Management Discussion and Analysis of Financial Condition and Results of Operations (As of June 26, 2020)

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

This discussion and analysis of the results of operations of Quest PharmaTech Inc. ("Quest" or the "Company") should be read in conjunction with the audited consolidated financial statements and accompanying notes for the years ended January 31, 2020 and 2019. The audited consolidated financial statements have been prepared in accordance with international financial reporting standards ("IFRS") and have been audited by the Company's auditors. This discussion and analysis provides information on the operations of Quest on a consolidated basis. All amounts are expressed in Canadian dollars unless otherwise noted and references to the term "year" refer to the fiscal year ended January 31st. Additional information related to the Company is on SEDAR at www.sedar.com.

Fiscal 2020 Development Highlights:

During the period, the Company continued the development of the wound healing technology licensed from Stanford University, and has contracted the University of Alberta to initiate pre-clinical testing in a wound-healing model.

During the period, the Company strengthen its patent protection on its Targeted Cancer Therapy Technology with the issue of a new patent in China and the U.S. for the Company's AR 9.6 technology licensed from University of Nebraska.

The Company's subsidiary, OncoQuest Inc., continued its preparations to initiate a multi-national Phase 3 registration clinical trial for oregovomab in advanced ovarian cancer patients, anticipated to commence in Q3 2020.

During the period, OncoQuest received a Notice of Allowance for patent protection of the administration schedule of oregovomab and chemotherapy for stage III-IV ovarian cancer patients.

During the period, OncoQuest presented the preliminary results on safety of its Phase II Oregovomab/Hiltonol trial at the 2019 IGCS conference.

During the period, OncoQuest was granted a patent covering the combination of use of its antibodies with a TLR3 agonist and checkpoint inhibitors.

During the period, OncoQuest was granted a patent covering the use of IgE antibodies for the inhibition of tumor metastasis.

During the period, OncoQuest continued to make progress on the manufacturing development of the Anti-Her2/neu IgE antibody which is contracted to Lonza Biologics in the UK.

In March 2020, OncoQuest completed a US $50 million private placement comprised of US$10 million in cash and US$40 million in a bond convertible into common shares of Dual Industrial Co., Ltd. ("Dual").

In April 2020, OncoQuest announced a definitive agreement to sell its drug portfolio to Dual in exchange for Dual bonds with a notional value of US$300 million and a commitment to fund the Oregovamab Phase 3 Clinical Trial.

In June 2020, the Company announced continuing preparations for a Phase 3 Clinical Study of the investigational drug Oregovomab in frontline Ovarian Cancer, after a successful End-of-Phase 2 Meeting with the FDA.

Technologies Under Development

Combinatory Antibody Immunotherapy of Cancer

Quest is developing its antibody-based immunology technologies through OncoQuest Inc. and OncoVent Co., Ltd., OncoQuest's joint venture partner in China. OncoQuest is a clinical stage company, focused on combinatorial immunotherapeutic approaches to cancer by using monoclonal antibodies of the immunoglobulin G or E (IgG or IgE) subclass in combination with chemotherapy/immune-adjuvant 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 & Update

Taking advantage of the availability of clinical grade Oregovomab (anti-CA125 antibody), OncoQuest is conducting a number of Phase 2 clinical trials to further establish these principles across the ovarian cancer landscape.

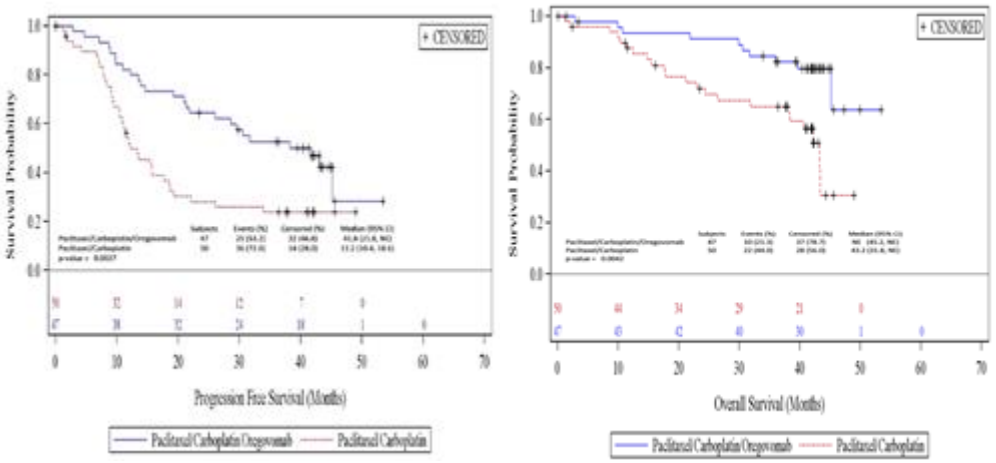
Frontline Ovarian Cancer Setting:

OncoQuest completed a phase 2, randomized, multi-site study, assessing standard of care front-line chemotherapy (carboplatin + paclitaxel) versus simultaneous chemoimmunotherapy (carboplatin + paclitaxel + oregovomab) in patients with advanced epithelial ovarian, adnexal or peritoneal carcinoma following optimal debulking surgery.

A total of 97 patients, with previously untreated advanced epithelial ovarian cancer Stage III and IV, were treated after undergoing optimal debulking surgery in both US and Italian centers and followed for 3 years after treatment. Safety information was compiled and important clinical efficacy endpoints Time To Clinical Progression (TTCP), Progression Free Survival (PFS) and Overall Survival (OS)] were evaluated using an established survival analysis (Kaplan-Meier method), which was supported with overall and subgroup factor analysis (Cox proportional hazards method) and selected sensitivity analysis.

These evaluations indicated that:

- Patients treated with oregovomab + chemotherapy had no clinically significant additional safety or adverse event issues compared to the chemotherapy alone.
- Patients treated with oregovomab + chemotherapy (median 43.1 months) had a highly clinically significant improved TTCP compared to chemotherapy alone (median 13.6 months) by the Kaplan-Meier method ($p = 0.0014$) and hazard ratio = 0.40 by the Cox proportional hazards method ($p = 0.0019$).
- Patients treated with oregovomab + chemotherapy (median 41.8 months) had a highly clinically significant improved PFS compared to chemotherapy alone (median 12.2 months) by the Kaplan-Meier method ($p = 0.0027$) and hazard ratio = 0.44 by the Cox proportional hazards method ($p = 0.0029$).
- Patients treated with oregovomab + chemotherapy (median not estimable) had a highly clinically significant improved OS compared to chemotherapy alone (median 43.2 months) by the Kaplan-Meier method ($p = 0.0042$) and hazard ratio = 0.34 by the Cox proportional hazards method ($p = 0.0077$).
- Subgroup analysis by the Cox proportional hazards method for prognostic and site factors indicated a statistically significant improved TTCP, PFS and OS in patients treated with oregovomab + chemotherapy for FIGO Stage IIIC, IV disease; tumor Grade 3, 4; ECOG performance status 0 and Italian sites (and to a slightly lesser extent, US sites), such that with positive trending in the smaller subgroup, and balanced subgroup populations, these results support the reliability of the overall effect.
- Sensitivity analyses using worst-case scenarios and follow-up quality supported the clinical outcome results and demonstrated a lack of systemic bias.



Our conclusion from the recently completed Phase 2 study is that there is a potential substantial benefit derived from the addition of oregovomab treatment to standard-of-care carboplatin and paclitaxel chemotherapy in front-line treatment of patients with Stage III/IV cancer of epithelial ovarian, tubal, or peritoneal origin after optimal debulking surgery.

This benefit profile is supported by the magnitude of improvement evidenced by the clinical outcome endpoints in the Phase 2 multisite study. Furthermore, over 950 ovarian cancer patients have been dosed with oregovomab at various stages of the disease and the product has to date had a positive safety profile and proven to be easily administered without toxicity when combined with other immunomodulatory or immunotherapeutic agents.

The Company is currently planning to launch a Phase 3 trial this year. The planned Phase 3 study is expected to enroll over 600 patients with newly diagnosed, advanced ovarian cancer globally. The double-blind, placebo-controlled trial design is expected to incorporate analyses of the effect of the addition of oregovomab in both the adjuvant and neo-adjuvant settings. In both the adjuvant and neo-adjuvant arms, the primary endpoint will be to evaluate progression-free survival of patients treated with oregovomab plus a standard-of-care chemotherapy combination, carboplatin and paclitaxel, compared to the chemotherapy alone.

Recurrent Ovarian Cancer Setting:

OncoQuest has completed the treatment phase of a clinical trial using oregovomab and Oncovir Inc.'s Hiltonol®, a TLR3 agonist, for the potential treatment of ovarian cancer in the advanced recurrent disease with heavily pretreated patients and has presented the preliminary results on safety at the 2019 IGCS conference. OncoQuest is also planning to conduct another clinical trial using oregovomab and the checkpoint inhibitor, nivolumab, with chemotherapy in Singapore under a physician sponsored IND.

