Ortho Regenerative Technologies Inc.

Management Discussion and Analysis

April 30, 2019

Management's Responsibility for Financial Reporting

This Management's Discussion and Analysis ("MD&A") for Ortho Regenerative Technologies Inc. (the "Corporation" or "Ortho RTI") provides an overview of the Corporation's operations, performance and financial results for the first quarter ended on April 30, 2019 and compares those of the same periods in 2018 and 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 of financially literate directors. This report was reviewed by the Corporation's Audit Committee on July 2, 2019 and approved by Ortho RTI's Board of Directors on July 2, 2019 and should be read in conjunction with the financial statements for the quarter ended April 30, 2019. Unless otherwise noted, all amounts are presented in thousands of Canadian dollars, except for share and per share amounts.

The ability of the Corporation to fulfill its obligations and finance its future activities depends on its ability to raise capital and the continuous support of its creditors. The Corporation believes its efforts to raise sufficient funds to support its 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 informations 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.

Forward-looking statements

The information contained in this MD&A may contain some forward-looking statements. Forward-looking information 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.

GLOSSARY OF ABBREVIATIONS

Abbreviation	Calendar & Financial
FY-19	The Fiscal Year ended on January 31, 2019
G&A	General and Administrative
ITC	Investment tax credits
Q1-20	First quarter 2020
Q1-19	First quarter 2019
Q2-19	Second quarter 2019
Q3-19	Third quarter 2019
Q4-19	Fourth quarter 2019
Q1-18	First quarter 2018
Q2-18	Second quarter 2018
Q3-18	Third quarter 2018
R&D	Research and Development
YTD	Year to date

Abbreviation	Corporate & Operations
cGMP	current Good Manufacturing Practice
CMO	Contract Manufacturing Organization
FDA	US Food and Drug Administration
IND	Investigational New Drug application with the FDA
Manitex	Manitex Capital Inc. – a shareholder of the Corporation
MRI	Magnetic Resonance Imaging
Ortho RTI	Ortho Regenerative Technologies Inc.
Ortho-C	Proprietary biopolymer for Articular Cartilage repair
Ortho-M	Proprietary biopolymer for Proprietary Biopolymer for Meniscus repair
Ortho-R	Proprietary biopolymer for Rotator cuff repair
Ortho-V	Proprietary biopolymer for Osteoarthritis healing
Polytechnique	Ecole Polytechnique de Montreal
PRP	Platelet-rich plasma

Overview of the Business

Ortho RTI has been incorporated under the Canada Business Corporations Act. The Corporation's head office and principal address and registered office is located at 16,667 Hymus Blvd., Kirkland, Quebec, Canada. The Corporation's shares are publicly traded on the Canadian Securities Exchange ("CSE") under the symbol "*ORTH*." The Corporation has 24,752,424 common shares that are issued and fully paid as of April 30, 2019 of which 5,179,007 shares are held in escrow.

Ortho RTI is an emerging Orthopaedic and Sports Medicine biologics company dedicated to the development of novel therapeutic soft tissue technologies to dramatically improve the success rate of sports medicine repair surgeries. Our proprietary biopolymer has been specifically designed to increase the healing rates of sports related injuries to tendons, meniscus, ligaments and cartilage. The polymer can be directly placed into the site of injury by a surgeon during a routine operative procedure without significantly extending the time of the surgery and without further intervention.

The Corporation's technology was developed at Ecole Polytechnique de Montreal, and senior researchers at Polytechnique are still actively involved in the day-to-day development of Ortho RTI's pipeline.

Development Pipeline

Ortho RTI's pipeline includes four active R&D projects, composed of two active development-stage projects:

- **Ortho-R** - Assessing the clinical efficacy of our biopolymer for Rotator Cuff repair, and
- **Ortho-M** - Testing the efficacy of our biopolymer for bilateral meniscus repair,

as well as two research-stage projects

- **Ortho-C** - Feasibility research on a freeze-dried matrix with ultra-high porosity designed to augment bone marrow stimulation procedures for articular cartilage repair, including microfracture and drilling, and
- **Ortho-V** - Feasibility research on a freeze-dried biopolymer formulation tailored for intra-articular injections and visco-supplementation applications such as the reduction of Osteoarthritis pain.

