MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JANUARY 31, 2017

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management's Discussion and Analysis for Ortho Regenerative Technologies Inc. (the "Corporation" or "Ortho RTI") is the responsibility of management and has been reviewed and approved by its Board of Directors. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the MD&A. The Board of Directors carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board of Directors and is comprised entirely of independent and financially literate directors.

This report was reviewed by the Corporation's Audit Committee on May 16, 2017 and approved by OrthoRTI's Board of Directors on May 16, 2017 and should be read in conjunction with the audited financial statements for the year ended January 31, 2017. Unless otherwise noted, all amounts are presented in Canadian dollars.

Additional information relating to Ortho Regenerative Technologies Inc. can be found on SEDAR at www.sedar.com. The Corporation has 17,266,500 common shares that are issued and fully paid as of May 16, 2017.

The information contained in this management discussion and analysis may contain some forward-looking statements. Forward-looking information may include, but is not limited to information with respect to our future financial and operating performance, future development activities and adequacy of financial resources. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience. Our forward-looking statements are based on the reasonable beliefs, expectations and opinions of management on the date of this management analysis. Although we have attempted to identify important factors that could cause actual results to differ from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information.

Ortho Regenerative Technologies Inc. (the "Corporation") is incorporated under the Canada Business Corporations Act. The Company's head office and principal address and registered office is located at 16667 Hymus Blvd., Kirkland, Quebec, Canada.

This management's discussion and analysis provides an overview of the Corporation's operations, performance and financial condition for the year ended January 31, 2017, and compares the 2017 results to those of the period from date of incorporation (February 5, 2015) to January 31, 2016 referred as the same period in 2016.

OVERVIEW OF THE BUSINESS

The Corporation is a research and development biotechnology company, specializing in regenerative medical products that are designed to repair and regenerate damaged joints thereby helping to prevent or delay the onset of osteoarthritis. The current financial statements reflect operating costs which are mainly based on the funding of three Research Agreements that continue to develop the regenerative medicine products. Development of regenerative medicine products is inherently expensive and raising sufficient capital to continue research and development is a major focus of the management team.

The Corporation's activities consist of research and development in the area of tissue repair and regeneration for damaged joints. The Corporation does not have any products approved for sale and

consequently has no revenue nor does it foresee revenue in the near term. All amounts paid for the acquisition of technologies or know how, as well as all costs related to ongoing research and development activities have been presented as Intangible Assets on the Statement of Financial Position or as Research expenses in the Statement of Loss and Comprehensive Loss.

Product	Indication	Stage
Ortho-R	Rotator cuff tears	Large animal studies (development)
Ortho-M	Meniscus tears	Large animal studies (development)
Ortho-V	Osteoarthritis pain	Feasibility (research)
Ortho-C	Articular cartilage	Discovery (research)

Ortho-R and Ortho-M are freeze-dried formulations that contain a chitosan, a lyoprotectant and a clot activator. These freeze-dried formulations can be solubilized in PRP to form injectable implants that coagulate after implantation. Extensive in vitro testing has allowed us to identify specific formulations that meet the following criteria: 1) Rapid and complete solubilization in PRP, 2) Chitosan-PRP mixtures have paste-like handling properties upon solubilization that are desired by surgeons, 3) Chitosan-PRP mixtures coagulate rapidly to form solid chitosan-PRP hybrid implants, 4) Chitosan-PRP implants are mechanically stable and resist platelet-mediated clot retraction and 5) Dispersion of chitosan in chitosan-PRP implants is homogenous for optimal biodegradability. Chitosan-PRP implants have been tested in vivo using a subcutaneous injection model in rabbits. Chitosan-PRP implants were resident for several weeks while PRP-only controls were degraded in one day. Chitosan-PRP implants induced cell recruitment and angiogenesis, both of which were not seen with PRP-only controls. Chitosan-PRP implants were biodegradable as the chitosan was internalized and degraded by host cells. Chitosan-PRP implants were also biocompatible as they did not induce any deleterious effects in this model. Ortho-M was tested in a bilateral meniscus repair model in the sheep. Longitudinal tears of the medial meniscus were treated with suturing as per clinical practice and Ortho-M implants were injected into the tears via trephination channels. Ortho-M was found to be partly resident in the tears and in the trephination channels at 1 day, where they induced cell recruitment from the outer vascular portion of the meniscus. At 3 weeks and at 3 months, a highly cellular and integrated repair tissue was observed in some Ortho-M treated tears, while there was no evidence of tissue repair in any of the PRP-only controls. This bilateral model was challenging since it did not permit the animals to protect their knees from weight-bearing post-operatively and could contain only a limited amount of Ortho-M. Even with these limitations, Ortho-M showed significant biological activity and potential to improve meniscus repair while PRP-only controls did not. We are currently working to improve the model and implant residency in order to yet improve the healing response. In the next study, Ortho-M performance will be assessed in a unilateral complex tear model in the sheep, and combined with a meniscus wrapping technique to improve implant residency. Ortho-R for rotator cuff repair is also solubilized in PRP prior to injection and will be tested in a small rabbit model first and then in a larger sheep model. The surgical approach that will be used for the first study has been identified using rabbit shoulder joints ex vivo. The supraspinatus tendon will be sectioned close to its insertion site and then sutured to the greater tuberosity through a bony trough. Ortho-R will be injected in the bony trough and in the tendon proper. Ortho-R is expected to improve repair of the tendon and also its integration to the greater tuberosity. In parallel to these efficacy studies, safety of Ortho-M and Ortho-R will be assessed following ISO10993 guidelines.

