(Previously - Ortho Regenerative Technologies Inc.)

Financial Report

First Quarter - Fiscal Year 2024

April 30, 2023

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

This Management's Discussion and Analysis ("MD&A") for ChitogenX Inc. (previously Ortho Regenerative Technologies Inc., the "Corporation" or "ChitogenX") provides an overview of the Corporation's operations, performance and financial results for the first quarter of our 2024 fiscal year ended on April 30, 2023 and compares those of the same period for the 2023 fiscal year. This MD&A is the responsibility of management and has been reviewed and approved by its Board of Directors. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the MD&A. The Board of Directors carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board of Directors and is comprised of financially literate directors. This report was reviewed by the Corporation's Audit Committee and approved by ChitogenX' Board of Directors on June 29, 2023.

This document should be read in conjunction with the unaudited interim consolidated financial statements and notes thereto for the first quarter of our 2024 fiscal year ended on April 30, 2023, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Further information about ChitogenX, is available online on SEDAR at www.sedar.com.

Unless otherwise noted, all amounts are presented in thousands of Canadian dollars, except for share and per share amounts.

Going concern

This MD&A has been prepared on a going-concern basis, which implies that the Corporation will continue realizing its assets and discharging liabilities in the normal course of business for the foreseeable future. As reflected in the unaudited interim consolidated financial statements, the Corporation is still a clinical stage R&D company and has not yet achieved profitability. The Corporation has relied upon the issuance of debt and equity instruments to fund its operations. During the three-month period ended April 30, 2023, the Corporation realized a net income of $97 and used cash in operations of $199. As at April 30, 2023, the Corporation had a negative working capital balance of $6,949. Consequently, the Company's performance raises significant doubt about the Company's ability to continue as a going concern.

Accordingly, the ability of the Corporation to realize the carrying value of its assets and continue operations as a going concern is dependent upon its ability to obtain additional financing and ultimately on generating future profitable operations. Management anticipates that the continued advancement of its lead Ortho-R program will facilitate securing additional funds from existing and new investors. There is no assurance that any fund-raising initiatives will be successful. Factors within and outside the Corporation's control could have a significant bearing on its ability to obtain additional financing. These interim unaudited financial statements as at and for the quarter ended April 30, 2023, do not include any adjustments related to the carrying values and classifications of assets and liabilities that would be necessary should the Corporation be unable to continue as a going concern.

Non-IFRS Financial Measures

This MD&A refers to certain non-IFRS measures. Management uses these non-IFRS financial measures for purposes of comparison to prior periods and development of future projections and earnings growth prospects. This information is also used by management to measure the results of ongoing operations and in analyzing our business performance and trends. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use a non-IFRS measure, "EBITDA Loss", to provide supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. EBITDA Loss is defined as net loss before (i) provision for (recovery of) income taxes; (ii) interest (income) expense and other financing costs; (iii) depreciation; and (iv) amortization of intangible assets.

Cautionary note regarding forward-looking statements

This MD&A may contain some forward-looking information as defined under applicable Canadian securities laws. Forward looking information can generally be identified using forward-looking terminology such as "may", "anticipate", "expect", "intend", "estimate", "continue" or similar terminology. Forward looking information is subject to various known and unknown risks and uncertainties, many of which are beyond the ability of the Corporation to control or predict, that may cause the Corporation's actual results or performance to be materially different from actual results and are developed based on assumptions about such risks and other factors set out herein.

(In thousands of Canadian dollars, except for units, share and per share amounts)

GLOSSARY TERMS

Calendar & Financial

CDU	Convertible Debenture Units
EBITDA (L)	EBITDA Loss
FVA	Fair Value Adjustment
FY	Fiscal Year
G&A	General and Administrative
IR	Investors Relations
ITC	Investment tax credits
NCDUs	Non-Convertible Debenture Units
Q1-24	First quarter FY-24
Q4-23	Fourth quarter FY-23
Q3-23	Third quarter FY-23
Q2-23	Second quarter FY-23
Q1-23	First quarter FY-23
Q4-22	Fourth quarter FY-22
Q3-22	Third quarter FY-22
Q2-22	Second quarter FY-22
SR&ED	Scientific Research and Experimental Development Expenses
R&D	Research and Development
YTD	Year to date
YE	Year-end
WA	Weighted Average
W/C	Working Capital, defined as short-term assets less short-term liabilities

Corporate & Operations

API	Active Pharmaceutical Ingredient
CHGX	ChitogenX Inc. (Previously Ortho Regenerative Technologies Inc.
CMC	Chemistry Manufacturing and Controls
cGMP	current Good Manufacturing Practice
CMO	Contract Manufacturing Organization
CSE	Canadian Securities Exchange
FDA	US Food and Drug Administration
IND	Investigational New Drug application with the FDA
MCRA	MCRA, LLC, a US based orthopedic specialty CRO
MRI	Magnetic Resonance Imaging
MTA	Material Transfer Agreement
NSERC	Natural Sciences and Engineering Research Council of Canada
ORTHO-C	Proprietary biopolymer for Articular Cartilage repair
ORTHO-M	Proprietary biopolymer for Proprietary Biopolymer for Meniscus repair
ORTHO-R	Proprietary biopolymer for Rotator cuff repair
ORTHO-V	Proprietary biopolymer for Osteoarthritis healing
OTCQB	US over-the-counter venture trading market
Polytechnique	Ecole Polytechnique de Montreal
PRP	Platelet-rich plasma
Pre-RFD	Pre-Request for Designation

OVERVIEW OF THE BUSINESS AND BUSINESS STRATEGY

ChitogenX is a clinical stage biotech company incorporated under the Canada Business Corporations Act. The Corporation's head office, principal address and registered office is located at 16667 Hymus Blvd., Kirkland, Quebec, Canada and its wholly owned US subsidiary, OR4102022 Inc. has been incorporated on April 20, 2022 and is located at 12 Penns Trail in Newtown, Pennsylvania, USA. The Corporation's shares are publicly traded on the CSE under the symbol "*CHGX*", as well as on the United States OTCQB market under the symbol "*CHNXF*".

On September 7, 2022, The Corporation changed its corporate name from Ortho Regenerative Technologies Inc. to ChitogenX Inc. to better reflect the Company's expanded clinical and commercial opportunities, mission, values, and core competencies. The Corporation's product ORTHO-R provides an efficacious, safe and reliable regenerative medicine delivery mechanism to aid in tissue and organ repair.

Regenerative Medicine Overview

The concept of regenerative medicine is to provide us with tools to return anatomy and physiology to a more normal appearance and behaviour. Although there are many definitions, of what constitutes regenerative medicine, the following is succinct:

Regenerative Medicine is an emerging interdisciplinary field of research and clinical applications focused on the repair, replacement or regeneration of cells, tissues or organs to restore impaired function resulting from any cause, including congenital defects, disease, trauma and aging. It uses a combination of several technological approaches that moves it beyond traditional transplantation and replacement therapies. These approaches may include, but are not limited to, the use of soluble molecules, gene therapy, stem cell transplantation, tissue engineering and the reprogramming of cell and tissue types.

Combinations of these approaches can 1) improve the natural healing process in areas of the body where it is most needed, 2) take over the function of a permanently damaged organ, 3) heal or repair a damaged organ or tissue, or 4) deliver healing "accelerators" chemicals that might inspire repair to specific damaged areas of the body.

Regenerative medicine is a relatively new and rapidly expanding field that brings together experts in biology, chemistry, materials and computer science, engineering, genetics, robotics, and other fields to find solutions to some of the most challenging medical problems faced by humankind. We believe ChitogenX is at the forefront of playing a critical role in enabling this rapidly expanding field of medicine.

The Global Regenerative Medicine Market was estimated at $US9B market in 2021 and is projected to grow at 22.8% CAGR through 2030. It is one of the most dynamic markets in medicine today. The musculoskeletal and wound healing segment accounted for about 60% share of the regenerative medicine market in 2021. Cell therapies are used in the treatment of musculoskeletal diseases such as bone tissue replacement, cartilage, tendon, and ligament repair and replacement. ChitogenX is well positioned to become the preferred regenerative medicine delivery system for this rapidly growing part of the industry.

Regenerative medicine is applicable in cardiovascular, oncology, dermatology, musculoskeletal, wound healing, ophthalmology, neurology, and others. The musculoskeletal application segment accounted for the largest share of the market in 2021, whereas cardiovascular is expected to be the fastest-growing segment, registering a CAGR of 24.3% during the forecast period (2022-2030).

Problem & Solution

The delivery of a tissue scaffold, cellular or molecular therapy or any combination thereof makes a fundamental assumption; that the substance(s) will stay where they were placed and function as desired; if they wander off-target, the desired enhanced healing might not occur and furthermore, the potential exists for off-target effects.

Providing a reliable, biologically safe delivery mechanism that would allow the targeted body system to receive the regenerative material to aid in body system repair is, therefore, a mission-critical goal and a problem that requires solving for the regenerative medicine market to meet its projected growth estimates.

ChitogenX has acquired such a solution from the Polytechnique at the University of Montreal. Our Patented **Drug/ Biologic/ Combination** technology platform, is a muco-adhesive CHITOSAN based biopolymer matrix, specifically designed to be combined with biologics such as Platelet-Rich Plasma (PRP), Bone Marrow Aspirate Concentrate (BMAC), or other regenerative medicine treatments to enhance healing, augment and accelerate the regeneration of new tissue in various potential indications.

For the regenerative medicine market ORTHO-R (Regenerative) is an efficacious, safe and reliable regenerative medicine delivery mechanism to targeted body systems to aid in tissue and organ repair.

BUSINESS STRATEGY

1. Leverage our proprietary platform beyond orthopedic applications by seeking R&D and/or development partners for each high potential application.

Considering the significant bioactivity and potential to drive residency of our proprietary biopolymer – PRP implants, ChitogenX continues to assess its potential for therapeutic uses outside of the orthopedic repair market. The functionality of the chitosan framework could potentially be used in numerous other applications which could potentially address high unmet needs with profound clinical consequences.

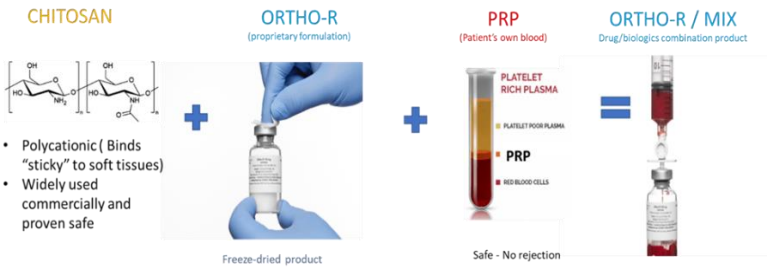
Over the recent months, the Corporation initiated scientific discussions with experts in the tissue healing, gastrointestinal, neurological, oncological, and cardiovascular markets to identify high unmet medical needs in each category what could potentially be solved by the characteristics of our technologies. Our discussions have yielded formal commitments to participate in these various development programs for which non-dilutive grants funding will be sought.

