

**Ortho Regenerative Technologies Inc.**  
**Interim Condensed Financial Statements**

*For the three-month period ended April 30, 2018*

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

# Ortho Regenerative Technologies Inc.

## Contents

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Page

### **Interim Condensed Financial Statements**

Statements of Financial Position .....	3
Statements of Loss and Comprehensive Loss .....	4
Statements of Changes in Shareholders' (Deficiency) Equity .....	5
Statements of Cash Flows .....	6
<b>Notes to Interim Condensed Financial Statements .....</b>	<b>7</b>

**Ortho Regenerative Technologies Inc.**  
**Statements of Financial Position**  
**As at**

	April 30, 2018 \$	January 31, 2018 \$
<b>Assets (Note 4)</b>		
Cash	63,191	449,720
Sales tax receivable	12,649	6,048
Prepaid expenses	12,506	32,954
Investment tax credits	160,005	160,005
<b>Total current assets</b>	<b>248,351</b>	<b>648,727</b>
Investment tax credits	242,711	242,711
Equipment	161,179	159,707
Intangible asset	452,256	460,332
<b>Total non-current assets</b>	<b>856,146</b>	<b>862,750</b>
<b>Total assets</b>	<b>1,104,497</b>	<b>1,511,477</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	200,604	245,942
Short-term debt (Note 4)	520,382	511,948
Convertible loan (Note 5)	631,090	-
<b>Total current liabilities</b>	<b>1,352,076</b>	<b>757,890</b>
Convertible loan (Note 5)	-	607,239
<b>Total non-current liabilities</b>	<b>-</b>	<b>607,239</b>
<b>Total liabilities</b>	<b>1,352,076</b>	<b>1,365,129</b>
<b>Shareholders' (deficiency) equity</b>		
Common shares (Note 6)	3,875,676	3,842,500
Warrants (Note 6)	779,284	758,380
Contributed surplus (Note 6)	552,051	548,097
Deficit	(5,454,590)	(5,002,629)
<b>Total shareholders' (deficiency) equity</b>	<b>(247,579)</b>	<b>146,348</b>
<b>Total liabilities and shareholders' (deficiency) equity</b>	<b>1,104,497</b>	<b>1,511,477</b>

Going Concern Uncertainty (Note 1); Commitments (Note 12); Subsequent events (Note 13)

"Brent Norton", Director

"Sharon Ludlow", Director

**Ortho Regenerative Technologies Inc.**  
**Statements of Loss and Comprehensive Loss**

*For the three-month period ended April 30*

	2018	2017
	\$	\$
<b>Expenses</b>		
<b>Research and development costs</b> <i>(Note 7)</i>	<b>113,442</b>	65,608
<b>General and administrative expenses</b>		
Professional and consulting fees	<b>91,837</b>	90,884
Office and administrative	<b>87,736</b>	46,517
Travel and promotion	<b>7,322</b>	6,274
Investor relations, transfer agent and filing fees	<b>84,160</b>	17,898
Share-based compensation <i>(Note 6)</i>	<b>22,704</b>	5,656
	<b>407,201</b>	232,837
<b>Financial expenses</b>		
Interest on short-term debt and bank charges	<b>20,909</b>	22,713
Interest and accretion on convertible loan <i>(Note 5)</i>	<b>23,851</b>	1,247
	<b>44,760</b>	23,960
<b>Net loss and comprehensive loss</b>	<b>451,961</b>	256,797
<b>Loss per share</b>		
Weighted average number of common shares outstanding	<b>20,621,015</b>	14,461,833
Basic and diluted loss per common share	<b>0.02</b>	0.02

