Ortho Regenerative Technologies Inc.
Interim Condensed Financial Statements
Three-month and six-month periods ended July 31, 2018 and 2017

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.

Contents

	July 31, 2018 $	January 31, 2018 $
Assets *(Note 4)*		
Cash	**785,686**	449,720
Sales tax receivable	**16,919**	6,048
Prepaid expenses	**62,421**	32,954
Investment tax credits	**242,711**	160,005
Total current assets	**1,107,737**	648,727
Investment tax credits	**-**	242,711
Equipment	**161,179**	159,707
Intangible asset	**444,180**	460,332
Total non-current assets	**605,359**	862,750
Total assets	**1,713,096**	1,511,477
Liabilities		
Accounts payable and accrued liabilities	**74,559**	245,942
Short-term debt *(Note 4)*	**131,432**	511,948
Convertible loan *(Note 5)*	**656,153**	-
Total current liabilities	**862,144**	757,890
Convertible loan *(Note 5)*	**-**	607,239
Total non-current liabilities	**-**	607,239
Total liabilities	**862,144**	1,365,129
Shareholders' equity		
Common shares *(Note 6)*	**5,410,759**	3,842,500
Warrants *(Note 6)*	**801,000**	758,380
Contributed surplus *(Note 6)*	**577,583**	548,097
Deficit	**(5,938,390)**	(5,002,629)
Total shareholders' equity	**850,952**	146,348
Total liabilities and shareholders' equity	**1,713,096**	1,511,477

Going Concern Uncertainty *(Note 1)*; Commitments *(Note 12); Subsequent Events (Note 14)*

"*Brent Norton*", Director

"*Sharon Ludlow* ", Director

	Three months ended		Six months ended	
	2018	**2017**	**2018**	**2017**
	$	$	**$**	$
Expenses				
Research and development costs *(Note 7)*	**111,973**	86,530	**259,816**	152,138
General and administrative expenses				
Professional and consulting fees	**215,087**	130,445	**387,022**	236,329
Office and administrative	**88,543**	60,781	**145,940**	110,196
Travel and promotion	**4,004**	5,664	**11,326**	11,938
Share-based compensation *(Note 6)*	**25,532**	99,425	**48,236**	105,081
	445,139	382,845	**852,340**	615,682
Financial expenses				
Interest on short-term debt and bank charges	**14,023**	(35,179)	**34,933**	(12,466)
Interest and accretion on convertible loan	**24,638**	25,013	**48,488**	26,260
Change in fair value of Class A shares	**-**	(10,734)	**-**	(10,734)
	38,661	(20,900)	**83,421**	3,060
Net loss and comprehensive loss	**483,800**	361,945	**935,761**	618,742
Loss per share				
Weighted average number of common shares outstanding	**23,143,946**	16,556,503	**21,903,446**	16,380,449
Basic and diluted loss per common share	**0.02**	0.02	**0.04**	0.04

	Number of shares	*Share capital $*	*Warrants $*	*Contributed surplus $*	*Accumulated Deficit $*	*Total (Deficiency) Equity $*
Balance as at January 31, 2017	14,093,166	1,200,031	238,000	276,115	(2,980,970)	(1,266,824)
Issuance of units as equity *(Note 6)*	2,495,000	977,750	269,750	-	-	1,247,500
Conversion of debt into units as equity *(Note 6)*	800,000	320,000	80,000	-	-	400,000
Share issue costs *(Note 6)*	-	(51,375)	-	-	-	(51,375)
Issuance of warrants as issue costs *(Note 6)*	-	(10,795)	10,795	-	-	-
Share-based compensation *(Note 6)*	-	-	-	105,081	-	105,081
Conversion feature on convertible loan *(Note 5)*	-	-	-	67,061	-	67,061
Net loss for the period	-	-	-	-	(618,742)	(618,742)
Balance as at July 31, 2017	17,388,166	2,435,611	598,545	448,257	(3,599,712)	(117,299)
Balance as at January 31, 2018	**20,610,612**	**3,842,500**	**758,380**	**548,097**	**(5,002,629)**	**146,348**
Issuance of shares *(Note 6)*	**3,760,000**	**1,504,000**	**-**	**-**	**-**	**1,504,000**
Exercised options *(Note 6)*	**25,000**	**21,250**	**-**	**(18,750)**	**-**	**2,500**
Exercised warrants *(Note 6)*	**16,812**	**11,926**	**(2,063)**	**-**	**-**	**9,863**
Settlement of note payable by issuance of shares *(Note 4)*	**300,000**	**120,000**				**120,000**
Issuance of warrants *(Note 6)*	**-**	**(21,717)**	**44,683**	**-**	**-**	**22,966**
Share issue costs *(Note 6)*	**-**	**(67,200)**				**(67,200)**
Share-based compensation *(Note 6)*	**-**	**-**	**-**	**48,236**	**-**	**48,236**
Net loss for the period	**-**	**-**	**-**	**-**	**(935,761)**	**(935,761)**
Balance as at July 31, 2018	**24,712,424**	**5,410,759**	**801,000**	**577,583**	**(5,938,390)**	**850,952**