Ortho-C is a freeze-dried matrix with ultra-high porosity designed to augment bone marrow stimulation procedures for articular cartilage repair including microfracture and drilling. At the point-of-care surgical intervention, the surgeon currently has control over the pattern of bone plate channels created but methods are lacking to control the activity of the blood clot that forms in the subchondral bone. Ortho-C is specifically designed for delivery to bleeding subchondral blood channels, where it interfaces with blood to create bioactive particles that actively promote a more rapid hemostasis and subsequently guide revascularization of the bone marrow channel, subchondral bone plate remodeling, and articular cartilage regeneration. The scaffold contains a biodegradable naturally-derived polymer, chitosan, with a high

safety profile. After packaging, sterility testing and quality assurance, the surgeon will have the option of shaping the scaffold and inserting into the bone marrow channels by open arthrotomy for maximal control, or of using a specific delivery device to insert the scaffold under a drained arthroscopy field. Compared to other augmentation devices, Ortho-C treatment has the advantage of adding only minutes to the marrow stimulation procedure.

Ortho-V is a freeze-dried chitosan formulation tailored for intra-articular injections and viscosupplementation applications. Most viscosupplementation products use hyaluronic acid, but orthopaedic surgeons are also injecting PRP intra-articularly. Ortho-V consists of freeze-dried chitosan that will be solubilized in PRP for intra-articular injections. Chitosan is expected to cross-link endogenous hyaluronic acid present in the joint and provide viscosupplementation while PRP will provide platelet-derived growth factors and biological activity. A rabbit model of chemically-induced joint degeneration will be used to test intra-articular injections of Ortho-V.

The Corporation intends to generate revenue based on the execution of either:

i) Non-exclusive research and development as well as distribution agreements with strategic partners who have the infrastructure required to ensure commercial success for the future products, or
ii) Sale of the company

For the first option, a variety of approaches are possible owing to the potential separation of different indications and geographies, ranging from single indications in a single geography to a full acquisition. The Corporation has no specific preference at this point in time. The Corporation is therefore focused on building brand value for each of its product lines and those potential products that have not yet entered the pipeline. As with any product in development phases, value will be created by proving a) functional efficacy of the product principally through clinical trials, and; b) commercial viability of such products in specific market places through regulatory approvals, generation of health economic data and ensuring manufacturing capability that can give appropriate gross and net margins.

The Corporation currently has sufficient expertise to manage the research and development process for each of the products. The value ascribed to each product will increase significantly as it moves through the development phase and will reach maximal pre-revenue value at the point where it has proven clinical efficacy and obtained regulatory approvals.

