Quest PharmaTech Inc.

Restated Management's Discussion & Analysis

For the three months ended April 30, 2023

(Expressed in Canadian Dollars, unless otherwise noted)

This restated MD&A replaces the version previously filed on SEDAR on June 29, 2023. For additional information on the nature of the restatement, see Note 16 to the condensed restated interim consolidated financial statements of the Company for the three months ended April 30, 2023 filed on SEDAR+ on May 28, 2024.

May 28, 2024

Table of Contents

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For the three months ended April 30, 2023

This restated management discussion and analysis (“Restated MD&A”) of the results of the operations and financial position of Quest PharmaTech Inc. (the "Company" or "Quest Pharma") should be read in conjunction with the Company’s unaudited condensed restated interim consolidated financial statements and accompanying notes for the three months ended April 30, 2023, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) for financial statements issued by the International Accounting Standards Board. The Company reports its financial results in Canadian dollars and all references to $ in this Restated MD&A refer to the Canadian dollar.

The Restated MD&A is intended to enable readers to gain an understanding of the Company’s current results and financial position. To do so, we provide information and analysis comparing the results of unaudited condensed restated interim consolidated operations and financial position for the current period to those of the same period of the prior year and the comparable period, where applicable. We also provide analysis and commentary that we believe is required to assess the Company's future activities. Accordingly, certain sections of this report contain forward-looking statements based on current plans and expectations. These forward-looking statements are affected by the risks and uncertainties that are discussed in this document on future prospects. Readers are cautioned that actual results could vary.

Management's Responsibility

The Company's management is responsible for the preparation and presentation of the unaudited condensed restated interim consolidated financial statements and the Restated MD&A. This Restated MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators. Additional information regarding the Company, including the latest Annual Information Form, is available on our website at www.questpharmatech.com or through the SEDAR website at www.sedar.com.

The information provided in this report, including the unaudited condensed restated interim consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates and judgements are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes such estimates and judgements have been based on careful assessments and have been properly reflected in the accompanying unaudited condensed interim consolidated financial statements. Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Forward Looking Statements

This Restated MD&A contains "forward-looking statements" within the meaning of applicable securities laws, such as statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. They are based on certain factors and assumptions, including expected growth, results of operations, business prospects and opportunities. Use of words such as "anticipate", "plan", "continue", "estimate", "expect", "intend", "propose", "may", "will", "project", "should", "could", "would", "believe", "predict", "target", "aim", "pursue", "potential" and "objective" and the negative of these terms or other similar expressions may indicate a "forward-looking" statement. These statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including those described in our publicly filed documents and in this Restated MD&A under the heading "Risks and Uncertainties". Those risks and uncertainties include, but are not limited to, the ability to maintain profitability and manage growth, reliance on information systems and technology, reputational risk, regulatory risks, reliance on key professionals, the ability to successfully integrate acquisitions, trends in digital collectables, market compliance with current smart contract standards, general economic conditions and pandemics, natural disasters or other unanticipated events (including the novel coronavirus ("COVID-19") pandemic). Many of these risks and uncertainties can affect our actual results and could cause our actual results to differ materially from those expressed or implied in any forward-looking statement made by us or on our behalf.

The forward-looking statements contained herein reflect management's current views, but the assessments and assumptions upon which they are based may prove to be incorrect. Although Management believes that its underlying assessments and assumptions are reasonable based on currently available information, given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

These statements are made as of the date of this Restated MD&A and, except as required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Additionally, we undertake no obligation to comment on analyses, expectations or statements made by third parties in respect of us, our financial or operating results or our securities. All figures are in Canadian dollars except share and per share data unless otherwise noted.

PART I – COMPANY AND HIGHLIGHTS

Company

Quest PharmaTech Inc. (the "Company") is a publicly traded, Canadian based pharmaceutical company developing products to improve the quality of life. The Company is developing targeted cancer therapy with its lead product (MAb AR9.6), under development for a novel target (truncated O-glycans on MUC16) discovered at University of Nebraska Medical Center.

Date and Subject of Report

The following is Management's Discussion and Analysis of the results of operations and financial position of Quest Pharma as at and for the three months ended April 30, 2023, and to the date of this Restated MD&A.

This Restated MD&A should be read in conjunction with the unaudited condensed restated interim consolidated financial statements for the three months ended April 30, 2023.

