Ortho Regenerative Technologies Inc.
Interim Condensed Financial Statements
For the six-month period ended July 31, 2016

The accompanying unaudited interim condensed financial statements have been prepared by management and approved by the Audit committee and the Board of Directors of the Corporation. These statements have not been reviewed by the Corporation's external auditors.

Ortho Regenerative Technologies Inc.
Contents

	Page
Interim Condensed Financial Statements	
Statement of Financial Position	*1*
Statement of Loss and Comprehensive Loss	*2*
Statement of Changes in Shareholders' (Deficiency) Equity	*3*
Statement of Cash Flows	*4*
Notes to Interim Condensed Financial Statements	*5*

Ortho Regenerative Technologies Inc.
Statements of Financial Position
As at

	July 31, 2016 $	January 31, 2016 $
Assets		
Cash	**24,047**	646,246
Sales tax receivable	**48,466**	30,168
Prepaid expenses	**1,115**	4,875
Investment tax credits receivable	**187,005**	225,915
Total current assets	**260,633**	907,204
Investment tax credits receivable	**83,000**	-
Deferred share issue costs	**-**	153,874
Intangible assets *(Note 4)*	**1,073,964**	725,192
Total non-current assets	**1,156,964**	879,066
Total assets	**1,417,597**	1,786,270
Liabilities		
Accounts payable and accrued liabilities *(Note 9)*	**861,145**	858,139
Operating loan *(Note 5)*	**532,150**	240,000
Total current liabilities	**1,393,295**	1,098,139
Class A shares liability *(Note 6)*	**333,334**	333,334
Total liabilities	**1,726,629**	1,431,473
Shareholders' (deficiency) equity		
Common shares *(Note 6)*	**851,281**	1,006,617
Warrants *(Note 6)*	**146,000**	130,000
Contributed surplus *(Note 6)*	**254,645**	146,060
Deficit	**(1,560,958)**	(927,880)
Total shareholders' (deficiency) equity	**(309,032)**	354,797
Total liabilities and shareholders' (deficiency) equity	**1,417,597**	1,786,270

Going Concern *(Note 1)*; Related Party Transactions *(Note 9)*; Commitments *(Note 10); Subsequent event (Note 11)*

Approved on behalf of the Corporation's Board of Directors on September 22, 2016.

"Steve Saviuk" , Director

"Michael Bushmann" , Director

	3 months ended July 31,		6 months ended July 31,	
	2016	2015	**2016**	2015
	$	$	**$**	$
General and Administrative Expenses				
Professional fees	**79,185**	15,282	**97,502**	37,811
Research costs *(Note 9)*	**28,893**	22,281	**107,393**	35,000
Office and administrative *(Note 9)*	**121,264**	11,991	**237,076**	11,991
Travel and promotion	**14,565**	4,030	**26,585**	5,313
Filing fees	**36,848**	-	**41,976**	-
Share-based compensation *(Note 6 and 9)*	**68,122**	-	**108,585**	-
Financial Expenses				
Interest and bank charges *(Note 5)*	**11,499**	860	**13,961**	870
Net loss and comprehensive loss	**360,376**	54,444	**633,078**	90,985

Ortho Regenerative Technologies Inc.
Statementa of Changes in Shareholders' Equity
For the six-month period ended July 31, 2016 and from February 5, 2015 to July 31, 2015