We will also investigate combining ChitogenX's patented chitosan framework with targeted delivery of numerous autologous and synthetic therapeutics, either developed internally, licensed, or secured through strategic partnerships with biologic and/or pharma companies.

We will determine the highest value programs through consultation with our scientific and business advisory board and find R&D or development partners for the highest value projects.

2. Complete Rotator Cuff Tear Repair U.S. phase I/II clinical trial program to establish a proof of concept for our regenerative platform

ORTHO-R is formulated and designed to improve the healing of body tissues beginning with sports and occupation related injuries to tendons, meniscus, and ligaments.
ORTHO-R is a patent-protected freeze-dried formulation of a biopolymer, a lyo-protectant and a clot activator. ORTHO-R is solubilized in platelet-rich plasma ("PRP") to form an injectable combination of the chitosan scaffold and the PRP-biologic, and an FDA designated bioactive implant that coagulate and stick to tissue after implantation.



In vitro testing has allowed the Corporation to identify specific formulations that meet the following criteria for optimal commercial products:

(i) rapid and complete solubilization in PRP;
(ii) biopolymer-PRP mixtures having mucoadhesive paste-like handling properties desired by surgeons;
(iii) biopolymer-PRP mixtures that coagulate rapidly to form soft tissue-adherent Drug-Biologics hybrid implants;
(iv) biopolymer-PRP biologics implants that are mechanically stable and resist platelet-mediated clot retraction; and
(v) dispersion of the biopolymer in the implants that is homogenous for optimal biodegradability.

The polymer-biologics hybrid mix, designated as drug/biologic combination product by the FDA, but may be considered a medical device by other regulatory jurisdictions, can be directly applied at the site of injury by a surgeon during a routine operative procedure without significantly extending the time of surgery and without further intervention. A US FDA IND was granted in December 2021, to start our proof-of-concept phase I/II Rotator Cuff Tear Repair clinical trial at 10 U.S. sites.

The use of ORTHO-R as an adjunct to standard of care anchoring/suturing techniques produced promising histological findings in small and large animal experimental models, which is hoped to translate to faster and superior rotator cuff tear repair in humans. No adverse events were found in any of the above-mentioned animal studies nor in the first five patients of the phase I/II ongoing clinical trial, which suggests a high level of safety. Progress made during the recent quarters have set the stage for achievements of major corporate/regulatory/strategic milestones over the current and upcoming calendar years.

Market Opportunity: *(Source:Pearl Diver HealthCare Research, iData Research.) for the first clinical application in rotator cuff repair*

Close to 700,000 shoulder rotator cuff repairs are performed in North America every year with a high 20% to 90% failure rate. ChitogenX has already initiated its FDA designated Phase I/II clinical trial giving it the regulatory lead in the U.S. for launching the first FDA approved drug/biologic combination for augmenting the performance of the standard of care surgical shoulder rotator cuff repair.

The orthopedic and sports medicine soft tissue repair market is a $6B+ global market. The ORTHO-R product is first targeting the following soft tissue repair indications: 1) Rotator cuff tear repair: 4M injuries and 700K surgeries/year (50%+ failure rate) in USA alone, 2) Tendinopathy, 11M injuries/year, and 3) Meniscus tear repair: 1.2M injuries/year and 200K+ surgeries/year (40% failure rate) in USA alone. Standard of care for these injuries is surgery alone. The orthopedic community is looking for better treatments to improve patient outcomes and reduce procedure failure rate.

This market opportunity is further enhanced by the fact that surgeons all over the world know that soft tissue such as ligaments, tendons and meniscus are not well vascularized and thus when repaired with the standard of care (sutures, anchors, and staples) results in healing principally with scar tissue which is more fragile and susceptible to re-tear than native tissue. Given the belief by many that platelet rich plasma (PRP) improves the quality of tissue healing, surgeons have vocalized a desire to find a way to make PRP resident to the surgical repair site, so that the PRP can trigger the tissue repair cascade to these troublesome non-vascularized soft tissues. Surgeons have been using PRP for over a decade but are frustrated by the inability for the PRP alone to establish sufficient residency time on the surgical repair site due to its highly liquid nature. ORTHO-R is specifically designed to overcome the insufficient residency time issue due to its unique and patented composition. Therefore, once approved, a ready-made and very large market can be rapidly satisfied thus reducing go to market investment by the Corporation, development partner or acquirer of our technology.

The Orthopedic Market is looking for improving outcome of standard of care BUT this cannot be done at the expense of the industry economic model – which is based on time for surgery for each respective type of procedures. Over the last few months, the Corporation has worked with surgeons involved in our rotator cuff tear repair study to perfect and optimize the delivery of ORTHO-R. Current protocol now adds less than **2 minutes** to standard of care surgery.

ORTHO-R®: Key points of differentiation

Unlike other natural biopolymer matrix such as Hyaluronic Acid (HA) or Collagen, the chitosan natural biopolymer molecules are positively charged and therefore are muco-adhesive (sticky) to the negatively charged soft tissues of the human body (tendons, ligaments, meniscus). Characteristics related to the electrostatic binding of the combination product, resulting modification of cell function, slowing of blood clot retraction and extended release of growth factors compared to PRP alone provided justification for classification of the product as a drug. ORTHO-R has a fast coagulation onset, and with its muco-adhesive feature offer the unique benefit of significantly increasing the in-situ residency time of PRP implants from less than 24 hours for PRP alone to up to 6 weeks for ORTHO-R chitosan-PRP drug/biologic combination product, allowing PRP to contribute to the normal healing cascade. ORTHO-R is therefore a perfect matrix system for delivering biologics such as PRP, that could be used in various musculoskeletal injury conditions as well as multiple other applications where the delivery of regenerative medicine such as blood, blood products, stem cells, pharmaceuticals or other molecules is desired.

(In thousands of Canadian dollars, except for units, share and per share amounts)

Regulatory:

During FY-21, the Corporation received from the U.S. FDA Office of Combination Products, the ORTHO-R product designation as a Drug/Biologics combination product.

ORTHO-R has physicochemical interacting actions on various cell types and other PRP components, therefore supporting a Drug/Biologic combination product. The ORTHO-R reconstituted in PRP Drug/biologic implant is delivered through accessory devices. The product's jurisdictional assignment is to the FDA's Center for Biologics Evaluation and Research (CBER). There are multiple merits of a Drug/Biologics therapeutic combination product. One of them is the ability to have a multiple mode of action label, related to the various interactions between our proprietary biopolymer and PRP, which may justify the scientific rationale behind the product's therapeutic effect, and the generation of further intellectual property.

Clinical:

The status of our Phase I/II clinical trial is as follows:

- Our Investigational New Drug (IND) application was granted by the FDA in Q4-22.
- 8 U.S. based clinical sites have been selected for the trial, 8 have been initiated and are actively recruiting patients, one site has been closed and the last site activation is imminent.
- During Q4-22 (Calendar) ChitogenX completed the initial portion of the study that required staggered recruitment of five patients (one patient at a time). We are now in the parallel recruitment mode where all sites can treat patients simultaneously.
- Phase II recruitment is expected to be completed in mid-23 (calendar) depending on sites' enrolment rate.
- Patient assessment and Phase II scoring will take place – 12 months after surgery.
- Final report is expected during FY-24.

3. Leverage Polytechnique's partnership to secure non-dilutive grants to drive proof of concept in multiple indications for ORTHO-R

ChitogenX has received and is seeking non-dilutive research grants through its partnership with Polytechnique.

Meniscus

A first grant for $0.5 million has been secured to test the efficacy of ORTHO-M/PRP Drug-Biologic Implant formulation, for meniscus repair. Efficacy of our product has already been demonstrated in an animal proof of concept study. Our contracted research veterinarian expert, with the help of a major arthroscopic instrumentation company, have recently completed the surgical procedures in 20 large animals and we will have the results of this pre-clinical trial by Q2-2023 (calendar).

In February 2023, the Corporation successfully confirmed soft-tissue residency properties of its chitosan/PRP based biopolymer matrix, ORTHO-R, as it reported on the first objective of this study. The meniscus tear repair study confirmed the presence of tissue adherence and the aggregation of PRP regenerative cells imbedded in the tear. It represents the second orthopedic ORTHO-R soft tissue proof of concept application to be successfully confirmed following similar results generated in a previously reported similar study for rotator cuff tear repair. ChitogenX intends to file an IND with the FDA to commence human clinical trials with 12 months following completion of the meniscus study.

Tendinopathies

In February 2023, ChitogenX and its scientific partner Polytechnique secured a $3.472 million grant from NSERC and Prima Québec. The 4-year grant will be used to advance the scientific development, expand the scope of indications, develop new biomaterials for regenerative medicine and accelerate the commercial readiness of the Corporation's flagship ORTHO-R technology platform.

ChitogenX Overall Value Proposition

Technology Platform	ORTHO-R: Unique Drug / Biologics / Device Combination Product	Great Value Creation & Exit Potential
○ Proprietary, novel, multi-indications, second generation, de-risked platform ○ Strong intellectual property protection in three patent families ○ Addresses significant unmet medical need in large and rapidly growing regenerative medicine market ○ First solution to increase residence time to augment regeneration of new tissue	○ In the U.S. regulatory lead as the first PRP based drug/biologic product in human trials ○ Target U.S. market first with clear regulatory pathway from FDA (IND to BLA) ○ Potentially simpler regulatory pathways in major markets outside the US ○ Advantageous manufacturing costs	○ Recent regenerative medicine transactions support higher valuation for the company ○ Phase I/II clinical trial ongoing ○ Multiple material milestones expected over next quarters including completion of enrollment into phase I/II clinical trial.

