Interim Condensed Financial Statements
(Unaudited)

Ortho Regenerative Technologies Inc.

July 31, 2019

Ortho Regenerative Technologies Inc.

Interim Condensed Statements of Financial Position (Unaudited)

In thousands of Canadian dollars

As at	*Notes*	July 31, 2019	January 31, 2019
AS			
Current			
Cash		**42**	524
Sales tax receivable		**22**	55
Investment tax credits receivable		**193**	378
Prepaid expenses		**35**	41
Total current assets		**292**	998
Investment tax credits receivable		**154**	-
Equipment	*(4)*	**145**	178
Right of use asset	*(5)*	**40**	-
Intangible assets	*(6)*	**412**	429
Total assets		**1,043**	1,605
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current			
Accounts payable and accrued liabilities		**1,287**	975
Note payable	*(9)*	**147**	-
Lease liability	*(7)*	**16**	-
Investment tax credit loan	*(8)*	**244**	364
Loans	*(10)*	**328**	-
Total current liabilities		**2,022**	1,339
Lease liability	*(7)*	**29**	-
Note payable	*(9)*	**-**	139
Convertible loan	*(11)*	**720**	652
Derivative liability	*(11)*	**63**	63
Total liabilities		**2,834**	2,193
Shareholders' deficiency			
Common shares	*(12)*	**5,430**	5,430
Warrants		**607**	665
Contributed surplus		**829**	717
Deficit		**(8,657)**	(7,400)
Total shareholders' deficiency		**(1,791)**	(588)
Total liabilities and shareholders' deficiency		**1,043**	1,605

Going Concern Uncertainty (Note 1); Commitments *(Note 21); Subsequent events (Note 22)*

These unaudited condensed interim financial statements were approved and authorized for issuance by the Board of Directors on September30, 2019.

"/s/ "Claude LeDuc" , Director *"/s/ "Steve Saviuk" "*, Director

The notes are an integral part of these unaudited interim condensed financial statements.

Ortho Regenerative Technologies Inc.

Interim Condensed Statements of Loss and Comprehensive Loss (Unaudited)

In thousands of Canadian dollars except for share and per share amount

For the three- and six-months period ended July 31 ,

	Notes	Three months ended		Six months ended	
		July 31 2019	July 31 2018	**July 31 2019**	July 31 2018
Expenses					
Research and development costs	*(14)*	**194**	**112**	**502**	260
General and administrative		**405**	**334**	**620**	593
Financial		**63**	**38**	**130**	82
Net loss and comprehensive loss		**662**	**484**	**1,252**	935
Loss per share					
Weighted average number of common shares outstanding		**24,752,424**	**24,752,424**	**24,752,424**	**24,752,424**
Basic and diluted loss per common share		**0.03**	**0.02**	**0.05**	0.04

The number of shares held in escrow as at July 31, 2019, is 5,179,007 (6,905,329 – January 31, 2019)

Ortho Regenerative Technologies Inc.

Statement of Changes in Shareholders' Equity (Deficiency)

(Unaudited)

In thousands of Canadian dollars

For the six-months period ended

	Notes	**Number of shares**	**Share capital**	**Warrants**	**Contributed surplus**	**Deficit**	**Total Equity (Deficit)**
Balance, as at January 31, 2018		**20,610,612**	**3,843**	**758**	**548**	**(5,003)**	**146**
Issuance of shares		3,760,000	1,504	-	-	-	1,504
Exercised options		25,000	21	-	(19)	-	2
Exercised warrants		16,812	12	(2)	-	-	10
Settlement of note		300,000	120	-	-	-	120
Issuance of warrants		-	(22)	45	-	-	23
Share issue costs		-	(67)	-	-	-	(67)
Share based compensation	*(12)*	-	-	-	48	-	48
Net loss for the period		-	-	-	-	(935)	(935)
Balance, as at July 31, 2018		24,712,424	5,411	801	577	(5,938)	851
Balance, as at January 31, 2019		**24,752,424**	**5,430**	**665**	**717**	**(7,400)**	**(588)**
Expired warrants	*(12)*	**-**	**-**	**(58)**	**58**	**-**	**-**
Share based compensation	*(12)*	**-**	**-**	**-**	**54**	**-**	**54**
Adjustment for adoption of IFRS 16	*(2)*	**-**	**-**	**-**	**-**	**(5)**	**(5)**
Net loss for the period		**-**	**-**	**-**	**-**	**(1,252)**	**(1,252)**
Balance, as at July 31, 2019		**24,752,424**	**5,430**	**607**	**829**	**(8,657)**	**(1,791)**

Ortho Regenerative Technologies Inc.