The number of shares held in escrow as at July 31, 2018 was 8,631,644 (11,508,858 as at July 31, 2017)

	2018 $	2017 $
Operating activities:		
Net loss from operations	**(935,761)**	(618,742)
Add items not affecting cash:		
Share-based compensation	**48,236**	105,081
Consulting fees paid by issuance of equity instruments	**22,966**	15,000
Amortization – intangible asset	**16,152**	8,410
Amortization – transaction costs	**5,806**	375
Financial charges on short-term debt	**31,956**	(4,000)
Interest and accretion on convertible loan *(Note 5)*	**48,488**	25,886
Change in fair value of Class A shares	**-**	(10,734)
	(762,157)	(478,724)
Net change in non-cash operating working capital:		
Sales tax receivable and prepaid expenses	**(40,338)**	12,221
Investment tax credits	**160,005**	(135,078)
Accounts payable and accrued liabilities	**(171,379)**	(214,641)
	(51,712)	(337,498)
Cash used in operating activities	**(813,869)**	(816,222)
Investing activities:		
Acquisition of equipment	**(1,472)**	-
Acquisition of intangible asset	**-**	(36,410)
	(1,472)	(36,410)
Financing activities:		
Increase in operating loan	**-**	81,100
Payment of interest on short-term debt	**(19,156)**	-
Repayment of short-term debt	**(278,700)**	-
Issuance of shares	**1,504,000**	-
Issuance of units	**-**	1,232,500
Proceeds from exercised warrants	**9,863**	-
Proceeds from exercised options	**2,500**	-
Payment of debt issue costs *(Note 6)*	**-**	(1,500)
Payment of share issue costs *(Note 8)*	**(67,200)**	(51,375)
Cash provided by financing activities	**1,151,307**	1,260,725
Increase in cash	**335,966**	408,093
Cash, beginning of period	**449,720**	7,366
Cash, end of period	**785,686**	415,459
Supplementary cash flow information		
Intangible asset acquired by issuances of shares	**-**	80,000
Settlement of note payable by issuance of shares	**120,000**	
Settlement of accounts payable by issuance of a note payable	**-**	224,737
Settlement of accrued interest by issuance of convertible loan *(Note 5)*	**-**	39,050
Settlement of operating loan by issuance of convertible loan *(Note 5)*	**-**	560,950
Settlement of operating loan by issuance of shares *(Note 5)*	**-**	400,000

1. Presentation of the 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 into 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 considers all data available regarding the future for at least, without limiting, the next twelve months.

The Corporation has yet to generate revenue and has relied upon the issuance of debt and equity instruments to fund operations. As at July 31, 2018, the Corporation had a deficit of $5,938,390 and a working capital of $245,593. During the period ended July 31, 2018, the Corporation incurred a net loss of $935,761.

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 September 18, 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 Canadian dollars, which is also the functional currency of the Corporation.

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

	July 31, 2018	**January 31, 2018**
End of period exchange rate	**1.3017**	1.2293
	July 31, 2018	July 31, 2017
Period average exchange rate	**1.2898**	1.2987

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 on 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 on 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 to the Corporation's 2018 annual financial statements and are still applicable for the period ended July 31, 2018.