In August 2016, the Corporation received its first US patent, for “SOLUBLE PHYSIOLOGICAL CHITOSAN FORMULATIONS COMBINED WITH PLATELET-RICH PLASMA (PRP) FOR TISSUE REPAIR”. The patent covers the use of the Corporation’s biopolymer technology with PRP for tissue repair broadly, and is not limited to any of our specific indications such as the rotator cuff or meniscus. The patent will remain in force until November 2032.

The Corporation continues to extend and defend its intellectual property. Two other patent families, that cover specific freeze dried formulations, have now entered National Phase in several territories. In order to use our resources most efficiently, management has limited the territories in which we are seeking protection to the following: EU (via a European Patent), Canada, USA, Japan and Australia.

On October 18, 2016, Brent Norton, MD has been appointed Executive Chairman of the Board and acting Chief Executive Officer. Dr. Norton succeeds Edward Margerrison who left the Corporation to assume the position Director Office of Science and Engineering at FDA.

The current focus of the company remains on Ortho-R for the surgical treatment of rotator cuff injuries in the shoulder. Additionally, the principal geographic focus remains US, and therefore US FDA remains the principal regulatory body for our initial indication(s).

In June 2016, a teleconference was held with the Center for Biologics Evaluation and Research ("CBER") and the Corporation (represented by the Corporation's regulatory consultants, the CEO and Prof. Buschmann). Discussions with FDA ensued, and it has been determined that Ortho-R will be regulated as a single entity biologic through CBER. The specific implications of this determination remain to be quantified, but it is possible that an increased investment in the Chemistry, Manufacturing and Controls ("CMC") may be required. That said. it has, been clarified with CBER that the earlier anticipated ISO10993 package of biocompatibility studies will not be required to progress development. In addition, CBER have broadly suggested that the proposed preclinical package should be sufficient to move towards first in human clinical trials, and that the draft clinical development plan appears appropriate at this stage.

There are now two major work components that must be completed before any clinical evaluation can take place:

Manufacturing of Ortho-R to current Good Manufacturing Practice ("cGMP") must be established so that clinical trial supplies may be manufactured which are appropriate for regulated clinical studies. It has always been the intention of the company to undertake an agreement with a suitable contract manufacturing organization ("CMO"), but not to invest in the development of its own facilities. A number of potential CMOs have been evaluated for their ability to conduct the necessary manufacturing steps and we have selected a CMO, with whom we are currently negotiating the specifics of required work (and associated costs) prior to implementing a manufacturing agreement. The selected CMO has all the necessary facilities for processing our raw material into final product and undertaking the quality control necessary and the required stability studies. In addition, the CMO appears to have all the necessary quality systems that are required for our purposes.

Secondly, all preclinical studies must be complete, involving both the evaluation of the safety and efficacy of Ortho-R in a large animal efficacy model. In the fall, we have completed the pilot study which we believe has demonstrated the suitability of the preclinical model. A CRO has been selected to undertake the pivotal preclinical study, and contract negotiations are on going along with the necessary quality audit.

The Corporation has received samples of a number of batches of the raw material from our preferred supplier. The received material will be sufficient to manufacture final product through pilot clinical trials.

All activities described above have been planned and can be executed as soon as sufficient financial resources have been secured.

Owing to the limited resources available to the Corporation in the short term, a number of decisions have been recently made by the management to ensure that value continues to be created: Focus on the rotator cuff indication will continue as before, but development work for the meniscus indication (and others) will be limited until Ortho-R is further down its developments path and further financing has been obtained. It should be noted that this focusing does not affect the ongoing research programs at Ecole Polytechnique. The continued focus on the rotator cuff remains the highest priority owing to it being the less complicated and quickest to approval, but is still a large enough indication to merit development on its own: it can therefore act as the quickest path to the "human proof of concept" for the Corporation's technology overall, and increasing the perceived value of the entire portfolio.

The Corporation has therefore continued to manage its resources in the most careful and prudent way possible while continuing the development of its lead candidate for rotator cuff repair.

SELECTED ANNUAL FINANCIAL DATA

The following table sets forth financial information relating to the Corporation for the periods indicated and should be read in conjunction with the annual audited financial statements for the year ended January 31 , 2017 and for the period from date of incorporation February 5, 2015 to January 31, 2016.