	Number of shares	*Share capital*	*Warrants*	*Contributed surplus*	*Deficit*	*Total equity*
Balance February 5, 2015	-	-	-	-	-	-
Issuance of shares as equity *(Note 6)*	11,666,666	500,617	-	-	-	500,617
Net loss for the period	-	-	-	-	(90,985)	(90,985)
Balance as at July 31, 2015	11,666,666	500,617	**-**	**-**	(90,985)	(409,632)
As at January 31, 2016	**12,966,666**	**1,006,617**	**130,000**	**146,060**	**(927,880)**	**354,797**
Issuance of shares as equity *(Note 6)*	**160,000**	**68,000**	**-**	**-**	**-**	**68,000**
Share issue costs *(Note 6)*	**8,000**	**(223,336)**	**-**	**-**	**-**	**(223,336)**
Issuance of warrants *(Note 6)*	**-**	**-**	**16,000**	**-**	**-**	**16,000**
Share based compensation *(Note 6)*	**-**	**-**	**-**	**108,585**	**-**	**108,585**
Net loss for the period	**-**	**-**	**-**	**-**	**(633,078)**	**(336,078)**
As at July 31, 2016	**13,134,666**	**851,281**	**146,000**	**254,645**	**(1,560,958)**	**(309,032)**

The number of shares held in escrow as at July 31, 2016 is 11,508,858 (Nil - July 31, 2015)

Ortho Regenerative Technologies Inc.
Statements of Cash Flows
For the six-month period ended July 31, 2016 and from February 5, 2015 to July 31, 2015

	2016 $	2015 $
Operating activities:		
Net loss from operations	**(633,078)**	(90,985)
Add items not affecting cash:		
Share based compensation *(Note 6)*	**108,585**	-
	(524,493)	(90,985)
Net change in non-cash operating working capital:		
Investment tax credit	**(44,090)**	-
Sales tax receivable and prepaid expenses	**(14,538)**	(75,121)
Accounts payable and accrued liabilities	**3,006**	248,736
Cash (used in) provided by operating activities	**(580,115)**	82,630
Investing activities:		
Acquisition of intangible assets, net of investment tax credit of $ 19,987 (Nil – 2015) *(Note 4)*	**(348,772)**	(729,665)
Financing activities:		
Increase in operating loan	**292,150**	71,237
Issuance of share capital as equity *(Note 6)*	**80,000**	500,617
Issuance of share capital as debt *(Note 6)*	**-**	75,757
Payment of share issue costs *(Note 6)*	**(4,000)**	-
Payment of deferred share issue costs	**(61,462)**	-
Cash provided from financing activities	**306,668**	647,611
Decrease in cash	**(622,199)**	576
Cash, beginning of period	**646,246**	-
Cash, end of period	**24,047**	576
Supplementary cash flow information		
Change in accounts payable reflected in intangibles	**45,433**	160,042

1. Presentation of Financial Statements

Description of the Business and Going Concern

Ortho Regenerative Technologies Inc. ("the Corporation") was incorporated under the Canada Business Corporations Act on February 5, 2015 and on September 17, 2015 articles of amendment were approved to change the authorized shares. On April 26, 2016, pursuant to a Certificate of Amendment, the Corporation (i) removed the restrictions on the transfer of its common shares, (ii) added a legal French version of its name being Technologies Ortho Régénératives inc. and (iii) added a provision to have the ability to appoint one or more additional directors between shareholders' meetings. The Corporation's head office, principal address and registered office is located at 16667 Hymus Blvd., Kirkland, Quebec, Canada.

On April 29, 2016 the Corporation filed a final prospectus with specific security regulatory authorities in connection with an initial public offering of its shares by way of Manitex Capital Inc. ("Manitex") distributing a dividend-in-kind of Ortho Class A Common Shares to the holders of Manitex shares. Manitex is an existing shareholder of the Corporation and held 5,109,000 shares of Ortho. On June 3, 2016, the dividend-in-kind of Class A Common Shares of Ortho was paid on the basis of one share for every ten Manitex shares which are outstanding on the Record Date set by Manitex's Board of Directors. On June 3, 2016 Manitex has 12,561,276 shares that are issued and outstanding and caused the distribution of 1,100,142 Ortho shares to Canadians residents holders of Manitex shares and $77,926 was paid in cash to non-residents, pursuant to the prospectus, at a deemed value of $0.50 per share. Manitex is listed on the TSX Venture Exchange under the symbol MNX.