4. Short-term debt

a) On July 28, 2017, the Corporation and Manitex Capital Inc. ("Manitex") signed an unsecured note payable in the amount of $224,737. The note payable bears interest at 12% and matures on October 31, 2018. On July 17, 2018, the Corporation issued 300,000 shares for a total amount of $120,000 in partial settlement of the note payable. The terms and conditions of the note payable remain unchanged.

The note payable consists of the following:

	July 31, 2018 $	January 31, 2018 $
Principal	**224,737**	224,737
Interest accrued	**26,695**	13,891
Partial settlement by issuance of shares	**(120,000)**	-
Total note payable	**131,432**	238,628

b) On September 12, 2017, the Corporation signed a short-term loan agreement to finance its investment tax credits. The loan was secured by a first rank moveable hypothec on its assets and bore interest at a fixed rate of 1.5% per month. During the quarter, the Corporation repaid the loan in full.

	July 31, 2018 $	January 31, 2018 $
Principal	**278,700**	278,700
Repaid during the period	**(278,700)**	-
Transaction costs	**-**	(5,380)
Total short-term loan	**-**	273,320

5. Convertible Loan

Convertible loan consists of the following:

	July 31, 2018 *$*	January 31, 2018 $
Face value of the convertible loan upon conversion	**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	**123,649**	75,161
Transaction costs	**(435)**	(861)
Total convertible loan	**656,153**	607,239

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 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 shares of the Corporation at a deemed price of $1.00 per share. 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 share of the Corporation.

5. Convertible Loan *(Continued from previous page)*

At the time of issue, the convertible loan was 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, from comparable companies, for a debenture with similar terms but without a conversion feature. 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. During the period, an amount of $48,488 was charged to the statement of loss and comprehensive loss.

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

The following table presents the shares issued during the period ended July 31, 2018:

Number of shares	Issue date	Gross proceeds $	Fair value of the shares $	Total issue costs $
150,000 (a&b)	**July 19, 2018**	**60,000**	**60,000**	**5,000**
300,000 (c)	**July 17, 2018**	**-**	**120,000**	**-**
3,610,000 (a&b)	**May 31, 2018**	**1,444,000**	**1,444,000**	**62,500**
25,000 (e)	**April 24, 2018**	**2,500**	**21,250**	**-**
16,812 (d)	**March 3-16, 2018**	**9,863**	**11,926**	**-**
4,101,812		**1,516,363**	**1,657,176**	**67,500**

The following table presents the units issued during the period ended July 31, 2017

Number of units	Issue date	Gross proceeds $	Fair value of the shares $	Fair value of the full warrants $	Total issue costs $
780,000 (f&i)	**July 28, 2017**	**390,000**	**304,200**	**85,800**	**16,350**
385,000 (f&i)	**June 28, 2017**	**192,500**	**142,450**	**50,050**	**7,120**
30,000 (f&g)	**June 28, 2017**	**-**	**11,100**	**3,900**	**-**
340,000 (f&i)	**April 27, 2017**	**170,000**	**136,000**	**34,000**	**16,200**
800,000 (f&h)	**April 27, 2017**	**-**	**320,000**	**80,000**	**-**
960,000 (f&i)	**March 31, 2017**	**480,000**	**384,000**	**96,000**	**22,500**
3,295,000		**1,232,500**	**1,297,750**	**349,750**	**62,170**

(a) Subscription price of $0.40 per share;

(b) In connection with the private placements described in (a), the Corporation issued a total of 145,500 brokers’ warrants of which $21,717 was credited to warrants and debited as issue costs based on the stochastic option model.

(c) The Corporation settled a partial amount of its note payable by the issuance of 300,000 shares to Manitex Capital for a fair value of $120,000 (Note 4)

(d) The Corporation issued a total of 16,812 common shares for the exercise of 16,812 brokers’ warrants, of which $11,926 was credited to share capital and $2,063 was debited from warrants.

(e) The Corporation issued a total of 25,000 common shares for the exercise of 25,000 options, of which $21,250 was credited to share capital and $18,750 was debited from contributed surplus.

