Ortho Regenerative Technologies Inc.
Financial Statements
For the year ended January 31, 2017

Contents

Management's Responsibility

To the Shareholders of Ortho Regenerative Technologies Inc.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Audit Committee is composed of a majority of Directors who are neither management nor employees of the Corporation. The Committee is responsible for overseeing management in the performance of its financial reporting responsibilities. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Corporation's external auditors.

MNP SENCRL, srl, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with the Board, the Audit Committee and management to discuss their audit findings.

May 16, 2017

"Brent Norton"	"Jo-Anne Mainguy-Piché"
Acting Chief Executive Officer	Chief Financial Officer

Independent Auditors' Report

To the Shareholders of Ortho Regenerative Technologies Inc.:

We have audited the accompanying financial statements of Ortho Regenerative Technologies Inc., which comprise the statement of financial position as at January 31, 2017 and January 31, 2016, and the statements of loss and other comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the year ended January 31, 2017 and for the period from the Date of Incorporation of February 5, 2015 to January 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Ortho Regenerative Technologies Inc. as at January 31, 2017 and January 31, 2016 and its financial performance and its cash flows for the year ended January 31, 2017 and for the period from the Date of Incorporation of February 5, 2015 to January 31, 2016 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Corporation incurred a deficit of $2,054,331 as at January 31, 2017 ($927,880 as at January 31, 2016) and a negative working capital of $1,301,640 ($190,935 as at January 31, 2016). These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern.

Montréal, Québec

May 16, 2017

MNP SENCRL, srl [1]

[1] CPA auditor, CA, public accountancy permit No. A126822

	January 31, 2017 $	January 31, 2016 $
Assets		
Cash	**7,366**	646,246
Sales tax receivable	**14,928**	30,168
Prepaid expenses	**11,222**	4,875
Investment tax credits	**345,005**	225,915
Total current assets	**378,521**	907,204
Deferred share issue costs	**-**	153,874
Intangible assets *(Note 4)*	**1,294,789**	725,192
Total non-current assets	**1,294,789**	879,066
Total assets	**1,673,310**	1,786,270
Liabilities		
Accounts payable and accrued liabilities	**800,311**	858,139
Operating loan *(Note 5)*	**879,850**	240,000
Total current liabilities	**1,680,161**	1,098,139
Class A shares liability *(Note 6)*	**333,334**	333,334
Total liabilities	**2,013,495**	1,431,473
Shareholders' (deficiency) equity		
Common shares *(Note 6)*	**1,200,031**	1,006,617
Warrants *(Note 6)*	**238,000**	130,000
Contributed surplus *(Note 6)*	**276,115**	146,060
Deficit	**(2,054,331)**	(927,880)
Total shareholders' (deficiency) equity	**(340,185)**	354,797
Total liabilities and shareholders' (deficiency) equity	**1,673,310**	1,786,270

Going Concern *(Note 1)*; Related Party Transactions *(Note 10)*; Commitments *(Note 11); Subsequent event (Note 12)*

" /s/ Brent Norton , Director

"/s/ Laurence Terrisse-Rulleau " , Director

	2017	2016
	$	$
General and Administrative Expenses		
Professional fees	**113,014**	169,276
Consulting fees *(Note 10)*	**215,859**	90,254
Research costs *(Note 10)*	**164,285**	143,252
Office and administrative *(Note 10)*	**349,506**	89,902
Travel and promotion	**47,897**	23,602
Transfer agent and filing fees	**40,435**	-
Share-based compensation *(Note 6 and 10)*	**130,055**	146,060
	1,061,051	662,346
Financial Expenses		
Interest and bank charges	**65,400**	7,957
Fair value adjustment on Class A shares liability	**-**	257,577
Net loss and comprehensive loss	**1,126,451**	927,880