○ Validated mode of action, safe and easy to use solution ○ Rapid coagulation, avoids shrinkage of implant, potentially adheres to multiple tissues ○ Demonstrated efficacy in large animal model (decreased tendon gap & improved bone structure)	○ Uses autologous PRP which can be sourced quickly and easily during surgery ○ Lyophilized chitosan provides long shelf life	○ NASDAQ listing to be considered for 2023 calendar year ○ Multiple potential regenerative medicine applications ○ Experienced management, Board and Clinical Advisory Board with history of value creation

Intellectual Property

ChitogenX is the owner of 3 patent families. Our patent portfolio includes the following:

Family	Description	Patent Status
No.1	Clot-activated polymer composition for repairing the tissue of the subject, where the polymer composition adheres to the tissue and promotes cell proliferation, comprising platelet-rich plasma (PRP), a biopolymer, a salt, and a clot activator.	• Issued – Globally • Expiry - 2030
No.2:	Freeze-dried polymer compositions for mixing with platelet rich plasma to form implants for tissue repair or compositions for therapeutic intra-articular injection.	• Issued – Globally • Expiry - 2035
No.3:	Freeze-dried biopolymer scaffolds that form a hydrated microparticle dispersion after contact with blood or blood-derived fluids and stimulate anabolic wound repair processes, including angiogenesis, cell chemotaxis, tissue remodeling, and extracellular matrix.	• Issued/Allowance pending – Globally • Expiry – 2035

Q1-2024 CORPORATE HIGHLIGHTS *(February 1 to April 30, 2023)*

- On February 9, 2023, ChitogenX announced a best-efforts private placement of units at a price of $0.225 per Unit for gross proceeds of up to $4.35 million, pursuant to the listed issuer financing exemption ("LIFE") available under Part 5A of National Instrument 45-106 – Prospectus Exemptions ("NI 45-106"). The LIFE financing was terminated in April 2023.
- On February 14, 2023, the Corporation successfully confirmed soft-tissue residency properties of its chitosan/PRP based biopolymer matrix, ORTHO-R, in large animal meniscus tear repair study. The grant-supported meniscus tear repair study confirmed the presence of tissue adherence and the aggregation of PRP regenerative cells imbedded in the tear. It represented the second orthopedic ORTHO-R soft tissue proof of concept application to be successfully confirmed following similar results generated in a previously reported similar study for rotator cuff tear repair.
- On February 16, 2023, the Corporation announced having secured, a $3.47 million grant from The Natural Sciences and Engineering Research Council of Canada ("NSERC") and Prima Québec in partnership with Polytechnique Montréal. The 4-year grant will be used to advance the scientific development, expand the scope of indications, develop new biomaterials for regenerative medicine and accelerate the commercial readiness of the Company's flagship ORTHO-R technology platform.
- On April 4, 2023, the Corporation announced a new non-brokered private placement offering of units at a price of $0.20 per unit for gross proceeds of $2.5 million. This offering replaced the LIFE offering previously announced on February 6, 2023.
- On April 14, 2023, the Corporation announced a change of auditor from Ernst & Young LLP to Guimond Lavallée, Chartered Professional Accountants Corporation.

Events Subsequent to the end of the quarter / Balance Sheet Restructuring

- On May 1, 2023, ChitogenX amended the terms of its non-brokered private placement offering announced on April 4, 2023. The amended non-brokered private placement offering now consists of 33,333,333 units at a price of $0.15 per units for maximum gross proceeds of up to $5.0 million.
- On May 1, 2023, convertible debentures previously issued in 2019 and 2020 and totalling $3.2 million in capital and interest matured.
- On May 5, 2023, the Corporation announced the first closing of its non-brokered private placement offering of units for $3.9 million, including $1.8 million of Insiders' subscriptions. Holders of debentures that matured on May 1, 2023, opted to reinvest $2.1 million of principal and accrued interest into the private placement.

(In thousands of Canadian dollars, except for units, share and per share amounts)

- On June 5, 2023 ChitogenX closed a $0.3 million second tranche of its previously announced non-brokered private placement offering of units. The second tranche of the offering consists of gross cash proceeds of $41 and $247 in debt conversions from holders of convertible debentures which matured on May 1, 2023.
- On June 15, 2023 the ChitogenX announced it had retained the services of the Bruder consulting & Venture group to broaden and accelerate ongoing strategic development partnership discussions.

SELECTED FINANCIAL DATA

The following table sets forth financial information relating to the periods indicated and should be read in conjunction with the April 30, 2023 unaudited interim financial statements.

	Q1-24	Q1-23	*Change*	
	$	$	*$[1]*	*%[2]*
Expenses				
R&D	418	663	*(245)*	*-37%*
G&A	584	567	*17*	*3%*
Share-based compensation	56	42	*14*	*33%*
Financial	339	351	*(12)*	*-3%*
	1,397	1,623	*(226)*	*-14%*
Fair Value adjustment embedded derivative	(1,443)	(734)	*(709)*	*97%*
Fair Value adjustment on warrants	(51)	(39)	*(12)*	*31%*
Net Income (Loss) and Comprehensive Income (Loss)	97	(850)	*947*	*-111%*
Income (Loss) per share				
Weighted average number of shares outstanding	**51,038,776**	39,552,285	*11,486,491*	*29%*
Basic and diluted Income (loss) per share	**0.00**	(0.02)	*(0.02)*	*-109%*

1. A positive variance represents a negative impact to net loss and a negative variance represents a positive impact to net loss
2. Percentage change is presented in relative values

EBITDA(L) Reconciliation (See "Management's Responsibility for Financial Reporting" – "Non-IFRS Financial Measures")

The following table provides a reconciliation of net loss to EBITDA(Loss) for Q1-24 as compared to Q1-24.

	Q1-24	Q1-23	*Change*	
	$	$	*$[1]*	*%[2]*
Net Income (loss)	**97**	(850)	*947*	*-111%*
Add (deduct)				
Financial	**339**	351	*(12)*	*-3%*
Fair Value adjustment embedded derivative	**(1,443)**	(734)	*(709)*	*97%*
Fair Value adjustment on warrants	**(51)**	(39)	*(12)*	*31%*
Depreciation – equipment	3	10	*(7)*	*-70%*
Amortization – intangible assets	8	8	*-*	*0%*
EBITDA (Loss)	**(1,047)**	(1,254)	*207*	*-17%*

1. A positive variance represents a negative impact to net loss and a negative variance represents a positive impact to net loss
2. Percentage change is presented in relative values.

Selected items	**Q1-24 vs Q1-23**
Revenues	• CHITOGENX is a clinical stage company. No revenues were generated during each of Q1-24 and Q1-23.
R&D expenses	• R&D expenses include internal and external expenses. Internal expenses represent mostly salaries and consulting fees for our staff. External expenses include all development costs related to work performed under our Collaborative R&D contract with Polytechnique as well as specific manufacturing activities, regulatory, pre-clinical and clinical work to advance our pipeline. R&D expenses are presented net of R&D tax credits (ITCs) recoverable from the provincial government for Scientific Research and Experimental Development (SR&ED) programs, and net of government grants. • R&D expenses are also presented net of grants which are amortized over their respective term.
	• R&D expenses for Q1-24 were 37% lower than Q1-23 due to the timing and nature of R&D activities.
G&A expenses	• G&A expenses include salaries and consulting fees paid to non-R&D staff, professional fees, conferences, travel expenses, as well as investors relation activities.

	• G&A spending in Q1-24 was up only 3% compared to Q1-23 at $0.6 million. G&A in Q1-23 included a severance charge for the termination of our previous CEO. G&A in Q1-24 included a special charge for salary deferral, as management opted to defer salaries for preserving cash to support R&D operations.
Share-based compensation (SBC)	• Represents the expense related to issuing stock options to staff, consultants and board members. Variances for the comparative quarters include non-recurrent grant to a new Board member as well contractual vesting for members of management on options already outstanding. • There were nominal changes for the Q1-24 quarter.
Financial expenses	• Financial expenses include interest on loans, non-convertible and convertible debentures, as well as effective interest on debentures as well as foreign exchange gain or loss.
	• Financial expenses for Q1-24 were $0.3 million, down 3% compared to the Q1-23 period. The reduction was due to partial repayment of the Q4-22 bridge financing. Financial expenses will reduce significantly following conversion of $2.3 million of CDUs into the May 2023 PIPE (See "Subsequent Events")
Fair Value Adjustment ("FVA") of Embedded Derivative	• On October 19, 2022, the Corporation announced the amendment of three series of CDUs to extend their respective maturity dates. • An Embedded derivative comprised of the conversion options classified as liability was created following the amendment of the CDUs. Starting Q4-22, any change in the Fair Value of the Conversion Option of the CDUs ("FVCO") has to be recorded as a financial expense. • During the Q1-24 and Q1-23 periods, the change in the FVCO, led to a material Fair Value Adjustment ("FVA") of the conversion option representing a $1.4 million and $0.7 million gain.
Fair Value Adjustment ("Fair Value Adjustment") on warrants	• The terms of the warrants issued as part of the December 2022 Bridge financing led to the creation of a warrant liability. • During each of Q1-24 and Q1-23, the revaluations of the Warrants' fair value as compared to the YE-22 value were nominal.
Net Income (Loss) for the period	• Due to the significant gain on re-evaluating the Fair Value of the Conversion Option of the debentures, the Corporation generated net income of $0.1 million for Q1-24 compared to a $0.9 million loss in Q1-23.
EBITDA (L)	• After eliminating the impact of the financial expenses, as well as depreciation and amortization, but also after eliminating the impact of the combined gain on revaluation of the CDU embedded derivative and warrant liability, our EBITDA loss during Q1-24 was $1.0 million compared to $1.3 million for Q1-23, representing a 17% decrease, and reflecting the decrease in R&D expenses described above.

SELECTED BALANCE SHEET HIGHLIGHTS

The following table sets forth the financial information related to the Corporation's statements of financial position for the periods indicated and should be read in conjunction with the unaudited financial statements for quarter ended April 30, 2023.