**Ortho Regenerative Technologies Inc.**  
**Statement of Changes in Shareholders' (Deficiency) Equity**

*For the three-month period ended April 30,*

	<i>Number of shares</i>	<i>Share capital \$</i>	<i>Warrants \$</i>	<i>Contributed surplus \$</i>	<i>Accumulated Deficit \$</i>	<i>Total Equity \$</i>
<b>Balance, as at January 31, 2017</b>	14,093,166	1,200,031	238,000	276,115	(2,054,331)	(340,185)
Issuance of units as equity <i>(Note 6)</i>	1,300,000	520,000	130,000	-	-	650,000
Conversion of debt into units as equity <i>(Note 6)</i>	800,000	320,000	80,000	-	-	400,000
Share issue costs <i>(Note 6)</i>	-	(31,000)	-	-	-	(31,000)
Issuance of warrants as issue costs <i>(Note 6)</i>	-	(7,700)	7,700	-	-	-
Share-based compensation <i>(Note 6)</i>	-	-	-	5,656	-	5,656
Conversion feature on convertible loan <i>(Note 5)</i>	-	-	-	67,061	-	67,061
Net loss for the period	-	-	-	-	(256,797)	(256,797)
<b>Balance, as at April 30, 2017</b>	16,193,166	2,001,331	455,700	348,832	(2,249,889)	494,735
<b>Balance, as at January 31, 2018</b>	<b>20,610,612</b>	<b>3,842,500</b>	<b>758,380</b>	<b>548,097</b>	<b>(5,002,629)</b>	<b>146,348</b>
Exercised options	25,000	21,250	-	(18,750)	-	2,500
Exercised warrants	16,812	11,926	(2,062)	-	-	9,864
Issuance of warrants <i>(Note 6)</i>	-	-	22,966	-	-	22,966
Share-based compensation <i>(Note 6)</i>	-	-	-	22,704	-	22,704
Net loss for the period	-	-	-	-	(451,961)	(451,961)
<b>Balance, as at April 30, 2018</b>	<b>20,652,424</b>	<b>3,875,676</b>	<b>779,284</b>	<b>552,051</b>	<b>(5,454,590)</b>	<b>(247,579)</b>

The number of shares held in escrow as at April 30, 2018 is 8,631,644 (11, 508, 858 – April 30, 2017)

# Ortho Regenerative Technologies Inc.

## Statements of Cash Flows

*For the three-month period ended April 30:*

	2018	2017
	\$	\$
<b>Operating activities:</b>		
Net loss from operations	(451,961)	(256,797)
<b>Add items not affecting cash:</b>		
Share-based compensation	22,704	5,656
Consulting fees paid by issuance of warrants	22,966	-
Amortization – intangible asset	8,076	-
Amortization – transactions costs	1,858	-
Financial charges on short-term debt	20,973	24,563
Interest and accretion on convertible loan <i>(Note 5)</i>	23,851	1,247
	(351,533)	(225,331)
<b>Net change in non-cash operating working capital:</b>		
Sales tax receivable and prepaid expenses	13,847	13,530
Investment tax credits	-	7,922
Accounts payable and accrued liabilities	(45,336)	(126,418)
	(31,489)	(104,966)
<b>Cash used in operating activities</b>	<b>(383,022)</b>	<b>(330,297)</b>
<b>Investing activities:</b>		
Acquisition of equipment	(1,472)	(36,410)
<b>Financing activities:</b>		
Increase in operating loan	-	81,100
Payment of interest on short-term debt	(14,399)	-
Issuance of units	-	650,000
Proceeds from exercised warrants	9,863	-
Proceeds from exercised options	2,500	-
Payment of debt issue costs <i>(Note 6)</i>	-	(1,500)
Payment of share issue costs <i>(Note 8)</i>	-	(31,000)
<b>Cash provided by financing activities</b>	<b>(2,036)</b>	<b>698,600</b>
<b>(Decrease) increase in cash</b>	<b>(386,530)</b>	<b>331,893</b>
<b>Cash, beginning of period</b>	<b>449,720</b>	<b>7,366</b>
<b>Cash, end of period</b>	<b>63,190</b>	<b>339,259</b>
<b>Supplementary cash flow information</b>		
Acquired intangible asset by issuances of shares	-	80,000
Settlement of accrued interest by issuance of convertible loan <i>(Note 5)</i>	-	39,050
Settlement of operating loan by issuance of convertible loan <i>(Note 5)</i>	-	560,950
Settlement of operating loan by issuance of shares <i>(Note 5)</i>	-	400,000

**Ortho Regenerative Technologies Inc.**  
**Notes to Financial Statements**  
**As at April 30, 2018**

**1. Presentation of Financial Statements**

**Description of the Business and Going Concern Uncertainty**

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. The Corporation's shares are listed on the Canadian Securities Exchange ("CSE") under the symbol ORTH.