These two clinical studies will lay the groundwork for evaluating oregovomab's interactions with TLR3 stimulation, checkpoint inhibition and selected chemotherapies in the recurrent setting and allow the Company to pursue combinations of additional agents. Furthermore, OncoQuest has a

collaboration with Tesaro, Inc. to examine the combination of oregovomab and niraparib, a PARP-inhibitor as a neoadjuvant therapy in an ovarian cancer setting that is being determined.

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, multiple myeloma 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 Phase 3 trial of Oregovomab is initiated. OncoQuest completed a 17-patient Phase 1 clinical trial of our anti-MUC1 Mab-AR20.5 (IgG) in patients with MUC-1 (CA15.3)- associated advanced cancers. The immunization was well tolerated without limiting safety concerns and with evidence of induced immunity. An inverse correlation between anti-MUC1 immune responses and CA15.3 levels was noted, with patients in the 2mg cohort showing the highest incidence of CA15.3 stabilization or decrease as well as the highest rate of immunological responses. We believe the results of OncoQuest's Phase 1 clinical trial in MUC-1-associated cancer demonstrates that the anti-MUC1 Mab-AR20.5 can potentially initiate an anti-cancer immune response and lays the foundation for additional clinical trials.

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's preclinical program is underway 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 enhances 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.

Both MAb AR9.6 and ACP2127 have been licensed to OncoCare Therapeutics Inc. for development and commercialization of these technologies in the U.S.

Financial Results

Net consolidated loss exclusive of non-controlling interest for the year was $6,183,540 or $0.037 per share as compared to a consolidated loss of $4,392,659 or $0.026 per share for the year ended January 31, 2019. Net research and development expenditures for fiscal 2020 totaled $11,264,235 while general and administrative expenses were $2,370,375 for the same period. As of January 31, 2020, the Company had consolidated cash of $2,153,184 and consolidated short-

term investments of $300,000 (June 26, 2020 – consolidated cash of approximately $915,000 and consolidated short-term investments of approximately $125,000).

Selected Annual Financial Information

	January 31, 2020	January 31, 2019	January 31, 2018
Net loss for the year	(6,183,540)	(4,392,659)	(5,086,202)
Basic and diluted loss / share	(0.037)	(0.026)	(0.032)
Total assets	4,451,798	5,809,931	12,784,609

Results of Operations

Quest's net consolidated loss includes some significant non-cash items. These non-cash items include options/shares issued as consideration for services and options issued to employees. For the years ended January 31, 2020 and January 31, 2019, share based payment transaction expense related to shares/options issued for services was $993,354 and $1,094,230 respectively and for employees was $562,980 and $649,456, respectively. Net consolidated loss, exclusive of non-controlling interest, for the year ended January 31, 2020 was $6,183,540 or $0.037 per share on a fully diluted basis as compared to a consolidated loss of $4,392,659 or $0.026 per share for the year ended January 31, 2019. After adjusting for non-cash items, cash flows used in operating activities for the year ended January 31, 2020 were $6,376,295 as compared to $6,907,706 for the year ended January 31, 2019.

Expenses

The following table identifies the changes in general and administrative expense for the year ended January 31, 2020 compared to the year ended January 31, 2019.

General and administrative expenses			
	2020	2019	Increase (decrease)
	$	$	$
Salaries, wages and benefits	531,567	584,683	(53,116)
Audit fees	127,200	201,836	(74,636)
Legal fees	38,148	70,063	(31,915)
Other support costs	964,934	1,047,067	(82,133)
Travel	40,423	114,401	(73,978)
Consulting/business development costs	552,575	603,410	(50,835)
Rent	6,731	20,020	(13,289)
Insurance	38,708	32,265	6,443
Public company related costs	29,443	98,530	(69,087)
Depreciation	40,646	4,457	36,189
Total general and administrative expenses	**2,370,375**	**2,776,732**	**(406,357)**

General and administrative costs have decreased in 2020 compared to 2019 due to decreases in other support costs, audit fees, travel costs, public company related costs, salaries wages and benefits, consulting / business development fees and legal fees. Most of the reduced costs relate

to the Company's cost containment/cash conserving efforts in fiscal 2020 compared to fiscal 2019.

The following table identifies the changes in research and development (R&D) expense for the year ended January 31, 2020 compared to the year ended January 31, 2019.