The Company reports its financial results in Canadian dollars and all references to $ in this Restated MD&A refer to the Canadian dollar. All financial information in this Restated MD&A is derived from the Company's unaudited condensed restated interim consolidated financial statements for the three months ended April 30, 2023 and 2022 are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Highlights for the Three Months Ended April 30, 2023

In May 2023, the Company entered into a non-binding agreement in principle (the "Agreement in Principle") with OQP Bio Inc. ("OQP Bio"), to exchange the Company's OQP Bio bonds for 77.5 billion KRW ($83,855,000) in cash and 64.6 billion KRW ($69,897,200) in bonds of Canaria Bio M (K-OTC – 118970) ("CABM"). The Agreement in Principle contemplated cash payments in 3 tranches (end of May 2023 – 21.6 billion KRW ($23,371,200), end of December 2023 – 25.9 billion KRW ($28,023,800) and end of June 2024 – 30.0 billion KRW ($32,460,000)). The CABM bonds were to carry a feature permitting the Company to convert its CABM bonds into 20.5 million CABM shares and, following a business restructuring, the CABM shares were to be converted into 2.51 million shares of Canaria Bio ("CAB"), a KOSDAQ traded company (KOSDAQ trading symbol – 016790).

The Agreement in Principle was indicative and non-binding and subject to the execution of a definitive agreement by the parties. The Company has not entered into a binding definitive agreement with OQP Bio regarding the proposed transactions contemplated by the Agreement in Principle nor received any cash payments under the Agreement in Principle with OQP Bio. The Company's receipt of cash for a portion of its OQP Bio bonds was to be provided by third-party purchasers to be arranged by OQP Bio, none of which have been identified to date. The terms and conditions of the Agreement in Principle were indicative and subject to change. There can be no assurance that any definitive agreement will be entered into on the terms contemplated by the Agreement in Principle, amended terms or at all, and even if entered into, the Company would be subject to significant performance risk of the counterparties, liquidity risk and price volatility risk for any securities received. The OQP Bio bonds represent an illiquid investment and there can be no assurance that the Company will be able to find a buyer for or be able to monetize all or any part of its OQP Bio bonds. The parties continue to negotiate the conversion or exchange of the Company's OQP Bio bonds.

In May 2023, the Company was granted a second US patent entitled 'MUC16 monoclonal antibodies and uses thereof' for its lead product candidate MAb AR9.6.

MAb AR9.6

Quest has identified and validated the tumor-targeting ability of a novel monoclonal antibody, AR9.6, that binds to MUC16 and blocks the activation of growth factor receptors and thereby inhibits phosphorylation of Akt, which leads to reduced cell proliferation, in vivo tumor growth and metastasis.

AR9.6, as a promising theragnostic agent, was established in animal models, leading to six manuscripts in peer reviewed journals and two patents.

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

Equity Investments

OncoQuest Inc.

OncoQuest is a private Canadian biotechnology company. On April 22, 2020, OncoQuest announced a definitive agreement to sell its drug portfolio to OQP Bio in exchange for OQP Bio bonds and cash with a notional value of USD 308.4 million and a commitment to fund the Oregovomab Phase 3 Clinical Trial. Quest has a 42.52% 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 10.67% direct interest in OncoVent (23% indirect).

Bioceltran Co., Ltd.

In September 2022, the Company sold its ownership interest in Bioceltran Co. Ltd. for proceeds of $300,000. $90,000 was paid on execution of the sale agreement and the remaining $210,000 is payable within 12 months. As part of the transaction, the Company also terminated the exclusive license for the Photodynamic Therapy technology.

Events Subsequent to April 30, 2023

The Company's management has evaluated subsequent events up to June 29, 2023, the date the condensed interim consolidated financial statements were originally issued and determined the following additional events to report:

In June, 2023, the Company received a 2% interest bearing loan of $200,000 from OncoQuest Inc.

In June, 2023, the Company granted 3,700,000 share options to Officers and Consultants of the Company all at an exercise price of $0.10 per common share, expiring in June 2028.

Restatement of Previously Issued Consolidated Financial Statements for Change in Valuation Methodology for Fair Value of OQP Bio Bonds

The consolidated interim financial statements of the Company have been restated to correct an error in the valuation methodology used to estimate the fair value as at April 30, 2023 and January 31, 2023 of the OQP Bio bonds held by the Company. The change in valuation methodology used resulted in a significant decrease in the carry values of the OQP Bio bonds as at April 30, 2023 and January 31, 2023.

The Company selected a different valuation methodology for its estimate of fair value for the OQP Bio bonds at April 30, 2023 and January 31, 2023 and retained an independent valuator to prepare a valuation of the fair value of the OQP Bio bonds as at January 31, 2023. The independent valuation arrived at an estimated fair value at January 31, 2023 significantly lower than the fair value reported in the original financial statements, and as a result the carrying value of the OQP Bio bonds has been written down and an impairment charge taken during the year ended January 31, 2023 for such estimated reduction in value. The Company determined that its interpretation of accounting standards relating to the methodology used to determine the fair value of the OQP Bio bonds in the originally filed financial statements was incorrect and not in compliance with International Financial Reporting Standards (IFRS). The Company has determined that the impact was material to previously issued financial statements and as such, required a restatement of the annual audited consolidated financial statements for the year ended January 31, 2023 and the unaudited condensed consolidated interim financial statements for the three months ended April 30, 2023, the six months ended July 31, 2023 and the nine months ended October 31, 2023, each with relevant comparative periods, and the related management's discussion and analysis for those periods.

