Management Discussion and Analysis of Financial Condition and Results of Operations (As of December 20, 2019)

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 six months ended July 31, 2019 and the audited consolidated financial statements for the years ended January 31, 2019 and 2018. This discussion and analysis provides an update to the discussion and analysis prepared for the year ended January 31, 2019. 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 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 Q1 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.

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

Taking advantage of the availability of clinical grade Oregovomab (anti-CA125 antibody), OncoQuest is conducting a number of Phase 2 clinical trials to establish these principles to ultimately lead to the design of a definitive combinatorial product registration.

A multi-centre 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 and presented those findings at the American Society of Clinical Oncology meeting in June 2017. This trial was completed in December 2017.

A Phase 2 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 1/2 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.

A Phase 2 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

OncoQuest may 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, 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 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'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 recently 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 three and nine months ended October 31, 2019 was $1,603,118 and $4,327,898, respectively, or $0.010 and $0.026 per share as compared to a consolidated loss of $894,321 and $3,345,665, respectively or $0.005 and $0.020 per share for the three and nine months ended October 31, 2018. Research and development expenditures for the three and nine months ended October 31, 2019 totaled $2,825,754 and $7,038,858, respectively, while general and administrative expenses were $553,259 and $1,620,995, respectively, for the same period. As of October 31, 2019, the Company had consolidated cash of $308,339 and consolidated short-term investments of $513,364 (December 20, 2019 – consolidated cash of approximately $250,000 and consolidated short-term investments of approximately $100,000).

Results of Operations

Net consolidated loss, excluding non-controlling interest, for the three and nine months ended October 31, 2019 was $1,603,118 and $4,327,898, respectively, or $0.010 and $0.026 per share on a fully diluted basis, as compared to a consolidated loss of $894,321 and $3,345,665, respectively, or $0.005 and $0.020 per share for the three and nine months ended October 31, 2018. After adjusting for non-cash items, cash flows used in operating activities for the three and nine months ended October 31, 2019 were $1,647,831 and $5,337,247, respectively, as compared to $1,174,421 and $4,622,703, respectively, for the three and nine months ended October 31, 2018.

Expenses

The following table identifies the changes in general and administrative expense for the three and nine months ended October 31, 2019 compared to the three and nine months ended October 31, 2018.

General and administrative expenses	For the three months ended October 31			For the nine months ended October 31		
	2019	2018	Increase (decrease)	2019	2018	Increase (decrease)
	$	$	$	$	$	$
Salaries, wages and benefits	148,951	127,730	21,221	397,945	407,037	(9,092)
Professional fees	11,082	75,433	(64,351)	15,921	142,568	(126,647)
Other support costs	226,609	197,450	29,159	698,903	709,672	(10,769)
Travel	7,987	19,370	(11,383)	22,652	105,373	(82,721)
Consulting/business development costs	139,053	197,255	(58,202)	398,269	495,061	(96,792)
Rent	5,019	4,851	168	14,878	14,516	362
Insurance	3,860	15,938	(12,078)	22,853	28,534	(5,681)
Public company related costs	5,237	1,783	3,454	24,389	60,717	(36,328)
Depreciation	5,461	672	4,789	25,185	1,917	23,268
Total general and administrative expenses	553,259	640,482	(87,223)	1,620,995	1,965,395	(344,400)

Overall, general and administrative costs have decreased during the nine months ended October 31, 2019 compared to the nine months ended October 31, 2018, primarily due to decreases in professional fees, consulting/business development costs, travel costs and public company costs. In all areas, the lower costs and fees relate primarily to the company's cost reduction and cash conserving efforts in 2019 compared to 2018.

The following table identifies the changes in research and development (R&D) expense for the three and nine months ended October 31, 2019 compared to the three and nine months ended October 31, 2018.