Research and development expenses			
	2020	**2019**	Increase (decrease)
	$	$	$
Sub-contract, consulting and clinical trials	10,152,137	4,666,394	5,485,743
Salaries, wages and benefits	195,681	342,025	(146,344)
Legal (patent prosecution)	220,618	224,022	(3,404)
Rent	15,707	46,712	(31,005)
Other R&D costs	662,470	960,912	(298,442)
Supplies	15,490	54,383	(38,893)
Depreciation	2,132	3,055	(923)
Gross research and development expenses	11,264,235	6,297,503	4,966,732
Less			
Government assistance	-	(32,331)	(32,331)
Research and development expense (net)	**11,264,235**	**6,265,172**	**4,999,063**

Overall, R&D costs have increased in 2020 compared to 2019 due to increases in sub-contract, consulting and clinical trials costs, offset by a decrease in salaries, wages and benefits and other R&D costs. Subcontract, consulting and clinical trial costs were higher in fiscal 2020 compared to fiscal 2019 due to an increase in activity as the Company prepares for the upcoming Phase 3 clinical trial for oregovomab. Salaries, wages and benefits cost decreases relate to decreased staffing levels in fiscal 2020 compared to fiscal 2019. Other R&D costs include share-based compensation which was lower in fiscal 2020 compared to fiscal 2019.

Discontinued Operations

On July 20, 2018 the Company announced its strategic decision to no longer actively promote consumer health products in order to focus on pharmaceutical product development. As a result, the Company will no longer actively promote the Bellus Skin line of products and will treat these activities as discontinued operations.

The following table identifies the activity in connection with the Company's discontinued operations for the year ended January 31, 2020 compared to the year ended January 31, 2019.

Discontinued operations			
	2020	**2019**	Increase (decrease)
	$	$	$
Revenue	10,132	22,757	(12,625)
Direct costs	4,292	12,261	(7,969)
Gross margin	5,840	10,496	(4,656)

General and administrative expenses	-	56,112	(56,112)
Impairment charge	27,485	-	27,485
Service charges	1,245	1,684	(439)
Foreign exchange (gain) / loss	(20)	(13,398)	(13,378)
Income / (loss) from discontinued operations	(22,870)	(33,902)	(11,032)

Fourth Quarter Results of Operations

For the three months ended January 31, 2020 ("Q4 2020"), the Company had a net loss of $1,855,641 or $0.011 per share compared to a net loss of $1,046,994 or $0.006 per share for the three months ended January 31, 2019 ("Q4 2019"). The increase in net loss for Q4 2020 compared to Q4 2019 relates primarily to increases in clinical trial and contract manufacturing activities within the Company. Research and development costs of $4,225,377 were incurred during Q4 2020 compared to $1,394,436 during Q4 2019. Most of the R&D cost increase is the result of increased clinical trial and contract manufacturing costs which increased by $3,073,868 for Q4, 2020 compared to Q4, 2019. General and administrative costs of $749,380 were incurred for Q4 2020 compared to $811,337 for Q4 2019. The Q4, 2020 decrease relates primarily to management's cost cutting and cost conserving measures for Q4 2020 compared to Q4 2019.

Summary of Quarterly Results

The following table presents unaudited selected financial information for each of the last eight quarters ended January 31, 2020.

	Year ended January 31, 2020				Year ended January 31, 2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	$	$	$	$	$	$	$	$
Revenue	9,295	640	197	5,641	-	12,566	4,550	5,641
Net income (loss) for the period	(1,670,194)	(1,054,587)	(1,603,118)	(1,855,641)	(1,028,300)	(1,423,044)	(894,321)	(1,046,994)
Basic and diluted income (loss) per share (1)	(0.010)	(0.006)	(0.010)	(0.011)	(0.006)	(0.009)	(0.005)	(0.006)

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

Share-Based Payment Transactions

During the year ended January 31, 2020, the Company granted a total of 200,000 (2019 – 3,850,000) share options, as per the Company's Share Option Plan. In 2020, 200,000 options were granted to non-employees, at an exercise price of $0.25, all vesting immediately. In 2019, 2,600,000 options were granted to non-employees, and 1,250,000 to employees, at exercise prices ranging from $0.18 - $0.25. The fair value of these options, totaling $32,000, was

recognized as an expense and credited to contributed surplus for the year ended January 31, 2020 (2019 - $600,500).

