Management Discussion and Analysis of Financial Condition and Results of Operations (As of September 24, 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 unaudited consolidated financial statements and accompanying notes for the three and six months ended July 31, 2020 and the audited consolidated financial statements for the years ended January 31, 2020 and 2019. This discussion and analysis provides an update to the discussion and analysis prepared for the year ended January 31, 2020. 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.

Second Quarter, Fiscal 2021 Development Highlights:

In August 2020, the Company signed a research services agreement with the University of Alberta for pre-clinical development of the Company's Mutant EGF wound healing technology licensed from Stanford University.

Products Under Development

MAb AR9.6 - Targeted Cancer Therapy Technology

Quest is 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 potential cancer targets include pancreatic, colon, leukemia, ovarian and breast cancer.

MAb AR9.6 has been licensed to OncoCare Therapeutics Inc. for development and commercialization of this technology in the U.S.

Mutant EGF - Wound Healing Technology

Quest is also developing products utilizing proprietary transdermal delivery technologies with a focus on dermatology and wound healing applications. This patented mutant EGF wound healing technology was invented by Dr. Jennifer Cochran, associate professor of bioengineering at Stanford University, and is jointly owned by Stanford University and Massachusetts Institute of Technology. This new class of engineered EGF molecules have about 30 times more receptor-binding affinity than natural EGF and are protected by two U.S. patents. The technology can also be combined with Quest's SP Technology to further enhance its effectiveness. Quest has an exclusive worldwide license from Stanford University to develop and commercialize this patented EGF wound healing technology.

Equity Investments

OncoQuest Inc.

OncoQuest is a private Canadian biotechnology company developing next generation of combinatorial immunotherapy products for the treatment of cancer. On April 22, 2020, OncoQuest announced a definitive agreement to sell its drug portfolio to Dual Industrial Co., Ltd. ("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.

Quest has a 44% interest in OncoQuest.

OncoVent Co., Ltd.

OncoVent is a China-based global pharmaceutical company focusing on the development, manufacturing and commercialization of Cancer Immunotherapy Products within China with pancreatic cancer as its first target. Oncovent holds the license for OncoQuest's immunotherapy portfolio for the greater China market.

Quest has a 11% interest in OncoVent.

Bioceltran Co., Ltd.

Bioceltran is a Korean company developing Skin penetrating Active Molecules for Cosmetic and Pharmaceutical Use. Quest, through its subsidiary, Madenco Biosciences, has worldwide (excluding South Korea) rights to Bioceltran PTD Technology and Products for certain indications and Bioceltran has an exclusive license to Quest's Photodynamic Therapy Technology.

Quest has a 20% interest in Bioceltran.

Financial Results

Net consolidated income, exclusive of non-controlling interest, for the three and six months ended July 31, 2020 was $3,215,888 and $109,251,418, respectively or $0.019 and $0.640 per share as compared to a consolidated loss of $1,054,587 and $2,724,780, respectively, or $0.006 and $0.016 per share for the three and six months ended July 31, 2019. Research and

development expenditures for the three and six months ended July 31, 2020 totaled $22,584 and $32,782, respectively, while general and administrative expenses were $170,487 and $237,028, respectively, for the same period. As of July 31, 2020, the Company had consolidated cash of $6,941 and short-term investments of $75,000 (September 24, 2020 – cash of approximately $80,000).

Results of Operations

Quest's net consolidated income / loss includes some significant non-cash items, including a gain of $112,840,155 on recognizing the fair value of Quest's investment in OncoQuest, and a gain of $1,233,858 related to the deconsolidation of OncoQuest. Net consolidated income, excluding non-controlling interest, for the three and six months ended July 31, 2020 was $3,215,888 and $109,251,418, respectively or $0.019 and $0.640 per share on a fully diluted basis, as compared to a consolidated loss of $1,054,587 and $2,724,780, respectively, or $0.006 and $0.016 per share for the three and six months ended July 31, 2019. After adjusting for non-cash items, cash flows used in operating activities for the three and six months ended July 31, 2020 were $190,118 and $4,396,606, respectively, as compared to $1,988,947 and $3,689,416, respectively, for the three and six months ended July 31, 2019.

Loss of Control and Deconsolidation of Subsidiary

During the three months ended April 30, 2020, the Company determined to no longer consolidate OncoQuest into the consolidated financial statements of the Company due to a loss of control, as the Company has no power to control OncoQuest or to govern the financial and operating policies of OncoQuest through share ownership, contractual rights, board nominees or otherwise. Effective February 1, 2020, OncoQuest is treated as an equity investment of the Company under the Equity Method of accounting and OncoQuest's assets, liabilities, non-controlling interest, components of equity, revenues and expenses are excluded from the Company's consolidated financial statements.