The Corporation specializes in research on innovative medical devices which stimulate the regeneration of joint tissues.

These financial statements are prepared on the assumption that the Corporation is a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of operations. In its assessment to determine if the going concern assumption is appropriate, management takes into account all data available regarding the future for at least, without limiting, the next twelve months. The Corporation has yet to generate revenue and has relied upon the issuance of debt and equity instruments to fund operations. As at July 31, 2016, the Corporation has a deficit of $ 1,560,958 ($927,880 as at January 31, 2016) and a negative working capital of $1,132,662 ($190,935 as at January 31, 2016). During the month of June 2016, the Corporation and Polyvalor signed an amendment to the Intellectual Property Assignment and Technology Transfer Agreement. The changes are to extend the payment date of the $100,000 non-refundable fee to Polytechnique from May 31, 2016 to October 31, 2016, and to extend Round 2 of financing described in Note 10, to October 31, 2016. In addition, on August 2, 2016, the Corporation closed a private placement in the amount of $460,000 describe in Note 11. The ability of the Corporation to fulfill its obligations and finance its future activities depends on the ability to raise capital and the support of its creditors. The Corporation believes their efforts to raise sufficient funds to support their activities will be successful, however, there is no assurance that funds will continue to be raised on acceptable terms. This indicates the existence of material uncertainties that may cast a significant doubt about the ability of the Corporation to continue its operations and subsequently, usefulness of using accounting principles applicable to a going concern company.

Failure to obtain such additional financing could result in delay or indefinite postponement of the Corporation's strategic goals. These financial statements do not include any adjustments relative 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.

These financial statements were approved and authorized for issuance by the Board of Directors on September 22, 2016.

2. Summary of Significant Accounting Policies

a) Basis of measurement

These financial statements have been prepared on a going-concern basis, under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value.

2. Summary of Significant Accounting Policies *(Continued from previous page)*

b) Functional and presentation currency

These financial statements are presented in the Canadian dollar, 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 income. 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. Revenues and expenses are translated using the average exchange rates for the period or the exchange rate at the date of the transaction for significant items.

	July 31, 2016	January 31, 2016
End of period exchange rate	**1.2548**	1.3075

c) Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The unaudited condensed interim consolidated financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual consolidated financial statements for the period from date of incorporation February 5, 2015 to January 31, 2016 as they follow the same accounting policies and methods of application.

d) Future accounting pronouncements

The Corporation has not yet applied the following new standards, interpretations or amendments to standards that have been issued but are not yet effective. Unless otherwise stated, the Corporation does not plan to early adopt any of these new or amended standards and interpretations.

IFRS 9 Financial Instruments

The final version of IFRS 9, Financial instruments ("IFRS 9"), was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward-looking expected loss impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of an entity's own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9, which is to be applied retrospectively, is effective for annual periods beginning on or after January 1, 2018 and is available for early adoption. In addition, an entity's own credit risk changes can be applied early in isolation without otherwise changing the accounting for financial instruments. The Corporation is currently assessing the impact, if any, of adopting IFRS 9.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. The objective of this new standard is to provide a single, comprehensive revenue recognition framework for all contracts with customers to improve comparability of financial statements of companies globally. This new standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. This new standard is effective for annual periods beginning on or after January 1, 2018. The Corporation is currently assessing the impact, if any, of adopting IFRS 15.

2. Summary of Significant Accounting Policies *(Continued from previous page)*

d) Future accounting pronouncements *(Continued from previous page)*

IFRS 16 Leases

In January 2016, IFRS 16 Leases ("IFRS 16") was issued, which replaces IAS 17 Leases, and related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. For lessees, IFRS 16 removes the classification of leases as either operating or financing and requires that all leases be recognized on the statement of financial position, with certain exemptions that include leases of 12 months or less. The accounting for lessors is substantially unchanged. The standard is effective for annual periods beginning on or after January 1, 2019, to be applied retrospectively, or on a modified retrospective basis. The Corporation is currently assessing the impact of adopting this standard.