Considering the significant bioactivity and residency of our proprietary biopolymer, Ortho RTI also continues to assess the potential for applying its proprietary biopolymer for uses outside of the soft tissue repair market.

Ortho-R for Rotator Cuff repair

Ortho-R is a freeze-dried formulation that contains a biopolymer, a lyoprotectant and a clot activator. This freeze-dried formulation can be solubilized in platelet-rich plasma ("PRP") to form hybrid implants that coagulate after implantation. Extensive in vitro testing has allowed the Corporation to identify specific formulations that meet the criteria for optimal commercial products:

(i) rapid and complete solubilization of biopolymer in PRP;
(ii) biopolymer-PRP mixtures which have the paste-like handling properties desired by surgeons;
(iii) biopolymer-PRP mixtures that coagulate rapidly to form a solid biopolymer-PRP hybrid implants;
(iv) biopolymer-PRP implants that are mechanically stable and resist platelet-mediated clot retraction; and
(v) dispersion of the biopolymer in the implants that is homogenous for optimal biodegradability.

The use of Ortho-R in conjunction with suturing techniques produced promising histological findings in small and large animal models, which is expected to translate into superior rotator cuff repair. No adverse events were found in any of the above-mentioned animal studies, which suggests a high level of safety.

Additional information relating to the Corporation can be found on SEDAR at www.sedar.com.

Q1-20 Highlights

The Corporation's main activities for Q1-20 consisted in funding development work in relation to its lead project Ortho-R. Significant progress had taken place in the fiscal year 2019 which culminated with the start of a 6-month pivotal animal study in January 2019 as well as a successful pre-IND meeting with the FDA (in February 2019) to formalize the requirements for the filing of our application to commence Phase I/II human clinical trials on Ortho-R.

Notable development and corporate highlights during the quarter included:

On February 4, 2019, the results of a Rotator Cuff study were presented at the Annual Orthopaedic Research Society ("ORS") meeting. The ORS Annual Meeting attracts over 3,000 attendees with an interest in Orthopaedic research including clinicians, surgeons, residents, veterinarians, basic scientists, and engineers who present the latest innovative and cutting-edge musculoskeletal research. This presentation given by Marc Lavertu Ph.D, from Montreal's prestigious École Polytechnique, highlighted the results of a dose ranging study examining Ortho RTi's Ortho-R technology in the biologic repair of rotator cuff injuries. The study used MRI and histopathology (the microscopic examination of biological tissues in very fine detail), read by blinded experts, to compare the results of Ortho-R versus standard of care in a non-clinical rotator cuff injury model in sheep. It

(In thousands of Canadian dollars, except for share and per share amounts)

Q1-20 Highlights – *cont'd*

showed that Ortho-R improved rotator cuff healing processes in this large animal model, as revealed by MRI and trends of improved structural appearance of the tendon and enthesis at 12 weeks post-op.

On February 11, 2019 the Corporation announced the initiation of a 6-month pivotal animal study on Ortho-R for rotator cuff repair. In addition, a pre-IND meeting is to be held later this month with the FDA to formalize the requirements for the filing of its application to commence human trials on Ortho-R.

On February 27, 2019 the Corporation announced the results of a successful pre-IND meeting with the FDA. Feedback from the meeting exceeded expectations. The safety profile of Ortho-R as well as the manufacturing aspects of the product were found to meet FDA's requirements for the filing of the IND. As a result, the Corporation confirmed the timeline to initiate human clinical program by year end.

On April 25, 2019 the Corporation extended 905,000 warrants maturing as at April 29, 2019, for an additional year. The exercise price of the warrant remained at $0.70.

Selected Fiscal Year Financial Data

The following table sets forth financial information for the Corporation for the periods indicated and should be read in conjunction with the audited financial statements for the year ended January 31, 2019.