	Number of shares	*Share capital*	*Warrants*	*Contributed surplus*	*Deficit*	*Total equity*
Balance February 5, 2015	-	-	-	-	-	-
Issuance of shares as equity *(Note 6)*	12,966,666	1,020,617	-	-	-	1,020,617
Share issue costs *(Note 6)*	-	(14,000)	-	-	-	(14,000)
Issuance of warrants *(Note 6)*	-	-	130,000	-	-	130,000
Share based compensation *(Note 6)*	-	-	-	146,060	-	146,060
Net loss for the period	-	-	-	-	(927,880)	(927,880)
Balance, 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)*	**1,080,000**	**451,400**	**-**	**-**	**-**	**451,400**
Share issue costs *(Note 6)*	**46,500**	**(257,986)**	**-**	**-**	**-**	**(257,986)**
Issuance of warrants *(Note 6)*	**-**	**-**	**108,000**	**-**	**-**	**108,000**
Share based compensation *(Note 6)*	**-**	**-**	**-**	**130,055**	**-**	**130,055**
Net loss for the year	**-**	**-**	**-**	**-**	**(1,126,451)**	**(1,126,451)**
As at January 31, 2017	**14,093,166**	**1,200,031**	**238,000**	**276,115**	**(2,054,331)**	**(340,185)**

The number of shares held in escrow as at January 31, 2017 is 11,508,858 (Nil – January 31, 2016)

Ortho Regenerative Technologies Inc.

Statements of Cash Flows

For year ended January 31, 2017 and for the period from date of incorporation (February 5, 2015) to January 31,2016

	2017	2016
	$	$
Operating activities:		
Net loss from operations	**(1,126,451)**	(927,880)
Add items not affecting cash:		
Share based compensation *(Note 6)*	**130,055**	146,060
Fair value adjustment on Class A shares liability	**-**	257,577
	130,055	403,637
Net change in non-cash operating working capital:		
Investment tax credits	**(119,090)**	(52,068)
Sales tax receivable and prepaid expenses	**8,893**	(35,043)
Accounts payable and accrued liabilities	**(57,828)**	634,466
Cash (used in) provided by operating activities	**(1,164,421)**	23,112
Investing activities:		
Acquisition of intangible assets, net of investment tax credit of $172,913 ($173,847 – 2016) *(Note 4)*	**(569,597)**	(675,366)
Financing activities:		
Increase in operating loan	**639,850**	240,000
Issuance of share capital as equity *(Note 6)*	**540,000**	1,150,617
Issuance of share capital as debt *(Note 6)*	**-**	75,757
Payment of share issue costs *(Note 6)*	**(23,250)**	(14,000)
Payment of deferred share issue costs	**(61,462)**	(153,874)
Cash provided by financing activities	**1,095,138**	1,298,500
(Decrease) increase in cash	**(638,880)**	646,246
Cash, beginning of year	**646,246**	-
Cash, end of year	**7,366**	646,246
Supplementary cash flow information		
Change in accounts payable reflected in intangibles	**97,361**	223,673
Interest on short term liabilities recorded in accounts payable and accrued liabilities	**64,373**	-

1. Presentation of Financial Statements

Description of the Business and Going Concern

Ortho Regenerative Technologies Inc. ("the Corporation" or "Ortho") 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 January 31, 2017, the Corporation has a deficit of $ 2,054,331 ($927,880 as at January 31, 2016) and a negative working capital of $ 1,301,640 ($190,935 as at January 31, 2016). At time to time, during the year, the Corporation and Polyvalor signed five amendments 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 March 31, 2017, and to extend Round 2 of financing described in Note 10, to March 31, 2017, which was subsequently converted into shares as described in note 12. In addition, subsequently to year end, the Corporation closed a private placement in two tranches, for an amount of $650,000 described in Note 12. In conjunction with the second tranche, Manitex converted $400,000 from its debt into shares and $600,000 into a first rank, long-term convertible debenture, bearing interest at 10% and maturing on February 1, 2019 as explain in note 12. The ability of the Corporation to fulfill its obligations and finance its future activities depends on the ability to raise capital and the continuous 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 May 16, 2017.

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.

	January 31, 2017	January 31, 2016
End of period exchange rate	1.3012	1.3075
Period average exchange rate	1.3170	1.2961

c) Statement of Compliance

These financial statements of the Corporation have been prepared for the year ended January 31, 2017 in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These financial statements have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements. The policies set out below have been consistently applied to all the periods presented.

The preparation of the Corporation's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, 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. In the process of applying the Corporation's accounting policies, management has made judgments and estimates disclosed in Note 3, which have the most significant effect on the amounts recognized in the financial statements.

d) Financial instruments

All financial instruments are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument and are initially measured at fair value for instruments not at fair value through profit or loss, plus any directly attributable transaction costs. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. Financial instruments are classified into the following categories upon initial recognition:

- loans and receivables ("L&R")
- financial assets at fair value through profit or loss ("FVTPL")
- held to maturity investments
- financial liabilities FVTPL
- other financial liabilities

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income.