IAS 7 Statement of Cash Flows

In January 2016, amendments to IAS 7 Statement of cash flows were issued to improve information provided to users of financial statements about an entity's changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes. The latest date of mandatory implementation of these amendments to IAS 7 is January 1, 2017. The Corporation is currently evaluating the impact on its unaudited condensed interim consolidated financial statements.

3. Use of Estimates and Judgements

The preparation of the unaudited condensed interim consolidated financial statements requires management to undertake a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from these judgments and estimates. These estimates and judgments are based on management's best knowledge of the events or circumstances and actions the Company may take in the future. The estimates are reviewed on an ongoing basis. Information about the significant judgments, 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 2016 annual financial statements and are still applicable for the period ended July 31, 2016.

4. Intangible Assets

The intangible assets consist of:

	Patents	*Intellectual Property*	*Development Costs*	*Total*
Cost				
Balance as at January 31, 2016	**85,367**	**333,150**	**306,675**	**725,192**
Additions	**30,708**	**35,000**	**303,051**	**368,759**
Investment tax credit	**-**	**-**	**(19,987)**	**(19,987)**
Balance as at July 31, 2016	**116,075**	**368,150**	**589,739**	**1,073,964**

No amortization has been recorded in the period. Amortization of the Patents will commence when the Patents have been approved. Amortization of the Intellectual Property and Development Costs will commence when the various products have been commercialized.

On August 26, 2016, one patent was issued and will expired in year 2032. The cost of the patent is $33,985 and will be amortized over the remaining life of 16 years at $2,140 per annum.

5. Operating Loan

On June 19, 2015, the Corporation entered into a loan agreement with Manitex Capital Inc. ("Manitex"), a shareholder of the Corporation, for a maximum amount of $240,000. Borrowing under this unsecured loan agreement bear interest at 8% per annum and due on demand. As at January 31, 2016 the Corporation had drawn on the loan to its maximum amount. Pursuant to the agreement, any borrowings were to be repaid by January 31, 2016. On April 25, 2016, Manitex signed a letter of intent to provide $1,130,000 of additional financing to the Corporation. The exact amount of the additional financing will be equal to the difference between $2,600,000 and the total amount of financing secured by the Corporation, through cumulative rounds of financing, prior to October 31, 2016. The additional financing will be under the same terms and conditions as the original loan agreement entered into on June 19, 2015 and amended to be due on demand. As at July 31, 2016, the unused amount is $837,850.

6. Share Capital

(a) Authorized:

Unlimited number of Class "A" common shares, no par value.

Unlimited number of Class "AA" preferred shares, non-voting, non-cumulative dividends at the discretion of the directors, no par value

Unlimited number of Class "B" preferred shares, redeemable, non-voting, non-cumulative dividends of 1%, no par value

Issued and fully paid:	
13,134,666 Class A common shares	**$ 1,088,617**

On June 3, 2016, the Corporation and Manitex completed its transaction as described in the long form prospectus by the payment of a dividend-in-kind of 1,100,142 Class "A" common shares of Ortho RTi held by Manitex. Therefore, the cost related to the transaction amounted to $215,336 and was charged to share capital in the period.

On July 29, 2016, the escrow agreement was signed and filed with the Autorité des Marchés Financiers. Based on the escrow agreement, 11,508,858 shares are held in escrow and will be release by the Escrowed Securities as follows:

Release Date	**Portion of Escrowed Securities Released**
On the date of Corporation's securities are listed	1/10 of the Escrowed Securities
Six months after the listing date	1/6 of the Escrowed Securities
12 months after the listing date	1/5 of the Escrowed Securities
18 months after the listing date	1/4 of the Escrowed Securities
24months after the listing date	1/3 of the Escrowed Securities
30 months after the listing date	1/2 of the Escrowed Securities
36 months after the listing date	The remaining of the Escrowed Securities