	Q1-20	Q1-19	*Change*	*Change*
	$	$	*$*	*%*
Expenses				
R&D	**268**	113	*155*	*+137%*
G&A	**254**	294	*(40)*	*-14%*
Financial	**68**	45	*23*	*+51%*
Total Operating Expenses	**590**	452	*138*	*31%*
Net loss and comprehensive loss	**590**	452	*138*	*31%*

Revenue

There was no revenue generated for Q1-20.

Expenses

Operating expenses were $590 for the year as compared to $452 for the prior year period representing a 31% increase. R&D expenses increased as Ortho RTI continued to progress towards the commencement of its first human clinical program planned for the end of fiscal year 2020. R&D activities in Q1-20 included the initiation of scale-up and manufacturing activities of cGMP grade Ortho-R material, as well as the start of a large animal study representing the final step prior to filing an IND in the US. G&A expenses remained stable with a nominal 14% decrease. The nominal decrease related to a tighter control over non-scientific expenses as well as reduced consulting and salary costs for senior management as a result of the change in CFO which took place in the second half of fiscal year 2019.

Research and Development costs

For the respective periods, R&D costs consisted of:

	Q1-20	Q1-19	*Change*	*Change*
	$	$	*$*	*%*
Research costs	**-**	21	*(21)*	*-100%*
Development costs	**276**	60	*216*	*+360%*
Patent costs	**35**	24	*11*	*+46%*
Amortization – intangible asset	**9**	8	*1*	*+13%*
Depreciation – equipment	**16**	-	*16*	*+100%*
Total	**336**	113	*222*	*+197%*
Investment tax credit	**(68)**	-	*(68)*	*+100%*
Total	**268**	113	*155*	*+137%*

(In thousands of Canadian dollars, except for share and per share amounts)

Research and Development costs – *cont'd*

Research costs for Q1-19 included amounts paid under a contract with Polytechnique for work conducted on Ortho-C and Ortho-V. Research costs were $21 for that period as the Ortho-C contract was completed in May 2018.

Development costs included costs related to work performed under a Collaborative Research and Development contract with Polytechnique for Ortho R and Ortho M as well as expenses related to third party development, manufacturing, and regulatory work, which included the large animal study.

Patent prosecution costs increased by $11 year over year as our patent portfolio continued to progress in the various jurisdictions included the commencement of national phases in Europe.

Depreciation costs were $16 for Q1-20 as scientific equipment previously purchased by the Corporation is now in use.

The timing of R&D costs per project since inception is as follows:

	Ortho R	Ortho M	Ortho C	Total
	$	$	$	$
Expenditures incurred in prior years	**1,942**	837	524	3,303
Additional expenditures in Q1-20	**276**	-	-	-
Total accumulated expenditures	**2,218**	**837**	**524**	**3,303**

The table above demonstrates that emphasis put by Ortho RTI's management on moving Ortho-R forward as the first indication for the Corporation's biopolymer platform. It is expected that the demonstration of clinical efficacy of Ortho-R for rotator cuff repair, will serve as a proof of concept validation of our biopolymer platform, to be used for all other soft tissue repair surgeries.

General and administrative expenses

For the respective periods, G&A expenses consisted of:

	Q1-20	Q1-19	*Change*	*Change*
	$	$	*$*	*%*
Professional and consulting	**164**	172	*(8)*	*-5%*
Office and administrative	**80**	99	*(19)*	*-19%*
Share-based compensation	**10**	23	*(13)*	*-57%*
Total G&A expenses	**254**	294	*(40)*	*-14%*

Overall G&A expenses decreased by $40 as compared to the prior year period. Professional and consulting fees decreased due to tighter control over non-scientific expenses as well as reduced consulting and salary costs for senior management as a result of the change in CFO which took place in the second half of fiscal year 2019. Share-based compensation was lower when comparing the prior year period. The decrease in the period was due to the fact that no options were granted in the current period.