	2017 **$**	2016 $
Professional and consulting fees	**328,873**	259,530
Research costs	**164,285**	143,252
Office and administrative	**349,506**	89,902
Travel and promotion	**47,897**	23,602
Transfer agent filing fees	**40,435**	-
Share-based compensation	**130,055**	146,060
Interest and bank charges	**65,400**	7,957
Fair value adjustment on Class A shares	**-**	257,577
Net loss for the period	**1,126,451**	927,880
Loss per share		
Basic and diluted	**0.08**	0.11

The weighted average number of shares outstanding used in the calculation of loss per share at January 31, 2017 is 13,603,359 (January 31, 2016 – 8,150,084).

Balance Sheet Highlights	**January 31, 2017** $	January 31, 2016 $
Cash	**7,366**	646,246
Investment tax credits	**345,005**	225,915
Sales tax receivable and other assets	**26,150**	35,043
Current assets	**378,521**	907,204
Deferred issue costs	**-**	153,874
Intangible assets	**1,294,789**	725,192
Non-current asset	**1,294,789**	879,066
Total assets	**1,673,310**	1,786,270
Liabilities-current	**1,680,161**	1,098,139
Liabilities-non-current	**333,334**	333,334
Common shares	**1,200,031**	1,006,617
Warrants	**238,000**	130,000
Contributed Surplus	**276,115**	146,060
Deficit	**(2,054,331)**	(927,880)

FINANCIAL OVERVIEW

- In February 2016, the Corporation closed a private placement of $80,000, less a cash fee of $4,000 and shares of $4,000, 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.
- 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. On June 3, 2016, the Corporation and Manitex completed its transaction as described in the final prospectus by the payment of a dividend-in-kind to Canadian resident of 1,100,142 Class "A" common shares of Ortho RTi held by Manitex and $77,926 was paid in cash to non-resident. The cost related to this transaction amounted to $215,336 and was charged to share capital in the respective quarter.
- On August 2, 2016, the Corporation closed a private placement. 958,500 shares and 460,000 warrants were issued, for a total net proceed of $440,750.
- 625,000 options were cancelled in the October 2016, due to the departure of the former CEO.
- Net loss from operations for the year is $1,126,451, which includes research costs of $164,285, office and administrative expenses of $ 349,506, professional fees of $263,929, filing fees of $105,379, travel and promotion $47,897 and share-based compensation of $130,055 and financial expenses of $65,400.
- Cash used by operating activities is $1,164,421 and cash provided by financing activities is $1,095,138. Cash used to fund development and acquire intangibles is $742,510 less $172,913 of investment tax credit.

OPERATING EXPENSES

The comparative general and administrative expenses for the three and twelve months period ended January 31, 2017 and for the period from date of incorporation February 5, 2015 to January 31, 2016, by nature of expenditure, are summarized below:

	Three-month period ending January 31,		Year ended January 31,	
	2017	2016	**2017**	2016
			$	$
Professional and consulting fees	**124,903**	121,595	**328,873**	259,530
Research costs	**4,392**	55,752	**164,285**	143,252
Office and administrative	**39,693**	74,877	**349,506**	89,902
Travel and promotion	**7,557**	15,156	**47,897**	23,602
Transfer agent and filing fees	**5,176**	-	**40,435**	-
Share-based compensation	**(19,003)**	138,165	**130,055**	146,060
Interest and bank charges	**40,712**	4,722	**65,400**	7,957
Fair value adjustment on Class A shares	**-**	257,577	**-**	257,577
Net loss for the period	**203,430**	667,844	**1,126,451**	927,880

For the year ended January 31, 2017 compared to the same period in 2016, overall expenses increased by approximately $199,000. The primary reasons for the overall increase in expenses were:

- Professional and consulting fees increased by approximately by $69,000, mainly due to the consulting fees charged by the acting CEO

- Office and administrative expenses increased by approximately $260,000, due to the salaries paid to the former CEO and CFO.
- Share based compensation decreased by approximately $16,000 compared with the previous period.
- Research costs increased by approximately $21,000 which are mainly due to the costs associated with one Research Service agreement signed in June 2015 with Polytechnique.
- Other costs such as travel and promotion, transfer agent and filing fees and financial increased by approximately $135,000.