In February 2016, the Corporation closed a private placement of $80,000 for 160,000 units at a subscription price of $0.50 per unit, with each unit consisting of one Class A common share and one-half common share purchase warrant. A full warrant will entitle the holder to acquire one common share at an exercise price of $0.70 per share at any time on or before the close of business on a date that is twenty-four months from the subscription date. If, during the twenty-four months after that date, the Corporation's weighted average share price for 30 consecutive trading days equals or exceeds $1.00, the Corporation may give notice to the warrant holders that they must exercise their warrants within a period of 30-days from the date of receipt of the notice. The private placement was completed by an authorized dealer, with fees of 5% of the placement value and 5% of shares issued.

6. Share Capital *(Continued from previous page)*

(a) Authorized *(Continued from previous page)**:***

In January 2016, the Corporation closed a private placement of $650,000 through the issuance of 1,300,000 units at $0.50 per unit, each unit comprising of one common share and one-half (1/2) common share purchase warrant. Each full warrant entitles the holder to purchase one common share at $0.70 per share. The warrants have a life of twenty-four (24) months and expire on January 28, 2018. If, during the twenty-four (24) months period the Corporation's weighted average share price for 30 consecutive trading days equals or exceeds $1.00, the Corporation may give notice to the Warrant holders that they must exercise their remaining Warrants within a period of 30 days from the date of receipt of the notice. Using the Black-Scholes option valuation model, the unit was valued at $0.40 for the common share and $0.10 for the warrant. The share issue costs associated with the private placements were $14,000.

On June 19, 2015, the Corporation issued 9,444,444 Class A common shares for total proceeds of $500,395. The Corporation did not incur any costs related to the issuance of these common shares.

On June 19, 2015 a further 833,334 Class A common shares, for total proceeds of $75,757, were issued as fully paid with no par value. These shares have a put right associated to them allowing the shareholder to require that the Corporation redeem the shares if the Corporation has not gone public by June 19, 2022. As these shares include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset, they do not meet the criteria in IAS 32 *Financial Instruments: Presentation* for classification as equity and therefore are classified as a FVTPL liability. At January 31, 2016, the fair value of this liability was increased to $333,334 based on a value of $0.40 per common share, such value having been estimated by using a Relative Fair Value Method calculation based on the common share pricing of the private placements concluded in January 2016. As at July, management reviewed the fair value and determined that there is no change since the value of the common shares remained at $0.40 based on the recent private placement closed on August 2, 2016. Details of the assumptions used are as follows:

Methods	***Rate, period and dollar***
Weighted average risk-free interest rate	0.90%
Weighted average volatility factor	125%
Weighted average expected life	2 years
Weighted fair value of Class A common shares	$0.40

Volatility is determined based on the historical share price of comparable companies. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

On May 5, 2015, the Corporation issued 2,212,222 Class A common shares for total proceeds of $221. The Corporation did not incur any costs related to the issuance of these common shares.

On February 5, 2015, the Corporation issued 10,000 Class A common shares for total proceeds of $1. The Corporation did not incur any costs related to the issuance of these common shares.

The following schedules the common shares issuable on exercise of the warrants and share-based payment transactions granted during the current fiscal year:

	Shares issuable on exercise of			
	Warrants		***Share options***	
	Number of shares #	***Weighted exercise price $***	***Number #***	***Weighted exercise price $***
Balance, January 31, 2016	**650,000**	**0.70**	**1,025,000**	**0.16**
Granted during the period	**80,000**	**0.70**	**371,800**	**0.50**
Expired during the period	-	-	-	-
Cancelled during the period	-	-	-	-
Exercised during the period	-	-	-	-
Balance, July 31, 2016	**730,000**	**0.70**	**1,396,000**	**0.25**

(b) Share option:

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 person with the opportunity, through stock options, to purchase common shares of the Corporation. The Stock Option Plan which 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. Options may be granted under the Stock Option Plan to such directors, officers, employees or consultants of the Corporation and its affiliates, if any, as the Board of Directors may from time to time designate. 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, 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 5 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, in the event that an employee, director, officer, consultant or individual conducting investor relations activities ceases to hold office, 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 terminate

On June 23, 2016, the Board granted 371,800 options at an exercise price of $0.50, expiring on June 23, 2021. The options vest as follows: 100,000 options vest on the grant date; 100,000 options vest on December 24, 2016, 96,800 options vest on June 24, 2017 and 75,000 options vest on December 24, 2017. The total compensation cost of these stock options is estimate to be $86,318, which will be recognized on a gradual basis over the vesting period of the stock options

In addition, the Board reserved 28,200 options to be granted to the Vice-president and General Counsel, once the number of issued and outstanding shares has increased by at least 282,000 subject to the same terms and condition as above.

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.

As per the escrow agreement 1,025,000 shares options are held in escrow and are subject to the same release conditions as described above.

The following options to purchase common shares were outstanding as at July 31, 2016:

Number of Options outstanding	*Number of Options Exercisable*	*Exercise price $*	*Remaining contractual life*
400,000	**125,000**	**0.10**	**4 years**
625,000	**250,000**	**0.20**	**4.3 years**
371,800	**100,000**	**0.50**	**4.9 years**

6. Share Capital *(Continued from previous page)*

(b) Share option: *(Continued from previous page)**:***

Under the Black-Scholes option-pricing model, the following assumptions were used when the options were granted:

	June 2016	*July 2015*	*August 2015*	*November 2015*
Weighted average risk-free interest rate	0.62%	0.81%	0.76%	0.90%
Weighted average volatility factor	78.15%	125%	125%	125%
Weighted average expected life	5 years	5 years	5 years	5 years
Weighted fair value of options	$0.2322	$0.371	$0.371	$0.356
Forfeiture rate	Nil	Nil	Nil	Nil

Volatility is determined based on the historical share price of comparable companies.

(c) Warrants

In February 2016, the Corporation issued 160,000 share purchase half-warrants as part of the private placements (note 6a). Each full warrants shall entitle the holder to acquire one common shares of the Corporation at an exercise price of $0.70 per common share. The half-warrants expire on February 26 2018. The warrants were valued at $0.10 using the Black-Scholes option valuation model with the following assumptions:

Methods	***Rate, period and dollar***
Weighted average risk-free interest rate	0.49%
Weighted average volatility factor	125%
Weighted average expected life	2 years
Expected dividend yield	Nil

Volatility is determined based on the historical shares price of comparable companies

In January 2016, the Corporation issued 1,300,000 share purchase half-warrants as part of the private placements (note 6a). Each full warrants shall entitle the holder to acquire one common shares of the Corporation at an exercise price of $0.70 per common share. The half-warrants expire on January 28 2018. The warrants were valued at $0.10 using the Black-Scholes option valuation model with the following assumptions:

Methods	***Rate, period and dollar***
Weighted average risk-free interest rate	0.90%
Weighted average volatility factor	125%
Weighted average expected life	2 years
Expected dividend yield	Nil

Volatility is determined based on the historical shares price of comparable companies

6. Share Capital *(Continued from previous page)*

(d) Earnings per share:

The weighted average number of shares outstanding used in the calculation of earnings per share is as follows:

	3 months ended July 31,		6 months ended July 31,	
	2016	2015	**2016**	2015
Weighted average number of common shares outstanding	**13,134,666**	6,413,587	**13,113,435**	3,298,954
Basic and diluted loss per common shares	**0.03**	0.01	**0.05**	0.03

The number of options and warrants outstanding as at July 31, 2016 and 2015 is not included in the calculation because the effect is anti-dilutive.

