



FOR IMMEDIATE RELEASE

TSX Venture: QPT

Quest Provides Additional Information on OncoQuest Transaction and Announces Delay in Annual Filings

EDMONTON, ALBERTA, May 29, 2020 – At the request of IROC Market Surveillance, Quest PharmaTech Inc. (TSX-V: QPT) (“Quest” or the “Company”) is providing additional information with respect to the proposed asset transfer transaction between 43% owned OncoQuest Inc. (“OncoQuest”), and Korean publicly traded Dual Industrial Co., Ltd (“Dual”), announced by Quest in a news release on April 22, 2020. Under the proposed transaction, OncoQuest would sell its clinical and preclinical immunotherapy development assets to Dual in transactions that would result in OncoQuest receiving a combination of Dual common stock and Dual perpetual convertible bonds with an ascribed value of US\$300 million.

The USD\$300 million value of Dual securities to be received by OncoQuest under the transaction was arrived at by negotiation between the parties. Dual is also responsible for all of the costs of clinical and pre-clinical development of OncoQuest’s immunotherapy assets following the April 20, 2020 execution of the definitive agreements by the parties until a U.S. based subsidiary of Dual is set-up to oversee all of the clinical development functions. Dual has committed to fund OncoQuest’s Phase 3 clinical trial in an amount up to USD\$75 million. Dual has raised USD\$70 million of the committed funds, USD\$10 million of which was advanced to OncoQuest on March 6, 2020 pursuant to a share subscription, and Dual expects to raise the remaining US\$5 million by December 31, 2020.

On the April 20, 2020 execution of the asset transfer agreement between Dual and OncoQuest, OncoQuest became entitled to receive the USD\$300 million consideration, and entered into certain ancillary share and convertible bond subscription and offset agreements with Dual, including for the purpose of funding USD\$40 million of the repurchase price of 2,500,000 OncoQuest common shares subscribed for by Dual on March 6, 2020 which has been completed. On May 20, 2020, the parties completed a first closing (the “First Closing”) under the transaction whereby Dual confirmed that it had met its condition for having USD\$75 million available to meet Phase 3 clinical trial expenses. Ownership of the immunotherapy development assets was transferred from OncoQuest to Dual at the First Closing. A second closing of the transaction (the “Second Closing”) will occur upon completion of all transfers of legal title and registrations for OncoQuest's drug portfolio to Dual.

As a result of the agreements and completion of the First Closing, OncoQuest has received or is entitled to the following consideration for the sale of its assets:

(A) USD\$125 million of 30-year perpetual convertible bonds of Dual (the “Perpetual Convertible Bonds”) as follows:

(i) KRW48.012 Billion (USD\$40 million equivalent) convertible into Dual common shares at 2,119KRW/share; and

- (ii) KRW103.445 Billion (USD\$85 million equivalent) convertible into Dual common shares at 4,309KRW/share.

Each of the Perpetual Convertible Bonds has a 30-year maturity, bears no interest, and is redeemable at Dual's option for cash. The Perpetual Convertible Bonds are unrated. As of the May 20, 2020 First Closing date, OncoQuest has the right to require redemption of KRW76.0625 Billion (USD\$62.5 million equivalent) of Perpetual Convertible Bonds for cash, payable not later than December 31, 2020.

(B) USD\$175 Million of Dual common shares as follows:

- (i) as of the May 20, 2020 First Closing date, OncoQuest has acquired 7,454,824 common shares of Dual at a price of KRW3,265/share, for an equivalent aggregate subscription price of USD\$20 million; and
- (ii) OncoQuest has subscribed for and is entitled to receive an additional 57,774,885 common shares of Dual at a price of KRW3,265/share, for an equivalent aggregate subscription price of USD\$155 million, which are to be issued on the date of the Second Closing, expected not later than December 31, 2020.

All Dual shares issued to OncoQuest will be subject to a 1-year trading restriction from the date of issuance of the shares.

On the day of execution of the definitive agreements, April 20, 2020, the closing price of Dual common shares on the KOSDAQ Korean stock exchange was KRW4,900 (May 29, 2020 – KRW3,665). As of April 20, 2020 the Bank of Korea Basic Exchange Rate was KRW1,217 per USD\$1 (May 29, 2020 - KRW1,239.4 per USD\$1).

No finder's fees are payable by Quest or OncoQuest in connection with the transaction. Completion of the transaction is subject to a number of conditions, including the receipt of all required regulatory and third-party approvals.

Delay in Annual Filings

The Company also announces that the filing of its annual audited financial statements for the year ended January 31, 2020 and related filings will be delayed and that it intends to rely upon the extension for such filings of up to 45-days provided in Alberta Securities Commission Blanket Order 51-517 (and a similar exemption provided by the British Columbia securities commission) (collectively, the "Instruments").

The Company reports that it is required to file its January 31, 2020 annual audited financial statements, related management's discussion and analysis and CEO and CFO certifications (collectively, the "Documents") no later than June 1, 2020. For reasons beyond the Company's control, including those related to COVID 19, the Company is unable to file its financial statements on June 1, 2020 and will be relying upon the Instruments for an extension of time (up to 45 days) to file its financial statements on SEDAR.

Until the Documents are filed on SEDAR, the Company's management and insiders will be subject to a trading black-out reflecting the principles contained in section 9 of National Policy 11-207 – *Failure to File Cease Trade Orders and Revocations in Multiple Jurisdictions*. The Company expects the Documents to be filed on SEDAR no later than June 30, 2020.

Other than the USD\$50 million private placement by OncoQuest to Dual disclosed in the Company's news release dated March 13, 2020 and the proposed sale of the immunotherapy assets by OncoQuest to Dual disclosed in the Company's news release dated April 22, 2020, there have been no material business developments since the date of the last interim financial statements and related management's discussion and analysis filed with respect to the interim period ending October 31, 2019.

Resumption of Trading

The common shares of the Company have been halted from trading on the TSX Venture Exchange since April 22, 2020 in connection with a review conducted by the TSXV Venture Exchange. That review has now been completed and trading in the common shares is expected to resume shortly.

About Quest PharmaTech Inc.

Quest PharmaTech Inc is a publicly traded, Canadian based biopharmaceutical company (QPT: TSX-V) developing products to improve the quality of life. The Company through its investment in OncoQuest and its Chinese joint venture, OncoVent, is developing antibody-based immunotherapeutic products for cancer. Quest has an ownership interest in Bioceltran which is focused on SP Technology™ for transdermal delivery of drugs and photosensitizers for pharmaceutical and cosmetic purposes. Quest through its subsidiary, Madenco BioSciences, is developing pharmaceutical products for dermatology and wound healing applications. Quest, through its ownership interest in OncoCare Therapeutics, is developing an antibody licensed from University of Nebraska, AR 9.6 mAb against truncated O-glycan on MUC16, for targeted cancer therapy applications. To learn more, visit www.questpharmatech.com

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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