This is a technical accounting matter and a non-cash item and does not impact the Company's operations or cash position.

Impact on Financial Statements:
The identified deficiencies affected the disclosures and the reported figures in the consolidated statements of financial position, income (loss) and comprehensive income (loss), changes in shareholders' equity, and cash flows. The restatement addresses and corrects the reported figures and the disclosures related to the terms, conditions, and associated risks of the OQP Bio Bonds.

Change in Valuation Methodology:
In the original consolidated interim financial statements, the OQP Bio bonds were fair valued based on the underlying fair value of cash and shares of CAB receivable under the Agreement in Principle. In the restated consolidated interim financial statements, the OQP Bio bonds are fair valued based on the value of the bonds at January 31, 2023 based on customary valuation methods for financial instruments. A valuation was prepared by an independent valuator, using the Income and Market valuation approaches to fair value the OQP Bio bonds at January 31, 2023. Based on the valuation prepared by the valuator, the OQP Bio bonds were estimated to have a fair value of $18,832,271 at January 31, 2023, with no change in value reported for the interim period ended April 30, 2023.

As a result of this valuation methodology change, the reported values in the condensed consolidated interim statements have changed:

	Original Reported Values in April 30, 2023 Interim Financial Statements	**Restated Values**	**Differences**
	$	$	$
Financial Position			
Investment in OQP Bio Bonds	71,322,694	18,832,271	(52,490,423)
Total Assets	79,076,535	26,586,112	(52,490,423)
Income (loss) and comprehensive income (loss)			
FV adjustment – investment on OQP Bio bonds	(5,065,415)	-	5,065,415
Net loss for the period	(5,172,342)	(106,927)	5,065,415
Net and comprehensive loss	(5,172,333)	(106,918)	5,065,415
Basic and fully diluted loss per share	(0.03)	(0.00)	0.03
Changes in Shareholders' Equity			
Retained earnings	36,319,290	(16,171,133)	(52,490,423)

Cash Flows			
Fair value adjustment – OQP Bio bonds	5,065,415	-	5,065,415

PART II – REVIEW OF FINANCIAL RESULTS

Overall Performance

Net loss for the three months ended April 30, 2023 was $106,927 or $0.00 per share on a basic and fully diluted basis, as compared to net loss of $1,048,204 or $0.01 per share on a basic and fully diluted basis for the three months ended April 30, 2022. Research and development expenditures for the three months ended April 30, 2023 totaled $73,870 while general and administrative expenses were $123,855 for the same period. As of April 30, 2023, the Company had cash of $90,650 (January 31, 2023 – cash of $374,658).

Results of Operations

Quest's net loss for the three months ended April 30, 2023 and 2022 includes significant non-cash items, including equity method income of $63,079 and loss of $971,683, respectively, recognized from Quest's investment in OncoQuest. Net loss for the three months ended April 30, 2023 was $106,927 as compared to net loss of $1,048,204 for the three months ended April 30, 2022. After adjusting for non-cash items, cash flows used in operating activities for the three ended April 30, 2023 were $82,523 as compared to $57,917 for the three months ended April 30, 2022.

Expenses

The following table identifies the changes in general and administrative expense for the three months ended April 30, 2023, compared to the three months ended April 30, 2022.

General and administrative expenses	2023	2022	Change
	$	$	$
Professional fees	71,542	–	71,542
Salaries, wages and benefits	39,576	53,170	(13,594)
Other support costs	10,592	29,573	(18,981)
Public company related costs	1,716	8,986	(7,270)
Depreciation	429	9,309	(8,880)
Travel	–	168	(168)
Consulting/business development costs	–	2,500	(2,500)
Rent	–	1,467	(1,467)
Insurance	–	6,338	(6,338)
	123,855	**111,511**	**12,344**

Overall, general and administrative costs have increased during the three months ended April 30, 2023, compared to the three months ended April 30, 2022, due primarily to increases in professional fees offset by decreases in Salaries, wages and benefits and other support costs. Salary wages and benefits decreased due to a decrease in staff salary levels in 2023 compared to 2022. Professional fee increases relate to an increase in corporate finance activity in 2023 compared to 2022.

The following table identifies the changes in research and development (R&D) expense for the three months ended April 30, 2023, compared to the three months ended April 30, 2022.

