for impairment in value has been recorded.

Capital Expenditures

Expenditures on capital assets were $nil and $8,722, respectively for the three and nine month ended October 31, 2017 (2016 – $nil and $7,855, respectively).

Outstanding Share Data
The Company has the following securities outstanding as at December 20, 2017:

Common shares issued and outstanding at October 31, 2017	167,089,247
Share options outstanding as at October 31, 2017	16,450,000
Warrants outstanding as at October 31, 2017	3,429,167
Share options granted since October 31, 2017	-
Share options expired since October 31, 2017	-

Fully diluted common shares are 186,968,414, assuming the exercise of all share options and warrants.

Financial Instruments
Fair Value - Given their short-term maturity, the fair value of cash, 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 October 31, 2017, 52% 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

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 October 31, 2017, consolidated cash balances were $255,230 and consolidated short term investments were $10,705,150, as compared to consolidated cash of $1,228,938 and consolidated short term investments of $8,274,693 at January 31, 2017. At December 20, 2017, the Company had consolidated cash balances of approximately $1,118,000 and consolidated short term investments of approximately $9,384,000.

Cash used in operating activities was $608,580 and $3,720,806, respectively, for the three and nine months ended October 31, 2017 compared to $1,253,397 and $3,593,803, respectively, for the three and nine months ended October 31, 2016.

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).

In July 2017, OncoQuest completed an equity financing of $3,987,520 (US $3,200,000) pursuant to a common share private placement of 320,000 common shares at US $10.00 per share.

In August 2017, the Company announced the exercise of 16,666,667 share purchase warrants into common shares at an exercise price of $0.10 per share, for proceeds to the Company of $1,666,667.

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 second quarter of fiscal 2019.

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.

Related Party Transactions

Cost Sharing Agreement - The Company and OncoQuest operate in the same lease space. In December 2015, the Company entered into a Cost Sharing agreement with OncoQuest whereby certain of the common costs (leasing costs, utilities, etc.) are shared on an equal 50/50 basis between the companies. These costs were approximately $7,500 gross per month, and fluctuated on a month to month basis. The amount paid for lease and other office related costs to Quest increased on February 1, 2017 to a monthly rate of $10,000 per month due to increase in scope of operations at OncoQuest.

All of these transactions were recorded at the exchange amount which is the amount agreed to by the related parties.

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, 2018, 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 2 – Share – Based Payments

In June 2016, the IASB issued amendments to IFRS 2 Share Based Payments to clarify the classification and measurement of share-based payment transactions. IFRS 2 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

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.

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.

IAS 28 Investments in Associates and Joint Ventures
The amendments to this standard relate to the clarification of certain fair value measurements. The amendments are effective for annual periods beginning on or after 1 January 2018, with earlier application being permitted.

IAS 40 Investment Property
The amendments to this standard clarify transfers of property to, or from, investment property. The amendments are effective for annual periods beginning on or after 1 January 2018, 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

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 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.