All financial assets, except for those at FVTPL, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

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

d) Financial instruments *(Continued from previous page)*

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. Assets in this category are measured at fair value with gains and losses recognized in profit or loss. Management evaluates the information about financial assets on a total return basis that includes evaluating the financial assets on a fair value basis. These assets include the investment in an exchange-traded equity security which is primarily held for investment income, cash flow and capital appreciation. These assets also include the investment in the equity of private companies. In the absence of significant over-the-counter market activity or significant share issuance near a reporting period, the Corporation establishes a fair value for these types of investments using valuation techniques that make maximum use of market inputs and rely as little as possible on entity-specific inputs.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Loans and receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Impairment of receivables is recognized in profit or loss within general administrative expenses. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss or a portion of such is reversed. The amount of the impairment loss reversed may not exceed the original impairment amount.

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Corporation has the intention and ability to hold them until maturity. Held to maturity investments are measured subsequently at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss. Financial liabilities that contain one or more embedded derivatives may be designated as other financial liabilities at FVTPL and accounted for as one hybrid instrument rather than separating the embedded derivatives from the host contract.

Other financial liabilities include liabilities that have not been classified as fair value through profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires. Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial instruments that are measured at fair value use inputs, which are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

Level 1 - Assets or liabilities whose values are based on quoted market prices in active markets include active exchange-traded equity investments.

Level 2 - Assets or liabilities that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs.

Level 3 - Inputs for the asset or liability that are not based on observable market data. The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input for fair value measurement purposes requires judgment in considering the relevant factors specific to the asset or liability. The determination of what constitutes ‘observable’ requires significant judgment by the Corporation. The Corporation considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

See Note 8 - Financial Instruments – for the details of their classification.

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

e) Investment tax credits

Investment tax credits are comprised of scientific research and experimental development tax credits and are recognized when there is reasonable assurance of their recovery and recorded as a reduction of the related expense or cost of the asset acquired, as applicable. Investment tax credits are subject to the customary approvals by the pertinent tax authorities. Adjustments required, if any, are reflected in the year when such assessments are received.

f) Deferred share issue costs

The Corporation defers the costs associated with the issuance of new equity when there is reasonable assurance that the planned offering will be completed. The costs are deferred until such time as the financing has closed and the proceeds from the offering are received, at which time the deferred expenses are recorded as a reduction of the proceeds**.**

g) Intangible assets

In the normal course of business as a biotech research and development company, the Corporation acquires intellectual property, incurs development costs and files for patents. These categories of intangible assets are recorded at cost on initial recognition. Development expenditures are capitalized when the Corporation can demonstrate that all of the specific criteria related to technical, market and financial feasibility are met. The specific criteria are as follows:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale.
(b) its intention to complete the intangible asset and use or sell it.
(c) its ability to use or sell the intangible asset.
(d) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
(f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Investment tax credits are netted against the expenditures made for development of the product.

Amortization of each category will be dependent on its useful life and each category will be assessed for impairment annually or whenever there is an indication of impairment. The amortization period and method is reviewed annually, with amortization being recognized in the statement of comprehensive loss. Losses arising from impairment are recorded in the statement of comprehensive loss, as are gains from de-recognition of previously recorded losses.

When a patent has been obtained, amortization will be recorded over the life of the patent. Intellectual property and development costs for a product will be amortized over the estimated life of the product when commercialization has occurred.

Research expenditures are charged to the statement of profit or loss in the year in which they are incurred.

h) Impairment of non-financial assets

The carrying amounts of the Corporation's non-financial assets are assessed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Intangible assets not yet available for use are reviewed for impairment at least annually or more frequently if circumstances such as significant declines in expected sales, earnings or cash flows indicate that it is more likely than not that the asset might be impaired.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Assets that cannot be tested individually are grouped into the smallest independent group of assets that generate cash inflows from continuing use. For the purposes of testing non-financial assets for impairment, management has identified one CGU since the Corporation operates as one segment.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss. Impairment losses recognized in respect of the CGU are allocated first to reduce the carrying amount of goodwill allocated to the units, and then to reduce the carrying amounts on a pro-rata basis of the other assets in the unit.