Interim Condensed Statement of Cash Flow (Unaudited)

In thousands of Canadian dollars except for share and per share amount
For the six-months period ended July 31,

	Notes	2019	2018
Operating activities:			
Net loss from operations		**(1,252)**	(935)
Add items not affecting cash:			
Share-based compensation	*(12)*	**54**	48
Consulting fees paid by issuance of units		**-**	23
Depreciation and amortization		**58**	16
Amortization of finance charges		**19**	6
Payment of interest		**(9)**	(19)
Financial charges		**84**	79
Net change in non-cash working capital items	*(13)*	**390**	(53)
Cash used in operating activities		**(656)**	(835)
Investing activities:			
Acquisitions of equipment		**-**	(1)
Cash used in investing activities		**-**	(1)
Financing activities:			
Proceeds from short term debt		**325**	-
Repayment of short- term debt	*(8)*	**(139)**	(279)
Issuance of shares		**-**	1,504
Proceeds from exercised warrants		**-**	10
Proceeds from exercised options		**-**	2
Payment of share issue costs		**-**	(67)
Payment of lease obligation	*(7)*	**(12)**	-
Cash provided by financing activities		**174**	1,170
(Decrease) increase in cash		**(482)**	334
Cash, beginning of year		**524**	450
Cash, end of year		**42**	784

See note 13 for supplemental cash flow information

1. Presentation of Financial Statements

Description of the Business and Going Concern Uncertainty

Ortho Regenerative Technologies Inc. ("the Corporation”, or “Ortho RTi”) was incorporated under the *Canada Business Corporations Act* on February 5, 2015, The Corporation’s head office, principal address and registered office is located at 16667 Hymus Blvd., Kirkland, Quebec, Canada. On October 10, 2017, the Corporation’s shares are listed on the Canadian Securities Exchange (“CSE”) under the symbol ORTH.

The Corporation is an emerging Orthopaedic and Sports Medicine biologics company dedicated to the development of novel therapeutic soft tissue repair technologies to dramatically improve the success rate of orthopaedic and sports medicine surgeries. The Corporation’s proprietary biopolymer has been specifically designed to increase the healing rates of occupational and sports related injuries to tendons, ligaments, meniscus, and cartilage. The biopolymer – autologous PRP combination implant, can be directly placed into the site of injuries by surgeons during routine operative procedures without significantly extending the duration of surgeries and without further interventions. Considering the significant bioactivity and residency of our proprietary biopolymer – PRP implants, Ortho RTi continues to assess its potential for therapeutic uses outside of the soft tissue repair market.

The accompanying unaudited condensed interim 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 to, 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, 2019, the Corporation had a deficit of $8,657 and a negative working capital of $1,730. During the three-month period ended July 31, 2019, the Corporation incurred a net loss of $662.

The ability of the Corporation to fulfill its obligations and finance its future activities depends on its ability to raise capital and on 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 unaudited condensed interim 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 condensed interim financial statements were approved and authorized for issuance by the Board of Directors on September 30, 2019.

2. Summary of Significant Accounting Policies

a) *Basis of measurement*

These unaudited condensed interim financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial assets and financial liabilities to fair value.

b) *Functional and presentation currency*

These unaudited condensed interim 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 the statement of loss and comprehensive loss. 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. 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, 2019	January 31, 2019
End of period exchange rate	**1.3148**	1.3144
Period average exchange rate	**1.3283**	1.3035

2. Summary of Significant Accounting Policies – *cont'd*

c) *Statement of Compliance*

These unaudited condensed interim financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These financial statements have been prepared in accordance with those IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective or issued as at the time of preparing these condensed interim financial statements. The policies set out below have been consistently applied to all the periods presented.