Financial charges

For the respective periods, financial charges consisted of:

	Q1-20	Q1-19	*Change*	*Change*
	$	$	*$*	*%*
Interest and bank charges	**35**	21	*14*	*+67%*
Interest on convertible loan	**33**	24	*9*	*+38%*
Total	**68**	45	*23*	*+51%*

Financial charges increased in Q1-20 as compared to the prior year period as a result of higher interest rates on the Corporations debt.

(In thousands of Canadian dollars, except for share and per share amounts)

Balance Sheet Highlights

The following table sets forth the financial information related to the Corporation's statements of financial position for the periods indicated and should be read in conjunction with the audited financial statements for FY-19.

	Q1-20	FY-2019	*Change*	*Change*
	$	$	*$*	*%*
Cash	**32**	524	*(492)*	*-94%*
Current assets	**312**	998	*(686)*	*-69%*
Investment tax credits (ITC) (current & non-current)	**232**	378	*(146)*	*-39%*
Intangible Assets	**420**	429	*(9)*	*-2%*
Non-current assets	**689**	607	*82*	*+14%*
Total assets	**1,001**	1,605	*(604)*	*-38%*
Liabilities – current	**1,397**	1,339	*58*	*+4%*
Liabilities - non-current	**779**	854	*(75)*	*-9%*
Total liabilities	**2,176**	2,193	*(17)*	*-1%*
Common shares	**5,430**	5,430	-	-
Warrants	**643**	665	*(22)*	*-3%*
Contributed surplus	**749**	717	*32*	*+4%*
Deficit	**7,997**	7,400	*(597)*	*+8%*

Cash

The cash situation at the end of the period decrease by 94% as compared to the previous year position. Management continues to count on the ongoing support of its development partners and has implemented several fund-raising initiatives in order to ensure that despite the limited cash resources, it can continue to progress towards the initiation of its first human trial at the end of the current fiscal year. (See "Source and Use of Cash")

Investment Tax Credits

Total current and non-current ITC's have decreased by 69% as the Corporation collected $186 for prior periods vs the addition of $69 representing new claims made or to be made. In addition, following the Corporation going public in late 2017, both the federal and provincial ITC rates have been reduced and Ortho RTi is no longer able to claim reimbursable tax credits from the Federal government.

Intangible Asset

Ortho RTI is the owner of 4 patent applications filed since 2009. It also owns improvements to the technology discovered through work it funded at Polytechnique. The current patent portfolio includes the following:

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

(ii) Patent Family No.2: Novel formulation of physiological biopolymer-inorganic salt solution/blood mixtures for tissue repair;

(iii) 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 injection;

(iv) Patent Family No.4: Freeze-dried biopolymer 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.

The $9 reduction represents amortization for Q1-20.

Liabilities

Liabilities include accounts payable in the amount of $1,001 compared to $ 975 at FY-19. The level of payables has remained similar since year-end 2019 and demonstrates the continued support provided to the Corporation by its key suppliers and stakeholders. Liabilities also include ITC loans in the amount of $238 representing a decrease from $364 at FY-19 following collection of ITC's applied against the outstanding loan. The note payable of $143 and convertible loan of $685 include accrued interest from the respective FY-19 balance of $139 and $652 respectively. Finally, total liabilities included a derivative liability of $63 compared to $63and a lease liability of $46 compared to nil at FY-19.

(In thousands of Canadian dollars, except for share and per share amounts)

Summary of Quarterly Results

The following table sets out the Corporation's selected unaudited quarterly financial information for the eight quarters ended April 30, 2019. This information is derived from unaudited quarterly financial statements prepared by management and in accordance with IFRS and is 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 those statements and their accompanying notes.