Impairment losses recognized in prior periods are assessed at each reporting date as to whether there are any indications that the previously recognized losses may no longer exist or may be decreased. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years.

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

i) Income taxes

Income tax expense comprises current and deferred tax. Tax expense is recognized in the statement of profit or loss, except to the extent it relates to items recognized directly in shareholders' equity, in which case the related tax is recognized in shareholders' equity.

Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Corporation operates.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are recognized for the future income tax consequences of temporary differences between the carrying amounts of assets and liabilities and their respective tax bases, and for tax losses carried forward. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates that will be in effect for the year in which the differences are expected to reverse.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and unused tax losses can be utilized.

Deferred tax asset and liability differences are recognized directly in income, other comprehensive income ("OCI") or equity based on the classification of the item to which they relate.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its tax assets and liabilities on a net basis.

j) Sales Tax

Revenues, expenses and assets are recognized net of the amount of sales tax except where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized in the cost of acquisition of the asset or as part of the expense item, as applicable; and receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of other receivables or accounts payable and accrued liabilities in the statement of financial position.

k) Share Capital

The Corporation's share capital is classified as equity if it is non-redeemable, or redeemable only at the Corporation's option, and any dividends are discretionary. Incremental costs directly attributable to the issuance of shares and warrants, net of any tax effects, are recognized as a deduction of equity. Dividends thereon are recognized as distributions within equity upon approval by the Corporation's Board of Directors.

Proceeds from unit placements are allocated between shares and warrants issued to their respective fair values.

When warrants are exercised, share capital is credited by the sum of the consideration paid, together with the related portion previously recorded to warrants.

Share capital is classified as a liability if it is redeemable on a specific date or in the future, or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in earnings as accrued.

Class A shares liability

Certain Class A 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 FVTPL liability. The liability is re-measured to fair value at each reporting date with changes recorded in the statement of loss.

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

l) Share-based compensation

The Corporation grants stock options to directors, officers, employees and consultants. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is determined at the date of grant using the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Corporation's common stock and an expected life of the stock-based instruments. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately to the statement of loss with an offsetting credit to contributed surplus, except for options granted as consideration for share issuance costs, which are charged to share capital.

When stock options are exercised, share capital is credited by the sum of the consideration paid, together with the related portion previously recorded to contributed surplus.

m) Earnings per share

Basic earnings or loss per share is calculated using the weighted average number of shares outstanding. Diluted earnings or loss per share is calculated using the treasury stock method. In order to determine diluted loss per share, the treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted earnings or loss per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share.

n) Segment reporting

Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the chief operating decision maker, or decision making group, in deciding how to allocate resources and in assessing performance. The Company views its operations and manages its business in one operating segment.

o) 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)*

o) 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 financial statements.

3. Use of Estimates and Judgements

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

The following areas require management's critical estimates:

Financial liabilities

The Class A shares liability requires management to make estimates and assumptions that affect the reported amount of the liability and the corresponding gain or loss on changes in fair value. Estimates and assumptions used in determining the fair value of this liability include the expected life of the instrument and the volatility of the underlying share price. Details of the assumptions used are included in Note 6.

Share-based payments and Warrants

The Corporation measures the cost of share-based payments, either equity or cash-settled, with employees by reference to the fair value of the equity instrument or underlying equity instrument at the date on which they are granted. Estimating fair value for share-based payments requires management to determine the most appropriate valuation model for a grant, which is dependent on the terms and conditions of each grant. In valuing certain types of stock-based payments and warrants granted, the Corporation uses the Black-Scholes option pricing model. Several assumptions are used in the underlying calculation of fair values of the Corporation's stock options and warrants granted using the Black-Scholes option pricing model, including the expected life of the option or warrant, stock price volatility and forfeiture rates. Details of the assumptions used are included in Note 6.

3. Use of Estimates and Judgements *(Continued from previous page)*

The following areas require management's judgments:

Valuation of deferred tax assets and liabilities

To determine the extent to which deferred tax assets can be recognized, management estimates the amount of probable future taxable profits that will be available against which deductible temporary differences and unused tax losses can be utilized as part of the budget process. Management exercises judgment to determine the extent to which realization of future taxable income will be available against which the deductible temporary differences and unused tax losses can be utilized. To the extent that management's assessment of the Corporation's ability to utilize future tax deductions changes, the Corporation would be required to recognize more deferred tax assets, and income tax provisions or recoveries in future periods could be affected.