The preparation of the Corporation's unaudited condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. In the process of applying the Corporation's accounting policies, management has made judgments and estimates disclosed in Note 3, which have the most significant effect on the amounts recognized in the financial statements.

d) *Recently adopted accounting policies*

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 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 $5.

The impact on transition is summarized below:

	February 1, 2019
Recognition of right of use assets	**48**
Recognition of lease liabilities	**53**

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	**(30)**
Total lease liability recognized under IFRS 16 at February 1, 2019	**66**

2. Summary of Significant Accounting Policies – *cont'd*

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

	February 1, 2019
Operating lease liability at February 1, 2019	**53**
Lease payments prior to February 1, 2019	**13**
Depreciation prior to February 1, 2019	**(18)**
Right of use asset at February 1, 2019	**48**

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 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 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 are 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.

2. Summary of Significant Accounting Policies – *cont'd*

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.

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.

e) *Investment tax credits*

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

f) *Intangible assets*

The intangible assets of the Corporation include intellectual properties and technologies acquired from a third party and is recorded at cost less accumulated amortization and accumulated impairment losses, if any. Initial acquisition cost is based on the fair value of the consideration paid and will be amortized on a straight-line basis over the estimated useful life. The intangible assets are amortized on a straight-line fifteen (15) years. The Corporation reviews the estimated useful lives and carrying value of its technology rights as part of its periodic assessment for impairment of non-financial assets.

g) *Equipment*

Equipment are recorded at cost less accumulated amortization. The equipment will be amortized over their estimated useful life on a declining balance basis over the next three years for computer equipment and five years for scientific equipment.

h) *Research and development costs*

Research, development costs and costs for new patents and patent applications are charged to operations in the year in which they are incurred, net of related investment tax credits.

i) *Impairment of non-financial assets*

The Corporation assesses, at each reporting period, whether there is an indication that an asset may be impaired. Impairment is recognized when the carrying amount of an asset, exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

2. Summary of Significant Accounting Policies – *cont'd*

Equipment, as well as intangible asset with a finite useful life are tested for impairment whenever there is an indication that the carrying amount of the asset exceeds its recoverable amount. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Corporation estimates the recoverable amount of the asset. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognized.

The reversal of impairment losses is limited to the amount that would bring the carrying value of the asset to the amount that would have been recorded, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of loss and Comprehensive loss in the same line item where the original impairment was recognized.

j) *Financial assets and liabilities*

All financial instruments, including derivatives, are included on the statement of financial position and are measured either at fair market value or, in limited circumstances, at cost or amortized cost. Subsequent measurement and recognition of the changes in fair value of financial instruments depends upon their initial classifications. Amortized cost financial assets measured at fair value with subsequent changes in fair value recognized in current period net income.

Fair value through profit or loss ("FVTPL") assets, loans and receivables and other financial liabilities, initially measured at fair value and subsequently measured changes recognized in current period net income. Fair value through other comprehensive income ("FVTOCI") financial assets measured at fair value with subsequent gains or losses included in other comprehensive income until the asset is removed from the statements of financial position.

The following summarizes the Corporation's classification and measurement of financial assets and liabilities as at July 31:

	Measurement
Financial asset:	
Cash	Amortized cost
Financial liabilities:	
Accounts payable and accrued liabilities	Amortized cost
Short-term debt	Amortized cost
Loan	Amortized cost
Note payable	Amortized cost
Convertible loan	Amortized cost
Derivative liability	FVTPL

Transaction costs that are directly attributable to the acquisition or issuance of financial assets or financial liabilities, other than financial assets and financial liabilities measured at FVTPL, are accounted for as part of the carrying amount of the respective asset or liability at inception. Transaction costs related to financial instruments measured at amortized cost are amortized using the effective interest rate over the anticipated life of the related instrument.

Transaction costs on financial assets and financial liabilities measured at FVTPL are expensed in the period incurred. Financial assets are derecognized when the contractual rights to the cash flows from financial assets expire or have been transferred. All derivative instruments, including embedded derivatives, are recorded in the financial statements at fair value.

k) *Income taxes*

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

Current tax

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

Deferred tax

Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are recognized for the future income tax consequences of temporary differences between the carrying amounts of assets and liabilities and their respective tax bases, and for tax losses carried forward.