	FY-20			FY-19				FY-18
	Q1 $	Q4 $	Q3 $	Q2 $	Q1 $	Q4 $	Q3 $	Q2 $
Net R&D costs	**268**	743	145	81	113	279	226	82
Share-based compensation	**10**	36	50	25	23	49	51	99
Other G&A expenses	**244**	149	330	339	271	248	323	263
Financial expenses (income)	**68**	(19)	29	39	45	65	163	(21)
Net loss for the quarter	**590**	909	554	484	452	641	763	423
Loss per share (Basic and diluted):	**0.02**	0.04	0.02	0.02	0.02	0.03	0.04	0.02

There are three main categories of expenses: R&D costs, G&A and financial expenses. R&D Costs represents all costs prior to taking into account the ITC's related to those costs. Net R&D costs represents the R&D costs less ITC provisions to be claimed after year-end. G&A expenses include 1) share-based compensation for the issuance of options to senior management, staff, board of directors, scientific advisory board and consultants working for the Corporation, as well as 2) salaries for non-scientific management and support staff, recurrent professional and consulting fees, expenses for audit and tax related matters, in-house counsel, fees paid to investor relations firms.

R&D costs have fluctuated from quarter to quarter depending on the timing of work performed by our partners and suppliers. The amount of R&D costs as well as ITC provisions have increased in the last quarter of FY-19 as the Corporation commenced its large pivotal animal study for testing Ortho-R for rotator cuff repair.

Share-based compensation decreased by $13 in Q1-20 to $10 as compared to $23 in the prior year period since no new options were granted in the last quarter.

G&A expenses have fluctuated from quarter to quarter. During Q2-19, and Q3-19 the Corporation made changes to its senior management team, which resulted in the termination of the then acting CFO, and nomination of a new Senior Vice president and CFO representing significant annual savings. The net effects of this change included a severance payment paid in Q3-19 to the prior CFO, the net reduction of salaries/fees paid for the CFO role starting in Q3-19. Fees for maintenance and filing of patents have been consistent over the comparable periods. Other expenses, such as rent, insurance, and office expenses, have been relatively stable and had no significant impact on the overall amount.

Financial expenses decreased significantly in FY-19 as compared to FY-18, due to the repayment of the short-term loan agreement secured by investment tax credits and by the partial repayment of the unsecured note payable due to Manitex.

In addition, the non-cash item, that being a net change in the fair value of Class "A" shares in a net amount of $107, resulted from the shares being reclassified from a liability to equity. An equity instrument shall be measured at the carrying value of the financial liability at the date of reclassification. As of Q3-18, the shares have been reclassified as equity at fair value.

Cash Flows, Liquidity and Capital Resources

Sources and Uses of Cash

	Q1-20 $	Q1-19 $
Provided by (used in):		
Operating activities	**(347)**	(398)
Investing activities	**-**	(1)
Financing activities	**(145)**	12
(Decrease) increase in cash	**(492)**	(387)
Cash, beginning of period	**524**	450
Cash, end of period	**32**	63

Cash Flows, Liquidity and Capital Resources – *cont'd*

At the end of Q1-20, the Corporation had cash resources of $32 compared to $524 at the end of FY-19. During Q1-20, the Corporation used approximately $353 to fund operating activities and another $139 on debt repayment. Consistent with the terms of our ITC loan agreement, the debt repaid consisted in ITC loans reimbursed from the proceeds of ITC refunds received from the government during the quarter. At the end of the quarter, the cash resources on hand won't be sufficient to sustain operations through the end of the fiscal year without securing additional funding. For an update on financing activities, refer to the Subsequent Events note. Ortho RTI continues to seek financing from retail and institutional life science investors based in Canada as well as the United States.

Future financing

As at April 30, 2019, Ortho RTI had 3,443,000 warrants outstanding exercisable at $0.70. These warrants are currently out-of-the-money. All of the warrants contain a trigger provision that provides the Corporation with the discretionary ability to accelerate the expiry date to a period of 30 days: if 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 the warrant holders that they must exercise their warrants within a period of 30 days from the date of receipt of such notice. Any warrants not exercised during this reduced exercise period will expire.

The extent to which these warrants are exercised will be a function of the market price of the Corporation's underlying common shares and investors' view of the opportunity for shareholder value creation over the investment time for each individual investor. If the acceleration clause is exercised, the maximum inflow of cash to the Corporation would be approximately $2,410. Considering the terms of the warrants outstanding at the end of Q1-19, the Corporation extended 905,000 warrants maturing on April 29, 2019 for an additional year.