Research and development expenses	For the three months ended October 31			For the nine months ended October 31		
	2019	2018	Increase (decrease)	2019	2018	Increase (decrease)
	$	$	$	$	$	$
Sub-contract, consulting and clinical trials	2,475,563	910,960	1,564,603	6,092,870	3,680,995	2,411,875
Salaries, wages and benefits	55,275	91,237	(35,962)	138,263	262,416	(124,153)
Legal (patent prosecution)	75,318	50,379	24,939	166,032	159,482	6,550
Rent	11,710	11,317	393	34,715	33,870	845
Other R&D costs	203,425	318,128	(114,703)	589,108	758,268	(169,160)
Supplies	2,369	1,434	935	14,710	3,451	11,259
Depreciation	2,094	1,544	550	3,160	4,585	(1,425)
Gross research and development expenses	2,825,754	1,384,999	1,440,755	7,038,858	4,903,067	2,135,791
Less:						
Government funding	-	(32,331)	32,331	-	(32,331)	32,331
Research and development expenses (net)	2,825,754	1,352,668	1,473,086	7,038,858	4,870,736	2,168,122

Overall, R&D costs have increased for the nine months ended October 31, 2019 compared to the same period in 2018 due to increases in sub-contract, consulting and clinical trial costs, offset by decreases in salaries, wages and benefit costs and other R&D costs. Sub-contract, consulting and clinical trial costs increased in 2019 due to an increase in activity for the Company's clinical trial programs. Salaries, wages and benefits costs were lower in 2019 due to a reduction in staffing levels. Other R&D costs include license fees and share-based compensation which were both lower in 2019 compared to 2018.

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 three and nine-month periods ended October 31, 2019 compared to the three and nine-month periods ended October 31, 2018.

Discontinued operations	For the three months ended October 31			For the nine months ended October 31		
	2019	2018	Increase (decrease)	2019	2018	Increase (decrease)
	$	$	$	$	$	$
Revenue	197	4,550	(4,353)	10,133	17,116	(6,983)
Direct Costs	39	3,953	(3,914)	4,292	9,617	(5,325)
Gross Margin	158	597	(439)	5,841	7,499	(1,658)
General and administrative expenses	27,829	7,874	19,955	29,055	46,869	(17,814)
Income / (loss) from discontinued operations	**(27,671)**	**(7,277)**	**20,394**	**(23,214)**	**(39,370)**	**(16,156)**

Summary of Quarterly Results

The following table presents unaudited selected financial information for each of the last eight quarters ended October 31, 2019.

	Q3, fiscal 2020	Q2, fiscal 2020	Q1, fiscal 2020	Q4, fiscal 2019	Q3, fiscal 2019	Q2, fiscal 2019	Q1, fiscal 2019	Q4, fiscal 2018
	$	$	$	$	$	$	$	$
Revenue	197	640	9,296	5,641	4,550	12,566	-	17,191
Net income (loss) for the period	(1,603,118)	(1,054,587)	(1,670,193)	(1,046,994)	(894,321)	(1,423,044)	(1,028,300)	(1,895,175)
Basic and diluted income (loss) per share (1)	(0.010)	(0.006)	(0.010)	(0.006)	(0.005)	(0.009)	(0.006)	(0.011)

(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, 2019, the Company granted a total of 200,000 (2018 – 2,600,000) share options, as per the Company's Share Option Plan. The share options granted during the nine months ended October 31, 2019 were granted to non-employees at an exercise price of $0.25. The share options granted during the nine months ended October 31, 2018 were granted to non-employees at an exercise price of $0.25. The fair value of vested options, totaling

$1,177,752 (2018 - $1,259,450), including an accrual of $1,145,752 (2018 - $846,450) for OncoQuest stock options, was recognized as an expense and credited to contributed surplus for the nine-month periods ended October 31, 2019 and 2018.

Capital Expenditures
Expenditures on capital assets were $nil for the nine months ended October 31, 2019 (2018 – $1,634).

Outstanding Share Data
The Company has the following securities outstanding as at December 20, 2019:

Common shares issued and outstanding at October 31, 2019	167,389,247
Share options outstanding as at October 31, 2019	18,600,000
Warrants outstanding as at October 31, 2019	-
Share options granted since October 31, 2019	-
Share options expired since October 31, 2019	-

Fully diluted common shares are 185,989,247, assuming the exercise of all share options and warrants.

Financial Instruments
The Company's financial instruments include cash, short term investments, accounts receivable, accounts payable and accrued liabilities and the common share instrument.

a) Carrying value and fair value
The carrying values of cash, short term investments, accounts receivable, accounts payable and accrued liabilities, and the common share instrument approximate their fair value due to the immediate or short-term maturity of these financial instruments.