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

The accompanying financial statements have been prepared on the going concern basis, which presumes the Corporation will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In its assessment to determine if the going concern assumption is appropriate, management 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 April 30, 2018, the Corporation had a deficit of \$5,454,590 and a negative working capital of \$1,103,725. During the period ended April 30, 2018, the Corporation incurred a net loss of \$451,961.

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 its 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 a material uncertainty that may cast a significant doubt about the ability of the Corporation to continue as a going concern without obtaining additional financial resources.

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

These financial statements were approved and authorized for issuance by the Board of Directors on June 19, 2018.

**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.

**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.

	<b>April 30, 2018</b>	January 31, 2018
End of period exchange rate	<b>1.2836</b>	1.2293
	<b>April 30, 2018</b>	April 30, 2017
Period average exchange rate	<b>1.2750</b>	1.3297

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

**c) Statement of compliance**

These unaudited condensed interim consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The unaudited condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended January 31, 2018 as they follow the same accounting policies and methods of application.

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.

**d) Recently adopted accounting policies**

***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 adoption of the amendment did not have a material impact to these financial statements.

***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 adoption of the amendment did not have a material impact to these financial statements.

**e) Future accounting pronouncements**

***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.

**3. Use of Estimates and Judgements**

The preparation of the unaudited condensed interim consolidated financial statements requires management to undertake a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from these judgments and estimates. These estimates and judgments are based on management's best knowledge of the events or circumstances and actions the Company may take in the future. The estimates are reviewed on an ongoing basis. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed in Note 3 of the Corporation's 2018 annual financial statements and are still applicable for the period ended April 30, 2018.

**Ortho Regenerative Technologies Inc.**  
**Notes to Financial Statements**  
**As at April 30, 2018**

**4. Short-term debt**

a) On July 28<sup>th</sup>, 2017, the Corporation and Manitek signed an unsecured note payable in the amount of \$224,737. The note payable bears interest at 12% and matures on October 31, 2018.

The note payable consists of the following:

	April 30, 2018	January 31, 2018
	\$	\$
Principal	224,737	224,737
Interest accrued	20,467	13,891
<b>Total note payable</b>	<b>245,204</b>	<b>238,628</b>

b) On September 12, 2017, the Corporation signed a short-term loan agreement to finance its investment tax credits. The loan is secured by a first rank moveable hypothec on its assets and bears interest at a fix rate of 1.5% per month. The amounts are due upon receiving the refunds by the respective governments.

	April 30, 2018	January 31, 2018
	\$	\$
Principal	278,700	278,700
Transaction costs	(3,522)	(5,380)
<b>Total short-term loan</b>	<b>275,178</b>	<b>273,320</b>

Subsequently to the period the amount of \$120,200 was repaid to the creditor, upon receipt of the funds from investment tax credit in the amount of \$160,280

**5. Convertible Loan**

Convertible loan consists of the following:

	April 30, 2018	January 31, 2018
	\$	\$
Face value of the convertible loan upon conversion ( <i>Note 5</i> )	600,000	600,000
Less: equity component	(67,061)	(67,061)
Book value of convertible loan on initial recognition	532,939	532,939
Accretion expense	99,012	75,161
Transaction costs	(861)	(861)
<b>Total convertible loan</b>	<b>631,090</b>	<b>607,239</b>

On April 27, 2017, the Corporation converted \$600,000 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, Manitek, at any time, has the option to convert all or any part of the Convertible Loan amount, into shares of the Corporation at a deemed price of \$1.00 per shares. 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 Manitek to convert all, or any part of the balance of the Convertible Loan at a deemed price of \$1.00 per share of the Corporation.