Research and development expenses	2023	2022	Change
	$	$	$
Salaries, wages and benefits	50,509	2,312	48,197
Rent	16,933	3,422	13,511
Legal (patent prosecution)	5,196	8,547	(3,351)
Other R&D costs	1,232	5,626	(4,394)
Depreciation	–	181	(181)
	73,870	**20,088**	**53,782**

R&D costs have increase during the three-month period ended April 30, 2023, compared to 2022 due to increase in salaries, wages and benefit and rent in 2023 compared to 2022. The decrease in the rest of the categories was to a decrease in activity within the Company's research and development programs.

Summary of Quarterly Information - Restated

	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
	$	$	$	$	$	$	$	$
Revenue	-	-	-	-	-	-	-	-
Net income (loss)	($106,927)	($62,314,781)	($911,134)	($614,034)	($1,048,204)	($75,869,109)	($9,032,423)	$448,885
Basic income (loss) per share (1)	(0.000)	(0.368)	(0.005)	(0.004)	(0.006)	(0.451)	(0.054)	0.003
Fully diluted income (loss) per share (1)	(0.000)	(0.368)	(0.005)	(0.004)	(0.006)	(0.451)	(0.054)	0.003

(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 three months ended April 30, 2023, the Company granted zero (2022 – 300,000) share options, as per the Company's Share Option Plan. In 2022, 300,000 options were granted to an employee at exercise prices ranging from $0.10, vesting immediately.

Capital Expenditures

During the three months ended April 30, 2023, the Company spent $1,485 on capital assets (2022 - $nil).

Outstanding Share Data

The Company has the following securities outstanding as at June 29, 2023:

Common shares issued and outstanding	169,129,247
Share options outstanding	20,230,000

Fully diluted common shares outstanding are 189,359,247 assuming the exercise of all share options.

Contractual Obligations

In the normal course of operations, Quest has entered 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
	$	$	$	$	$
Operating leases	23,344	23,344	–	–	–
Total contractual obligations	23,344	23,344	–	–	–

Investment in OncoQuest Inc. and OQP Bio Bonds

The Company owns 42.52% of the common shares of OncoQuest Inc. The Company accounts for this investment using the Equity Method of accounting.

OncoQuest recorded a net income for the there months ended April 30, 2023 of USD 109,513. This gain resulted from foreign exchange and fair value changes during the year related to OncoQuest's foreign denominated receivables, investments, put option and common share instrument. Quest, with a 42.52% ownership interest in OncoQuest at April 30, 2023, recorded an Equity Method income of $63,079.

Quest recorded a foreign exchange adjustment in other comprehensive income of $9.

The Company's equity investment in OncoQuest is as follows for the years ended April 30, 2023:

	Amount
	$
Balance – January 31, 2023	**7,334,908**
Equity method income	63,079
Other comprehensive income – foreign exchange	9
Balance – April 30, 2023	**7,397,996**

OncoQuest Summarized Financial Information

	April 30, 2023	**January 31, 2023**
	USD	USD
Current assets	11,469,051	7,784,120
Non-current assets	11,327,248	17,816,682
Current liabilities	11,103,717	13,592,029
Non-current liabilities	–	–

	April 30, 2023	April 30, 2022
	USD	USD
Revenue	—	—
Net income / (loss)	109,513	1,804,087
Other comprehensive income / (loss)	—	—

Summarized financial information for Quest's other investment, OncoVent is not included because the information is not considered to be material at this time.

OQP Bio Bonds received as a dividend by Quest

	Face value	Fair value
	KRW	**$**
OQP Bio bond # 10	20,415,802,312	154,942
OQP Bio bond # 13	19,406,110,515	127,103
OQP Bio corp bond	89,268,108,367	18,550,226
Balance – April 30, 2023	129,090,021,194	18,832,271

The estimated fair value of the OQP Bio Bonds was determined to be $18.8 million at January 31, 2023, based on a valuation prepared by an independent valuator in April 2024, with the Company recording a fair value loss of $61,385,939 for the year ended January 31, 2023. The full amount of the bonds, $18.8 million, are classified as long term due to the timing of receipt of the bond consideration.

Bond Valuation Methodology

Overall, the Company's independent valuator utilized the probability-weighted average return model ("PWERM") approach to calculate the fair value of the OQP Bio Bonds, calculating the expected future cash flows from the convertible bonds and corporate bonds comprising the OQP Bio Bonds, and discounting them at an appropriate rate to reflect the probability of different outcomes. This method involves a forward-looking analysis of the potential future outcomes; it also estimates the ranges of future and present value under each outcome and applies a probability factor to each outcome as of the valuation date. Each scenario is evaluated with a corresponding percentage to represent the probability of its occurrence. These probabilities are estimated to the best of management's ability, taking into account the data, information, and circumstances available as of the valuation date.