2. Summary of Significant Accounting Policies – *cont'd*

Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates that will be in effect for the year in which the differences are expected to reverse.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and unused tax losses can be utilized. Deferred tax asset and liability differences are recognized directly in income, other comprehensive income ("OCI") or equity based on the classification of the item to which they relate.

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

l) ***Sales tax***

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

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

m) ***Share capital***

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

When the Corporation issues units that are comprised of a combination of shares and warrants, the value is assigned to shares and warrants based on their relative fair values. The fair value of the shares is determined by the closing price on the date of the transaction and the fair value of the warrants is determined based on a stochastic model.

When warrants are exercised, share capital is credited by the sum of the consideration paid, together with the related portion previously recorded to warrants. Share capital is classified as a liability if it is redeemable on a specific date or in the future, or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in earnings as accrued.

n) ***Share-based compensation***

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

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

o) ***Earnings per share***

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

p) ***Segment reporting***

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

2. Summary of Significant Accounting Policies – *cont'd*

q) ***Leases***

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of loss on a straight-line basis over the period of the lease.

r) ***Future accounting pronouncements***

The Corporation has not yet applied the following new standards, interpretations or amendments to standards that have been issued but are not yet effective. Unless otherwise stated, the Corporation does not plan to early adopt any of these new or amended standards and interpretations.

3. Use of Estimates and Judgments

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

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

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

The following areas require management's critical estimates:

Share-based payments and warrants

The Corporation measures the cost of share-based payments, either equity or cash-settled, with employees by reference to the fair value of the equity instrument or underlying equity instrument at the date on which they are granted. Estimating fair value for share-based payments requires management to determine the most appropriate valuation model for a grant, which is dependent on the terms and conditions of each grant. In valuing certain types of stock-based payments and warrants granted, the Corporation uses the Black-Scholes option pricing model. Several assumptions are used in the underlying calculation of fair values of the Corporation's stock options and warrants granted using the Black-Scholes option pricing model, including the expected life of the option or warrant, stock price volatility and forfeiture rates. Details of the assumptions used are included in *Note 10.*

Convertible loan

The calculation of the fair value of the debt component of the convertible loan requires using an interest rate that the Corporation would have had to pay had the loan been obtained without a conversion feature. Such interest rate requires management's estimates by reference to loan interest paid by comparable companies in the similar sector. The Corporation estimates 20% being the reasonable interest rate a comparable company in the biotech sector would likely pay in obtaining loans. Changes to these estimates may affect the carrying value of the convertible loan and the equity portion of convertible debentures.

Depreciation and amortization

Equipment is depreciated based on the estimated useful life less its residual value. The intangible asset is amortized based on the estimated life less its residual value. Significant assumptions are involved in the determination of useful life and residual values, and no assurance can be given that actual useful life and residual values will not differ significantly from current assumptions. Actual useful life and residual values may vary depending on several factors including internal technical valuation, physical condition of the asset and experience with similar assets. Changes to these estimates may affect the carrying value of long-lived assets, net loss and comprehensive loss in future periods.

The following areas require management's judgments:

Investment tax credits

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

4. Equipment

The following table presents the changes in equipment during the period:

	Cost	Accumulated amortization	Carrying Value
	$	$	$
Balance as at January 31, 2019	235	(57)	178
Additions	(1)	(32)	(33)
Balance as at July 31, 2019	**234**	**(89)**	**145**

5. Right of use asset

The following table presents the changes in Right of use asset during the period:

	Cost	Accumulated amortization	Carrying Value
	$	$	$
Balance as at February 1, 2019, on adoption of IFRS 16	66	(18)	48
Additions	-	(8)	(8)
Balance as at July 31, 2019	**66**	**(26)**	**40**

6. Intangible Asset

The following table presents the changes in intangible assets during the period:

	Cost	Accumulated amortization	Carrying Value
	$	$	$
Balance as at January 31, 2019	485	(56)	429
Additions	-	(17)	(17)
Balance as at July 31, 2019	**485**	**(73)**	**412**

7. Lease liability

The following table presents the changes in the lease liability during the period:

	Six months ended July 31, 2019	Year ended January 31, 2019
	$	$
Balance at February 1 on adoption of IFRS 16	**53**	-
Interest expense	**4**	-
Lease payments	**(12)**	-
Balance as at July 31, 2019	**45**	**-**
Which consists of		
Current lease liability	**16**	**-**
Non-current lease liability	**29**	**-**

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	12
2021	24
2022	22
	58

8. Investment tax credit loan

The following table presents the changes in the Investment tax credit loan during the period:

	Six months ended July 31, 2019	Year ended January 31, 2019
	$	$
Opening balance	**364**	272
Additions	**-**	389
Repayment	**(139)**	(273)
Transaction costs	**-**	(34)
Amortization of transaction costs	**19**	10
Total Loan	**244**	**364**

9. Note Payable

The following table presents the changes in the note payable during the period:

	Six months ended July 31, 2019	Year ended January 31, 2019
	$	$
	(current)	*(non-current)*
Principal	**139**	225
Partial settlement by issuance of shares	**-**	(120)
Interest accrued	**8**	34
Total note payable	**147**	**139**

10. Loans

The following table presents the changes in the loans during the period:

	Six months ended July 31, 2019	Year ended January 31, 2019
	$	$
Principal	**325**	-
Interest accrued	**3**	-
Total loans	**328**	**-**

11. Convertible Loan

The following table presents the changes in the convertible loan during the period:

	Six months ended July 31, 2019	Year ended January 31, 2019
	$	$
Opening balance	**652**	607
Fair value of option allocated to liability	**-**	(63)
Equity component residual value	**-**	67
Gain on debt extinguishment	**-**	(58)
Accretion expense	**68**	98
Amortization of transaction costs	**-**	1
Total Convertible loan	**720**	**652**

12. Share Capital and other equity instruments

(a) Share capital

The Authorized Share Capital is composed of

i. Unlimited number of Class "A" common shares, no par value
ii. Unlimited number of Class "AA" preferred shares, non-voting, non-cumulative dividends at the discretion of the directors, no par value
iii. Unlimited number of Class "B" preferred shares, redeemable, non-voting, non-cumulative dividends of 1%, no par value

Class "A" common shares	#	$
Balance as at January 31, 2019	**24,752,424**	**5,430**
Balance as at July 31, 2019	**24,752,424**	**5,430**

Based on the escrow agreement filed with the *Autorité des Marchés Financiers*, 5,179,007 shares are held in escrow and will be released from the Escrowed Securities as follows:

Release Date	Number of Escrowed Securities to be Released
On October 10, 2019	1,726,322
On April 10, 2020	1,726,322
On October 10, 2020	1,726,363

(b) Share based compensation

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 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.

Options granted under the stock option plan are not to be transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession to a qualified successor. In the event of death of an option holder, options granted under the stock option plan expire upon the earlier of the normal expiry date of the options or one year from the date of death of the option holder.

Subject to certain exceptions, in the event that an employee, director, officer, consultant or individual conducting investor relations activities ceases to hold office, options granted to such a holder under the stock option plan will expire 90 days after the holder ceases to hold office or such earlier date as the Board of Directors may decide at the date the options were granted. Notwithstanding the foregoing, in the event of a termination for cause of an option holder, all unexercised options held by such option holder shall immediately terminate.

The following table presents the common shares issuable on exercise of the share-based payment transaction granted during the current period.

	Number of Shares	Weighted Average Exercise Price
	#	$
Balance as at January 31, 2019	**2,225,000**	**0.44**
Granted during the period	750,000	0.36
Cancelled during the period	(525,000)	0.50
Balance as at July 31, 2019	**2,450,000**	**0.40**

12. Share Capital and other Equity Instruments – *cont'd*

During the period, 525,000 options were cancelled, and the recognized compensation related to these options amounted to $8.

In total, $54 ($48 – 2018) of consultants and directors' compensation expense has been included in the statement of loss and credited to contributed surplus.