Since the extent and timing of warrant exercise as a source of financing are uncertain, management continues to look for alternative sources of financing to support operations going forward. The current focus in this regard is on securing private placements with accredited and institutional investors.

The Corporation's use of available funds over the coming year is of utmost concern to the Board. In order to secure the required capital necessary to fund its operations and development projects, the Corporation is actively attempting to raise funds through the issuance of equity or by securing strategic partners. Management continues to seek new investors from financial institutions and accredited investors.

Discussion of operating cash requirements

All four products in the Corporation's current portfolio will require a 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 $35 million will be required over time to complete the R&D process, including regulatory approvals and manufacturing validations for all four products. There are several areas where duplication between the four projects can be avoided, for example in the manufacture of the chitosan and cGMP material, which is common across our product platform. We therefore do not 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 filing our IND application with the FDA in the later part of fiscal year 2020. Management estimates that funds required to complete pre-clinical and scale-up activities for Ortho-R, including G&A and other recurring costs total approximately $1.5 million.

Ortho-M is the Corporation's second candidate and is also in a development phase. Proof of efficacy in a large animal preclinical model is expected to take place in the coming fiscal year. Ortho-M's development pathway and plan will be similar to Ortho-R and will benefit from all cGMP activities performed on scaling-up Ortho-R. Consequently, management estimates that less than $1 million will required prior to submitting an IND application for testing Ortho-M in human for meniscus tear repair.

Ortho-C and Ortho-V are currently at earlier stage of development and management does not intent to commit material sums to the advancement of these projects until its successfully advances Ortho-R and Ortho-M in human clinical testing.

On September 1, 2018, in order to successfully advance its current R&D programs, Ortho RTI has entered into $887 Collaborative R&D Agreement with Polytechnique to ensure access to Polytechnique's staff and expertise for the next three years.

Off-Balance Sheet Arrangements

The Corporation does not have any off-balance sheet arrangements.

(In thousands of Canadian dollars, except for share and per share amounts)

Transactions with Related Parties

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

	Q1-20 **$**	Q1-19 $
Transactions with key management and members of the Board of Directors:		
Salaries and employee benefits expense	**-**	42
Share-based compensation to employees and directors	**10**	16
Consulting fees charged by a director, CEO and CFO	**75**	60
Transactions with Manitex:		
Interest charged by Manitex	**37**	30
Transaction with École Polytechnique, a partner of Polyvalor:		
Research and development costs	**74**	69

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

	2019 **$**	2018 $
Accounts payable and accrued liabilities due to a director, CEO and CFO	**14**	10
Accounts payable due to École Polytechnique, a partner of Polyvalor	**149**	69
Transaction with Polyvalor, holder of 1,073,333 common shares:		
Amounts included in intangible asset	**116**	116

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

Use of Accounting Estimates and Judgements

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

Management's best estimates concerning the future are based on the facts and circumstances available at the time estimates are made. Management uses historical experience, general economic conditions and assumptions regarding probable future outcomes as the basis for determining estimates. Estimates and their underlying assumptions are reviewed periodically, and the effects of any changes are recognized immediately. Actual results could differ from the estimates used.

Management's budget and strategic plans are fundamental information used as a basis for the 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.

Recently adopted accounting policies

IFRS 9, Financial Instruments

The Corporation has adopted IFRS 9, Financial Instruments ("IFRS 9") effective February 1, 2018 on a modified retrospective basis, in accordance with the transitional provisions of IFRS 9. As such, comparative figures have not been restated. IFRS 9 provides a revised model for recognition, measurement and impairment of financial instruments and includes a new model for hedge accounting aligning the accounting treatment with risk management activities. As detailed below, the Corporation has changed its accounting policy for financial instruments retrospectively, except where described below.