The gain on deconsolidation of the subsidiary was $1,233,858 determined as follows:

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Current Assets	
Cash	1,786,490
Short term investments	300,000
Other	403,852
Noncurrent assets	
Other	1,458,425
Current liabilities	
Accounts payable and accrued liabilities	(8,419,785)
Common share instrument	(12,349,446)
Equity	
Other comprehensive income	(844,689)
Contributed surplus	(3,097,172)
Non-controlling interest	1,160,713
Retained earnings	18,367,754
Gain on deconsolidation of subsidiary	(1,233,858)

The Company also recognized a fair value gain of $112,840,155 (US$85,002,000) on its investment in OncoQuest during the 6-month period ended July 31, 2020, based on a recent private placement of OncoQuest shares at US$20 per common share. Quest holds 4,250,100 common shares of OncoQuest.

Expenses

The following table identifies the changes in general and administrative expense for the three and six months ended July 31, 2020 compared to the three and six months ended July 31, 2019.

General and administrative expenses	For the three months ended July 31			For the six months ended July 31		
	2020	2019	Increase (decrease)	2020	2019	Increase (decrease)
	$	$	$	$	$	$
Salaries, wages and benefits	40,868	124,027	(83,159)	70,697	248,994	(178,297)
Professional fees	47,885	3,086	44,799	52,699	4,839	47,860
Other support costs	14,008	219,546	(205,538)	16,058	472,294	(456,236)
Travel	95	10,991	(10,896)	1,666	14,665	(12,999)
Consulting/business development costs	27,000	119,989	(92,989)	36,000	259,216	(223,216)
Rent	-	4,807	(4,807)	-	9,859	(9,859)
Insurance	6,015	9,497	(3,482)	12,885	18,993	(6,108)
Public company related costs	25,163	15,797	9,366	28,117	19,152	8,965
Depreciation	9,453	9,891	(438)	18,906	19,724	(818)
Total general and administrative expenses	170,487	517,631	(347,144)	237,028	1,067,736	(830,708)

Overall, general and administrative costs have decreased during the six months ended July 31, 2020 compared to the six months ended July 31, 2019, due primarily to a loss of control of a subsidiary, OncoQuest, and the removal of OncoQuest activity from the consolidated operating results of the Company for the 6 month period ended July 31, 2020 compared to the 6 month period ended July 31, 2019.

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

Research and development expenses	For the three months ended July 31			For the six months ended July 31		
	2020	2019	Increase (decrease)	2020	2019	Increase (decrease)
	$	$	$	$	$	$
Sub-contract, consulting and clinical trials	-	2,027,443	(2,027443)	270	3,617,307	(3,617,037)
Salaries, wages and benefits	-	27,980	(27980)	-	82,988	(82,988)
Legal (patent prosecution)	4,429	28,456	(24,027)	5,392	90,714	(85,322)
Rent	-	11,218	(11218)	-	23,005	(23,005)
Other R&D costs	17743	188,625	(170882)	26,335	385,683	(359,348)
Supplies	38	2,434	(2,396)	38	12,341	(12,303)
Depreciation	374	533	(159)	747	1,066	(319)
Gross research and development expenses	22,584	2,286,689	(2,264,105)	32,782	4,213,104	(4,180,322)
Less:						
Government funding	-	-	-	-	-	-
Research and development expenses (net)	22,584	2,286,689	(2,264,105)	32,782	4,213,104	(4,180,322)

R&D costs have also decreased during the six-month period ended July 31, 2020 compared to 2019 for the same reasons noted above, namely, a loss of control of a subsidiary, OncoQuest, and the removal of OncoQuest activity from the consolidated operating results of the Company for the 6 month period ended July 31, 2020 compared to the 6 month period ended July 31, 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 three and six-month periods ended July 31, 2020 compared to the three and six-month periods ended July 31, 2019.

Discontinued operations	For the three months ended July 31			For the six months ended July 31		
	2020	2019	Increase (decrease)	2020	2019	Increase (decrease)
	$	$	$	$	$	$
Revenue	-	640	(640)	-	9,935	(9,935)
Direct Costs	-	117	(117)	-	4,253	(4,253)
Gross Margin	-	523	(523)	-	5,682	(5,682)
General and administrative expenses	-	1,093	(1,093)	-	1,225	(1,225)
Income / (loss) from discontinued operations	**-**	**(570)**	**(570)**	**-**	**4,457**	**(4,457)**