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.

The following options to purchase common shares were outstanding as at January 31, 2019:

Options outstanding		Options exercisable	Exercise price $	Remaining contractual life
260,000	(a)	185,000	0.10	0.98 years
1,390,000		775,000	0.50	2.33 years
50,000		25,000	0.55	3.44 years
750,000		145,500	0.50	4.89 years
2,450,000		**1,130,500**		

(a) As per the escrow agreement, 180,000 of these options are held in escrow.

(c) Warrants

The following schedules present the common shares issuable on exercise of the full warrant transactions granted during the current fiscal year:

	Number of Shares #	Weighted Average Exercise Price $
Balance as at January 31, 2019	**3,569,713**	**0.70**
Expired during the period	(126,713)	0.67
Balance as at July 31, 2019	**3,443,000**	**0.70**

As at July 31, 2019, 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
460,000	August 2, 2016	August 2, 2019	0.70	0.20	0.26
480,000	March 31, 2017	October 1, 2019	0.70	0.20	0.42
570,000	April 27, 2017	October 29, 2019	0.70	0.20	0.50
207,500	June 28, 2017	December 28, 2019	0.70	0.26	0.66
390,000	July 28, 2017	January 29, 2020	0.70	0.22	0.75
905,000	October 31, 2017	April 29, 2020	0.70	0.10	1.00
100,000	February 13, 2018	August 13, 2019	0.70	0.23	0.29
143,000	May 30, 2018	November 1, 2019	0.70	0.15	0.51
2,500	May 30, 2018	November 1, 2019	0.70	0.11	0.51
3,258,000					**0.49**

On April 29, 2019, a total of 905,000 warrants were extended from their original expiry date of April 29, 2019 to April 29, 2020. These warrants were issued in 2016 and 2017 and were originally issued as part of private placements.

13. Supplemental Cash Flow Information

For the six months ended July 31, supplemental cash flow information consisted of:

		2019	2018
		$	$
Net change in non-cash operating working capital items			
Sales tax receivable and prepaid expenses		**48**	(41)
Investment tax credits receivable		**30**	160
Accounts payable and accrued liabilities		**312**	(172)
Total		**390**	(53)
Non-cash transactions	*Note*	**2019**	2018
		$	$
Settlement of note payable by issuance of shares		**-**	120
Right of use asset	*2*	**48**	-

14. Research and Development Costs

For the three and six months ending July 31, research and development costs consist of:

	Three months ended July 31,		**Six months ended July 31,**	
	2019	2018	**2019**	2018
	$	$	**$**	$
Research expenses	**-**	7	**-**	28
Development costs	**222**	72	**538**	167
Patent costs	**34**	25	**69**	49
Amortization – intangible asset	**8**	8	**16**	16
Depreciation – equipment	**17**	-	**33**	-
	281	112	**656**	260
Investment tax credit	**(87)**	-	**(154)**	-
Total	**194**	112	**502**	260

15. Personnel Costs

For the three and six months ending July 31, personnel costs consist of:

	Three months ended July 31,		**Six months ended July 31,**	
	2019	2018	**2019**	2018
	$	$	**$**	$
Salaries and employee benefits expense	**9**	73	**47**	149
Share-based compensation for employees and directors and consulting fees paid in lieu of salaries	**104**	126	**188**	208
Total	**113**	199	**235**	357

16. Income Taxes

As at January 31, 2019, the Corporation had accumulated non-capital losses for income tax purposes, which are available to be applied against future taxable income.

	Federal	**Provincial**
	$	**$**
2036	567	423
2037	1,332	1,352
2038	460	458
2039	1,192	1,192
	3,551	3,425

16. Income Taxes – *cont'd*

As at January 31, 2019, the Corporation had investment tax credits totalling $202 (2018 – $53), which are available to reduce income taxes for future years.