Included in expenses for the current year:

Professional and consulting fees of $329,000, are consulting fees paid to the new Chairman of the Board and acting CEO of approximately $93,000, to our in-house counsel of approximately $58,000, $126,000 to corporate and strategic advisory services and $52,000 related to audit and tax services.

An approximate amount of $350,000 of office and administrative expenses recorded in the fiscal period, $322,000 relate to the salary and benefits paid to the former President/Chief Executive Officer and the Vice-President finance and Chief Financial Officer. Other expenses incurred were mainly office expenses.

Of the $164,000 of research costs recorded, the costs relate to the Ortho-C project that is in a discovery stage. Ortho-C incurs a monthly cost of $17,500, based on the Polytechnique agreement. The monthly charge from the Polytechnique covers all expenses that they incur relating to the project (i.e. salaries of researchers, materials used, lab fees, overhead costs). Netted against the current period's total cost of $210,000 on this agreement and $26,000 of other related costs is an investment tax credit of $72,000. Financial expenses were approximately $65,000 of which approximately $38,000 relates to interest incurred on the operating loan from Manitex and $27,000 relates to the interest accrued from the arrears on the Polytechnique contracts which bear interest at the annual rate of 12% for any unpaid balance at the end of each month.

INTANGIBLES ASSETS

DEVELOPMENT COSTS

The development costs capitalized over time is approximately $1,087,000 net of Investment tax credit in the amount of approximately $347,000, are based on the two projects that the Corporation has determined are in the development stage. Ortho-M is for the treatment of complex meniscal tears and Ortho-R focuses on treatment of rotator cuff tears. Both projects are being worked on by the Polytechnique Montreal lab facility, which has been contracted by the Corporation to carry on the development work. In the current period, approximately $280,000 has been spent on Ortho-M and approximately $327,000 has been spent on Ortho-R for a total amount of $604,000 and $483,000 respectively. The majority of the costs incurred are based on the funding of the development agreements that have been signed with the Polytechnique, with a minimal amount spent on an outside contractor that is conducting large animal studies. The monthly charge form the Polytechnique covers all expenses that the incur relating to the projects (i.e. salaries of researchers, materials used, lab fees, overhead costs).

INTELLECTUAL PROPERTY

Ortho is the owner of 4 patent applications filed since 2009. Improvements to the technology discovered through work funded at Polytechnique by Ortho are also owned by Ortho. The current patent portfolio includes the following:

Patent Family No.1: Clot-activated polymer composition for repairing tissue of subject, where the polymer composition adheres to the tissue and promotes cell proliferation, comprises platelet-rich plasma (PRP), a chitosan, a salt and a clot activator;

Patent Family No.2: Novel formulation of physiological chitosan-inorganic salt solution/blood mixtures for tissue repair;
Patent Family No.3: Freeze-dried polymer compositions for mixing with platelet rich plasma to form implants for tissue repair or compositions for therapeutic intra-articular injections ;
Patent Family No.4: Freeze-dried chitosan scaffolds that form a hydrated microparticle dispersion after contact with blood or blood-derived fluids and stimulate anabolic wound repair processes including angiogenesis, cell chemotaxis, tissue remodeling, and extracellular matrix deposition;

On August 26, our Patent from family 2 has been issued in the United States.

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.

The Corporation recognized investment tax credits related to expenditures with the three research agreements with the Polytechnique. The current year estimated amount of tax credits is $245,000 compare to approximately $226,000 which represents federal and provincial tax credits. As at January 31, 2017, the amount of $345,000 represents the current year estimated and the last year Québec credit in the amount of $100,000, which was received in March 2017.

SHARE ISSUE COSTS

On April 29, 2016, the Corporation filed its final Prospectus with Canadian security authorities. The Prospectus qualifies the distribution of a certain number of Ortho shares held by Manitex as a Dividend-in-Kind to the current Manitex shareholders. The transaction was completed on June 3, 2016. As at January 31, 2016, $153,874 of costs was recorded as deferred share issue costs and from February 1, 2017 to June 3, 2017, the Corporation incurred additional costs of $61,462. These costs are composed of legal, other professional and filing fees. During the second quarter, the amount of $ 215,336 was charged to share capital.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected unaudited quarterly financial information of the Corporation for the eight quarters ended January 31, 2017. This information is derived from unaudited quarterly financial statements prepared by management and in accordance with IFRS and are expressed in Canadian dollars. The following quarterly information is presented on the same basis as the audited financial statements and should be read in conjunction with the statements and the accompanying notes.