Going concern

The assessment of the Corporation's ability to continue on a going concern basis, to obtain sufficient funds to cover ongoing operating expenses and to meet its obligations for the coming year involves a large part of judgment based on past experience and other factors, including expectations of future events that are considered reasonable in the circumstances.

Investment tax credits

The amounts and the moment of the recognition of the investment tax credits receivable involve a certain degree of estimation and judgement with regards to the eligibility of the research and development expenditures which give rise to the tax credits refunds and to the probability of receiving the amounts. The amounts claimed by the Corporation are subject to the review and the approval of the tax authorities and it is possible that the amounts granted will differ from the amounts claimed.

Intangible assets

Development costs are capitalized as a part of intangible assets when the specific criteria related to technical, market and financial feasibility are met or when a regulatory filing is being prepared and approval is considered highly likely. The likelihood of regulatory approval is reviewed and adjusted for should facts and circumstances change. Technical, market and financial feasibility criteria are assessed annually based on management's experience, general economic conditions and assumptions regarding future outcomes. Future events could cause the assumptions on which the development costs are capitalized to change, which could affect the Corporation's results in the future.

4. Intangible Assets

The intangible assets consist of:

	Patents	***Intellectual Property***	***Development Costs***	***Total***
	$	***$***	***$***	***$***
Cost				
Balance as at February 5, 2015	-	-	-	-
Additions	85,367	333,150	480,522	899,039
Investment tax credit	-	-	(173,847)	(173,847)
Balance as at January 31, 2016	**85,367**	**333,150**	**306,675**	**725,192**
Additions	**100,773**	**35,000**	**606,737**	**742,510**
Investment tax credit	**-**	**-**	**(172,913)**	**(172,913)**
Balance as at January 31, 2017	**186,140**	**368,150**	**740,499**	**1,294,789**

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 expire 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 bears 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 March 31, 2017. 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 January 31, 2017, the unused amount is $30,150.

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 as at January 31:	**2017**	2016
14,093,166 (2016 – 12,966,666) Class A common shares	**$ 1,472,017**	$1,020,617

On August 2, 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 (1/2) 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 full 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 half-warrant. The share issue costs associated with the private placements were $34,650. 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 full warrants for a total net proceed of $440,750.

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 released 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
24 months 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

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

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

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.

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 (1/2) 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 full 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 half-warrant. The share issue costs associated with the private placements were $8,000.

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 half-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 full 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 half-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 to Polyvalor. 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 January 31, 2017, 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 offered private placement which was closed on March 31, 2017. Details of the assumptions used are as follows:

	January 31, 2017	*January 31, 2016*
Weighted average risk-free interest rate	**0.82%**	0.90%
Weighted average volatility factor	**125%**	125%
Weighted average expected life	**1.5 years**	2 years
Weighted Class A common shares	**$0.40**	$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.

These shares are held in escrow as per the escrow agreement.

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.

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

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

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

	Shares issuable on exercise of			
	Full Warrants		***Share options***	
	Number of shares #	***Weighted exercise price $***	***Number #***	***Weighted exercise price $***
Balance, February 5, 2015	**-**	**-**	**-**	**-**
Granted during the period	**650,000**	**0.70**	**1,025,000**	**0.16**
Expired during the period	**-**	**-**	**-**	**-**
Cancelled during the period	**-**	**-**	**-**	**-**
Exercised during the period	**-**	**-**	**-**	**-**
Balance, January 31, 2016	**650,000**	**0.70**	**1,025,000**	**0.16**
Granted during the period	**540,000**	**0.70**	**400,000**	**0.50**
Expired during the period	**-**	**-**	**-**	**-**
Cancelled during the period	**-**	**-**	**(625,000)**	**0.20**
Exercised during the period	**-**	**-**	**-**	**-**
Balance, January 31, 2017	**1,190,000**	**0.70**	**800,000**	**0.25**

(b) Share options:

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 estimated 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 the Vice-president and General Counsel. On August 2, 2016, the board granted the 28,200 options subject to the same terms and conditions 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.