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

(a) Authorized:

(f) 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 per share, the Corporation may give notice to warrant holders that they must exercise their warrants within a period of 30 days from the date of receipt of such notice. Using the Black-Scholes option valuation model, the proceeds were allocated between the common shares and the half-warrant.

(g) The Corporation settled a liability of $15,000 by the issuance of 30,000 units.

(h) The Corporation entered into a debt conversion and convertible loan agreement with Manitex. From the outstanding amount of $1,219,050, $400,000 was converted into 800,000 units at deemed price of $0.50 per unit. Using the Black-Scholes option valuation model, the same values were allocated between the common shares and the half-warrant as to the placement concluded on April 28, 2017. (Note 6)

(i) In connection with these private placements described in (a), the Corporation issued a total of 75,750 brokers' warrants, for which $10,795 was credited to warrants and debited as issue costs based on the Black-Scholes option valuation model.

(b) Share option and compensation expense:

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

The stock option plan is administered by the Board of Directors of the Corporation and it has full and final authority with respect to the granting of all options thereunder. 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:

		2018		***2017***
	Number #	***Weighted exercise price $***	***Number #***	***Weighted exercise price $***
Balance on January 31	**1,700,000**	**0.39**	800,000	0.25
Granted during the period	**200,000**	**0.50**	700,000	0.50
Expired during the period	**-**	**-**	-	-
Cancelled during the period	**(75,000)**	**0.10**	(50,000)	0.50
Forfeited during the period	**-**		(50,000)	0.50
Exercised during the period	**(25,000)**	**0.10**	-	-
Balance on July 31	**1,800,000**	**0.43**	1,400,000	0.39

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

(b) Share option and compensation expense

The following options were granted in the respective reporting periods:

Number of options	Issue date	Expiry date	Exercise price $	Fair value of options $
For the period ended July 31, 2018				
200,000 [(a)]	**June 19, 2018**	**December 19, 2019**	**0.50**	**0.14**
200,000				
For the period ended July 31, 2017				
100,000 [(b)]	*July 17, 2017*	*July 17, 2022*	*0.50*	*0.20*
600,000 [(c)]	*May 17, 2017*	*May 17, 2022*	*0.50*	*0.20*
700,000				

(a) The options vest 25% every 3 months commencing at the grant date

(b) The options vest 25% every 6 months following the grant date

(c) The options vest 40% at the grant date and 20% every 6 months following the grant date

The following options to purchase common shares were outstanding as at July 31, 2018:

Number of options outstanding	Number of options exercisable	Exercise price $	Remaining contractual life in years
300,000 [1]	**225,000**	**0.10**	**2.0**
1,400,000	**930,000**	**0.50**	**3.06**
100,000	**25,000**	**0.55**	**4.44**
1,800,000	**1,180,000**		**3.17**

[1] As per the escrow agreement these options are held in escrow and are subject to the same release conditions as described in Note 11a) to the annual audited financial statements.

Under the Black-Scholes option-pricing model, the following assumptions were used when the options were granted for the periods ended July 31:

	2018	2017
Share price	**$0.45**	n/a
Weighted average risk-free interest rate	**1.94%**	0.62% - 1.52%
Weighted average volatility factor	**73%**	89%
Weighted average expected life (in years)	**1.5**	5
Weighted fair value of options	**$0.14**	$0.26

For the period ended July 31, 2017, the stock was not listed on any exchange. Volatility is determined based on the historical share price of comparable companies.

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

(c) Warrants

Changes in outstanding warrants were as follows during the period:

		2018		2017
	Number #	Weighted exercise price $	Number #	Weighted exercise price $
Balance as at January 31	**4,030,138**	**0.70**	1,190,000	0.70
Granted during the period	**245,500**	**0.70**	1,723,250	0.69
Expired during the period	**-**	**-**	-	-
Cancelled during the period	**-**	**-**	-	-
Exercised during the period	**(16,812)**	**0.59**	-	-
Balance as at July 31	**4,258,826**	**0.70**	2,913,250	0.69

On February 12, 2018, the Board issued 100,000 non-transferable share purchase warrants to a consultant. Using a stochastic model, the fair value of the warrants was $22,966 and has been charged to comprehensive loss under consulting fees.