As at,	**April 30, 2023**	January 31, 2023	*Change*	
	$	$	*$*	*%*
Cash	**426**	**108**	*318*	*294%*
Prepaids and deposits	**191**	**122**	*69*	*57%*
Intangible Assets	**291**	**299**	*-8*	*-3%*
Total assets	**1,139**	**738**	*401*	*54%*
Trade accounts payable and accrued liabilities	**2,716**	**1,793**	*923*	*51%*
Notes	**480**	**480**	*0*	*0%*
Advances from Shareholders	**1,267**	**750**	*517*	*69%*
Convertible Debentures - Short term	**2,783**	**2,681**	*102*	*4%*
Convertible Debentures - Long term	**2,421**	**2,363**	*58*	*2%*
Embedded derivative - Short term	**-**	**1,098**	*-1,098*	*-100%*
Embedded derivative - Long-term	**651**	**996**	*-345*	*-35%*
Total liabilities	**10,829**	**10,581**	*248*	*2%*
Common shares	**10,357**	**10,357**	*0*	*0%*
Warrants	**2,391**	**2,406**	*-15*	*-1%*
Contributed surplus	**2,622**	**2,551**	*71*	*3%*
Deficit	**(25,060)**	**(25,157)**	*97*	*0%*

1. A positive variance represents a positive impact to our balance sheet and a negative variance represents a negative impact to our balance sheet.
2. Percentage change is presented in relative values

(In thousands of Canadian dollars, except for units, share and per share amounts)

Selected items	Q1-24 vs YE-23
Cash	• Cash at the end of Q1-24 was $0.4 million compared to $0.1 million at the start of the fiscal year. Cash improved as the Corporation was able to secure commitments into the May 2023 unit deal financing prior to the end of the quarter. (See subsequent events).
Total Assets	• The $0.3 million increase in cash during Q1-24 period contributed to a $0.4 million increase in our total assets between the end of FY-23 and Q1-24.
Trade AP and accrued liabilities	• Trade accounts payables and accrued liabilities increased by $0.9 million during the first 3 months of FY-24 as the Corporation preserved cash for ongoing activities and recurrent suppliers.
Advances from Shareholders	• During Q4-23, we received a $0.75 million contribution for the private placement closed during Q2-24. (See "Subsequent Events"). Subsequent advances totaling $517 were secured during Q1-24.
Notes	• Notes were issued as part of the December 2021 bridge financing which matured in December 2022. They continue to bear interest until full repayment.
Convertible debentures (Short-term)	• During FY-20 and FY-21, the Corporation issued $3.2 million of CDUs to fund its operations. Debentures representing $0.3 million have been converted since issuance. Considering the CDUs mature on May 1, 2023, the Convertible Debentures were presented as short-term liability as at YE-23. • Subsequent to Q1-24, $2.3 million of CDU and interest have been converted into the private placement closed in Q2-24 (See Subsequent events).
Convertible debentures (Long-term)	• During Q4-21 the Corporation secured a $3.0 million NCDU financing to fund its activities. During Q4-23, an agreement has been reached with 100% of the NCDU Debenture holders to extend the term of the debenture to February 1, 2025 and add a conversion features. Following this amendment, the debentures previously referred as NCDUs are now presented as CDUs.
Embedded derivative (Short-Term)	• Represents the conversion option liability for the CDU maturing on May 1, 2023 (Short term). • The change in value of the conversion option for these CDUs led to a $1,098 gain during the quarter.
Embedded derivative (Long-Term)	• Represents the conversion option liability for CDU maturing on February 2025 (Long-term). • The change in value of the conversion option for these CDUs led to a $345 gain during the quarter.
Total Liabilities	• Total liabilities have increased slightly by $0.2 million between YE-23 and Q1-24 due to the increase in payables and advances from shareholders which exceeded the gain of reevaluation of the CDU derivative.
Common Shares	• No change for the quarter.
Warrants	• Warrants decreased slightly during the quarter due to the expiry of some warrants.
Contributed Surplus	• The contributed surplus increased by $0.1 million as a result of share-based compensation expense and the expiry of warrants.
Deficit	• The increase reflects the performance of the Corporation during FY-23. (See "Statement of Loss" commentaries)

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table sets out the Corporation's selected unaudited quarterly financial information for the eight quarters ended April 30, 2023. This information is derived from unaudited quarterly financial statements prepared by management in accordance with IFRS. The following quarterly information is presented on the same basis as the interim unaudited financial statements and should be read in conjunction with those statements and their accompanying notes.

	Q1-24	Q4-23	Q3-23	Q2-23	**Q1-23**	Q4-22	Q3-22	Q2-22
R&D Expenses (Net)	**418**	561	567	444	**663**	415	591	141
G&A expenses	**584**	509	523	484	**567**	309	357	367
Share-based compensation	**56**	92	95	162	**42**	67	43	64
Financial expenses (income)	**339**	1,070	373	349	**351**	370	266	332
FVA embedded derivative	**(1,443)**	-	277	(78)	**(734)**	(279)	666	-
Fair Value adjustment on warrants	**(51)**	(72)	22	2	**(39)**	(31)	-	-
Net Income (Loss)	**97**	(2,160)	(1,857)	1,363)	**(850)**	(851)	(1,923)	(904)
Income (Loss) / share (Basic and diluted)	**0.00**	(0.02)	(0.02)	(0.02)	**(0.06)**	(0.03)	(0.04)	(0.04)
EBITDA (Loss)	**(1,047)**	(1,145)	(1,171)	(1,076)	**(1,254)**	(773)	(973)	(554)

(See "Management's Responsibility for Financial Reporting" – "Non-IFRS Financial Measures")

(In thousands of Canadian dollars, except for units, share and per share amounts)

Notes	Valuable information
R&D expenses	• R&D expenses fluctuate based on the timing of R&D activities. R&D activities have accelerated over the last year as the Corporation was getting ready to start and initiated its Phase I/II trial for testing Ortho-R for rotator cuff repair.
G&A expenses	• G&A expenses have been stable over the last 2 years. G&A expenses have fluctuated due to the impact of senior management changes that took place during the various periods. We expect G&A to be stable for the coming quarters.
Share-Based Compensation	• Share-based compensation fluctuates as a results of staff changes, and due to the timing of expense recognition associated with the vesting of the options issued. Q2-23 SBC included the impact of issuing options and RSUs to the new CEO and new chief Medical Officer.
Financial expenses	• Financial expenses have been relatively stable over the last few quarters after having increased in Q4-21 following the implementation of the $3.0 million NCDU, and since Q4-22 due to incremental charges related to the December 2022 bridge financing which matures in Q4-23. The $0.7 million increase between Q3-23 and Q4-23 was mainly due to the non-recurrent loss on extinguishment of the NCDU debt. • Interest charges on the CDUs will go down over time as CDU holders opt to convert their debenture prior to maturity. (See "Subsequent events")
FVA of embedded derivative	• The changes to the terms of the CDU conversion price as well as the variation in share price during the last quarters has led to quarterly adjustments to the FVCO of the CDUs representing respective decreases (gains) or increases (losses) since the embedded derivative was created in Q1-24.
FVA on warrants	• There has been nominal quarterly variations (adjustments) to the fair value of the warrants issued as part of the December 2021 bridge financing
Net Income or Loss	• Over the last 2 years quarters, fluctuations in net income or loss has been mainly impacted by the FVA of the derivative liability related to the CDUs as well as to a lessor extent to the fluctuations of the R&D, G&A and SBC expenses. • Net income in Q1-24 is due to the $1.4 million positive FVA of the derivative liability.
EBITDA (Loss)	• EBITDA (Loss) (See "Management's Responsibility for Financial Reporting" – "Non-IFRS Financial Measures") eliminates the impact of the FVA on the CDU, NCDU, ITC and other financings which reflect the Corporation's financing strategy adopted to attract the required capital to fund its operations. • After eliminating such expenses, the EBITDA (Loss) in Q1-24 decreased by $0.1 million from Q4-23 reflecting a slight decrease in R&D spending. Fluctuations over prior quarter were directly related to variations in R&D and G&A spendings described above.

LIQUIDITIES AND CAPITAL RESSOURCES

			Change	
For the 3-month periods ended on,	**30-Apr-23**	**30-Apr-22**	*$*	*%*
Operating activities:				
Net income (loss) from operations	**97**	(850)	***947***	*-111%*
Other items not affecting cash	**(1,249)**	**(270)**	**(979)**	*363%*
Changes in non-cash working capital	**953**	399	**554**	*139%*
Cash used in operations	**(199)**	(721)	**522**	*-72%*
Investing activities:				
Cash used in investing activities	**-**	-	**-**	*100%*
Financing activities:				
Cash provided by financing activities	**517**	2,571	**(2,054)**	*-80%*
Cash, beginning of period	**108**	313	**(205)**	*-65%*
(Decrease) increase in cash	**318**	1,850	**(1,532)**	*-83%*
Effect of foreign exchange on cash	**-**	27	**(27)**	*-100%*
Cash, end of period	**426**	2,190	**(1,764)**	*-81%*

1. A positive variance represents a positive impact to cash flows and a negative variance represents a negative impact to cash flows
2. Percentage change is presented in relative values

Selected items	Q1-24 vs Q1-23
Cash used in operations	• Cash used in operations represents the cash flows from operations, excluding income and expenses not affecting cash plus changes in non-cash working capital items.
	• Cash used in operations was $0.2 million for Q1-24 as compared to $0.7 million for Q1-23 period, representing a $0.5 million decrease. The decrease results from the $0.9 million decrease in net loss, and a $0.6 million

(In thousands of Canadian dollars, except for units, share and per share amounts)

	increase in non-cash working capital which were offset by items not affecting cash which captured the combined $1.5 million gains on fair value adjustments to the CDU embedded derivative and warrant liability.
Cash used in investing activities	• No investments during YTD-23, compared to nominal investment in YTD-22.
Cash provided by financing activities	• Financing activities in Q1-24 generated $0.5 million from shareholder commitments into the Q2-24 PIPE financing (See "Subsequent Events") compared to $2.6 million in Q1-23 representing the net impact of the April 2022 PIPE.
Cash, End of the period	• The Corporation ended Q1-24 with $0.4 million of cash compared to $0.1 million at the end of FY-23. Cash improved as the Corporation was able to secure commitments into the Q2-24 unit deal financing prior to the end of the quarter.

Cash, and Working Capital

As at,	**2023-04-30**	2023-01-31	*Change*	
	$	$	*$[1]*	*%[2]*
Cash	**426**	108	*318*	*294%*
Accounts payables and accrued liabilities	**2,716**	1,793	*923*	*51%*
Convertible debentures - short term [3]	**2,783**	2,681	*102*	*4%*
Convertible unit Bridge	**480**	480	*-*	*100%*
Total current liabilities	**7,757**	7,222	*535*	*7%*
Working Capital	**(6,949)**	(6,826)	*(123)*	*2%*
Adjusted Working Capital [4]	**(4,609)**	(6,826)	*2,217*	*32%*

1. A positive variance represents a positive impact, and a negative variance represents a negative impact
2. Percentage change is presented in relative values
3. $2.34 M of CDUs and interest converted into shares subsequent to the end of Q1-24 (See "Subsequent events")
4. Takes into consideration the Debt conversion into the May 2013 PIPE.

Cash at the end of Q1-24 was $0.4 million as compared to $0.1 million at the end of YE-23 representing a $0.3 million increase. During FY-23, working capital was impacted by the reclass of the CDUs and the embedded derivative on the CDUs, both now presented as short-term liability. Working Capital at the end of Q1-24 showed a $6.9 million deficit compared to a $6.8 million deficit as at the end of FY-23. Included in the working capital deficit is the $2.8 million CDUs maturing May 1, 2023 plus interest, of which $2.34 million will be eliminated on conversion of the CDUs (See "Subsequent Events").

During prior periods, the Corporation has demonstrated its ability to raise the necessary capital to support its operations and achieve development milestones. However, there is no assurance that the Corporation will be able to secure the necessary financing to fund it various development programs. Management has continued to implement IR and financing initiatives to attract the required capital to fund its operations and deliver R&D and corporate milestones over the next fiscal year. (See "Overview of the Business" and "Going concern").

