Interim Condensed Financial Statements
(Unaudited)

ChitogenX Inc.

October 31, 2022
Third quarter, fiscal year 2023

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, the statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited interim financial statements of the Corporation have been prepared by management and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review or an audit of these interim financial statements.

ChitogenX Inc.

Interim Condensed Statements of Financial Position
(Unaudited)
In thousands of Canadian dollars except for share and per share amount

As at	*Notes*	**October 31, 2022**	January 31, 2022
ASSETS			
Current			
Cash	*21*	**50**	313
Sales tax and other receivables		**81**	35
Investment tax credits receivable		**246**	254
Prepaid expenses and deposits		**161**	120
Total current assets		**538**	722
Equipment	*4*	**49**	69
Intangible assets	*5*	**307**	332
Total assets		**894**	1,123
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current			
Accounts payable and accrued liabilities	*6*	**1,169**	607
Government grants		**-**	12
Accrued interest on debentures and convertible notes	*8,9,10,21*	**259**	177
Convertible notes	*10,21*	**838**	934
Convertible debentures	*8,21*	**2,602**	-
Conversion options	*8,21*	**1,047**	-
Warrants	*10*	**125**	139
Total current liabilities		**6,040**	1,869
Long-term loan	*7*	**40**	40
Convertible debentures	*8*	**-**	2,387
Conversion options	*8*	**-**	1,582
Non-convertible debentures	*9,21*	**2,580**	2,349
Total liabilities		**8,660**	8,227
SHAREHOLDERS' DEFICIT			
Common shares	*11*	**10,455**	7,891
Warrants	*11*	**2,317**	1,828
Contributed surplus		**2,459**	2,104
Deficit		**(22,997)**	(18,927)
Total shareholders' deficit		**(7,766)**	(7,104)
Total liabilities and shareholders' deficit		**894**	1,123

Going Concern Uncertainty (Note 1); Commitments (Note 20); Subsequent Event (Note 21).

These unaudited interim condensed financial statements were approved and authorized for issuance by the Board of Directors on December 21, 2022.

"/s/ "Philippe Deschamps" ", Director

"/s/ "Pierre Laurin" ", Director

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

ChitogenX Inc.

Interim Condensed Statements of Loss and Comprehensive Loss
(Unaudited)

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

		Three months ended,		Nine months ended,	
	Notes	**October 31, 2022**	October 31, 2021	**October 31, 2022**	October 31, 2021
Expenses					
Research and development	*13*	**567**	591	**1,674**	1,134
General and administrative	*14*	**523**	357	**1,574**	1,162
Share-based compensation	*11*	**95**	43	**299**	170
Financial	*15*	**373**	266	**1,073**	937
Total Expenses		**1,558**	1,257	**4,620**	3,403
Other items					
Fair Value adjustment on embedded derivative	*8*	**277**	666	**(535)**	666
Fair Value adjustment on warrants	*10*	**22**	-	**(15)**	-
Net loss and comprehensive loss		**1,857**	1,923	**4,070**	4,069
Loss per share					
Weighted average number of common shares outstanding		**51,038,776**	34,855,186	**47,322,558**	34,855,186
Basic and diluted loss per common share		**0.04**	0.06	**0.09**	0.12

Going Concern Uncertainty (Note 1)

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

ChitogenX Inc.

Interim Condensed Statement of Changes in Shareholders' Deficit
(Unaudited)

In thousands of Canadian dollars, except for share and per share amount
For the nine months ended October 31,