At the time of issue, the convertible loan were separated into liability and equity components using the residual method. The fair value of the liability component was calculated using discounted cash flows for the convertible loan assuming an effective interest rate of 18%. The effective interest rate was based on the estimated rate for a debenture with similar terms but without a conversion feature from comparable companies. The fair value of the equity component (conversion feature) was determined at the time of issue as the difference between the face value of the convertible loan and the fair value of the liability component. The liability component was subsequently measured at amortized cost using the effective interest rate method and was accreted up to the principal balance at maturity. The accretion is presented as a financial expense.

**Ortho Regenerative Technologies Inc.**  
**Notes to Financial Statements**  
**As at April 30, 2018**

**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

**(b) Share option and compensation expense:**

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.

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.

Changes in outstanding options were as follows during the period:

	<b>2018</b>		<b>2017</b>	
	<b>Number</b>	<b>Weighted</b>	<b>Number</b>	<b>Weighted</b>
	<b>#</b>	<b>exercise price</b>	<b>#</b>	<b>exercise price</b>
		<b>\$</b>		<b>\$</b>
<b>Balance, January 31, 2017</b>	<b>1,700,000</b>	<b>0.39</b>	800,000	0.25
Granted during the period	-	-	-	-
Expired during the period	-	-	-	-
Cancelled during the period	<b>(75,000)</b>	<b>0.10</b>	(50,000)	0.50
Exercised during the period	<b>(25,000)</b>	<b>0.10</b>	-	-
<b>Balance, April 30, 2018</b>	<b>1,600,000</b>	<b>0.43</b>	750,000	0.15

The following options to purchase common shares were outstanding as at April 30, 2018:

<b>Number of</b>	<b>Number of</b>	<b>Exercise price</b>	<b>Remaining contractual life</b>
<b>options</b>	<b>options</b>	<b>\$</b>	
<b>outstanding</b>	<b>exercisable</b>		
<b>300,000</b> <sup>1</sup>	<b>225,000</b>	<b>0.10</b>	<b>2.23 years</b>
<b>1,200,000</b>	<b>611,800</b>	<b>0.50</b>	<b>3.74 years</b>
<b>100,000</b>	-	<b>0.55</b>	<b>4.70 years</b>
<b>1,600,000</b>	<b>836,800</b>		

<sup>1</sup> As per the escrow agreement 225,000 of these options are held in escrow and are subject to the same release conditions as described in Note 11a) of the annual audited financial statements.

**Ortho Regenerative Technologies Inc.**  
**Notes to Financial Statements**  
**As at April 30, 2018**

**6. Share Capital**

**(c) Warrants**

Changes in outstanding warrants were as follows during the period:

	2018		2017	
	Number #	Weighted exercise price \$	Number #	Weighted exercise price \$
<b>Balance, January 31,</b>	<b>4,030,138</b>	<b>0.70</b>	1,190,000	0.70
Granted during the period	100,000	0.70	1,105,000	0.69
Expired during the period	-	-	-	-
Cancelled during the period	-	-	-	-
Exercised during the period	(16,812)	0.59	-	-
<b>Balance, April 30,</b>	<b>4,113,326</b>	<b>0.70</b>	2,295,000	0.70

On February 12, 2018, the Board issued 100,000 non-transferable, share purchase warrants to a consultant. Each warrant will entitle the consultant to purchase one Class "A" common share of the Corporation at an exercise price of \$0.70 per share at any time on or before the close of business on August 12, 2019. Using a stochastic model, the fair value of the warrants was \$22,966 and has been charged to comprehensive loss under consulting fees. As at April 30, 2018, the Corporation had outstanding warrants as follows:

Number of full warrants	Issue date	Expiry date	Exercise price \$	Fair value of full warrants \$	Remaining contractual life in years
650,000	January 29, 2016	January 29, 2019	0.70	0.20	0.75
80,000	February 28, 2016	March 9, 2019	0.70	0.20	0.86
460,000	August 2, 2016	August 2, 2018	0.70	0.20	0.26
480,000	March 31, 2017	October 1, 2018	0.70	0.20	0.42
26,363	March 31, 2017	October 1, 2018	0.50	0.14	0.42
570,000	April 27, 2017	October 29, 2018	0.70	0.20	0.50
207,500	June 28, 2017	December 28, 2018	0.70	0.26	0.66
1,750	June 28, 2017	December 28, 2018	0.50	0.14	0.66
390,000	July 28, 2017	January 29, 2019	0.70	0.22	0.75
19,000	July 28, 2017	January 29, 2019	0.50	0.15	0.75
957,713	October 31, 2017	April 29, 2019	0.70	0.14	1.00
171,000	December 11, 2017	May 11, 2019	0.70	0.21	1.03
100,000	February 13, 2018	August 12, 2019	0.70	0.23	1.28
<b>4,113,326</b>					<b>0.70</b>

A stochastic model option-pricing models was used. The following assumptions were used when the warrants were granted for the three-month period ended April 30:

	2018	2017
Share price	\$0.70	n/a
Weighted average risk-free interest rate	1.78%	0.78%
Weighted average volatility factor	74.7%	87%
Weighted average expected life (in years)	1.5	1.5
Weighted fair value of warrants	\$0.23	\$0.20

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

**Ortho Regenerative Technologies Inc.**  
**Notes to Financial Statements**  
**As at April 30, 2018**

**7. Research and Development costs**

Research and development costs consist of:

	2018	2017
	\$	\$
Research expenses	20,820	26,004
Development costs	60,398	129,457
Patents prosecution costs	24,148	2,225
Amortization – intangible asset	8,076	-
	113,442	157,686
Investment tax credit	-	(92,078)
	113,442	65,608

**8. Personnel Costs**

General and administrative expenses include personnel costs, which consist of:

	2018	2017
	\$	\$
Salaries and employee benefits expenses	76,216	41,454
Share-based compensation for employees and directors	18,431	5,656
	94,647	47,110

**9. Financial Instruments**

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

	April 30, 2018			January 31, 2018		
	Carrying Value		Fair Value	Carrying Value		Fair Value
	FVTPL	\$	\$	FVTPL	\$	\$
<b>Financial Assets</b>						
Cash	63,191		63,191	449,720		449,720
	April 30, 2018			January 31, 2018		
	Carrying Value	Carrying Value		Carrying Value	Carrying Value	Fair Value
	FVTPL	Other financial liabilities	Fair Value	FVTPL	Other financial liabilities	Fair Value
	\$	\$	\$	\$	\$	\$
<b>Financial Liabilities</b>						
Accounts payable and accrued liabilities	-	200,604	200,604	-	245,942	245,942
Short-term debts	-	520,382	520,382	-	511,948	511,948
Convertible loan	-	631,090	631,090	-	607,239	607,239
	-	1,352,076	1,352,076	-	1,365,129	1,365,129

The Corporation 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.

**Ortho Regenerative Technologies Inc.**  
**Notes to Financial Statements**  
**As at April 30, 2018**

**9. 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 April 30, 2018 is as follows:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	\$	\$	\$
<b>Financial Assets</b>			
Cash	63,191	-	-

During the periods ended April 30, 2018 and January 31, 2018, there were no transfer between Levels 1, 2 and 3 of the fair value hierarchy.

**10. 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) Credit risk**

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

**(b) Market risk**

*(i) Cash flow and fair value interest rate risk*

The Corporation is exposed to fair value interest rate risk due to 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.

*(ii) Currency risk*

The Corporation has cash and accounts payable and accrued liabilities denominated in U.S. dollars. The Corporation does not hold financial derivatives to manage fluctuation in these risks. However, the amount is deemed to be immaterial for the presented periods.