The Corporation's use of available funds over the coming year is of utmost concern to the Board. Since the extent and timing of warrant exercise as a source of financing are uncertain, management continues to look for alternative sources of financing to secure the required capital necessary to fund its operations and development projects. Management's focus is on securing equity-based financings from Canadian and US based institutional and/or accredited investors. The Corporation is also actively promoting its technologies to strategic partners.

Discussion of operating cash requirements

All programs in the Corporation's current portfolio will require a significant investment to increase their market value (through, for example, clinical trials) or to attract a strategic partner. We estimate that $30 million will be required to bring our rotator cuff (Ortho-R), meniscus (Ortho-M), and cartilage (Ortho-C) programs to market. There are several areas where duplication between programs can provide savings such as the manufacture of the chitosan material, which is common across our product platform. We therefore do not need to replicate several manufacturing activities, or some associated costs, for each of the projects.

Ortho-R for the repair of rotator cuff tears is a clinical development stage program and represents our lead product for commercialization. We currently estimate that an additional investment of at least $3 million will be required to provide proof of concept in human and another $10 million to bring the same program to commercialization.

Ortho-M (meniscus) is the Corporation's second candidate and is also in a development phase. Proof of efficacy in a large animal preclinical model is currently taking place 80% of which is funded by 3rd party grants. Ortho-M's development pathway and plan will be similar to

Ortho-R and will benefit from all cGMP activities performed on scaling-up Ortho-R. Consequently, management estimates that $1.5 million will be required prior to submitting an IND application prior to testing Ortho-M in human for meniscus tear repair.

Ortho-C and Ortho-V are currently at an earlier stage of development and management does not intend to commit any sums to the advancement of these projects until it successfully advances Ortho-R and Ortho-M in human clinical testing.

In order to successfully advance its current R&D programs, ChitogenX entered into a Collaborative R&D Agreement with Polytechnique to ensure access to Polytechnique's staff, expertise, and laboratories. The agreement expires on August 14, 2024.

In February 2023, the Corporation secured a $3.47 million grant from NSERC and Prima Québec in partnership with Polytechnique Montréal. The 4-year grant will be used to advance the scientific development, expand the scope of indications, develop new biomaterials for regenerative medicine and accelerate the commercial readiness of the Company's flagship ORTHO-R technology platform.

Statement of Compliance

The unaudited interim financial statements included in this MD&A for the quarter ending April 30, 2023 have been prepared in accordance with *International Financial Reporting Standards* as issued by the *International Accounting Standards Board ("IASB")* as well as with those standards and interpretations as issued by the *International Financial Reporting Interpretations Committee ("IFRIC")* issued and effective or issued and early adopted as at the time of preparing these interim financial statements.

Use of Estimates and Judgements

Reference should be made to the Corporation's 2022 annual financial statements, *note 3*, for an extended description of the information concerning the Corporation's significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses.

Interim Consolidated Financial Statements (Unaudited)

ChitogenX Inc.

Three-month periods ended April 30, 2023 and 2022
First quarter, fiscal year 2024

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim consolidated financial statements, the statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited interim consolidated financial statements of the Corporation have been prepared by management and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review or an audit of these interim consolidated financial statements.

ChitogenX Inc.

Interim Consolidated Statements of Financial Position

(Unaudited)

In thousands of Canadian dollars except for share and per share amount

As at	*Notes*	**April 30, 2023**	January 31, 2023
ASSETS			
Current			
Cash		**426**	108
Sales tax and other receivables		**46**	39
Investment tax credits receivable		**145**	127
Prepaid expenses and deposits		**191**	122
Total current assets		**808**	396
Equipment	*4*	**40**	43
Intangible assets	*5*	**291**	299
Total assets		**1,139**	738
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current			
Accounts payable and accrued liabilities	*6*	**2,716**	1,793
Accrued interest on debentures and notes	*8,9,10*	**470**	328
Advances from shareholders	*12*	**1,267**	750
Current portion of long-term loan	*7*	**40**	40
Notes	*10*	**480**	480
Convertible debentures	*8*	**2,783**	2,681
Conversion options	*8*	**-**	1,098
Warrants	*10*	**1**	52
Total current liabilities		**7,757**	7,222
Convertible debentures	*8,9*	**2,421**	2,363
Conversion options	*8,9*	**651**	996
Total liabilities		**10,829**	10,581
SHAREHOLDERS' DEFICIT			
Common shares	*11*	**10,357**	10,357
Warrants	*11*	**2,391**	2,406
Contributed surplus		**2,622**	2,551
Deficit		**(25,060)**	(25,157)
Total shareholders' deficit		**(9,690)**	(9,843)
Total liabilities and shareholders' deficit		**1,139**	738

Going Concern Uncertainty (Note 1); Commitments (Note 22); Subsequent Events (Note 23).

"/s/ "Philippe Deschamps" " , Director

"/s/ "Pierre Laurin" ", Director

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

ChitogenX Inc.

Interim Consolidated Statements of Financial Position

(Unaudited)

In thousands of Canadian dollars except for share and per share amount

For the three months ended	*Notes*	**April 30, 2023**	April 30, 2022
Expenses			
Research and development	*15*	**418**	663
General and administrative	*16*	**584**	567
Share-based compensation	*11*	**56**	42
Financial	*17*	**339**	351
Total Expenses		**1,397**	1,623
Other items			
Fair Value adjustment on embedded derivative	*8*	**(1,443)**	(734)
Fair Value adjustment on warrants	*10*	**(51)**	(39)
Net (income) loss and comprehensive (income) loss		**(97)**	850
(Income) Loss per share			
Weighted average number of common shares outstanding	*13*	**51,038,776**	39,522,285
Basic and diluted (earning) loss per common share	*13*	**(0.00)**	0.02

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

ChitogenX Inc.

Interim Consolidated Statements of Changes in Shareholders' Deficit

(Unaudited)

In thousands of Canadian dollars, except for share and per share amount

	Notes	Number of common shares	Share capital	Warrants	Contributed surplus	Deficit	Total
Balance as at January 31, 2022		**34,956,093**	**7,891**	**1,828**	**2,104**	**(18,927)**	**(7,104)**
Shares issued	*11*	16,082,683	2,673	543	-	-	3,216
Share/Unit issue costs	*11*	-	(109)	(22)	-	-	(131)
Share-based compensation	*11*	-	-	-	42	-	42
Expired warrants	*11*	-	-	(56)	56	-	-
Net loss		-	-	-	-	(850)	(850)
Balance as at April 30, 2022		**51,038,776**	**10,455**	**2,293**	**2,202**	**(19,777)**	**(4,827)**
Balance as at January 31, 2023		**51,038,776**	**10,357**	**2,406**	**2,551**	**(25,157)**	**(9,843)**
Share-based compensation	*11*	**-**	**-**	**-**	**56**	**-**	**56**
Expired warrants	*11*	**-**	**-**	**(15)**	**15**	**-**	**-**
Net Income		**-**	**-**	**-**	**-**	**97**	**97**
Balance as at April 30, 2023		**51,038,776**	**10,357**	**2,391**	**2,622**	**(25,060)**	**(9,690)**

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

ChitogenX Inc.

Interim Consolidated Statements of Cash Flows

(Unaudited)

In thousands of Canadian dollars

For the three months ended	Notes	**April 30, 2023**	April 30, 2022
Operating activities:			
Net Income (loss)		**97**	(850)
Adjustments for:			
Share-based compensation	*11*	**56**	42
Consulting fees and other payable settled through the issuance of shares or warrants		**-**	295
Depreciation and amortization	*4,5*	**11**	15
Amortization – financial charges	*17*	**-**	24
Unrealized gain (loss) on foreign exchange		**18**	(28)
Interest on loans and debentures	*8,17*	**160**	167
Fair Value adjustment – embedded derivative	*8,9*	**(1,443)**	(734)
Fair Value adjustment – warrants liability	*10*	**(51)**	(39)
Government grant amortization	*15*	**-**	(12)
Net change in non-cash operating working capital	*14*	**953**	399
Cash used in operating activities		**(199)**	(721)
Investing activities:			
Acquisition of equipment	*4*	**-**	-
Cash used in investing activities		**-**	-
Financing activities:			
Advance from a shareholder	*12*	**517**	-
Proceeds from issuance of units		**-**	2,702
Payment of units issue costs		**-**	(131)
Cash provided by financing activities		**517**	2,571
Effect of foreign exchange on cash		**-**	27
Cash, beginning of period		**108**	313
Increase in cash		**318**	1,850
Cash, end of period		**426**	2,190

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

1. Reporting entity and going concern

ChitogenX Inc. ("the Corporation", or "ChitogenX"), previously Ortho Regenerative Technologies Inc., was incorporated under the Canada Business Corporations Act on February 5, 2015. The Corporation's head office, principal address and registered office is located at 16667 Hymus Blvd., Kirkland, Quebec, Canada and its wholly owned US subsidiary, OR4102022 Inc. has been incorporated on April 20, 2022 and is located at 12 Penns Trail in Newtown, Pennsylvania, USA. On September 7, 2022, the Corporation changed its corporate name to ChitogenX Inc. to better reflect its expanded clinical and commercial opportunities, mission, values and core competencies. Since September 12, 2022, the Corporation's shares are listed on the Canadian Securities Exchange ("CSE"), under the symbol "CHGX" and on the United States OTCQB ("OTCQB") market, under the symbol "CHNXF". These shares were previously listed on the CSE market under the symbol "ORTH" and on the OTCQB market under the symbol "ORTIF".

The Corporation is an emerging Orthopaedic and Sports Medicine biologics company dedicated to the development of novel therapeutic soft tissue repair technologies to dramatically improve the success rate of orthopaedic and sports medicine surgeries. The Corporation's proprietary biopolymer has been specifically designed to increase the healing rates of occupational and sports related injuries to tendons, ligaments, meniscus, and cartilage. The biopolymer – autologous PRP combination implant, can be directly placed into the site of injuries by surgeons during routine operative procedures without significantly extending the duration of surgeries and without further interventions. Considering the significant bioactivity and residency of our proprietary biopolymer – PRP implants, ChitogenX continues to assess its potential for therapeutic uses outside of the soft tissue repair market.

These unaudited interim consolidated financial statements have been prepared on the going concern basis, which presumes the Corporation will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In its assessment to determine if the going concern assumption is appropriate, management considers all data available regarding the future for at least, without limiting to, the next twelve months.

The Corporation has yet to generate revenue and has relied upon the issuance of debt and equity instruments to fund its operations. During the three-month period ended April 30, 2023, the Corporation incurred a net income of $97 and used cash in operations of $199. As at April 30, 2023, the Corporation had a negative working capital balance of $6,949.