	FY 2017				FY 2016			
	Q4 $	Q3 $	Q2 $	Q1 $	Q4 $	Q3 $	Q2 $	Q1 $
Professional and consulting fees	124,903	83,365	97,160	23,445	121,595	100,124	15,282	22,529
Research costs	4,392	52,500	28,893	78,500	55,752	52,500	22,281	12,719
Office and administration	39,693	72,737	121,264	115,812	74,877	3,034	11,991	-
Travel and promotion	7,557	13,755	14,565	12,020	15,156	3,133	4,030	1,283
Transfer agent and filing fees	5,176	16,386	18,876	-	-	-	-	-
Share based compensation	(19,003)	40,473	68,122	40,463	138,165	7,895	-	-
Financial expenses	40,712	10,727	11,499	2,462	4,722	2,365	860	10
Fair value adjustment on Class A shares liability	-	-	-	-	257,577	-	-	-
Net loss for the quarter	203,430	289,943	360,376	272,702	667,844	169,051	54,444	36,541
Loss per share Basic and diluted:	0.01	0.02	0.03	0.02	0.06	0.01	0.01	3.65

During Q1-2016, the expenses are mainly due to legal cost for incorporation and legal services pertaining to various agreement. During Q2-2016, costs increased due to the amounts disbursed to Polytechnique in relation to the Research Service Agreements and legal services pertaining to other various agreements. Office and administrations expenses represents costs relating to office expenses and other related expenses.

In Q3-2016 expenses increased mainly due to costs relating to research expenses disbursed to the Polytechique. Professional fees are mainly costs relating to the audit and the preparation of the preliminary prospectus. In addition, options were granted to directors and share-based compensation was recognized.

During Q4-2016, costs increase in office and administrative expenses, due to the hiring of the CEO effective November 26, 2015. Also, there are some costs relating to corporate and strategic advisory services. The share-based compensation in Q4-2016 has significantly increased due to new options being granted. In addition, on June 19, 2015, the Corporation issued 833,334 Class A shares at a value of $ 75,757. These shares have a put right associated to them allowing the share to be redeemed at fair value and requires presentation as a liability; refer to note 6 of the annual audited financial statements. As at Q4, management determined the fair value of these shares is $333,334 and the increased of $257,577 was charged to the statement of loss.

In Q1- 2017, the main expenses are office and administrative expense, research costs and share-based compensation. Office and administrative expenses are comprised of approximately $102,000 of salaries and benefits paid to the CEO and other related office expenses. Increase in research costs are in conjunction with Ortho-C project as per the research agreements and costs incurred to conduct some studies to third parties.

In Q2-2017, the main expenses are professional and consulting fees, office and administrative expense, research costs and share-based compensation. Professional and consulting fees increased due mainly to corporate legal matter, audit fees and regulatory and other fees. The approximate total amount for legal and audit was $59,000 and approximate $38,000 relating to corporate and strategic advisory services. Office and administrative expenses are comprised of approximately $104,000 of salaries and benefits for employees and other related office expenses. Research costs are in conjunction with Ortho C project netted against an estimate of the investment tax credits of $15,000. During Q2, the Corporation completed its transactions with respect to its final prospectus which include costs to transfer agent and filing fees of approximately $19,000.

In Q3-2017, the main expenses are professional and consulting fees, office and administrative expense, research costs and share-based compensation. Professional and consulting fees include corporate legal and audit matter for a total amount of $33,000 and consulting fees paid to new Acting CEO of approximately $33,000 and $18,000 on business strategies. The decrease in office and administration is due to the decrease in the salaries and benefits for employees due to the departure of the former CEO. Research expenses represents the monthly costs associated to the Research agreements. The financial expenses relate to the interest on the operating loan from Manitex.