During the year ended January 31, 2020, the Company's subsidiary, OncoQuest, granted a total of 25,000 (2019 – 345,000) share options, as per OncoQuest's Share Option Plan. The fair value of options granted / vested, totaling $1,402,257, was recognized as an expense and credited to contributed surplus for the year ended January 31, 2019 (2019 – $1,143,186).

Capital Expenditures
Expenditures on capital assets were $nil for the year ended January 31, 2020 (2019 - $1,634).

Outstanding Share Data
The Company has the following securities outstanding as at June 26, 2020:

Common shares issued and outstanding at January 31, 2020	167,749,247
Share options outstanding as at January 31, 2020	17,775,000
Warrants outstanding as at January 31, 2020	-
Share options granted since January 31, 2020	300,000
Share options expired since January 31, 2020	100,000

Fully diluted common shares outstanding are 185,724,247 assuming the exercise of all share options.

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).

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 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.

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 restricted 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 January 31, 2020, consolidated cash was $2,153,184 and consolidated short-term investments were $300,000, as compared to consolidated cash of $347,301 and consolidated short-term investments of $3,113,349 at January 31, 2019. At June 26 , 2020, the Company had consolidated cash of approximately $915,000 and consolidated short-term investments of approximately $125,000.

Cash used in operating activities was $6,376,295 for the year ended January 31, 2020 compared to $6,907,706 for the year ended January 31, 2019.

During fiscal 2020, OncoQuest raised $2,663,400 (US$2,000,000) pursuant to a common share private placement of 80,000 common shares at US $25.00 per common share.

Subsequent to year end, OncoQuest completed a $50 million private placement of common shares at $20 per share. OncoQuest issued 2.5 million common shares in exchange for $10 million in cash and $40 million in perpetual bonds convertible into common shares of Dual Industrial Co., Ltd ("Dual"), a Korean (KOSDAQ) publicly traded company. The perpetual convertible bonds have a 30-year term which can be extended at Dual's discretion, bear no interest and can be redeemed for cash at the option of Dual.

Subsequent to year end, OncoQuest signed additional agreements with Dual to sell all of its immunotherapy assets in return for a notional $300 million, comprised of common shares of Dual and perpetual bonds convertible into shares of Dual or redeemable for cash at the option of Dual (the "Dual Agreements"). The transfer of the immunotherapy assets is subject to Dual having access to $75 Million by June 30, 2020 available and dedicated to finance the Phase 3 trial for Oregovomab. Dual perpetual bonds with a notional $125 million value (convertible into shares of Dual or redeemable for cash) were issued to OncoQuest at the signing of the Dual Agreements. The remaining consideration will be shares of Dual with a notional value of $175 million and will be issued no later than December 31, 2020. The bonds have a 30-year term extendable at the option of Dual and bear no interest. The share conversion prices for the bonds are as follows: $40 million - 2,119KRW/share; $22.5 million – 4,309 KRW/share; $62.5 million – 4,309 KRW; The $175 million worth of Dual common shares will be issued at 3,265 KRW/Dual share. Any Dual shares to be issued pursuant to the Dual Agreements will carry a 1-

year trading restriction from the date of share issuance. OncoQuest has the right, at any time after transfer of the immunotherapy assets, to require Dual to redeem $62.5 million of Dual perpetual convertible bonds at their KRW face value on or before the second closing of the transfer agreement, scheduled to occur not later than December 31, 2020.

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 fourth quarter of fiscal 2021. The Company will seek additional capital through the sale of non-core assets, further equity financings, licensing arrangements involving its core technologies and strategic partnerships.

Contractual Obligations

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

	Payments due by year				
	Total	Within 1 year	2 – 3 years	4 – 5 years	After 5 years
	$	$	$	$	$
Research & development and other contracts	84,914,071	40,749,170	33,836,386	10,328,515	-

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.

During the year ended January 31, 2020, 2 officers and a director of the Company exercised 350,000 share options to acquire 350,000 common shares of the Company at an exercise price of $0.10 per common share.

During the year ended January 31, 2019, an officer of the Company exercised 300,000 share options to acquire 300,000 common shares of the Company at an exercise price of $0.10 per common share.

These transactions were recorded at the exchange amount which is the amount agreed to by the related parties.

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.

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.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may impact operating activities and will depend on future developments, including the duration and spread of the outbreak, related travel advisories and restrictions, the recovery times of the disrupred supply chains, the consequential staff shortages, and production delays, or the uncertainty with respect to the accessibility of additional liquidity or capital markets, all of which are highly uncertain and cannot be predicted. Such potential impact is unknown at this time.