Bond Valuation Assumptions:

In valuing the convertible bonds comprising part of the OQP Bio Bonds, the valuator assumed that the bonds will be held until maturity in 2050 and the Company will receive the principal payments at that time. The fair value of the debt component of such bonds was calculated based on an assumed market rate of interest for similar instruments estimated at 21.275% based on market data, the fact that the issuer of the bonds is not revenue generating and the current default status of the corporate bond comprising part of the OQP Bio Bonds. In valuing the fair value of the conversion feature of the convertible bonds, the valuator used a Black-Scholes option pricing model, using the following assumptions:

Current price of issuer's shares:	KRW 3.612
Time to maturity:	27.13 and 27.24 years, respectively, for the two bonds
Expected volatility:	124.39%
Risk free interest rate:	3.18%

In valuing the (non-convertible) corporate bond, three scenarios for realization were assumed each with the probability of occurrence assigned to them: Scenario 1: Restructuring of bond (20% probability assigned); Scenario 2: Legal proceeding and Recovery (40% probability assigned); and Scenario 3: Default and no recovery (40% probability assigned). For Scenario 1; it was assumed that the bond would be restructured as a 10-year corporate bond with the same accrued interest and principal payable at maturity. For Scenario 2; a 40% recovery rate was assumed. For Scenarios 1 and 2, an assumed market rate of interest of 21.275% was used in the fair value calculations.

PART III – FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Liquidity

The Company's objective when managing its liquidity and capital structure is to generate sufficient cash to fund the Company's operating and growth requirements.

The following table provides an overview of the Company's liquidity status of the Company:

As at	April 30, 2023	January 31, 2023
	$	$
Cash and cash equivalents	90,650	374,658
Current assets	335,542	621,502
Current liabilities	997,363	1,106,406
Working capital deficit	(661,821)	(484,904)

Going concern

The Company's consolidated 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 cash outflows from operations since its inception.

While the Company has reported a net loss of $106,927 for the three months ended April 30, 2023 (2022 Net Loss - $1,048,204) and a shareholders' equity of $25,588,749 (January 31, 2023 – shareholders' equity of $25,695,667), the Company has consolidated cash reserves of $90,650 at April 30, 2023 (January 31, 2023 - $374,658) and as at April 30, 2023 had a working capital deficiency of $661,821 (January 31, 2023 – working capital deficiency $484,904).

Accordingly, there is a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern. During May 2023, the Company agreed in principle with OQP Bio Inc., to exchange the Company's OQP Bio bonds for 77.5 billion KRW ($83,855,000) in cash and 64.6 billion KRW ($69,897,200) in bonds of CABM. Refer to above for additional details.

These condensed interim consolidated financial statements do not include any adjustments to the classification and amounts of assets and liabilities that may be required should the Company be unable to continue as a going concern. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Although the Company has been successful at raising funds in the past through the issuance of securities and obtaining loans, it is uncertain whether it will be successful in doing so in the future or at terms that are acceptable to the Company.

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 April 30, 2023, cash was $90,650, as compared to cash of $374,658 at January 31, 2023.

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 2025. The Company will seek additional capital through the sale of non-core assets, further equity financing, licensing arrangements involving its core technologies and strategic partnerships.

Cash Flow Information

The following table provides an overview of the Company's cash flows for the current and comparable period ended:

Three months ended	**April 30, 2023**	**April 30, 2022**
	$	$
Net cash provided by (used in):		
Operating activities	(82,523)	(57,917)
Investing activities	(1,485)	(10,472)
Financing activities	(200,000)	569,000
Change in cash	**(284,008)**	**500,611**

Operating Activities

The Company used $82,523 of cash in operating activities during the three months ended April 30, 2023, compared to $57,917 used during the three months ended April 30, 2022. The Company used more cash in operations due to the increase in professional fees.

Investing Activities

The Company used $1,485 of cash in investing activities during the three months ended April 30, 2023, compared to $10,472 used during the three months ended April 30, 2022. The Company purchased computers for research and development purposes.

Financing Activities

The Company used $200,000 through financing activities during the three months ended April 30, 2023, compared to $569,000 generated during the three months ended April 30, 2022. This was primarily due to repayment of short term compared to $500,000 received in the comparative period.