The ability of the Corporation to fulfill its obligations and finance its future activities depends on its ability to raise capital and on the continuous support of its creditors. The Corporation believes its efforts to raise sufficient funds to support its activities will be successful, however, there is no assurance that funds will continue to be raised on acceptable terms. This indicates the existence of a material uncertainty that may cast a significant doubt about the ability of the Corporation to continue as a going concern without obtaining additional financial resources.

Failure to obtain such additional financing could result in delay or indefinite postponement of the Corporation's strategic goals. These unaudited interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Corporation be unable to continue as a going concern. Such adjustments could be material.

These unaudited interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on June 29, 2023.

In thousands of Canadian dollars except for share and per share amounts

2. Summary of Significant Accounting Policies

Basis of measurement

These unaudited interim consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial assets and financial liabilities to fair value.

Statement of Compliance

These unaudited interim consolidated financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standard Board ("IASB"). These unaudited interim consolidated financial statements have been prepared in accordance with those IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective or issued as at the time of preparing these unaudited interim consolidated financial statements. The policies set out below have been consistently applied to all the periods presented.

The preparation of the Corporation's unaudited interim consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Consolidation

Subsidiaries are all entities over which the Corporation has control. The Corporation controls an entity when the Corporation is exposed to, or has rights to, variable returns from its involvement in the entity and could affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Corporation. They are deconsolidated from the date that control ceases. Inter-company transactions, balances and unrealized gains on transactions between the Corporation's subsidiaries are eliminated. Unrealized gains or losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Corporation's accounting policies.

Corporation	Nature of Services	% voting
OR41002022 Inc. [(1)]	US cost center	**100%**

[(1)] Subsidiary created on April 20, 2022.

Functional and presentation currency

These unaudited interim consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Corporation.

Transactions denominated in foreign currencies are initially recorded in the functional currency of the related entity using the exchange rates in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rates. Any resulting exchange difference is recognized in the consolidated statement of loss and comprehensive loss. Non-monetary assets and liabilities denominated in foreign currencies and measured at historical cost are translated using historical exchange rates, and those measured at fair value are translated using the exchange rate in effect at the date the fair value is determined. Expenses are translated using the average exchange rates for the period or the exchange rate at the date of the transaction for significant items.

	April 30, 2023	January 31, 2023
End of period exchange rate – USD	**1.3578**	1.3350
Period average exchange rate – USD	**1.4959**	1.3085

In thousands of Canadian dollars except for share and per share amounts

3. Use of Estimates and Judgment

The application of the Corporation's accounting policies requires management to use estimates and judgments that can have a significant effect on the expenses, comprehensive loss, assets and liabilities recognized and disclosures made in the unaudited interim consolidated financial statements.

Management's best estimates concerning the future are based on the facts and circumstances available at the time estimates are made. Management uses historical experience, general economic conditions and assumptions regarding probable future outcomes as the basis for determining estimates. Estimates and their underlying assumptions are reviewed periodically, and the effects of any changes are recognized immediately. Actual results could differ from the estimates used.

Management's budget and strategic plans are fundamental information used as a basis for the estimates necessary to prepare financial information. Management tracks performance as compared to the budget, and significant variances in actual performance are a key trigger to assess whether certain estimates used in the preparation of financial information must be revised.

Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed in Note 3 of the Corporation's 2023 annual audited financial statements and are still applicable during the three-month period ended April 30, 2023.

4. Equipment

	Cost	Accumulated depreciation	Carrying Value
Balance as at January 31, 2023	271	(228)	43
Additions	**-**	**(3)**	**(3)**
Balance as at April 30, 2023	**271**	**(231)**	**40**

5. Intangible Assets

	Cost	Accumulated amortization	Carrying Value
Balance as at January 31, 2023	485	(186)	299
Additions	**-**	**(8)**	**(8)**
Balance as at April 30, 2023	**485**	**(194)**	**291**

6. Accounts Payable and Accrued Liabilities

Balance as at	April 30, 2023	January 31, 2023
Trade accounts payable	**2,101**	1,484
Accrued liabilities	**615**	309
	2,716	1,793

7. Long-Term Loan

	Interest Rate	Maturity	April 30, 2023	January 31, 2023
Canada Emergency Business Account	Interest-free	December 31, 2023	**40**	40

On April 29, 2020, the Corporation received a government loan under the Canada Emergency Response Benefit ("CERB"), part of Canada's COVID-19 economic response plan. The loan bears no interest and has a maturity date of December 31, 2023. Upon repayment of the loan at or prior to its maturity on December 31, 2023, the Corporation would receive a grant of $10 to reduce the balance repayable.

In thousands of Canadian dollars except for share and per share amounts

8. Convertible Debentures

a) Host instrument

	Three months ended April 30, 2023	Year ended January 31, 2023
Opening balance	**5,044**	2,387
Additions	**-**	3,389
Fair value of conversion option allocated to liability	**-**	(1,047)
Accretion expense	**160**	315
Total	**5,204**	5,044
Current portion	**2,783**	2,681
Non-current portion	**2,421**	2,363
Total	**5,204**	5,044

On December 12, 2022, the Corporation amended its non-convertible debentures and related warrants agreements (the "Amendment"). Mainly, under the terms of the Amendment, the maturity date of the outstanding non-convertible debentures and related warrants were extended to February 1, 2025, as well as introducing a conversion option, with an anti-dilution protection feature, at a maximum conversion price of $0.35 per share or warrant exercise price in a Private Placement financing, whichever is lower.

The Amendment was accounted for as an extinguishment of all outstanding debentures as the present value of the cash flows under the new terms discounted using the original effective interest rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

At the date of the Amendment, the Corporation derecognized the carrying amount of the outstanding original debentures of $2,621 and a new liability totaling $2,342 was recorded by using the discounted cash flows method assuming an effective interest of 24.6% determined on the estimated rate for a loan with similar terms from comparable companies. The Corporation utilized a Monte Carlo simulation model to determine the fair value of the conversion option. The conversion option of $1,047 is considered as an embedded derivative to be classified as a liability instrument because of its anti-dilution feature. The total value of the new host instrument and conversion option is $3,389. The difference between the total value and the carrying amount derecognized of the outstanding original debentures was recorded as a loss on debt extinguishment of $768.

Accretion charges, included in financing expense on the consolidated statement of loss and comprehensive loss, attributable to the convertible debentures during the three months ended April 30, 2023 was $160. In addition, $145 of interest expense was recorded, and $443 is included as Interest payable on convertible debentures in the consolidated statement of financial position.

During the three months ended April 30, 2023 and the year ended January 31, 2023, no debentures were converted into common shares of the Corporation.

The following table shows the nominal value of the convertible debentures with their maturity date:

			Nominal amounts outstanding as at
Maturity Date	**Initial Amount**	**April 30, 2023**	January 31, 2023
May 1, 2023	**3,204**	**2,783**	2,783
February 1, 2025	**3,000**	**3,000**	3,000
Total	**6,204**	**5,783**	5,783
Current portion		**2,783**	2,783
Non-current portion		**3,000**	3,000
Total		**5,783**	5,783

In thousands of Canadian dollars except for share and per share amounts

b) Embedded Derivative

	Three months ended April 30, 2023	Year ended January 31, 2023
Opening balance	**2,094**	1,582
Additions	**-**	1,047
Fair value adjustment	**(1,443)**	(535)
Total	**651**	2,094
Current portion	**-**	1,098
Non-current portion	**651**	996
Total	**651**	2,094

For the three-month period ended April 30, 2023, the Corporation recorded a positive adjustment on revaluation of their related conversion options or embedded derivative's fair value of $1,443 resulting from the decrease in the Corporation's share price going down from $0.26/share on January 31, 2023 to $0.18/share as of April 30, 2023.

9. Non-convertible Debentures

	Three months ended April 30, 2023	Year ended January 31, 2023
Opening balance	**-**	2,349
Accretion expense	**-**	272
Loss on debt extinguishment (Note 8)	**-**	768
Debenture derecognition (Note 8)	**-**	(3,389)
Total	**-**	-
Current portion	**-**	-
Non-current portion	**-**	-
Total	**-**	-

10. Notes

a) Host instrument

	Three months ended April 30, 2023	Year ended January 31, 2023
Opening Balance	**480**	934
Accretion expense	**-**	141
Conversion of notes	**-**	(220)
Repayment of notes	**-**	(375)
Total	**480**	480
Current portion	**480**	480
Non-current portion	**-**	-
Total	**480**	480

In thousands of Canadian dollars except for share and per share amounts

On April 5, 2022, the Corporation agreed with some investors to transfer their current investments in a non-brokered private placement of units and issued $220 as a replacement to notes issued in December 2021. In December 2022, the Corporation partially reimbursed the principal balance due at maturity and agreed with the remaining investors to defer payment.

On December 13, 2021, the Corporation announced the closing of a non-brokered private placement offering (the "Private Placement") where it issued 1,075 unsecured Convertible Note Units at a price of $0.975 per Convertible Note Unit for total gross proceeds of $1,048. Each Convertible Note Unit consists of one unsecured convertible note (each a "Note") of the Corporation in the principal amount of $1,000 and 1,000 Class "A" common share purchase warrants (each a "Warrant"). The Notes bear interest at a rate of 10% per annum from the date of issue, payable in cash, semi-annually in arrears and will mature (the "Maturity Date") on the earlier of (i) 12 months following the closing date of the Private Placement, or (ii) 20 days following the closing of a capital raise in the form of an equity or debt financing of at least $5,000 (the "Capital Raise"). Any unpaid interest payments will accrue and be added to the principal amount of the Notes. Should the Corporation complete a Capital Raise prior to the Maturity Date, the holder of a Note will have the option, but not the obligation, to convert the outstanding value of the Note and any accrued and unpaid Interest thereon, into the equity securities and/or debt instrument to be issued pursuant to the Capital Raise, at the same terms and conditions.

Each Warrant will entitle the holder thereof to purchase one Class "A" common share (each, a "Share") at an exercise price of $0.50 at any time up to 24 months following December 13, 2021. The Notes and the Warrants are subject to a statutory hold period under the applicable securities laws and in such case the certificates evidencing the Notes and the Warrants will bear a legend to that effect, as applicable. The Corporation has paid $21 in commissions and issued 21,700 finders' warrants in connection with the convertible note financing, in compliance with applicable securities laws. This leaves the Corporation with a total net proceeds of $1,027.

The Corporation valued the debt component of the notes by calculating the present value of the principal and interest payments, discounted at a rate of 24%, being management's best estimate of the rate that a Convertible note would bear as at December 13, 2021. On initial recognition, the host instrument was $958 and the warrants at $170. Since an anti-dilutive clause is attached to the warrants, the Corporation determined that the warrants were classified as financial liability. The Corporation utilized a Monte Carlo simulation model to determine the fair value of the warrants. Transaction costs were netted against the liability and will be amortized using the effective interest method over the period of the debt.