	Notes	Number of common shares	Share capital	Warrants	Equity component of convertible debentures	Contributed surplus	Deficit	Total
Balance as at January 31, 2021		**34,567,600**	**7,706**	**2,080**	**469**	**1,605**	**(13,661)**	**(1,801)**
Shares issued	*11*	129,201	56	-	-	-	-	56
Share-based compensation	*11*	-	-	-	-	170	-	170
Exercise of warrants	*11*	100,000	73	(10)	-	-	-	63
Expired warrants	*11*	-	-	(101)	-	101	-	-
Warrants extension adjustment	*11*	-	-	20	-	-	-	20
Conversion of debentures	*8*	173,013	56		(9)	-	-	47
Extension of convertible debentures and reclassification warrants from equity to liability	*8*	-	-	-	(460)	-	(345)	(805)
Net loss for the period		-	-	-	-	-	(4,069)	(4,069)
Balance as at October 31, 2021		**34,969,814**	**7,891**	**1,989**	**-**	**1,876**	**(18,075)**	**(6,319)**
Balance as at January 31, 2022		**34,956,093**	**7,891**	**1,828**	**-**	**2,104**	**(18,927)**	**(7,104)**
Shares/Units issued	*11*	**16,082,683**	**2,673**	**568**	**-**	**-**	**-**	**3,241**
Share/Unit issue costs	*11*	**-**	**(109)**	**(23)**	**-**	**-**	**-**	**(132)**
Share-based compensation	*11*	**-**	**-**	-	**-**	**299**	**-**	**299**
Expired warrants	*11*	**-**	**-**	**(56)**	**-**	**56**	**-**	**-**
Net loss for the period		**-**	**-**	**-**	**-**	**-**	**(4,070)**	**(4,070)**
Balance as at October 31, 2022		**51,038,776**	**10,455**	**2,317**	**-**	**2,459**	**(22,997)**	**(7,766)**

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

ChitogenX Inc.

Interim Condensed Statement of Cash Flows

(Unaudited)

In thousands of Canadian dollars

For the nine months ended October 31,

	Notes	October 31, 2022	October 31, 2021
Operating activities:			
Net loss from operations		**(4,070)**	(4,069)
Add items not affecting cash:			
Share-based compensation	*11*	**299**	170
Shares issued as a supplier payment		**-**	57
Consulting fees and supplier and other payable settled through the issuance of shares, warrants or debentures		**319**	-
Depreciation and Amortization	*4,5*	**45**	51
Amortization – financial charges	*15*	**84**	34
Unrealized gain on foreign exchange		**(32)**	19
Interest on loans and debentures	*8,15*	**487**	406
Gain due to Fair Value adjustment – embedded derivative	*8*	**(535)**	666
Gain due to Fair Value adjustment – warrants liability	*10*	**(14)**	-
Government grant amortization	*13*	**(12)**	(44)
Loss on convertible debenture revaluation		**-**	26
Warrants extension adjustment	*10*	**-**	20
Net change in non-cash operating working capital	*12*	**565**	421
Cash used in operating activities		**(2,864)**	(2,243)
Investing activities:			
Acquisition of equipment	*4*	**-**	(33)
Cash used in investing activities		**-**	(33)
Financing activities:			
Proceeds from government grant	*13*	**-**	75
Proceeds from exercised warrants	*11*	**-**	60
Proceeds from the issuance of shares	*11*	**2,702**	-
Payment of share issue costs	*11*	**(132)**	(1)
Cash provided by financing activities		**2,570**	134
Cash, beginning of period		**313**	2,379
Increase (decrease) in cash		**(294)**	(2,169)
Effect of foreign exchange on cash		**31**	(27)
Cash, end of period		**50**	210

Going Concern Uncertainty (Note 1)

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

1. Presentation of Financial Statements

Description of the Business and Going Concern Uncertainty

ChitogenX Inc. ("the Corporation", or "ChitogenX"), formerly Ortho Regenerative Technologies Inc., 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 September 7, 2022, the Corporation changed its corporate name to ChitogenX Inc. to better reflect its expanded clinical and commercial opportunities, mission, values and core competencies. Since September 12, 2022, the Corporation's shares are listed on the Canadian Securities Exchange ("CSE"), under the symbol "CHGX" and on the United States OTCQB ("OTCQB") market, under the symbol "CHNXF". These shares were previously listed on the CSE market under the symbol "ORTH" and on the OTCQB market under the symbol "ORTIF".

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, ChitogenX continues to assess its potential for therapeutic uses outside of the soft tissue repair market.

These unaudited interim condensed 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 its operations. During the nine-month period ended October 31, 2022, the Corporation incurred a net loss of $4,070 and used cash in operations of $2,864. As at October 31, 2022, the Corporation had a negative working capital balance of $5,502.

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 interim condensed 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 unaudited interim condensed financial statements were approved and authorized for issuance by the Board of Directors on December 27, 2022.

2. Summary of Significant Accounting Policies

Basis of measurement

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

Functional and presentation currency

These unaudited interim condensed 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.