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

17. Financial Instruments

The table below indicate the carrying values of financial assets and liabilities for each of the following categories:

as at July 31, 2019:	**FVTPL**	**FVTOCI**	**Amortized cost**
Financial asset:			
Cash	-	-	**42**
Financial liabilities:			
Accounts payable and accrued liabilities	-	-	**(1,287)**
Investment tax credit loan	-	-	**(244)**
Note payable	-	-	**(147)**
Loans	-	-	**(328)**
Convertible loan	-	-	**(720)**
Derivative liability	**(63)**	-	**-**
	(63)	**-**	**(2,684)**

As at January 31, 2019:	FVTPL	FVTOCI	Amortized cost
Financial asset:			
Cash	-	-	524
Financial liabilities:			
Accounts payable and accrued liabilities	-	-	(975)
Loan	-	-	(364)
Note payable	-	-	(139)
Convertible loan	-	-	(652)
Derivative liability	(63)	-	-
	(63)	-	(1,606)

The Corporation categorizes its financial assets and liabilities measured at the fair value into one of three different levels depending on the observation of the inputs used in the measurement. For the six months ended July 31, 2019 and twelve months ended January 31, 2019, the Corporation has carried at fair value financial instruments in Level 1. At July 31, 2019, the Corporation's only financial instrument measured at fair value is cash, which is considered a Level 1 instrument. There were no transfers between levels during the year. The three levels are defined as follows:

Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in active markets.
Level 2: Fair value is based on inputs other than quoted prices included within Level 1 that are not observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs.

The following table provides the fair value measurement hierarchy of the Corporation's assets and liabilities.

Date of Fair Value Measurement		**(Level 1)** **$**	**(Level 2)** **$**	**(Level 3)** **$**
July 31 2019				
Assets	**None**	**-**	**-**	**-**
Liabilities	**Derivative liability**	**-**	**63**	**-**
January 31 2019				
Assets	None	-	-	-
Liabilities	Derivative liability	-	63	-

17. Financial Instruments – *cont'd*

The fair value of a financial instrument is approximated by the consideration that would be agreed to in an arm's length transaction between willing parties and through appropriate valuation methods, but considerable judgement is required for the Corporation to determine the value. The actual amount that could be realized in a current market exchange could be different than the estimated value. The fair values of financial instruments included in current assets and current liabilities approximate their carrying values due to their short-term nature.

18. 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:

	Foreign Currency	**CDN equivalent**
	$	**$**
Cash – USD	1	1
Accounts payable and accrued liabilities – USD	(10)	(14)
Accounts payable and accrued liabilities – EUR	(1)	(1)
Accounts payable and accrued liabilities – GBP	(16)	(25)
Accounts payable and accrued liabilities – JPY	(435)	(5)

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

	Carrying value	***Contractual cash flows***	***Less than 60 days***	***60 days to 12 months***	***More than 12 months***
as at July 31, 2019	**$**	**$**	**$**	**$**	**$**
Financial liabilities					
Accounts payable and accrued liabilities	**1,287**	1,287	470	817	-
Investment tax credit loan*	**244**	433	-	433	-
Loans*	**328**	344	-	344	
Note payable *	**147**	155	-	155	-
Convertible loan *	**720**	795	-	795	-
	2,726	3,014	470	2,544	-

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

18. Financial Risk Factors – *cont'd*

As at 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	603	372	-
Loan*	**364**	433	-	261	172
Note payable *	**139**	155	-	-	155
Convertible loan *	**652**	795	-	-	795
	2,130	2,358	603	633	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 enough 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.

19. Related party transactions

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

	July 31, 2019 $	July 31, 2018 $
Transactions with key management and members of the Board of Directors:		
Salaries and employee benefits expense	**-**	83
Share-based compensation to employees and directors	**46**	35
Consulting fees charged by a director, CEO and CFO	**60**	150
Transactions with Manitex Capital Inc., a shareholder of the Corporation:		
Interest charged by Manitex Capital Inc.	**50**	61
Transaction with École Polytechnique, a partner of Polyvalor		
Research and development costs	**147**	72

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

	July 31, 2019 $	July 31, 2018 $
Accounts payable and accrued liabilities due to a director, CEO and CFO	**163**	-
Accounts payable due to École Polytechnique, a partner of Polyvalor	**74**	-
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.

20. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current fiscal year.