Accretion expense included in financing expense on the consolidated statement of loss and comprehensive loss, attributable to the Notes for the three months ended April 30, 2023 was nil. In addition, $12 of accrued interest expense was recorded and $27 is included as Interest payable on convertible debentures in the consolidated statement of financial position.

The following table shows the nominal value of the notes with their maturity date:

		Nominal amounts outstanding as at	
Maturity Date	**Initial Amount**	**April 30, 2023**	January 31, 2023
December 13, 2022	**1,075**	**480**	480
Total	**1,075**	**480**	480
Current portion		**480**	480
Non-current portion		**-**	-
Total		**480**	480

b) Warrants

	Three months ended April 30, 2023	Year ended January 31, 2023
Opening balance	**52**	139
Fair value adjustment	**(51)**	(87)
Total	**1**	52

For the three-month period ended April 30, 2023, the Corporation recorded a positive adjustment on revaluation of the warrants' fair value of $51.

In thousands of Canadian dollars except for share and per share amounts

11. Share Capital and other equity instruments

(a) Share capital

The Authorized Share Capital is composed of

i. Unlimited number of Class "A" common shares, with no par value
ii. Unlimited number of Class "AA" preferred shares, non-voting, non-cumulative dividends at the discretion of the directors, no par value
iii. Unlimited number of Class "B" preferred shares, redeemable, non-voting, non-cumulative dividends of 1%, no par value

Class "A" common shares	**#**	$
Balance as at April 30, 2023 and January 31, 2023	**51,038,776**	**10,357**

(b) Share based compensation

The Corporation implemented an incentive stock option plan for directors, officers, employees and consultants to participate in the growth and development of the Corporation by providing such persons with the opportunity, through stock options, to purchase common shares of the Corporation. The stock option plan provides that the aggregate number of shares reserved for issuance, set aside and made available for issuance may not exceed 10% of the number of issued shares at the time the options are to be granted. The maximum number of options which may be granted to any one beneficiary shall not exceed 5% of the issued shares, calculated at the date the option is granted.

The stock option plan is administered by the Board of Directors of the Corporation, and it has full and final authority with respect to the granting of all options thereunder. The exercise price of any options granted under the stock option plan shall be determined by the Board of Directors, subject to any applicable regulations or policies. The term and vesting of any options granted under the stock option plan shall be determined by the Board of Directors at the time of grant, and vary from one grant to another, however, subject to earlier termination in the event of dismissal for cause, termination other than for cause or in the event of death, the term of any options granted under the stock option plan may not exceed 8 years.

Options granted under the stock option plan are not to be transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession to a qualified successor. In the event of death of an option holder, options granted under the stock option plan expire upon the earlier of the normal expiry date of the options or one year from the date of death of the option holder.

Subject to certain exceptions, if an employee, director, officer, consultant ceases to hold office or provide consulting services, options granted to such a holder under the stock option plan will expire 90 days after the holder ceases to hold office or such earlier date as the Board of Directors may decide at the date the options were granted. Notwithstanding the foregoing, in the event of a termination for cause of an option holder, all unexercised options held by such option holder shall immediately expire.

During the three-month period ended April 30, 2023 and 2022, the Corporation recorded compensation expense of $56 and $42, respectively, with corresponding credits to contributed surplus related to the stock option plan. No option was granted during the three months ended April 30, 2023. The weighted average fair value of the options granted during the three-month period ended April 30, 2022, estimated by using the Black-Scholes option pricing model, was $0.16.

The fair value of the options was estimated on the date of grant based on the following weighted average assumptions:

	April 30, 2023	January 31, 2023
Weighted average exercise price	-	0.21
Weighted average risk-free rate	-	2.73%
Weighted average volatility factor *(i)*	-	106.12%
Weighted average expected life (years)	-	8.0

(i) Volatility was determined using the historical share price of the Corporation.

In thousands of Canadian dollars except for share and per share amounts

The following table presents the common shares issuable on exercise of the share-based payment transaction granted during the year ended:

	Three months ended April 30, 2023		Year ended January 31, 2023	
	Number of Shares	**Weighted Average Exercise Price**	Number of Shares	Weighted Average Exercise Price
Options outstanding, beginning of year	**4,776,000**	**0.32**	2,946,000	0.47
Granted during the period	**-**	**-**	2,500,000	0.21
Options forfeited	**-**	**-**	-	-
Options cancelled/expired	**(745,000)**	**0.36**	(670,000)	0.57
Options exercised	**-**	**-**	-	-
Options outstanding, end of year	**4,031,000**	**0.32**	4,776,000	0.32

All share-based payments will be settled in equity. The Corporation has no legal or contractual obligation to repurchase or settle the options in cash.

The following options were outstanding as at April 30, 2023:

Outstanding	**Exercisable**	**Exercise price**	**Remaining contractual life (years)**
75,000	75,000	$0.60	5.50
565,000	565,000	$0.50	0.36
450,000	450,000	$0.36	3.36
100,000	100,000	$0.70	5.90
65,000	48,750	$0.58	5.41
126,000	126,000	$0.71	3.74
100,000	100,000	$0.30	0.22
50,000	50,000	$0.47	5.90
2,000,000	483,333	$0.20	6.95
500,000	250,000	$0.26	7.15
4,031,000	**2,248,083**		

(c) Restricted Stock Units

On April 8, 2022 (the "Date of Grant") the Corporation granted 551,938 Restricted Stock Units ("RSU") to its newly hired CEO, Philippe Deschamps. Half of the RSU's will vest annually and equally over the first 3 years following the date of grant. The balance will vest based on achievements of predetermined operational and corporate milestones. During the three-month period ended April 30, 2023, no RSU vested.

The following tables present the movement in outstanding RSUs during the current period:

	Three months ended April 30, 2023	Year ended January 31, 2023
	Number of RSUs	Number of RSUs
Units outstanding, beginning of year	**551,938**	-
Granted during the period	**-**	551,938
Units outstanding, end of year	**551,938**	551,938

In thousands of Canadian dollars except for share and per share amounts

(d) Warrants

The following tables present the common shares issuable on exercise of full warrants issued during the current period:

	Number of Shares	Weighted Average Exercise Price
Balance as at January 31, 2023	**34,325,312**	$0.42
Granted during the year	-	-
Expired during the year	**(500,000)**	**$0.35**
Exercised during the year	-	-
Balance as at April 30, 2023	**33,825,312**	**$0.42**

As at April 30, 2023, the Corporation had outstanding warrants as follows:

Number of warrants	Exercise price	Fair value of warrants	Remaining contractual life
1,670,850	$0.75	$0.49	0.59 years
14,421,812	$0.50	$0.03 – $0.11	0.003 – 0.34 years
17,732,650	$0.35	$0.002 – $0.04	0.43 – 0.93 years
33,825,312			

On December 12, 2022, the Corporation amended some of its warrant agreements expiring on the same date as the non-convertible debentures. Under the terms of the amendment, the maturity date was extended to February 1, 2025. No significant impact resulted from the warrants' extension.

12. Advances from shareholders

During the year ended January 31, 2023, the Corporation received an advance of $750 from a shareholder, which is not-interest bearing. During the three months ended April 30, 2023, the Corporation received additional advances of $517 from various shareholders, which are also not-interest bearing. The Corporation settled these advances by the issuance of Units in the non-brokered private placement mentioned in Note 23 (See "Subsequent event").

13. (Income) Loss per share

Basic

Basic (earning) loss per share is calculated by dividing net loss by the weighted average number of commons shares outstanding during the period.

	Three months ended,	
	April 30, 2023	April 30, 2022
Net (income) loss for the period	**(97)**	850
Weighted average number of common shares outstanding	**51,038,776**	39,552,285
Basic (income) loss per share	**(0.00)**	0.02

The effect of dilution from stock options, warrants and convertible debentures was excluded from the calculation of weighted average number of shares outstanding for diluted (income) loss per share for the three-month period ended April 30, 2023 and for the year ended January 31, 2023 as they are anti-dilutive.

In thousands of Canadian dollars except for share and per share amounts

14. Supplemental Cash Flow Information

	Three months ended,	
	April 30, 2023	April 30, 2022
Net change in non-cash operating working capital items		
Sales tax receivable and other receivables	**(7)**	(94)
Prepaid expenses and deposits	**(69)**	(11)
Investment tax credits receivable	**(18)**	75
Accounts payable and accrued liabilities	**1,047**	429
Total	**953**	399

15. Research and Development Expenses

	Three months ended,	
	April 30, 2023	April 30, 2022
Development costs	**409**	693
Patent costs	**16**	30
Depreciation – equipment	**3**	6
Amortization – intangible assets	**8**	8
	436	737
Investment tax credit	**(18)**	(62)
Government grants (i)	**-**	(12)
Total	**418**	663

(i) During the year ended January 31, 2022, the Corporation received a grant of $75 which was recognized as a reduction of the expenses on a systematic basis over the period in which the related development costs are incurred. During the three-month period ended April 30, 2022, $12 was recognized in the consolidated statement of loss and comprehensive loss as a reduction of the related R&D expenses and nil during the three-month period ended April 30, 2023 as nil remain recorded on the consolidated statement of financial position as government grants since April 30, 2022. When the Corporation receives government grant, it is recognized on a systematic basis over the period in which the related research and development costs are incurred as a reduction of these expenses. No grants were recognized during the three-month period ended April 30, 2023 ($12 during the three-month period ended April 30, 2022).

16. General and Administrative Expenses, by nature

	Three months ended,	
	April 30, 2023	April 30, 2022
Consulting fees (i)	**219**	307
Office and administrative	**294**	140
Professional fees and other	**71**	120
Total	**584**	567

(i) Consulting fees include fees paid to management in lieu of salary.

17. Financial Expenses

	Three months ended,	
	April 30, 2023	April 30, 2022
Interest coupon on debentures	**156**	184
Difference between effective interest and coupon on debentures	**160**	167
Amortization - financing cost	**-**	24
Loss (Gain) on foreign exchange	**23**	(24)
Total	**339**	351

In thousands of Canadian dollars except for share and per share amounts

18. Income Taxes

As at April 30, 2023, the Corporation had accumulated non-capital losses for income tax purposes, which are available to be applied against future taxable income:

	Federal	Provincial
2036	663	657
2037	1,242	1,261
2038	865	607
2039	1,273	1,312
2040	1,311	1,391
2041	2,349	2,385
2042	2,950	2,982
2043	4,391	4,400
	15,044	14,995

19. Financial Instruments

During the three-month period ended April 30, 2023, conversion options and warrants issued as part of the notes in December 2021 and the convertible debentures conversion options are still being carried at faire value through profit and loss ("FVTPL"). During the year ended January 31, 2023, the conversion option resulting from the Amendment of the non-convertible debentures was classified as liability and carried at FVTPL. The Corporation has no financial instruments carried at fair value through other comprehensive income ("FVTOCI") as at April 30, 2023 and January 31, 2023.