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

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

On November 26, 2015, the Board granted 625,000 options at an exercise price of $0.20, expiring on November 25, 2020. The options vest as follows: 125,000 options vest on the grant date; 125,000 vest on each of June 1, 2016, November 30, 2016 and June 1, 2017; and 62,500 options vest on each of November 30, 2017 and June 1, 2018. The total compensation cost of these stock options is estimated to be $75,779, which will be recognized on a gradual basis over the vesting period of the stock options.

On July 1, 2015, the Board granted 100,000 options at an exercise price of $0.10, expiring on July 1, 2020. Following that, on August 1, 2015, the Board granted 300,000 options at an exercise price of $0.10, expiring on August 1, 2020. Each of these grants vests evenly over a four-year period. The total compensation cost of these stock options is estimated to be $71,283, which will be recognized on a gradual basis over the vesting period of the stock options.

As per the escrow agreement 400,000 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 January 31, 2017:

Number of Options outstanding	***Number of Options Exercisable***	***Exercise price $***	***Remaining contractual life***
400,000	**125,000**	**0.10**	**3.5 years**
400,000	**100,000**	**0.50**	**4.4 years**

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

	August 2016	***June 2016***	*July 2015*	*August 2015*	*November 2015*
Weighted average risk-free interest rate	**0.62%**	**0.62%**	0.81%	0.76%	0.90%
Weighted average volatility factor	**78.15%**	**78.15%**	125%	125%	125%
Weighted average expected life	**5 years**	**5 years**	5 years	5 years	5 years
Weighted fair value of options	**$0.2322**	**$0.2322**	$0.371	$0.371	$0.356
Forfeiture rate	**3.33%**	**3.33%**	3.33%	3.33%	3.33%

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

(c) Warrants

In August 2016, the Corporation issued 920,000 share purchase half-warrants as part of the private placements (note 6a). Each full warrant 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 August 2, 2018. The half-warrants were valued at $0.10 using the Black-Scholes option valuation model with the following assumptions:

In February 2016, the Corporation issued 160,000 share purchase half-warrants as part of the private placements (note 6a). Each full warrant 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 half-warrants were valued at $0.10 using the Black-Scholes option valuation model with the following assumptions:

In January 2016, the Corporation issued 1,300,000 share purchase half-warrants as part of the private placements (note 6a). Each full warrant 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 half-warrants were valued at $0.10 using the Black-Scholes option valuation model with the following assumptions:

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

(c) Warrants *(Continued from previous page)*

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

	August 2016	***February 2016***	*January 2016*
Weighted average risk-free interest rate	**0.56%**	**0.49%**	0.49%
Weighted average volatility factor	**125%**	**125%**	125%
Weighted average expected life	**2 years**	**2years**	2 years
Weighted fair value of half-warrants	**$0.10**	**$0.10**	$0.10

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

(d) Earnings per share:

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

	2017	2016
Weighted average number of common shares outstanding	**13,603,359**	8,150,084
Basic and diluted loss per common shares	**(0.08)**	(0.11)

The number of options and full warrants outstanding as at January 31, 2017 and 2016 is not included in the calculation because the effect is anti-dilutive.

7. Income Taxes

(a) Details of the components of income taxes are as follows:

	2017	2016
Loss before income taxes	**(1,126,451)**	**(927,880)**
Basic income tax rate	**26.9%**	**26.9%**
Computed income tax recovery	**(303,015)**	**(249,600)**
Decrease resulting from:		
Permanent differences	**36,332**	**41,173**
Other items	**(24,098)**	**22,980**
Change in Enacted tax rates	**6,444**	**-**
Change in deferred tax assets not recognized	**284,337**	**185,447**
	303,015	**249,600**
Provision for income taxes	**-**	**-**

(b) The tax effects of significant items comprising the Corporation's net deferred tax assets and liabilities are as follows:

Non-capital losses carried forward	**370,441**	**135,579**
R&D pool	**198,141**	**98,278**
Class A shares liability	**68,258**	**69,288**
Deferred share issue costs	**56,644**	**3,021**
	693,484	**306,166**
R&D federal investment credit	**(22,525)**	**(39,183)**
Intangible assets	**(201,175)**	**(81,536)**
	(469,784)	**185,447**
Deferred tax assets not recognized	**(469,784)**	**(185,447)**
	-	**-**

7. Income Taxes (Continued from previous page)

In assessing the realizability of deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets and liabilities will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income and tax planning strategies.