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

	October 31, 2022	January 31, 2022
End of period exchange rate – USD	**1.3649**	1.2719
Period average exchange rate – USD	**1.2950**	1.2528

Statement of Compliance

These unaudited interim condensed 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 unaudited interim condensed financial statements. The policies set out below have been consistently applied to all the periods presented.

The preparation of the Corporation's unaudited interim condensed 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.

3. Use of Estimates and Judgment

The preparation of the unaudited interim condensed financial statements requires management to undertake several judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from these judgements and estimates. These estimates and judgements are based on management's best knowledge of the events or circumstances and actions the Corporation may take in the future. The estimates are reviewed on an ongoing basis. Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed in Note 3 of the Corporation's 2022 annual audited financial statements and are still applicable during the nine months ended October 31, 2022.

4. Equipment

	Cost	Accumulated depreciation	Carrying Value
Balance as at January 31, 2022	271	(202)	69
Additions	-	**(20)**	**(20)**
Balance as at October 31, 2022	**271**	**(222)**	**49**

5. Intangible Assets

	Cost	Accumulated amortization	Carrying Value
Balance as at January 31, 2022	485	(153)	332
Additions	-	**(25)**	**(25)**
Balance as at October 31, 2022	**485**	**(178)**	**307**

6. Accounts Payable and Accrued Liabilities

Balance as at	October 31, 2022	January 31, 2022
Trade accounts payable	**1,114**	466
Accrued liabilities	**55**	141
	1,169	607

7. Long-Term Loan

	Interest Rate	Maturity	October 31, 2022	January 31, 2022
Canada Emergency Business Account	Interest-free	December 31, 2023	**40**	40

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

On April 29, 2020, the Corporation received a government loan under the Canada Emergency Response Benefit ("CERB"), part of Canada's COVID-19 economic response plan. The loan bears no interest and has a maturity date of December 31, 2023. Upon repayment of the loan at or prior to its maturity on December 31, 2023, the Corporation would receive a grant of $10 to reduce the balance repayable.

8. Convertible Debentures

a) Host instrument

	Nine months ended October 31, 2022	Year ended January 31, 2022
Opening balance	**2,387**	2,476
Accretion expense	**215**	346
Conversion of debentures into common shares	**-**	(47)
Remeasurement resulting from extension of convertible debentures' maturities	**-**	(388)
Total	**2,602**	2,387
Short-term	**2,602**	-
Long-term	**-**	2,387
Total	**2,602**	2,387

The following table shows the nominal value of the convertible debentures with their maturity date:

		Nominal amounts outstanding as at	
Maturity Date	**Initial Amount**	**October 31, 2022**	January 31, 2022
May 1, 2023	**3,204**	**2,783**	2,783
Total	**3,204**	**2,783**	2,783
Short-term		**2,783**	-
Long-term		**-**	2,783
Total		**2,783**	2,783

On April 21, 2020, the Corporation completed a non-brokered private placement for $1,060 worth of unsecured convertible debentures at a price of $1 (one thousand) per debenture, on same terms as the unsecured convertible debentures issued on October 8, 2019, and December 30, 2019 for $1,644 and 500 respectively. The debentures bear interest at a rate of 10% per annum with a term of 2 years. The debentures are convertible at a price per Class A common shares of $0.30, in whole or in part, at the option of the holder at any time prior to the close of business on the last business day immediately preceding the maturity date. Each debenture unit consisted of one $1 ($ one thousand) principal amount unsecured convertible debenture and 2,000 share purchase warrants, each exercisable into one common share of the Corporation at $0.50 per share two years from issuance.

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 "average VWAP" is the average of the volume weighted average market prices of the Corporation's Class "A" Shares on a single day. Long-term loans of $302 as at January 31, 2020 were converted as part of the closing of April 21, 2020 ($914 of loans payable were converted into convertible debenture units issued on October 8, 2019).

At creation, the Corporation valued the debt component of the debentures by calculating the present value of the principal and interest payments, discounted at a rate of 27.5%, being management's best estimate of the rate that a non-convertible debenture with similar terms would bear as at April 21, 2020. The equity component consists of the warrants and the conversion option. The values attributed to each were based on the relative fair value approach. On initial recognition, the liability components were $801, the warrants were $124 and the conversion options were $135.

In connection with the issuance of convertible debenture units, 27,067 compensation warrants were issued. Each compensation warrant is exercisable into one common share of the Corporation at $0.50 per share 18 months from issuance.