As at April 30, 2023:	**FVTPL**	**Amortized cost**
Financial asset:		
Cash	**-**	**426**
Financial liabilities:		
Accounts payable and accrued liabilities	**-**	**2,716**
Accrued interest on debentures and notes	**-**	**470**
Advance from a shareholder	**-**	**1,267**
Notes	**-**	**480**
Long-term loan	**-**	**40**
Convertible debentures	**-**	**5,204**
Conversion options classified as liability	**651**	**-**
Warrants classified as liability	**1**	**-**

As at January 31, 2023:	**FVTPL**	**Amortized cost**
Financial asset:		
Cash	-	108
Financial liabilities:		
Accounts payable and accrued liabilities	-	1,793
Accrued interest on debentures and notes	-	328
Notes	-	750
Long-term loan	-	480
Convertible debentures	-	40
Non-convertible debentures	-	5,044
Conversion options classified as liability	2,094	-
Warrants classified as liability	52	-

In thousands of Canadian dollars except for share and per share amounts

The Corporation categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the observation of the inputs used in the measurement. The three levels are defined as follows:

Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in active markets;
Level 2: Fair value is based on inputs other than quoted prices included within Level 1 that are not observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs.

The fair value of a financial instrument is approximated by the consideration that would be agreed to in an arm's length transaction between willing parties and through appropriate valuation methods, but considerable judgement is required for the Corporation to determine the value. The actual amount that could be realized in a current market exchange could be different than the estimated value. The fair values of financial instruments included in current assets and current liabilities, other than warrants classified as liability, approximate their carrying values due to their short-term nature.

All financial instruments at fair value of the Corporation were considered a Level 2, except for the embedded derivative which is a Level 3. The Corporation's policy is to recognize transfers between the different hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

20. Financial Risk Factors

The Corporation's activities expose it to financial risks: market risk, more specifically cash flow and fair value interest rate risk, and liquidity risk. The Corporation's overall risk management program focuses on the unpredictability of the financial market and seeks to minimize potential adverse effects on its financial performance. The Corporation does not use derivative financial instruments to hedge these risks.

(a) Credit risk

Credit risk arises from cash deposited with a financial institution. The Corporation reduces this risk by dealing with credit worthy financial institutions.

(b) Market risk

(i) Cash flow and fair value interest rate risk

The Corporation is exposed to fair value interest rate risk due to its short-term debt and convertible debenture negotiated at a fixed rate.

(ii) Currency risk

The Corporation has cash and accounts payable and accrued liabilities denominated in USD, and EUR. The Corporation does not hold financial derivatives to manage fluctuation in these risks.

The following presents the accounts that are exposed to foreign exchange volatility, as at:

	April 30, 2023		January 31, 2023	
	Foreign Currency	**CAD equivalent**	Foreign Currency	CAD equivalent
Cash – USD	**16**	**22**	(6)	(7)
Accounts payable and accrued liabilities – USD	**1,381**	**1,875**	975	1,301
Accounts payable and accrued liabilities – EUR	**10**	**15**	8	12

A plus or minus 5% variation in exchange rate, all else being held equal, would result in a foreign exchange gain or loss of $96 for the three-month period ended April 30, 2023 ($65 for the year ended January 31, 2023).

In thousands of Canadian dollars except for share and per share amounts

(c) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The following are the contractual maturities of financial liabilities calculated based on contractual undiscounted cash flows including interest coupons (if applicable):

As at April 30, 2023:	***Carrying value*** **$**	***Contractual cash flows*** **$**	***Less than 12 months*** **$**	***Greater than 12 months*** **$**
Financial liabilities				
Accounts payable and accrued liabilities	2,716	2,716	2,716	-
Accrued interest on debentures and notes	470	470	470	-
Long-term loan	40	40	40	-
Advance from a shareholder	1,267	1,267	1,267	-
Convertible debentures	5,204	6,319	3,094	3,225
Notes	480	480	480	-
Total	10,177	11,292	8,067	3,225

As at January 31, 2023:	***Carrying value*** **$**	***Contractual cash flows*** **$**	***Less than 12 months*** **$**	***Greater than 12 months*** **$**
Financial liabilities				
Accounts payable and accrued liabilities	1,793	1,793	1,793	-
Accrued interest on debentures and notes	328	328	328	-
Long-term loan	40	40	40	-
Convertible debentures	750	750	750	-
Non-convertible debentures	5,044	6,515	3,165	3,350
Notes	480	486	486	-
Total	8,435	9,912	6,562	3,350

(d) Capital risk management

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Corporation's definition of capital includes equity, comprised of issued common shares, warrants and contributed surplus. The Corporation's primary objective with respect to its capital management is to ensure that it has enough financial resources to meet its financial obligations. To secure the additional capital necessary to carry out these plans, the Corporation will attempt to raise additional funds through the issuance of debt, equity or by securing funds from strategic partners. The Corporation is not subject to any externally imposed capital requirements. The Corporation's overall strategy with respect to capital risk management remains unchanged since the year ended January 31, 2023.

21. Related Party Transactions

The following table presents the related party transactions presented in the consolidated statement of loss and comprehensive for the years ended:

	Three months ended	
	April 30, 2023	April 30, 2022
Transactions with key management and members of the Board of Directors:		
Share-based compensation	**55**	30
Consulting fees	**346**	313
Interest earned on debentures	**53**	72
Interest earned on debentures by Manitex, a shareholder of the Corporation	**58**	66
R&D expenses incurred with École Polytechnique, a partner of Polyvalor, a shareholder of the Corporation	**81**	126

In thousands of Canadian dollars except for share and per share amounts

The following table presents the related party transactions presented in the consolidated statement of financial position as at:

	April 30, 2023 $	January 31, 2023 $
Key management and directors:		
Accounts payable and accrued liabilities	**713**	500
Debentures and notes	**895**	1,214
Conversion options classified as embedded derivatives	**40**	348
Warrants classified as liability	**-**	29
Accrued interest on debentures and notes	**76**	50
Manitex Capital, a shareholder of the Corporation:		
Debentures and notes	**964**	931
Conversion options classified as liability	**-**	63
Warrants classified as liability	**-**	10
Accrued interest on debentures and notes	**107**	76
Polyvalor, a shareholder of the Corporation:		
Accounts payable due to École Polytechnique, a partner of Polyvalor	**47**	-

22. Commitments

a) Polytechnique contract

In June 2015, the Corporation entered into collaborative research agreement with École Polytechnique ("Poly") which stipulated that when the Corporation's products are commercialized, it must make non-refundable payments to Polyvalor, a shareholder of the Corporation, equal to 1.5% of net sales. The agreement can be extended upon mutual consent of the parties. Following the latest amendment entered in July 2022, the agreement has been extended until August 14, 2024.

b) Platelet-rich plasma Project

In April 2021, the Corporation entered into a collaborative research agreement with École Polytechnique and two industrial partners to delineate the Platelet-rich plasma (PRP) components, the distinct impact of each component and their collective action towards tissue repair. The Corporation's contribution to the PRP project totals $240 over 2 years.

c) Axelys Project

In May 2022, the Corporation entered into a research and financing agreement with Axelys and École Polytechnique whereby Axelys, a non-for-profit organization, agreed to grant the Corporation and Poly, a sum of $524 to advance the development of its second technology platform indication, ORTHO-M, for meniscus repair (the "Axelys Project"). The Corporation's contribution to the Axelys Project totals $139 over 2 years, of which $69 was disbursed during the year ended January 31, 2023. The project commenced on August 1, 2022.

d) NSERC

On February 16, 2023, the Corporation secured, a $3,472 million grant from The Natural Sciences and Engineering Research Council of Canada ("NSERC") and Prima Québec in partnership with Poly. The 4-year grant will be used to advance the scientific development, expand the scope of indications, develop new biomaterials for regenerative medicine and accelerate the commercial readiness of the Company's flagship ORTHO-R technology platform. The Corporation's contribution to the NSERC Project totals $940 over 5 years but eliminates any contractual obligations under the Poly contract. (See 22.a)

23. Subsequent Events

a) On May 1, 2023, convertible debentures for a total value of $3,204 reached maturity. The Corporation reached an agreement with investors to reinvest $2,100 of principal and accrued interest into the Private Placement and agreed with the remaining investors to defer payment.

b) On May 1, 2023, the Corporation announced a non-brokered private placement offering (the "New Offering") of 33,333,333 units (the "Units") at a price of $0.15 (the "Issue Price") per Unit for gross proceeds of $5,000, with approximately $700 of Insider commitments. As part of the New Offering, the Corporation also announced the conversion of $3,000 worth of debentures maturing May 1, 2023 including accrued interest. Each $0.15 Unit of the New Offering will consist of one class A share (a "Share") and one share purchase warrant (a "Warrant") of the Corporation. Each Warrant will entitle the holder to purchase one Share of the Corporation ("Warrant Share") at a price of $0.35 per Warrant Share for a period of 36 months from closing (the "Closing Date"), subject to adjustment in certain events. If, at any time following the Closing Date, the daily volume weighted average trading price of the Shares on the Canadian Securities Exchange is greater than $0.50 per Share for the preceding 10 consecutive trading days, the Corporation shall have the right to accelerate the expiry date of the Warrants to a date that is at least 30 days following the date of such notice to holders of Warrants. The Corporation will pay finders' fees of 8% of the gross proceeds raised from accredited investors introduced to the Corporation by a finder, payable in cash; and finders' warrants equal to 8% of the number of Units issued to accredited investors introduced to the Corporation by a finder, each finder's warrant entitling the holder to purchase one share at a purchase price of $0.35 for a period of 24 months from the date of issuance of the finders' warrants.

c) On May 5, 2023, the Corporation announced the closing of a $3,856 non-brokered private placement offering. The first tranche consists of gross cash proceeds of $1,267, $497 in consulting fees and salaries paid through the issuance of shares and $2,093 in debt and interest payable conversion from holders of convertible debentures which matured on May 1, 2023. The Corporation issued 25,708,988 Units at a price of $0.15 per Unit with the same conditions as the announcement made on May 1, 2023.

d) On June 5, 2023, the Corporation announced the closing of a $288 second tranche of its previously announced non-brokered private placement offering of units. The second tranche consists of gross cash proceeds of $41 and $247 in debt and interest payable conversion from holders of convertible debentures which matured on May 1, 2023. The Company issued 1,922,608 Units at a price of $0.15 per Unit for a total consideration of $288.