21. Commitments

On June 19, 2015, the Corporation entered into three long term research service agreements with École Polytechnique when the Corporation's product is commercialized, it must make non-refundable payments to Polyvalor equal to 1.5% of net sales.

22. Subsequent events

a) In August 2019, the Corporation signed a new short-term loan agreement to finance its 2020 fiscal year ITC's in an amount of $342. The loan is secured by a first-rank moveable hypothec on all assets, and bears interest at a fixed rate of 1.5% per month.

b) In August 2019, the Company completed the in-life portion of the 6-month preclinical study required to start its rotator cuff Phase I/II clinical trial. The IND filing is anticipated by fiscal year-end. Ortho RTi started a 6-month pivotal preclinical study in January 2019 to provide the required data and address remaining FDA requirements in order to finalize the Phase I/II protocol. The in-life portion as well as data collection have been successfully completed. Final reporting is expected in the fall of 2019, along with other final IND requirements regarding manufacturing and stability.

c) In August 2019, Ortho RTI announced the signing of a collaborative Material Transfer Agreement ("MTA") with a leading global Orthopaedic Company (the "Partner"). Under the terms of the MTA, a formulation of the Partner's commercial product will be evaluated for its properties when used in conjunction with Ortho's Ortho-R product. The work to be performed under the MTA is scheduled to be completed before 2019 year-end. Ortho RTI's proprietary biopolymer matrix acts as a biodegradable scaffold with great residency properties that can be used to retain any type of bioactive material, prolong their therapeutic effect and ultimately significantly improve benefits to patients. The agreement fits the Corporation's strategy of working with other companies to assess whether Ortho RTI's proprietary biopolymer platform could be used in conjunction with other companies' products for uses outside of our core focus. It also serves as a third-party validation of the Corporation's platform and dramatically increases commercial market opportunities.

d) In September 2019, Ortho RTI announced the selection of MCRA, LLC as its US based orthopedic specialty CRO, to conduct its upcoming Phase I/II rotator cuff Ortho-R human trial. The Ortho-R Phase I/II clinical trial plans to enroll 75 patients, randomized across 3 arms of 25 patients across multiple sites in the US. MCRA is a leading advisory firm and CRO focused on the neuro-musculoskeletal industry. MCRA has key relationships with hundreds of US surgical sites and has provided assistance to more than 600 companies including the top 10 largest US Orthopaedic companies. MCRA will be integrating regulatory and reimbursement expertise in conjunction with its CRO services for the Ortho-R Phase I/II clinical program.

e) On September 30, 2019, the Corporation confirmed having received subscriptions totaling $750 under its previously announced Non-Brokered Private Placement of unsecured convertible debenture units (the "Units"). Final terms of the Units are as follows: Each Unit consists of one unsecured convertible debenture in the principal amount of $1,000 (each, a "Debenture") and 2,000 Class "A" share purchase warrants (each, a "Warrant"), with an exercise price of $0.50, expiring 24 months after the date of issuance of such Warrants, representing a 60% warrant coverage. Debentures will be convertible at $0.30 per share (the "Conversion price"). The Debentures will bear interest at a rate of 10% per annum from the date of issue, payable in cash, annually in arrears. In the event that the average VWAP over any twenty (20) consecutive trading days is greater or equal to $1.00, the Corporation may give notice to the Warrant holder that it must exercise its remaining Warrants within a period of 30-days from the date of receipt of the notice, failing which the Warrants will automatically expire. The securities issued under the Private Placement will be subject to a four-month hold period in accordance with applicable securities legislation.

f) Concurrent to the Convertible Debt Financing, the Corporation amended the terms of the Note payable of $147, and the Convertible Loan of $720, to allow both the Note and Convertible Loan to be converted in any kind of securities. Following such amendment, both the Note Payable and the Convertible loan plus accrued interest totalling $894 were converted into the Non-Brokered Private Placement.

g) On August 2, 2019 the Corporation extended 460,000 warrants maturing as at August 2, 2019, for an additional year. The exercise price of the warrant remained at $0.70.

h) On September 17, 2019 the Corporation extended 480,000 warrants maturing as at October 1, 2019, for an additional year. The exercise price of the warrant remained at $0.70.