In Q4-2017, the main expenses are professional and consulting fees, office and administrative expense, and financial expenses. Professional and consulting fees include corporate legal and audit matter for a total amount of $19,000 and consulting fees paid to new Acting CEO of $60,000 and $46,000 on business strategies. Office and administration are comprised of approximately $40,000 of salaries and benefits for employees. Research expenses represents the monthly costs associated to the Research agreements netted against an estimate of approximately of $48,000 of investment tax credit. The financial expenses relate to the interest on the operating loan from Manitex in the amount of approximately $14,000 and $27,000 relates to the interest accrued from the arrears on the Polytechnique contracts which bear interest at the annual rate of 12% for any unpaid balance at the end of each month.

CASH FLOWS, LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS:

Sources and Uses of Cash

For the years ended January 31 :	**2017** $	2016 $
Operating activities:		
Cash used in operations prior to changes in working capital	**(996,396)**	(524,243)
Changes in non-cash working capital	**(168,025)**	547,355
Cash (used in) provided by operations	**(1,164,421)**	23,112
Investing activities:		
Cash used in for acquisition of intangible assets	**(569,597)**	(675,366)
Financing activities:		
Cash received from operating loan	**639,850**	240,000
Cash received from equity financing	**540,000**	1,150,617
Cash received for share capital as a debt	**-**	75,757
Payment of share issues costs	**(23,250)**	(14,000)
Payment for costs in relation to the long form prospectus	**(61,464)**	(153,874)
Cash provided by financing activities	**1,095,138**	1,298,500
(Decrease) increase in cash	**(638,880)**	646,246
Cash, beginning of period	**646,246**	-
Cash, end of period	**7,366**	646,246

(a) Operating activities

Cash used in operations represents the cash flow from loss, excluding expenses not affecting cash and the net change in non-cash operating working capital. During the current period, non-cash items are comprised of approximately $130,055 (2016 - $403,637). These amounts represent for the current year share based compensation and for last year share based compensation and a $257,577 fair value adjustment on Class A shares. The net change in non-cash working capital was affected by the slight decrease in accounts payable and accrued liabilities of $57,828, a decrease in sales tax receivable and prepaid expenses of $8,893 and a increase in the investment tax credits of $119,090 compared to the related period.

(b) Investing activities

The Corporation incurred costs of $569,597 (2016 - $675,366) to fund on-going development activities, acquire technology and submit patent applications. Netted against the cost of development activities are investment tax credits from federal and provincial tax authorities in the amount of $172,913 (2016 - $173,847).

(c) Financing activities

During the current period the Corporation received $540,000 (2016 - $1,150,617) from the issuance of common shares with related share issue costs $23,250 (2016 - $14,000) and $639,850 (2016 - $240,000) from its operating loan capacity. In the prior period the amount of $75,757 raised as share capital is considered as a debt and has been presented as a liability at fair value in the amount of $333,334. $61,464 (2016 - $153,874) of costs related to the filing of the long from prospectus on April 29, 2016, which the Corporation completed its transaction with Manitex on June 3, 2016, see note 1 of the annual audited financial statements. Cash flows provided by financing activities amounted to $1,095,138 (2016 – 1,298,500).

LIQUIDITY AND CAPITAL RESOURCES:

	January 31, 2017 $	January 31, 2016 $
Cash	**7,366**	646,246
Working Capital [(i)]	**(1,301,640)**	(190,935)
Total assets	**1,673,310**	1,786,270

(i) Working capital is a measure of current assets less current liabilities

At January 31, 2017 the Corporation has used its operating loan to $879,850 (2016 – 240,000). 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. As at January 31, 2017, the unused amount of its operating loan is $30,150.

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.

The Corporation has commitments of $933,333 under the three Polytechnique Research Agreements to fund $58,333 on a monthly basis for the next 16 months. As at January 31, 2017, the amount owed to

Polytechnique under the Research Agreements is $385,882. In addition, the Corporation has a commitment to fund $136,410 on March 31, 2017 under the amendment No. 5 of the Intellectual Property Assignment and Technology Transfer Agreement. Therefore, on March 31, 2017, the Corporation paid the amount of $36,410 to Polyvalor. 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 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.

The current working capital deficiency is a situation that is being addressed by the Corporation and its Board of Directors.