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

On July 19, 2021, the Corporation amended its convertible debentures and related warrants agreements (the "Amendment"). Under the terms of the Amendment, the maturity date of all outstanding convertible debentures and related unexercised warrants was extended to May 1, 2023 and certain of the conversion features were clarified.

The Amendment was accounted for as an extinguishment of all outstanding debentures as the change in the fair value before and after the Amendment exceeded 10% of the carrying amount of the debentures. Accordingly, the Corporation recorded a loss on extinguishment of the debentures in the amount of $26 in the third quarter of fiscal year 2022.

At that date of the Amendment, the Corporation derecognized the carrying amount of the outstanding convertible debentures of $2,651 and a new liability totaling $2,262 was recorded by using the discounted cash flows method assuming an effective interest determined on the estimated rate for a loan with similar terms from comparable companies, but without a conversion feature. The difference between both amounts was recorded as decrease of deficit $389. Resulting from the clarification of the conversion option features, the Corporation determined that the conversion option was now considered as an embedded derivative to be classified as a liability instrument. Therefore, the Corporation derecognized the $460 carrying amount of the conversion option initially classified as an equity component and recorded the fair value of $1,194 as a liability. The difference between both amounts was recorded as an increase of deficit of $734. The Corporation utilized a Monte Carlo simulation model to determine the fair value of the conversion option.

Accretion charges, included in financing expense on the statement of loss and comprehensive loss, attributable to the debentures during the nine months ended October 31, 2022 was $215 ($285 during the nine months ended October 31, 2021). In addition, $207 of interest expense was recorded, of which $177 is included as Interest payable on debentures in the statement of financial position.

During the nine months ended October 31, 2022, no debentures ($47 for the year ended January 31, 2022) were converted into common shares of the Corporation.

b) Embedded Derivative

	Nine months ended October 31, 2022	Year ended January 31, 2022
Opening balance	**1,582**	1,194
Fair Value adjustment	**(535)**	388
Total	**1,047**	1,582

During the nine months ended October 31, 2022, the Corporation recorded a gain on revaluation of their related embedded derivative's fair value of $535. This adjustment mainly results from the decrease in the Corporation's share price going down from $0.35 per share on January 31, 2022 to $0.30 per share as of October 31, 2022, net of the impact of the conversion price amendment discussed in Note 11.

9. Non-convertible Debentures

	Nine months ended October 31, 2022	Year ended January 31, 2022
Opening balance	**2,349**	2,099
Accretion expense	**231**	250
Total	**2,580**	2,349
Short-term	**-**	-
Long-term	**2,580**	2,349
	2,580	2,349

On November 30, 2020, the Corporation issued 3,000 secured non-convertible debenture units (the "Debenture Units") at a purchase price of $1 per Debenture Unit for gross proceeds of $3,000, of which an amount of $55 was in exchange of consultants' remuneration. These units are secured by a $4,000 hypothec against the universality of the Corporation's present and future assets. Each Unit consists of one 10% secured non-convertible debenture of the Corporation in the principal amount of $1 (each, a "Debenture") and 500 Class "A" share purchase warrants (each, a "Warrant") both maturing November 30, 2023 (the "Maturity Date"). Each Warrant entitles the holder thereof to purchase one Class "A" Share of the Corporation (each, a "Share") at an exercise price of $0.75 until the Maturity Date.

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

The Corporation valued the debt component of the non-convertible debentures by calculating the present value of the principal and interest payments, discounted at a rate of 25%, being management's best estimate of the rate that a non-convertible debenture without warrant coverage would bear as at November 30, 2020. On initial recognition, the liability components were $2,272, and the warrants were $728. In connection with the transaction, 170,850 broker's warrants were issued. Transaction costs of $209 were netted against the liability and will be amortized using the effective interest method over the period of the loan. A further $67 in transaction costs, related to the warrants, were capitalized to share issue costs.

Accretion expense included in financing expense on the statement of loss and comprehensive loss, attributable to the debentures during the nine months ended October 31, 2022 was $231 including $51 of amortization of transaction costs ($182 including $34 of amortization of transaction costs during the nine months ended October 31, 2021). In addition, $225 of interest expense was recorded ($225 during the nine months ended October 31, 2021), of which $50 is still accrued and included in accrued interest on debentures in the statement of financial position.