(In thousands of Canadian dollars, except for share and per share amounts)

Recently adopted accounting policies – *cont'd*

IFRS 9 includes a revised model for classifying financial assets, which results in classification according to a financial instrument's contractual cash flow characteristics and the business models under which they are held. At initial recognition, financial assets are measured at fair value. The following table presents the classification impacts on the financial assets and liabilities upon the adoption of IFRS 9. There was no significant impact with regards to the measurement of the financial assets and liabilities.

Asset / Liabilities	Classification under IAS 39	Classification under IFRS 9
Cash	Fair value through profit or loss	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Short-term debt	Other liabilities	Amortized cost
Loan	Other liabilities	Amortized cost
Note payable	Other liabilities	Amortized cost
Convertible loan	Other liabilities	Amortized cost
Derivative liability	Other liabilities	FVTPL

Financial instruments are recognized initially at fair value, and in the case of financial liabilities, not subsequently measured at fair value, net of directly attributable transaction costs. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled, or expired. For financial liabilities, IFRS 9 retains most of the IAS 39 requirements. Accounts payable and accrued liabilities, short-term debt, loans, note payable and convertible loans are classified as financial liabilities to be subsequently measured at amortized cost. The adoption of IFRS 9 did not result in a change in the carrying values of any of the Corporations financial liabilities on the transition date.

IFRS 16, Leases

In January 2016, the IASB released IFRS 16 "Leases" replacing IAS 17 "Leases" and related interpretations. The new standard eliminates the classification of leases as either operating or finance leases for lessees and requires the recognition of assets and liabilities for all leases, unless the lease term is twelve months or less or the underlying asset has a low value. IFRS 16 is effective for reporting periods beginning on or after January 1, 2019. The Corporation has adopted IFRS 16, effective February 1, 2019, using the modified retrospective approach and has not restated prior periods for the impact of IFRS 16. Comparative information is still reported under IAS 17 and IFRIC 4.

On initial adoption, the Corporation applied the following practical expedients permitted under the standard: (i) short-term leases and leases of low value assets (less than $5,000) that have been identified at February 1, 2019 are not recognized on the condensed interim balance sheet; (ii) leases with terms ending within 12 months of February 1, 2019 are treated as short-term leases and have not been recognized on the condensed interim balance sheet; (iii) contracts that were not previously identified as containing a lease under the previous standard have not been reassessed under IFRS 16; (iv) initial direct costs were excluded from the measurement of right-of-use assets for the purpose of initial measurement on transition; (v) a single discount rate was used for remaining lease payments on leases with similar characteristics; (vi) the Corporation elected to measure the right-of-use asset at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition; (vii) instead of performing an impairment review on the right-of-use assets at the date of initial application, the Corporation has relied on historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition to IFRS 16, the weighted average incremental borrowing rate applied to lease liabilities recognized under IFRS 16 was 20%. The Corporation quantified the impact of IFRS 16 adoption on the 2020 opening consolidated balance sheet. On transition to IFRS 16, the Corporation recognized right-of-use assets and lease liabilities. This non-cash adjustment has been excluded from the Statement of Cash Flows. The impact on opening deficit was an increase of $7.

The impact on transition is summarized below:

	February 1, 2019
Recognition of right of use assets	42
Recognition of lease liabilities	49

The following is a reconciliation of total operating lease commitments at January 31, 2019 to the lease liabilities recognized at February 1, 2019:

	February 1, 2019
Operating lease liabilities before discounting	96
Discounted using the incremental borrowing rate	(25)
Total lease liability recognized under IFRS 16 at February 1, 2019	71

(In thousands of Canadian dollars, except for share and per share amounts)

Recently adopted accounting policies – *cont'd*

The following is a reconciliation of lease liabilities to right of use asset at February 1, 2019:

	February 1, 2019
Operating lease liability at February 1, 2019	49
Lease payments prior to February 1, 2019	22
Depreciation prior to February 1, 2019	(28)
Right of use asset at February 1, 2019	42

Accounting policy applicable from February 1, 2019

For any new contracts entered into on or after February 1, 2019, the Corporation considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for any consideration. To apply this definition the Corporation assesses whether the contract meets three key evaluations which are whether; (i) the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Corporation; (ii) the Corporation has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and (iii) the Corporation has the right to direct the use of the identified assets throughout the period of use. The Corporation assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

As a lessee, the Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Corporation, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Corporation also assesses the right-of-use asset for impairment when such indicators exist. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Corporation's

incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Corporation has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

As a lessor the Corporation classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not. Lease payments received under operating leases are recognized as income on a straight-line basis over the lease term.