Summary of Quarterly Results

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

	Q2, fiscal 2021	Q1, fiscal 2021	Q4, fiscal 2020	Q3, fiscal 2020	Q2, fiscal 2020	Q1, fiscal 2020	Q4, fiscal 2019	Q3, fiscal 2019
	$	$	$	$	$	$	$	$
Revenue	-	-	5,641	197	640	9,295	5,641	4,550
Net income (loss) for the period	3,215,888	106,035,531	(1,855,641)	(1,603,118)	(1,054,587)	(1,670,193)	(1,046,994)	(894,321)
Basic and diluted income (loss) per share (1)	0.019	0.632	(0.011)	(0.010)	(0.006)	(0.010)	(0.006)	(0.005)

(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 six months ended July 31, 2020, the Company granted a total of 300,000 (2019 – 200,000) share options, as per the Company's Share Option Plan. During 2020, these share options were granted to non-employees, all at an exercise price of $0.25. The fair value of vested and accrued options, totaling $51,000 (2019 - $32,000), was recognized as an expense and credited to contributed surplus for the 6-month periods ended July 31, 2020 and 2019.

Capital Expenditures
Expenditures on capital assets were $nil for the six months ended July 31, 2020 (2019 – $nil).

Outstanding Share Data
The Company has the following securities outstanding at September 24, 2020:

Common shares issued and outstanding at July 31, 2020	167,749,247
Share options outstanding as at July 31, 2020	17,925,000
Warrants outstanding as at July 31, 2020	-
Share options granted since July 31, 2020	-
Share options expired since July 31, 2020	-

Fully diluted common shares are 185,674,247, assuming the exercise of all share options.

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 six-month period ended July 31, 2020, 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 those rates.

At July 31, 2020 the Company's exposure to foreign currency risk is US$4,388 in cash. The period-end rate of conversion of U.S. to Canadian dollars is 1.3404. Based on the foreign currency exposures noted above, a 10 percent strengthening of the Canadian dollar would have increased the net loss by $588, 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 $81,941 at July 31, 2020 (January 31, 2020 - $2,453,184). As such, there is a liquidity risk for the Company at July 31, 2020.

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, 100% of accounts receivable was due from a 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 July 31, 2020, consolidated cash balances were $6,941 and short-term investments were $75,000 as compared to cash of $2,153,184 and short-term investments of $300,000 at January 31, 2020. At September 24, 2020, the Company had consolidated cash balances of approximately $80,000.

Cash used in operating activities was $190,118 and $4,396,606, respectively, for the three and six months ended July 31, 2020 compared to $1,988,947 and $3,689,416, respectively, for the

three and six months ended July 31, 2019.

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 2022. 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.

Executive Services Agreement - In July 2020, the Company entered into an Executive Services Agreement with OncoQuest whereby the Company's officers render executive services to OncoQuest for a fee of $10,000 per month.

Investment in OncoVent Co., Ltd.

In March 2016, 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.

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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 three-month period ended April 30, 2019	(31,301)
Balance, January 31, 2020 and July 31, 2020	**-**

Investment in OncoQuest Inc.

During the six-month period ended July 31, 2020, the Company changed the method of accounting for its investment in OncoQuest Inc. For the year ended January 31, 2020, OncoQuest was treated as a subsidiary and consolidated into the financial statements of the Company. Subsequent to year end, commencing on February 1, 2020, Quest deconsolidated OncoQuest as a result of a loss of control and OncoQuest is being treated as an equity investment using the equity method of accounting.

Quest's owns 4,250,100 common shares of OncoQuest. Under IFRS, Quest is required to fair value these common shares at the time of the loss of control of OncoQuest. Based on a private placement of common shares of OncoQuest to third parties during the period at a price of US$20 per common share, Quest determined that the fair value of its investment in OncoQuest was $112,840,155 (USD85,002,000) at the time of the loss of control.

OncoQuest incurred a loss for the 6-month period ended July 31, 2020 of $10,345,857 (USD7,832,000). Quest, with an approximate 44% ownership interest in OncoQuest at July 31, 2020, recorded an equity loss of $4,552,177 for the 6-month period ended July 31, 2020.

The Company's equity investment in OncoQuest is as follows for the 6-month period ended July 31, 2020:

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Investment in OncoQuest at fair value – February 1, 2020	112,840,155
Equity Method share of loss for the 6 months ended July 31 2020	(4,552,177)
Balance, July 31, 2020	**108,287,978**

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 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.

Since January 1, 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada and the USA, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

At this time, there is no material impact on Company's operations and financial results. The Company has determined that these events are non-adjusting subsequent events. Accordingly, the consolidated balance sheet and results of operations as of and for the three and six months ended July 31, 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, including the closure of non-essential businesses for an undetermined period of time, remains unclear. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the consolidated financial position and results of the Company for future periods.