The following table shows the nominal value of the non-convertible debentures with their maturity date:

		Nominal amounts outstanding as at	
Maturity Date	**Initial Amount**	**October 31, 2022**	January 31, 2022
November 30, 2023	**3,000**	**3,000**	3,000
Total	**3,000**	**3,000**	3,000
Short-term		**-**	-
Long-term		**3,000**	3,000
Total		**3,000**	3,000

10. Convertible notes

a) Host instrument

	Nine months ended October 31, 2022	Year ended January 31, 2022
Opening Balance	**934**	-
Additions	**-**	1,075
Fair value of warrants allocated to liability	**-**	(170)
Transaction costs	**-**	(48)
Loss on debt issuance	**-**	54
Accretion expense	**124**	23
Financing rollover	**(220)**	-
Total	**838**	934
Short-term	**838**	934
Long-term	**-**	-
Total	**838**	934

The following table shows the nominal value of the convertible notes with their maturity date:

		Nominal amounts outstanding as at	
Maturity Date	**Initial Amount**	**October 31, 2022**	January 31, 2022
December 13, 2022	**1,075**	**855**	1,075
Total	**1,075**	**855**	1,075
Short-term		**855**	1,075
Long-term		**-**	-
Total		**855**	1,075

On December 13, 2021, the Corporation announced the closing of a non-brokered private placement offering (the "Private Placement") where it issued 1,075 unsecured Convertible Note Units at a price of $0.975 per Convertible Note Unit for total gross proceeds of $1,048. Each Convertible Note Unit consists of one (1) unsecured convertible note (each a “Note”) of the Company in the principal amount of $1,000 and 1,000 Class “A” common share purchase warrants (each a "Warrant"). The Notes bear interest at a rate of 10% per annum from the date of issue, payable in cash, semi-annually in arrears and will mature (the "Maturity Date") on the earlier of (i) 12 months following the closing date of the Private Placement, or (ii) 20 days following the closing of a capital raise in the form of an equity or debt financing of at least $5,000 (the "Capital Raise"). Any unpaid interest payments will accrue and be added to the principal amount of the Notes. Should the Company complete a Capital Raise prior to the Maturity Date, the holder of a Note will have the option, but not the obligation, to convert the outstanding value of the Note and any accrued and unpaid Interest thereon, into the equity securities and/or debt instrument to be issued pursuant to the Capital Raise, at the same terms and conditions.

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

Each Warrant will entitle the holder thereof to purchase one Class “A” common share (each, a "Share") at an exercise price of $0.50 at any time up to 24 months following December 13, 2021. The Notes and the Warrants are subject to a statutory hold period under the applicable securities laws and in such case the certificates evidencing the Notes and the Warrants will bear a legend to that effect, as applicable. The Company has paid $21 in commissions and issued 21,700 finders' warrants in connection with the convertible note financing, in compliance with applicable securities laws. This leaves the Corporation with a total net proceeds of $1,027.

The Corporation valued the debt component of the Convertible notes by calculating the present value of the principal and interest payments, discounted at a rate of 24%, being management’s best estimate of the rate that a Convertible note would bear as at December 13, 2021. On initial recognition, the host instrument was $958 and the warrants at $170. Since an anti-dilutive clause is attached to the warrants, the Corporation determined that the warrants were classified as financial liability. The Corporation utilized a Monte Carlo simulation model to determine the fair value of the warrants. Transaction costs were netted against the liability and will be amortized using the effective interest method over the period of the debt.

Accretion expense included in financing expense on the statement of loss and comprehensive loss, attributable to the Notes during the nine months ended October 31, 2022 was $124 including $33 of amortization of transaction costs (nil during the nine months ended October 31, 2021). In addition, $83 of interest expense was recorded, of which $32 is included as Interest payable on debentures in the statement of financial position.

b) Warrants

	Nine months ended October 31, 2022	Year ended January 31, 2022
Opening balance	**139**	170
Fair Value adjustment	**(14)**	(31)
Total	**125**	139

During the nine months ended October 31, 2022, the Corporation recorded a gain on revaluation of their related warrant’s fair value of $14. This adjustment mainly results from the decrease in the Corporation’s share price going down from $0.35 per share on January 31, 2022 to $0.30 per share as of October 31, 2022, net of the impact of the exercise price amendment discussed in Note 11.