Accounting policy applicable before February 1, 2019

Leases are classified as finance or operating leases. A lease is classified as a finance lease if it effectively transfers substantially the entire risks and rewards incidental to ownership. At the commencement of the lease, the Corporation recognizes finance leases as an asset acquisition and an assumption of an obligation in the consolidated balance sheet at amounts equal to the lower of the fair value of the leased property or the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the incremental borrowing rate is used. The interest element of the lease payment is recognized as finance cost over the lease term to achieve a constant periodic rate of interest on the remaining balance of the liability. Any initial direct costs of the lessee are added to the amount recognized as an asset. The useful life and depreciation method is determined on a consistent basis with the Corporation's policies for property and equipment. The asset is depreciated over the shorter of the lease term and its useful life. All other leases are accounted for as operating leases, wherein payments are expensed on a straight-line basis over the term of the lease. Lease incentives received are recognized

(In thousands of Canadian dollars, except for share and per share amounts)

Financial Risk Factors

The Corporation's activities expose it to financial risks: market risk, more specifically 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, short-term debt and convertible 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.

The following presents the accounts that are exposed to foreign exchange volatility:

	USD $	CDN equivalent $
Cash	1	1
Accounts payable and accrued liabilities	(5)	(7)

For the comparative period the amount is not material.

If the foreign exchange rate had been 1% higher or lower, all other variables held constant, the impact of the foreign exchange gain or loss would not have been material.

(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:

April 30, 2019

	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	**1,001**	1,001	114	887	-
Loan*	**238**	307	-	307	-
Note payable *	**143**	155	-	155	-
Convertible loan *	**685**	795	-	795	-
	2,067	2,258	114	2,144	-

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

(In thousands of Canadian dollars, except for share and per share amounts)

Financial Risk Factors – *cont'd*

January 31, 2019

	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	**975**	975	602	371	-
Loan*	**364**	433	-	261	172
Note payable *	**139**	155	-	-	155
Convertible loan *	**652**	795	-	-	795
	2,130	2,358	602	632	1,122

*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 shareholders and benefits for other stakeholders. The Corporation's definition of capital includes equity, comprised of issued common shares, warrants and contributed surplus. 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 carry out 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.

Commitments

a) On June 19, 2015, the Corporation entered into three long term research service agreements with École Polytechnique When the Corporation's products are commercialised, the Corporation will be required to 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 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 following table presents the minimum obligation over the next five years:

Year ending January 31,	Occupancy costs
2020	18
2021	24
2022	22
	64

Subsequent events

a) On June 17, 2019, the Corporation announced the nomination of Claude LeDuc as its new President and CEO in replacement of Dr. Brent Norton who is stepping down from his operational role to focus on other initiatives. Dr. Norton will remain on the Board of Directors of the Corporation and support Mr. Leduc in his new role to ensure a smooth transition and beyond.

b) On June 20, 2019, the Corporation announced the appointment of Messrs. Pierre Laurin and Claude LeDuc to its Board of Directors. The nominations are effective as of June 19, 2019. In connection with Mr. Laurin's appointment to the Board, the Corporation granted 100,000 share options to Mr. Laurin. The Corporation has also granted 500,000 share options to Mr. LeDuc, in accordance with the terms of his engagement as President and CEO which were approved by the Board on June 17, 2019. Finally, the Corporation has granted an aggregate of 150,000 share options to two consultants. All share options were granted pursuant to the Corporation's Share Option Plan and will vest pursuant to the respective option agreements between the Corporation and each optionee. All options granted as of this date may be exercised at an exercise price of CAD$0.36 per Class A share, for a period of 5 years from the date of issuance.