In connection with the private placements that closed during the period, the Corporation issued a total of 145,500 broker's warrants. Using a stochastic model, the fair value of the warrants was $21,716 and has been credited to warrants and debited as issue costs.

On July 31, 2018 the Corporation extended the expiry date of certain warrants which were issued in connection with private placements that closed prior to the listing of Ortho's shares on the CSE. Pursuant to the warrant term extension, the expiry dates of the warrants issued in conjunction with the private placements closed on August 3, 2016, March 31, 2017, April 27, 2017, June 28, 2017 and July 27, 2017 were extended for one (1) year from their respective original maturity dates. All other terms of the extended warrants remained unchanged.

As at July 31, 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**	**0.50**
80,000	**February 28, 2016**	**March 9, 2019**	**0.70**	**0.20**	**0.61**
460,000	**August 2, 2016**	**August 2, 2019**	**0.70**	**0.20**	**1.01**
480,000	**March 31, 2017**	**October 1, 2019**	**0.70**	**0.20**	**1.17**
23,363	**March 31, 2017**	**October 1, 2018**	**0.50**	**0.14**	**0.17**
570,000	**April 27, 2017**	**October 29, 2019**	**0.70**	**0.20**	**1.25**
207,500	**June 28, 2017**	**December 28, 2019**	**0.70**	**0.26**	**1.41**
1,750	**June 28, 2017**	**December 28, 2018**	**0.50**	**0.14**	**0.41**
390,000	**July 28, 2017**	**January 29, 2020**	**0.70**	**0.22**	**1.50**
19,000	**July 28, 2017**	**January 29, 2019**	**0.50**	**0.15**	**0.50**
957,713	**October 31, 2017**	**April 29, 2019**	**0.70**	**0.14**	**0.75**
171,000	**December 11, 2017**	**May 11, 2019**	**0.70**	**0.21**	**0.78**
100,000	**February 13, 2018**	**August 12, 2019**	**0.70**	**0.23**	**1.03**
143,000	**May 31, 2018**	**November 1, 2019**	**0.70**	**0.15**	**1.34**
2,500	**July 19, 2018**	**January 19, 2020**	**0.70**	**0.11**	**1.47**
4,258,826					**0.93**

All of the above warrants include an expiry acceleration clause. If, during the remaining period, the Corporation's weighted average share price for 30 consecutive trading days equals or exceeds $1.00 per share, the Corporation may give notice to warrant holders that they must exercise their warrants within a period of 30 days from the date of receipt of such notice.

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

(c) Warrants

A stochastic option-pricing model was used. The following assumptions were used when the warrants were granted for the periods ended July 31:

	2018	**2017**
Share price	**$0.48 -$ 0.70**	n/a
Weighted average risk-free interest rate	**1.78%-1.93%**	0.72% - 128%
Weighted average volatility factor	**72% - 105%**	87% - 107%
Weighted average expected life (in years)	**1.5**	1.5
Weighted fair value of warrants	**n/a**	$0.20 – $0.26
Weighted fair value of broker's warrants	**$0.11 - $0.15**	$0.14 - $0.15

For the period ended July 31, 2017, the stock was not listed on any exchange. Volatility is determined based on the historical share price of comparable companies.

7. Research and Development Costs

Research and development costs consist of:

	3 months ended July 31		**6 months ended July 31**	
	2018 $	**2017 $**	**2018 $**	**2017 $**
Research costs	**6,940**	52,500	**27,760**	78,504
Development costs	**40,467**	142,945	**100,865**	272,402
Patent prosecution costs	**25,026**	20,518	**49,174**	22,743
Salaries and employee benefits	**31,826**	5,157	**66,227**	5,157
Amortization – intangible asset	**8,076**	8,410	**16,152**	8,410
Gross research and development costs	**112,335**	229,530	**260,178**	387,216
Investment tax credit	**(362)**	(143,000)	**(362)**	(235,078)
Net research and development costs	**111,973**	86,530	**259,816**	152,138

8. Personnel Costs

The following table presents the expenses which include personnel costs.