7. Financial Instruments

The classification of financial instruments at their carrying and fair values is as follows:

	July 31, 2016	
	Carrying Value FVTPL	***Fair Value***
	$	***$***
Financial Assets		
Cash	**24,047**	**24,047**

	Carrying Value		**Fair Value**
	FVTPL	***Other financial liabilities***	
	$	***$***	***$***
Financial Liabilities			
Accounts payable and accrued liabilities	**-**	**861,145**	**861,145**
Operating loan	**-**	**532,150**	**532,150**
Class A shares liability	**333,334**	**-**	**333,334**
	333,334	**1,393,295**	**1,726,629**

	January 31, 2016	
	Carrying Value FVTPL	***Fair Value***
	$	***$***
Financial Assets		
Cash	646,246	646,246

	Carrying Value		**Fair Value**
	FVTPL	***Other financial liabilities***	
	$	***$***	***$***
Financial Liabilities			
Accounts payable and accrued liabilities	-	858,139	858,139
Operating loan	-	240,000	240,000
Class A shares liability	333,334	-	333,334
	333,334	1,098,139	1,431,473

8. Financial Risk Factors

The Corporation's activities expose it to financial risks: market risk specifically to 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 the Corporation's financial performance. The Corporation does not use derivative financial instruments to hedge these risks.

(a) Market risk

(i) Cash flow and fair value interest rate risk

The Corporation is exposed to fair value interest rate risk due to the operating loan negotiated at a fixed rate.

(ii) Currency risk

The Corporation has cash and accounts payable and accrued liabilities in US$ currency. The Corporation does not hold financial derivatives to manage the fluctuation of these risks.

The following presents the accounts that are exposed to foreign exchange volatility at July 31, 2016:

	US $	***Total CDN $ Equivalent***
Cash	**110**	**148**
Accounts and accrued liabilities	**(16,562)**	**(21,811)**

(b) 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 as at July 31, 2016.

	Carrying Value $	***Less than 30 days $***	***30 days to 3 months $***	***3 months to 12 months $***	***More than 12 months $***
Financial Liabilities					
Accounts payable and accrued liabilities	**861,145**	**235,916**	**625,229**	**-**	**-**
Operating loan	**574,722**	**-**	**-**	**574,722**	**-**
Class A shares liability	**333,334**	**-**	**-**	**-**	**333,334**
	1,769,201	**235,916**	**625,229**	**574,722**	**333,334**

(c) Fair value risk

The Corporation's financial instruments consist of cash, accounts payable and accrued liabilities, operating loan and Class A shares liability. The fair value of these financial instruments approximated the carrying value disclosed in Note 8 due to the short-term maturity of the instruments.

(d) Capital risk management

The Corporation' objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders. The Corporation includes equity, comprised of issued common shares and contributed surplus, in the definition of capital. The Corporation's primary objective with respect to its capital management is to ensure that is has sufficient financial resources to meet its financial obligations. To secure the additional capital necessary to pursue these plans, the Corporation will attempt to raise additional funds through the issuance of equity or by securing strategic partners. The Corporation is not subject to any externally imposed capital requirements.

9. Related party transactions

a) Transactions with key management and members of the Board of Directors

The remuneration of key management, which include the President and CEO, Vice-President Financer and Chief Financial Officers and members of the Board includes the following expenses:

	July 31, 2016 *$*	*July 31, 2015* *$*
Salaries and expense for employee benefits	**212,336**	-
Share-based compensation to employees and directors	**108,585**	**-**
Consulting fees charged by a director	**8,300**	**-**
	July 31, 2016 *$*	*January 31, 2016* *$*
Accounts payable and accrued liabilities due to a director	**8,300**	**-**

b) Transactions with Manitex, a shareholder of the Corporation:

	July 31, 2016 *$*	*July 31, 2015* *$*
Interest charged by	**13,103**	-
	July 31, 2016 *$*	*January 31, 2016* *$*
Accounts payable and accrued liabilities due to	**182,409**	140,566

c) Transaction with Polytechique, a partner of Polyvalor :

	July 31, 2016 *$*	*July 31, 2015* *$*
Research expenses	**105,000**	-
	July 31, 2016 *$*	*January 31, 2016* *$*
Amounts included in Development costs	**244,998**	-
Accounts payable and accrued liabilities due to	**291,667**	175,000

d) Transaction with Polyvalor, holder of 833,334 common shares presented as a liability (Note 6):

	July 31, 2016 *$*	*January 31, 2016* *$*
Amounts included in Intellectual Property	35,000	225,758

All other related party transactions have been disclosed in these financial statements.