**(c) Liquidity risk**

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The following are the contractual maturities of financial liabilities as at:

<b>April 30, 2018</b>	<b>Carrying Value</b>	<b>Contractual cash flows</b>	<b>Less than 60 days</b>	<b>60 days to 12 months</b>	<b>More than 12 months</b>
	\$		\$	\$	\$
Financial Liabilities					
Accounts payable and accrued liabilities	200,604	200,604	200,604	-	-
Short term liabilities *	520,382	552,526	120,200	432,326	-
Convertible loan *	631,090	705,863	-	705,863	-
	1,352,076	1,458,993	320,804	1,138,189	-

\*Includes interest payments to be made at the contractual rate.

**Ortho Regenerative Technologies Inc.**  
**Notes to Financial Statements**  
**As at April 30, 2018**

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

**(d) Capital risk management**

The Corporation objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders. The Corporation includes equity, comprised of issued common shares, warrants and contributed surplus, in the definition of capital. The Corporation's primary objective with respect to its capital management is to ensure that it 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.

**11. Related Party Transactions**

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

	<b>April 30, 2018</b>	<b>April 30, 2017</b>
	<b>\$</b>	<b>\$</b>
<i>Transactions with key management members and members of the Board of Directors:</i>		
Salaries and employee benefits expenses	<b>41,815</b>	41,454
Share-based compensation to employees and directors	<b>16,261</b>	5,656
Consulting fees charged by a director and acting CEO	<b>60,000</b>	58,000
<i>Transactions with Manitex, a shareholder of the Corporation:</i>		
Interest charged by	<b>30,425</b>	18,837
Consulting fees charged by	-	8,100
<i>Transaction with Polytechnique, a partner of Polyvalor :</i>		
Interest accrued for	-	9,187
Research and development costs	<b>69,400</b>	175,000

Compensation of key management includes directors and the Vice-President Finance and Chief Financial Officer.

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

	<b>April 30, 2018</b>	<b>January 31, 2018</b>
	<b>\$</b>	<b>\$</b>
Accounts payable and accrued liabilities due to a director and acting CEO	<b>10,000</b>	<b>10,000</b>
Accounts payable and accrued liabilities due to Polytechnique, a partner of Polyvalor	<b>69,400</b>	-

All other related parties' transactions are disclosed in the respective notes in these financial statements.

**12. Commitments**

a) On June 19, 2015, the Corporation entered into three long-term Research Service Agreements with Polytechnique. The remaining amount of \$23,133 represents the last payment of these three Research Service Agreements for the month of May 2018. As at the reporting date, the Corporation has fulfilled its financial obligations on these contracts.

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

c) Effective January 1, 2018, the Corporation signed a sublease agreement for the period starting January 1, 2018 to December 31, 2021. The sublease agreement does not contain any contingent rent clause and both parties may terminate the sublease agreement by giving a two-months notice after the initial term of 6 months.

d) The Corporation engaged a CRO to perform a pivotal study for which an amount of \$ 38,147 is due upon submission of the draft report by the CRO. An amount of \$21,600 has been accrued and presented in accounts payable and accrued liabilities representing animals necropsy costs.

**Ortho Regenerative Technologies Inc.**  
**Notes to Financial Statements**  
**As at April 30, 2018**

**12. Commitments** *(Continued from previous page)*

The following table presents the minimum obligation over the next five years:

Year ending January 31,	Research agreement	Occupancy costs	Other commitments	Total
2019	23,133	24,000	38,147	85,280
2020	-	24,000	-	24,000
2021	-	24,000	-	24,000
2022	-	16,000	-	16,000
	23,133	88,000	38,147	149,280

**13. Subsequent Events**

On May 31, 2018, the Corporation closed a first tranche of a private placement for a total of net proceeds of \$1,381,500 and issued 3,610,000 Class A shares at \$0.40 share. The private placement was completed by authorized dealers, with fees of \$57,500 and issued 143,000 brokers warrants and professional fees of \$5,000.