	3 months ended July 31		**6 months ended July 31**	
	2018 $	2017 $	**2018 $**	**2017 $**
Salaries and employee benefits				
Research and development costs	**31,826**	5,157	**66,227**	5,157
General and administrative	**41,446**	41,762	**83,261**	83,216
Salaries and employee benefits	**73,272**	46,919	**149,488**	88,373
Share-based compensation for:				
Employees and acting CEO	**7,896**	89,819	**15,791**	91,310
Directors	**8,750**	2,705	**19,285**	5,409
Total share-based compensation	**16,646**	92,524	**35,076**	96,719
Total personnel costs	**89,918**	139,443	**184,564**	185,092

9. Financial Instruments

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

	July 31, 2018		*January 31, 2018*	
	Carrying Value FVTPL	*Fair Value*	*Carrying Value FVTPL*	*Fair Value*
	$	*$*	*$*	*$*
Financial assets				
Cash	**785,686**	**785,686**	449,720	449,720

	July 31, 2018			*January 31, 2018*		
	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	**-**	**74,559**	**74,559**	-	245,942	245,942
Short-term debts	**-**	**131,432**	**131,432**	-	511,948	511,948
Convertible loan	**-**	**656,153**	**656,153**	-	607,239	607,239
Total	**-**	**862,144**	**862,144**	-	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 of these financial instruments approximated their fair values due to their relatively short periods to maturity.

9. Financial Instruments

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 July 31, 2018 is as follows:

	Level 1	*Level 2*	*Level 3*
	$	*$*	*$*
Financial assets			
Cash	**785,666**	**-**	-

During the periods ended July 31, 2018 and January 31, 2018, there were no transfers 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 its note payable and convertible debenture negotiated at a fixed rate.

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

b) Market risk

(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 fluctuations in these risks. However, the amounts are deemed to be immaterial.

(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:

July 31, 2018	***Carrying Value $***	***Contractual cash flows***	***Less than 60 days $***	***60 days to 12 months $***	***More than 12 months $***
Financial Liabilities					
Accounts payable and accrued liabilities	74,559	74,559	47,287	27,272	-
Short term liabilities *	131,432	135,405	-	135,405	-
Convertible loan *	656,153	705,863	-	705,863	-
Total	862,144	915,827	47,287	868,540	-

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

(d) Capital risk management

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for 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.

11. Related Party Transactions

The following table presents the related party transactions presented in the statements of loss for the periods ended:

	July 31, 2018 $	***July 31, 2017 $***
Transactions with key management members and members of the Board of Directors:		
Salaries and employee benefits	**83,261**	83,216
Share-based compensation to employees and directors	**35,076**	92,142
Consulting fees charged by a director and the acting CEO	**150,080**	129,650
Transactions with a family member of a director and the acting CEO		
Consulting fees charged by the family member	**-**	15,000
Transactions with Manitex, a shareholder of the Corporation:		
Interest charged by Manitex	**61,292**	43,475
Consulting fees charged by Manitex	**-**	8,100
Transaction with École Polytechnique, a partner of Polyvalor:		
Reversal of interest accrued	**-**	(6,215)
Research and development costs	**71,714**	350,000

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

11. Related Party Transactions *(Continued from previous page)*

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

	July 31, 2018 $	*January 31, 2018 $*
Accounts payable and accrued liabilities due to a director and the acting CEO	-	10,000

All other related party transactions are disclosed in the respective notes to these financial statements.

12. Commitments

a) When the product is commercialized, the Corporation must make non-refundable payments to Polyvalor equal to 1.5% of net sales.

b) Effective January 1, 2018, the Corporation signed a sublease agreement for the period from 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-month notice after the initial term of 6 months. The remaining obligation on this contract is $82,000 with an annual minimum obligation of $24,000.

13. Comparative figures

Certain comparative figures have been reclassified to conform to the financial presentation adopted for the current period.

14. Subsequent Events

On August 28, 2018, the Corporation signed a letter of agreement with Ecole Polytechnique for a three-year research contract for a total amount of $886,650 payable over 3 years for an annual amount of $295,550 commencing September 1, 2018. The details of this contract were not yet fully determined at the reporting date.