10. Commitments

a) On June 19, 2015 the Corporation entered into three long-term Research Service Agreements with Polytechnique, requiring disbursements for a total of $2,100,000.

   i) Agreement 1: $17,500 monthly for 36 months for a total of $630,000.

   ii) Agreement 2: $23,333.33 monthly for 36 months for a total of $840,000.

   iii) Agreement 3: $17,500 monthly for 36 months for a total of $630,000.

b) On June 19, 2015, the Corporation entered into an Intellectual Property Assignment and Technology Transfer Agreement with Polyvalor. Payments remaining under this Agreement are as follows:

   i) A non-refundable fee of $36,410 payable on October 31, 2016 payable to Polyvalor

   ii) A non-refundable fee of $100,000 payable on or before October 31, 2016 payable to Polytechnique

When the product is commercialized, the Corporation must make non-refundable payments to Polyvalor equal to 1.5% of Net Sales.

In the event that the Corporation fails to perform any of the payments provided in this Agreement, compound interest at an annual rate of 12% will be applied on any unpaid balance at the end of each month.

The Corporation must obtain and conclude cumulative rounds of financing for a minimum amount of $1,470,000 (identified as Round 1), which includes the amount of $500,000 paid by Manitex for its common shares and the operating loan of $240,000 (Note 5) by February 28, 2016. As at January 31, 2016, financing amounting to $1,390,000 was raised. May 31, 2016, the Corporation had to obtain and concluded cumulative rounds of financing for a minimum amount of $2,600,000 (identified as Round 2), which includes the $1,470,000 financing in Round 1. As at April 30, 2016, the Corporation had not concluded the financing requirement of Round 2 and therefore the Corporation and Polyvalor agreed to amend the Agreement to change the required date to October 31, 2016. In the event that the Corporation is not able to obtain financing as described, the Corporation will have a period of three (3) months from each date of the Rounds to find alternative financing solutions, which will require approval by an investment committee. If such approval is not obtained nor the financing secured, the Agreement can be unilaterally terminated by Polyvalor. Any and all amounts owed will become payable immediately and the assigned Intellectual Property will immediately and automatically revert back to Polyvalor for a nominal amount of one dollar.

The following table presents the minimum obligations due over the next two years are as follows:

	Research agreement $	Intellectual property $	Total $
Up to 1 year	700,000	136,410	836,410
1 to 2 years	583,334	-	583,334
	1,283,334	136,410	1,419,744

11. Subsequent event

On August 3, 2016, the Corporation closed a private placement of $385,000 for 770,000 units at a subscription price of $0.50 per unit, with each unit consisting of one Class A common share and one-half common share purchase warrant. A full warrant will entitle the holder to acquire one common share at an exercise price of $0.70 per share at any time on or before the close of business on a date that is twenty-four months from the subscription date. If, during the twenty-four months after that date, the Corporation's weighted average share price for 30 consecutive trading days equals or exceeds $1.00, the Corporation may give notice to the warrant holders that they must exercise their warrants within a period of 30-days from the date of receipt of the notice. The private placement was completed by an authorized dealer, with fees of 5% of the placement value and 5% of shares issued. In addition to the private placement, the Corporation received a subscription form from a director in the amount of $75,000 for 150,000 units, under the same terms and conditions as describe above. On August 2, 2016, the Corporation issued 958,500 shares and 460,000 warrants for a total net proceed of $440,750.

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