Fair value

All financial instruments carried at fair value are categorized in one of three categories:

Level 1 – Quoted market price
Level 2 – Market observable valuation technique
Level 3 – Non-market observable valuation technique

During the nine-month period ended October 31, 2019, there were no transfers between levels of the fair value hierarchy.

b) Risks

i) Foreign currency risk

The Company has certain assets and liabilities that are denominated in foreign currencies and are exposed to risks from changes in foreign exchange rates and the degree of volatility of these rates.

At October 31, 2019 the Company's exposure to foreign currency risk is US$344,222 in cash and short-term investments, US$1,887,501 in accounts payable and accrued liabilities and 1,000 Euros in accrued liabilities. The period-end rate of conversion of U.S. to Canadian dollars is 1.3160 and Euros to Canadian dollars is 1.4671. Based on the foreign currency exposures noted above, a 10 percent strengthening of the Canadian dollar would have decreased the net loss by $202,925, assuming that all other variables remain unchanged. A 10 percent weakening of the Canadian dollar would have an equal but opposite effect, assuming that all other variables remain unchanged.

The Company currently does not use derivative instruments to reduce its exposure to foreign currency risk.

ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The 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. The Company only has cash and short-term investment reserves of $821,703 at October 31, 2019 (January 31, 2019 - $3,460,650). As such, there is a liquidity risk for the Company at October 31, 2019.

iii) Credit risk

Financial instruments that subject the Company to credit risk consist primarily of 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 short-term deposits that are fully guaranteed by the Company's financial banker, a major Canadian chartered bank. As the Company is a research and development company, the Company's exposure to credit risk related to accounts receivable is not considered to be significant. At period end, 18% of accounts receivable was due from one federal government agency.

iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company's cash and 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. The Company's policy limits the investing of excess funds to liquid government guaranteed deposits or guaranteed investment certificates.

Liquidity and Capital Resources

At October 31, 2019, consolidated cash balances were $308,339 and short-term investments were $513,364 as compared to cash of $347,301 and short-term investments of $3,113,349 at January 31, 2019. At December 20, 2019, the Company had consolidated cash balances of approximately $250,000 and short-term investments of approximately $100,000.

Cash used in operating activities was $3,689,417 for the six months ended July 31, 2019

compared to $3,448,282 for the six months ended July 31, 2018.

During the nine-month period ended October 31, 2019, 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.

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 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.

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 monthly basis. The amount paid for lease and office related costs to Quest increased on February 1, 2017 to $10,000 per month due to increase in scope of operations at OncoQuest.

Investment in OncoVent Co., Ltd.

In March 2016, the Company's subsidiary, OncoQuest, signed a joint venture contract with Shenzhen Hepalink. The agreement results in the creation of a new company in China called OncoVent Co., Ltd. ("OncoVent"), to focus on the research and development of Cancer Immunotherapy Products for the Chinese market. Under the agreement, OncoQuest licensed the greater China rights to the Immunotherapy Technologies and provided US$1,000,000 for 46% of the shares of OncoVent. Shenzhen Hepalink contributed US$5,000,000 for 54% of the shares of OncoVent. As part of the agreement, OncoQuest transferred a portion of its shares in OncoVent to Quest and to another party such that Quest owns 11% and the other party owns 6%, respectively, of the shares of OncoVent. Management believes the creation of OncoVent will provide additional resources for product development that OncoQuest can access to accelerate its worldwide product registration strategy. OncoVent will focus on the development, manufacturing and commercialization of Cancer Immunotherapy Products within China with pancreatic cancer as its first target. On October 31, 2016, Shenzhen Hepalink contributed US$5,000,000 to OncoVent. On November 1, 2016, OncoQuest contributed $1,337,900 (US$1,000,000) to OncoVent.

For financial statement purposes, Quest accounts for its investment in this affiliated entity under the equity method. Oncovent began operations in November 2016.

	$
Balance, January 31, 2016	**-**
Investment in joint venture, November 1, 2016	1,337,900
Equity method share of loss for the year ended January 31, 2017	(475,771)
Transfer of 6% interest to third party	(174,509)
Balance, January 31, 2017	**687,620**
Equity method loss for the year ended January 31, 2018	(331,442)
Balance, January 31, 2018	**356,178**
Equity method loss for the year ended January 31, 2019	(324,877)
Balance, January 31, 2019	**31,301**
Equity method loss for the nine-month period ended October 31, 2019	(31,301)
Balance, October 31, 2019	**-**

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.