Financial Position

The following table sets forth selected information regarding the Company's financial position:

As at	April 30, 2023	January 31, 2023
	$	$
	(Restated)	**(Restated)**
Cash	90,650	374,658
Other receivable	219,324	221,311
Prepaid expenses	25,568	25,533
Property and equipment	4,028	2,972
Prepaid expenses – noncurrent	16,275	10,420
Investment in OncoQuest	7,397,996	7,334,908
Investment in OQP Bio Bonds	18,832,271	18,832,271
Accounts payable and accrued liabilities	34,463	106,400
Short term loan	1,000,000	1,000,000
Shareholders' equity	25,588,749	25,695,667

Cash
As of April 30, 2023, the Company had cash of $90,650 compared to $374,658 as of January 31, 2023. The changes in cash are discussed above in the summary of cash flow activities. See above "Cash Flow Information"

Other receivable
Majority of the balance ($210,000) relates to cash receivable from sale of ownership interest in Bioceltran. In September, 2022, the Company sold its ownership interest in Bioceltran for proceeds of $300,000. $90,000 cash was paid on execution of the sale agreement and the remaining $210,000 is receivable within 12 months. As part of the transaction, the Company also terminated the exclusive license for the Photodynamic Therapy technology.

Prepaid expenses and deposits
The balance is made up of prepayments for insurance and a security deposit lease property.

Property and equipment
During the period ended April 30, 2023, the Company purchased $1,485 of property and equipment offset by depreciation recorded for the period was $429 leading to increase in net book value.

Investments
See above "Investment in OncoQuest Inc. and OQP Bio Bonds" in Part II for detail information

Trade payables and accrued liabilities
This balance includes liabilities incurred in a regular course of business. The balance has increased due to the timing difference of recognition and settlement of regular payables.

Short term loan
Effective during the year ended January 31, 2021, the Company entered in a loan agreement with OncoQuest Inc where the Company will receive a short term, unsecured and 2% interest bearing debt and will be repayable within 12 months. The funding is for drug development and operational purposes.

Shareholders' equity
Shareholders' equity decreased due to the net loss of $106,927.

Transactions with Related Parties

See "*Part V – Accounting Policies, Estimates and Internal Controls – Related party transactions*".

PART IV – RISKS

The Company is subject to many risks which are outlined below:

- 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, and upon the ability and timing for OncoQuest to monetize the consideration received in the transaction with OQP Korea and distribute any net proceeds to shareholders, including to Quest.

- 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.

- In March 2021, the trading in the shares of OQP Korea was suspended on the KOSDAQ Exchange due to a denial of an audit opinion related to OQP Korea's December 31, 2020 annual financial statements. Although OncoQuest management continue to work diligently with OQP Korea management to resolve these issues as quickly as possible, it remains uncertain at this time as to whether regulatory approval will ultimately be received or the timing of any such approval. OncoQuest's ability to monetize the consideration received in the transaction with OQP Korea will be dependent upon OQP Korea's ability to fund the repayment of any bonds that become due or that could be redeemed and a liquid trading market being available for any shares of OQP Korea that are received as consideration or issued upon conversion of the bonds held. Monetization of some of the consideration will be necessary for OncoQuest to fund Canadian income tax obligations resulting from the transaction.

- The determination of fair value for Quest's investment in OncoQuest and in the OQP Bio bonds in future periods will depend on management estimates and reasoned judgements for such values looking at appropriate evidence that is available at the time. OncoQuest and OQP Bio are privately held companies with no public trading history. Readers are cautioned that from one reporting period to the next, the change in value for the Company's investments and any resultant fluctuation in earnings per share for Quest may be significant.

- 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 disrupted 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. There was no perceived impact for the Company for the three months ended April 30, 2023. The potential future impact is unknown at this time.

PART V – ACCOUNTING POLICIES, ESTIMATES, AND INTERNAL CONTROLS

Significant Accounting Policies

The Company has prepared the accompanying unaudited condensed interim consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). Significant accounting policies are described in Note 4 of the Company's unaudited condensed interim consolidated financial statements as at and for the three months ended April 30, 2023.

The preparation of unaudited condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim consolidated financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

Accounting pronouncements adopted

The following new standards, amendments and interpretations have been issued are effective for the fiscal year ending January 31, 2024, and, accordingly, have been applied in preparing these condensed interim consolidated financial statements.

Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The adoption of these amendments did not have a material impact on the Company's condensed interim consolidated financial statements.

IAS 12: Amendment to IAS 12, Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

In May 2021, the IASB issued targeted amendments to IAS 12 – Income Taxes to specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, companies are exempt from recognizing deferred tax when they recognize assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations transactions for which companies recognize both an asset and a liability.

The amendments clarify that the exemption does not apply and that companies are required to recognize deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted. The adoption of these amendments did not have a material impact on the Company's condensed interim consolidated financial statements.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

On February 12, 2021, the IASB issued Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements). The amendments help companies provide useful accounting policy disclosures. The amendments are effective for annual periods beginning on or after January 1, 2023. The adoption of these amendments did not have a material impact on the Company's condensed interim consolidated financial statements.