To secure the additional capital necessary to fund the negative working capital and the development projects, the Corporation is actively attempting to raise funds through the issuance of equity or by securing strategic partners. As at January 31, 2017, the Corporation has raised $1,766,000 through several private placements. Subsequently to year end, the Corporation closed two private placements for a total amount of $550,000 and in addition to the private placements, the Corporation received subscriptions in the amount of $100,000.

The Corporation's use of available funds over the upcoming year is of upmost concern to the Board and revised spending budgets have been prepared to postpone development activities and reduce some administrative expenses should the private financing through share purchase or debt be insufficient to cover the business plan. It is important to distinguish between R&D and product/clinical development. The Corporation will continue to fund the Polytechnique contracts on a monthly basis, however development activities focused on manufacture of raw material and animal and human trials can be postponed and we do not believe that these delays would materially impact the potential for the product or the Corporation. The Corporation can also delay the prosecution of its patents. In doing so the Corporation is not giving up any of its rights or protection of its intellectual property as the patent authorities have built in such delays in the patent regulations and companies are afforded the opportunity to delay the prosecution of patents for confidentiality and strategic reasons.

Discussion of operation cash requirements:

All four products in our current portfolio will require significant investment to increase their market value (through, for example, clinical trials) to attract a strategic partner. We currently estimate that an investment of at least $25 million will be required over time to complete the research and development, including regulatory approvals and manufacturing validation.

There are a number of areas where duplication between product lines can be avoided, for example in the manufacture of our chitosan material, which is common across our product platform. We do not therefore need to replicate manufacturing capability, or the associated costs, for each of the four products.

Ortho-R is in a pure development phase and represents our lead product for commercialization. We anticipate that pilot clinical trials may start as early as first half of 2018, and the current stage of the program is concentrated on ensuring that all preclinical activities are complete: these preclinical activities include formal toxicology testing, pivotal animal efficacy study(ies), and the transfer of the manufacturing process to a contract manufacturing organization. All of the preclinical activities have commenced and we anticipate that all can be accomplished with the expenditure of a further $2.5M, in addition to the on-going commitment to funding the Polytechnique agreement of $17,500 per month for the next 16 months.

Ortho-M is our second candidate and is also in a development phase. Large animal preclinical models studies are completed. We anticipate a similar pathway and plan to Ortho-R, management is currently

evaluating the estimated commencement of the pivotal animal efficacy study(ies) and will require an investment of approximately $750K, in addition to the on-going commitment to funding the Polytechnique agreement of $23,333 per month for the next 16 months.

Ortho-C is in a research and discovery phase. The Corporation (through its ongoing funding) will continue to investigate possible formulations and conduct small and large animal research studies to investigate possible efficacy in articular cartilage repair. As such, the associated costs are covered by the ongoing commitment under the third research agreement with Polytechnique, the terms of which require a monthly investment of $17,500 for the next 16 months.

Ortho-V is a discovery and feasibility project, funding for which will come from the same research agreement with Polytechnique that covers the development of Ortho-M. To date minimal funding has been applied to this project. During fiscal 2017, we will conduct a preclinical feasibility study which will demonstrate whether the proposed formulation has the ability to affect osteoarthritis or the pain associated with osteoarthritis. If successful, the technology can then enter a more active phase.

COMMITMENTS

The following represents the commitments that the Corporations has entered into:

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	233,333	-	233,333
	933,333	136,410	1,069,743

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

OFF BALANCE SHEET ARRANGEMENTS

The Corporation as no does not have any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The following table presents the related parties transactions for the year ended October 31, 2016 and the period from date of incorporation February 5, 2015 to January 31, 2016:

	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.

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 Polytechique, 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

USE OF ACCOUNTING ESTIMATES AND JUDGMENTS

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.

Please refer to Note 3 of the annual audited financial statements for an extended description of the information concerning the Corporation's significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

There were no changes in accounting policies for the year ended January 31, 2017.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

The information is provided in Note 2 of the audited financial statements.

FINANCIALS 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 plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets are derecognized when the contractual right to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred. An extended description of the Corporation's financial instruments and their fair values is provided in Note 8 of the annual audited financial statements.

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.

RISK MANAGEMENT

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.

Management determined that the Corporation is not exposed to currency and credit risk arising from these financial instruments.

a) Market risk

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:

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**

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' 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 is actively attempting 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.