(c) As at January 31, 2017, the Corporation has accumulated non-capital losses for income tax purposes, which are available to be applied against future taxable income.

	Federal $	Provincial $
2036	568,512	422,700
2037	894,793	889,867
	1,463,305	1,312,567

(d) As at January 31, 2017, the Corporation has an investment tax credit totaling $591,671 (2016 – $336,141) and $951,291 (2016 – 402,155) for federal and provincial respectively, which are available to reduce income taxes for futures years.

The Corporation has not recognized the above tax benefit and will recognize them when future profits are probable in the respective jurisdictions.

8. Financial Instruments

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

	January 31, 2017		*January 31, 2016*	
	Carrying Value FVTPL $	***Fair Value $***	***Carrying Value FVTPL $***	***Fair Value $***
Financial Assets				
Cash	**7,366**	**7,366**	646,246	646,246

	January 31, 2017			*January 31, 2016*		
	Carrying Value FVTPL $	***Carrying Value Other financial liabilities $***	***Fair Value $***	***Carrying Value FVTPL $***	***Carrying Value Other financial liabilities $***	***Fair Value $***
Financial Liabilities						
Accounts payable and accrued liabilities	**-**	**800,311**	**800,311**	**-**	**858,139**	**858,139**
Operating loan	**-**	**879,850**	**879,850**	**-**	**240,000**	**240,000**
Class A shares liability	**333,334**	**-**	**334,334**	**333,334**	**-**	**333,334**
	333,334	**1,680,161**	**2,013,495**	**333,334**	**1,098,139**	**1,431,473**

The Corporation's has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. The carrying values of current monetary assets and liabilities fair value of these financial instruments approximated their fair values due to their relatively short periods to maturity.

8. Financial Instruments *(Continued from previous page)*

IFRS 13 Fair Value Measurement, establishes a fair value hierarchy that reflects the significance of the inputs used in measuring fair value. The fair value hierarchy of financial instruments measured at fair value on the Statements of Financial position as at January 31, 2017 is as follows:

	Level 1 $	*Level 2* $	*Level 3* $
Financial Assets			
Cash	**7,366**	**-**	-
Financial Liabilities			
Class A shares liability	**-**	**-**	**333,334**

The fair value hierarchy of financial instruments measured at fair value on the Statements of Financial position as at January 31, 2016 is as follows:

	Level 1 $	*Level 2* $	*Level 3* $
Financial Assets			
Cash	**646,246**	**-**	-
Financial Liabilities			
Class A shares liability	**-**	**-**	**333,334**

The fair value of financial assets and liabilities not traded in active markets that are based on unobservable inputs are classified as Level 3. A fair value measurement developed using a present value technique might be categorized within Level 3, depending on the inputs that are significant to the entire measurement and the level of the fair value hierarchy within which those inputs are categorized. If an observable input requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement would be categorized within Level 3 of the fair value hierarchy. The Corporation's Level 3 investments consist of Class A shares presented as a liability as describe in Note 6. As at January 31, 2017, the fair value of this liability was determined to remain at $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 to be concluded in March 2017.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Corporation determines whether transfers have occurred between levels in the hierarchy by assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of reporting period. During the years ended January 31, 2017 and 2016, there were no transfer between Levels 1, 2 and 3 of the fair value hierarchy.

9. 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 unpaid amount on the research contract at the end of each month at a fixed rate and its operating loan negotiated at a fixed rate.

(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:

9. Financial Risk Factors *(Continued from previous page)*

(b) Liquidity risk *(Continued from previous page)*

January 31, 2017	***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	**800,311**	**18,992**	**109,460**	**671,859**	**-**
Operating loan	**879,850**	**-**	**-**	**879,850**	**-**
Class A shares liability	**333,334**	**-**	**-**	**-**	**333,334**
	2,013,495	**18,992**	**109,460**	**1,551,709**	**333,334**

January 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	858,139	-	858,139	-	-
Operating loan	240,000	-	-	240,000	-
Class A shares liability	333,334	-	-	-	333,334
	1,431,473	-	858,139	240,000	333,334

(c) 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, warrants 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.