Accounting pronouncements not yet effective

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ending January 31, 2024 and, accordingly, have not been applied in preparing these condensed interim consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

On January 23, 2020, the IASB issued Classification of Liabilities as Current or Non-current (Amendments to IAS 1). The amendments address inconsistencies with how entities classify current and non-current liabilities. The amendments serve to address whether debt and other liabilities with an uncertain settlement date should be classified as current or non-current in the Balance Sheets. The amendments are effective on January 1, 2024. The Company intends to adopt the amendments in its condensed interim consolidated financial statements or the annual period beginning January 1, 2024. The Company is currently assessing the impact of the amendment.

Amendments to IAS 1: Non-current Liabilities with Covenants

In October 2022, the IASB issued Non-current Liabilities with Covenants (Amendments to IAS 1). The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments are effective for annual periods beginning on or after January 1, 2024. The Company intends to adopt these amendments in its Condensed interim consolidated financial statements for the annual period beginning January 1, 2024. The Company is currently assessing the impact of the amendment.

Accounting Estimates and Judgments

In the application of the Company's accounting policies, management is required to make judgments, estimates, and assumptions that affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim consolidated financial statements, and the reported amounts of revenues and expenses for the periods presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Judgments

Judgment is used in situations when there is a choice and/or assessment required by management. The following are critical judgments apart from those involving estimates that management has made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognized in the unaudited condensed interim consolidated financial statements.

Going concern

Determining if the Company has the ability to continue as a going concern is dependent on its ability to secure debt and equity financing, and to achieve profitable operations. Certain judgements were made when determining if and when the Company will secure debt and equity financing and achieve profitable operations.

Indicators of impairment

The Company assesses the impairment of its assets in accordance with International Accounting Standards ("IAS") 36. Management of the Company applies judgment throughout the fiscal year in assessing whether any events, facts, or circumstances are potential indicators of impairment.

Estimates

Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate or assumption is made. Critical accounting estimates are also those that could potentially have a material impact on the Company's financial results where a different estimate or assumption is used. The significant areas of estimation uncertainty are:

Investments
The fair value of investments that are not traded in an active market is determined using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

The directors have determined that they do not control any of the Company's investments, primarily as in all cases the Company's interest in the equity of these companies are less than 5% and the Company is not exposed, and has no right, to variable returns from these companies.

Useful life of property and equipment
The estimated useful lives and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Related Party Transactions

Key management personnel compensation
Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company defines key management personnel as being the directors and key officers.

The compensation awarded to key management personnel is as follows:

	April 30, 2023	April 30, 2022
	$	$
Management fees	89,470	72,417
Total compensation	**89,470**	**72,417**

Cost Recovery - 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. The Company received $20,000 under this arrangement during the three months ended April 30, 2023. In addition, the Company received $90,000 in advance payment for the rest of the year from OncoQuest. This advance is included in accounts payables and accrued liabilities.

Short term loan
Effective during the year ended January 31, 2021, the Company entered in a loan agreement with OncoQuest Inc where the Company will receive a short term, unsecured and 2% interest bearing debt and will be repayable within 12 months. The funding is for drug development and operational purposes. The Company recorded interest expense of $3,858 for the three months ended April 30, 2023 (2022 - $3,534). The accrued loan interest is included in accounts payable and accrued liabilities on the statement of financial position. The table below shows the movement of the principal and accrued interest balance:

	Principal balance	Accrued interest balance
	$	$
Balance – January 31, 2023	1,000,000	25,370
Principal balance repayment	(200,000)	–
Interest expense	–	3,858
Balance – April 30, 2023	**800,000**	**29,228**

Capital Management

The Company's objective and polices for managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes changes based on economic conditions, risks that impact the operations and future significant capital investment opportunities. In order to maintain or adjust its capital structure, the Company may issue new equity instruments or raise additional debt financing.

The Company is exposed to a variety of financial risks by virtue of its activities: market risk, interest rate risk, liquidity risk and foreign currency risk. The Board of Directors has overall responsibility for the determination of the Company's capital and risk management objectives and policies while retaining ultimate responsibility for them. The Company's overall capital and risk management program has not changed throughout the period. It focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by the finance department under policies approved by the Board of Directors. The finance department identifies and evaluates financial risks in close cooperation with management.