11. Share Capital and other equity instruments

(a) Share capital

The Authorized Share Capital is composed of

i. Unlimited number of Class “A” common shares, with 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, 2022	34,956,093	7,891
Common shares issued	**16,082,683**	**2,673**
Share issue costs	**-**	**(109)**
Balance as at October 31, 2022	**51,038,776**	**10,455**

On April 5, 2022, the Corporation completed a non-brokered private placement of units and issued 16,000,000 units at a price of $0.20 per Unit for total gross proceeds of $3,200 (the "April 2022 Private Placement") of which an amount $2,702 was received in cash, an amount of $220 was issued as a replacement to convertible notes issued in December 2021 and the balance in compensation for accounts payable and accrued liabilities. Each Unit consists of one (1) Class "A" common share of the Company (each, a "share") and one share purchase warrant (each a "Warrant"). Each Warrant will be exercisable into one (1) Share in the capital of the Company at the price of $0.35 per Warrant Share for a period of 24 months from closing (the "Warrant Maturity Date"). Until the Warrant Maturity Date, should the closing price of the Shares be greater or equal to $0.50 for ten (10) consecutive trading days, the Company may give notice to the Warrant holder, at any time after the statutory 4-month hold period, 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 Company has paid $131 in commission fees and issued 657,650 finders' warrants in connection with the Private placement, in compliance with applicable securities laws.

As a result of the closing of the April 2022 Private Placement, the Corporation had an obligation to amend the terms of certain of its previously issued securities based on anti-dilution provisions governing these securities. Therefore, the Convertible Debentures bearing interest of 10% per annum and maturing on May 1, 2023 were amended such that their conversion price was reduced from $0.30 to $0.20 to match the purchase price of units issued under this April 2022 Private Placement. In addition, the exercise price of the 1,075,000 warrants and the 20,625 Finder's warrants issued on December 13, 2021 issued in connection with the Convertible notes financing were reduced from $0.50 to $0.35 to match the exercise price of the Warrants comprised in the Units sold under this Private Placement.

(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. 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, and vary from one grant to another, 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 8 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, if an employee, director, officer, consultant ceases to hold office or provide consulting services, 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 expire.

On April 8, 2022 (the "Date of Grant") the Corporation granted 2,000,000 stock purchase options (the "Options") to its newly hired CEO, Philippe Deschamps. Half of the Options will vest annually and equally over the first 3 years following the Date of Grant. The balance of the Options will vest based on achievements of predetermined operational and corporate milestones.

On May 19, 2022, the Corporation issued 500,000 warrants with an exercise price of $0.35 per Common Share and expiring April 30, 2023 as compensation to non-related parties providing social media support and other corporate services.

During the nine months ended October 31, 2022 and 2021, the Corporation recorded compensation expense of $299 and $170, respectively, with corresponding credits to contributed surplus related to the issuance of stock options. The weighted average fair value of the options granted during the nine months ended October 31, 2022, estimated by using the Black-Scholes option pricing model, was $0.17 ($0.38 for the year ended January 31, 2022).

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

The following table presents the common shares issuable on exercise of the share-based payment transaction granted during the year ended:

	Nine months ended October 31, 2022		Year ended January 31, 2022	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Options outstanding, beginning of year	**2,946,000**	**$0.47**	2,746,000	$0.47
Granted during the period	**2,500,000**	**$0.21**	350,000	$0.47
Options cancelled/expired	**(570,000)**	**$0.58**	(150,000)	$0.47
Options outstanding, end of period	**4,876,000**	**$0.33**	2,946,000	$0.47

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.

During the nine months ended October 31, 2022, the following options were granted:

Number	Notes	Date of grant	Expiry date	Exercise price	Fair value
2,000,000	(i)	April 8, 2022	April 8 ,2030	0.20	0.16
500,000	(ii)	June 20, 2022	June 20, 2030	0.26	0.21
2,500,000					

(i) Half of the Options will vest annually and equally over the first 3 years following the date of grant. The balance will vest based on achievements of predetermined operational and corporate milestones.

(ii) 50% vesting at the date of grant and the balance on November 9, 2023.