10. Related party transactions

The following table presents the related parties transactions presented in the statement of Loss for the year ended:

	January 31, 2017 $	***January 31, 2016 $***
Transactions with key management and members of the Board of Directors:		
Salaries and expense for employee benefits	**321,529**	71,809
Share-based compensation to employees and directors	**130,055**	74,780
Consulting fees charged by a director and acting CEO	**92,625**	**-**
Transactions with Manitex, a shareholder of the Corporation:		
Interest charged by	**38,157**	7,366
Consulting fees charged by	**24,300**	-
Transaction with Polytechnique, a partner of Polyvalor :		
Interest accrued for	**26,215**	-
Research expenses	**210,000**	140,000

The remuneration of key management, which include the President and CEO up to October 15, 2016, Vice-President Finance and Chief Financial Officer.

10. Related party transactions *(Continued from previous page)*

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

	January 31, 2017 $	***January 31, 2016 $***
Accounts payable and accrued liabilities due to a director and acting CEO	**10,000**	-
Accounts payable and accrued liabilities due to Manitex a shareholder of the Corporation	**191,371**	140,566
Accounts payable and accrued liabilities due to Polytechnique, a partner of Polyvalor	**385,882**	175,000
Transaction with Polytechnique, a partner of Polyvalor :		
Amounts included in Development costs	**490,000**	326,667
Transaction with Polyvalor, holder of 833,333 common shares:		
Amounts included in Patents	**-**	8,000
Amounts included in Intellectual Property	**35,000**	225,758
Amounts included in Development costs	**-**	118,367

11. 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.

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

In the event that the Corporation is in breach of any of the Agreements, these agreements 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.

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 March 31, 2017 to Polyvalor, which was paid on March 31, 2017.

ii) A non-refundable fee of $100,000 payable on March 31, 2017 to Polytechnique, which was settled with a shares debt agreement as described in Note 12.

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

	Research agreement $	Intellectual property $	Total $
2018	700,000	136,410	836,410
2019	233,332	-	233,332
	933,332	136,410	1,069,742

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

12. Subsequent events

On March 31, 2017, the Corporation closed a private placement of $430,000 for 860,000 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 eighteen months from the subscription date. If, during the eighteen 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 $21,500 of the placement value and 5% of brokers warrants issued. In addition to the private placement, the Corporation received a subscription in the amount of $50,000 for 100,000 units, under the same terms and conditions as describe above.

On March 31, 2017, the Corporation entered into a shares for debt agreements, with Polytechnique and Polyvalor, where the Corporation issued 240,000 of its common shares to Polyvalor at a deemed price of $0.50 per common share to satisfy $120,000 of outstanding amounts owing to them. The amount represents the non-refundable fee of $100,000 as described in note 11b). an interest of $10,000 (notwithstanding any provision of the Assignment and Transfer Agreement), plus a premium of $10,000 to the Principal Amount such that the total amount owed by the Corporation to polytechnique equals $120,000. The shares were issued on March 31, 2017 having an aggregate fair value at that date of $96,000. Accordingly, a gain of $24,000 will be charged to earnings as a debt settlement gain.

On March 31, 2017, the Corporation issued 1,200,000 shares and 480,000 warrants for a total net proceed of $458,500.

On April 27, 2017, the Corporation closed a second tranche of $120,000 for 240,000 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 eighteen months from the subscription date. If, during the eighteen 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 $6,000 of the placement value and 5% of brokers warrants issued. In addition to the private placement, the Corporation received a subscription in the amount of $50,000 for 100,000 units, under the same terms and conditions as describe above.

Concomitant with the closing of the second tranche, the Corporation entered into a debt conversion and convertible loan agreement with Manitex. The Corporation is indebted to Manitex in an amount equal to $1,219,050 of which $400,000 is converted into 800,000 units at deemed price of $0.50 per Unit and $600,000 is converted into a first ranking, long-term convertible loan, bearing interest at an annual rate of 10%, to be paid repaid in full, principal and interest on February 1, 2019. Prior to the Maturity Date, Manitex, at any time, has the option to convert all or any part of the Convertible Loan amount, into Units of the Corporation at a deemed price of $1.00 per Unit. If, prior to the Maturity Date, the Corporation's 20-day volume weighted average share price equals or exceed $1.50, the Corporation shall have the right, at any time, to require Manitex to convert all, or any part of the balance of the Convertible Loan at a deemed price of $1.00 per Unit of the Corporation.The remaining amount of $219,050 will be recorded as an account payable and due on demand.

13. Comparative figures

Certain figures in the comparative statements of loss have been reclassified to match the current year classification.