Financial Instruments and Financial Risk Management

When measuring the fair value of a financial asset and a financial liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs in the valuation techniques as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table illustrates the classification of the Company’s financial instruments within the fair value hierarchy:

As of April 30, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	$	$	$
Investment in OQP Bio bonds	-	-	18,832,271	18,832,271
Investment in OncoQuest	-	-	7,696,810	7,696,810
	-	**-**	**26,529,081**	**26,529,081**

As of January 31, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	$	$	$
Investment in OQP Bio bonds	-	-	18,832,271	18,832,271
Investment in OncoQuest	-	-	7,334,908	7,334,908
	-	**-**	**26,167,179**	**26,167,179**

Investment valuations are affected by various factors including financial position, results from operations and foreseeable future cash flows from operations of investees. Investees have limited history of operations and there is no certainty that their strategic objectives and goals will be achieved, and there is no guarantee that shareholders’ value will increase or be sustained even if these strategic objectives and goals are achieved. Management recognizes and monitors the performance of investees and makes appropriate adjustments to the assumptions and valuation model, if necessary. Investment valuations are susceptible to high volatilities and actual fair values may significantly differ from management’s estimates.

Investments and risk management

The Company considers it Level 3, as the fair value techniques used the lowest level of input which was unobservable. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Change in assumptions could significantly affect the estimates.

Investment valuations are affected by various factors including financial position, results from operations and foreseeable future cash flows from operations of investees. Investees have limited history of operations and there is no certainty that their strategic objectives and goals will be achieved, and there is no guarantee that shareholders' value will increase or be sustained even if these strategic objectives and goals are achieved. Management recognizes and monitors performance of investees and makes appropriate adjustments to the assumptions and valuation model, if necessary. The investments valuations are susceptible to high volatilities and actual fair values may significantly differ from management's estimates.

Refer to Note 3 of the financial statements for the year ended January 31, 2023, under financial instruments for the summary of the classification of the Company's financial instruments under IFRS 9.

Capital and risk management

The Company's objective and policies for managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes changes based on economic conditions, risks that impact the operations and future significant capital investment opportunities. In order to maintain or adjust its capital structure, the Company may issue new equity instruments or raise additional debt financing.

The Company is exposed to a variety of financial risks by virtue of its activities: market risk, interest rate risk, liquidity risk, and foreign currency risk. The Board of Directors has overall responsibility for the determination of the Company's capital and risk management objectives and policies while retaining ultimate responsibility for them. The Company's overall capital and risk management program has not changed throughout the period. It focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. The finance department identifies and evaluates financial risks in close cooperation with management.

Credit risk

Financial instruments that subject the Company to credit risk consist primarily of cash, long-term investments, and accounts receivable. To minimize its exposure to credit risk, 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 for accounts receivable amounts is not considered to be significant. The Company's exposure to credit risk for long-term investments is considered to be significant.

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. The Company is not exposed to market interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company generally relies on external financing or key management to provide sufficient liquidity to meet budgeted operating requirements. The following tables set forth details of the payment profile of financial liabilities based on their undiscounted cash flows:

April 30, 2023	Total carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	More than 5 years
	$	$	$	$	$
Trade payables and accrued liabilities	197,363	197,363	197,363	–	–
Short term loan	800,000	800,000	800,000	–	–
Total	997,363	997,363	997,363	–	–

January 31, 2023	Total carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	More than 5 years
	$	$	$	$	$
Trade payables and accrued liabilities	106,406	106,406	106,406	–	–
Short term loan	1,000,000	1,000,000	1,000,000	–	–
Total	106,406	106,406	106,406	–	–

Taking into consideration the Company's current cash position, volatile equity markets, global uncertainty in the capital markets and increasing cost pressures, the Company is actively seeking new financing opportunities in accordance with its capital risk management strategy.

Foreign currency risk

Foreign currency risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company maintains financial instruments and enters transactions denominated in foreign currencies, which exposes the Company to fluctuating balances and cash flows due to various in foreign exchange rates.

The table below indicates the foreign currencies to which the Company has significant exposure in Canadian dollar terms:

	April 30, 2023	January 31, 2023
	$	$
Cash	3,967	2,787
Investment in OQP Bio bonds	18,832,271	18,832,271
Net monetary assets	**18,836,238**	**18,835,058**

<u>Management's Report on Disclosure Controls and Procedures and Internal Control over Financial Reporting</u>

Management is responsible for establishing and maintaining adequate disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, for the Company. The DC&P provide reasonable assurance that material information relating to the Company is made known to the Chief Executive Officer and the Chief Financial Officer of the Company. The ICFR have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

No changes were made in the Company' design of internal controls over financial reporting during three months ended April 30, 2023, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting. The Company is still in early days of establishing a system of internal controls.

Due to inherent limitations in all controls systems, a control system can provide only reasonable, not absolute assurance, that the objective of the control system is met and may not prevent or detect misstatements or instances of fraud. Management's estimates may be incorrect, or assumptions about future events may be incorrect, resulting in varying results. Additionally, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people or by Management override.