The following options were outstanding as at October 31, 2022:

Outstanding	Exercisable	Exercise price	Remaining contractual life (years)
75,000	75,000	$0.60	6.00
665,000	665,000	$0.50	0.74
950,000	900,000	$0.36	2.02
100,000	100,000	$0.70	6.40
65,000	48,750	$0.58	5.90
245,000	245,000	$0.37	0.37
126,000	126,000	$0.71	4.23
100,000	100,000	$0.30	0.72
50,000	50,000	$0.47	6.40
2,000,000	-	$0.20	7.44
500,000	250,000	$0.26	7.64
4,876,000	**2,559,750**		

The fair values of the options issued during the nine months ended October 31, 2022 were estimated using the Black-Scholes option pricing model, with the following assumptions:

Exercise price	**$0.20 - $0.26**
Risk-free rate	**2,57% - 3.39%**
Volatility factor (i)	**87.92% - 88.46%**
Expected life (years)	**8**

(i) Volatility was determined using the historical share price of comparable companies as the Corporation has insufficient historical data.

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

(c) Restricted Stock Units

On April 8, 2022 (the "Date of Grant") the Corporation granted 551,938 Restricted Stock Units ("RSU") to its newly hired CEO, Philippe Deschamps. Half of the RSU's will vest annually and equally over the first 3 years following the date of grant. The balance will vest based on achievements of predetermined operational and corporate milestones.

The following tables present the movement in outstanding RSUs during the current period:

	Nine months ended October 31, 2022	Year ended January 31, 2022
	Number of RSUs	Number of RSUs
Units outstanding, beginning of year	**-**	-
Granted during the period	**551,938**	-
Units outstanding, end of period	**551,938**	-

(d) Warrants

The following tables present the common shares issuable on exercise of full warrants issued during the current period:

	Number of Shares	Weighted Average Exercise Price
Balance as at January 31, 2022	17,407,981	$0.55
Granted during the period	17,157,650	$0.35
Expired during the period	(218,619)	$0.50
Balance as at October 31, 2022	**34,347,012**	**$0.42**

As at October 31, 2022, the Corporation had outstanding warrants as follows:

Number of warrants	Exercise price	Fair value of warrants	Remaining contractual life
1,670,850	$0.75	$0.49	1.08 years
15,518,512	$0.50	$0.03 – $0.16	0.12 – 1.12 years
17,157,650	$0.35	$0.03 – $0.05	0.50 – 1.43 years
34,347,012			

12. Supplemental Cash Flow Information

	Nine months ended	
	October 31, 2022	October 31, 2021
Net change in non-cash operating working capital items		
Sales tax receivable and other receivables	**(46)**	31
Prepaid expenses and deposits	**(41)**	173
Investment tax credits receivable	**8**	(74)
Accounts payable and accrued liabilities	**644**	291
Total	**565**	421

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

13. Research and Development Expenses

	Three months ended,		Nine months ended,	
	October 31, 2022	October 31, 2021	**October 31, 2022**	October 31, 2021
Development costs	**555**	630	**1,716**	1,187
Patent costs	**25**	22	**58**	51
Depreciation – equipment	**6**	10	**18**	27
Amortization – intangible assets	**8**	8	**24**	24
	594	670	**1,816**	1,289
Investment tax credit	**(27)**	(60)	**(130)**	(111)
Government grants (i)	-	(19)	**(12)**	(44)
Total	**567**	591	**1,674**	1,134

(i) Government grants are recognized as a reduction of the expenses on a systematic basis over the period in which the related development costs are incurred. During the year ended January 31, 2022, the Corporation received a grant of $75, of which $63 was recognized in the income statement as a reduction of the related R&D expenses and $12 remained recorded on the statement of financial position as government grants as of January 31, 2022. During the nine months ended October 31, 2022, the Corporation recorded the remaining $12 as a reduction of the related R&D expenses.

14. General and Administrative Expenses

	Three months ended,		Nine months ended,	
	October 31, 2022	October 31, 2021	**October 31, 2022**	October 31, 2021
Consulting fees (i)	**223**	245	**754**	575
Professional and investor's relations fees	**51**	35	**257**	378
Office and administrative	**249**	77	**563**	209
Total	**523**	357	**1,574**	1,162

(i) Consulting fees include fees paid to management in lieu of salary.

15. Financing Expense, Net

	Three months ended,		Nine months ended,	
	October 31, 2022	October 31, 2021	**October 31, 2022**	October 31, 2021
Interest expense	-	13	-	34
Interest coupon on notes and debentures	**166**	148	**516**	437
Effective interest on notes and debentures	**165**	116	**487**	407
Loss on debentures extinguishment	-	-	-	26
Fair value adjustment - warrant extension	-	-	-	20
Amortization - financing cost	**29**	-	**84**	-
Gain/loss on debt issuance	-	-		-
(Gain) Loss on foreign exchange	**13**	(11)	**(14)**	13
Total	**373**	266	**1,073**	937

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

16. Income Taxes

As at October 31, 2022, the Corporation had accumulated non-capital losses for income tax purposes, which are available to be applied against future taxable income.

	Federal	Provincial
2036	**663**	**657**
2037	**1,242**	**1,261**
2038	**865**	**607**
2039	**1,273**	**1,312**
2040	**1,311**	**1,391**
2041	**2,349**	**2,385**
2042	**2,941**	**2,973**
	10,644	**10,586**

17. Financial Instruments

During the nine months ended October 31, 2022, the convertible debentures conversion options were revaluated and reclassified from equity to liabilities and carried at fair value through profit and loss (“FVTPL”). Warrants issued as part of the Convertible notes in December 2021 are also being carried at FVTPL. For the year ended January 31, 2022, the Corporation had no financial instruments carried at fair value through other comprehensive income(“FVTOCI”).

As at October 31, 2022:	FVTPL	Amortized cost
Financial asset:		
Cash	-	**50**
Financial liabilities:		
Accounts payable and accrued liabilities	-	**1,169**
Accrued interest on debentures	-	**259**
Convertible notes	-	**838**
Long-term loan	-	**40**
Convertible debentures	-	**2,602**
Non-convertible debentures	-	**2,580**
Conversion options classified as liability	**1,047**	-
Warrants classified as liability	**125**	-

As at January 31, 2022:	FVTPL	Amortized cost
Financial asset:		
Cash	-	313
Financial liabilities:		
Accounts payable and accrued liabilities	-	607
Accrued interest on debentures	-	177
Convertible notes	-	934
Long-term loan	-	40
Convertible debentures	-	2,387
Non-convertible debentures	-	2,349
Conversion options classified as liability	1,582	-
Warrants classified as liability	139	-

The Corporation categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the observation of the inputs used in the measurement. 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.

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

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 its 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 short-term debt and convertible debenture negotiated at a fixed rate.

(ii) Currency risk

The Corporation has cash and accounts payable and accrued liabilities denominated in USD, and EUR. 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, as at:

	October 31, 2022		January 31, 2022	
	Foreign Currency	**CAD equivalent**	Foreign Currency	CAD equivalent
Cash – USD	**41**	**56**	100	128
Accounts payable and accrued liabilities – USD	**579**	**790**	294	374
Accounts payable and accrued liabilities – EUR	**8**	**11**	6	8

A plus or minus 5% variation in exchange rate, all else being held equal, would result in a foreign exchange gain or loss of $43 ($30 in fiscal 2022).

(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 calculated based on contractual undiscounted cash flows including interest coupons (if applicable):

As at October 31, 2022:	***Carrying value*** **$**	***Contractual cash flows*** **$**	***Less than 12 months*** **$**	***Greater than 12 months*** **$**
Financial liabilities				
Accounts payable and accrued liabilities	**1,169**	**1,169**	**1,169**	**-**
Interest payable on debentures	**259**	**259**	**259**	**-**
Long-term loan	**40**	**40**	**-**	**40**
Convertible debentures	**2,602**	**2,934**	**2,934**	**-**
Non-convertible debentures	**2,580**	**3,375**	**300**	**3,075**
Convertible notes	**838**	**865**	**865**	**-**
Total	**7,488**	**8,642**	**5,527**	**3,115**

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

As at January 31, 2022:	***Carrying value*** **$**	***Contractual cash flows*** **$**	***Less than 12 months*** **$**	***Greater than 12 months*** **$**
Financial liabilities				
Accounts payable and accrued liabilities	607	607	607	-
Interest payable on debentures	177	177	177	-
Long-term loan	40	40	-	40
Convertible debentures	2,387	3,141	278	2,863
Non-convertible debentures	2,349	3,550	300	3,250
Convertible notes	934	1,168	1,168	-
Total	6,494	8,683	2,530	6,153

(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 debt, equity or by securing funds from 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:

	Three months ended		**Nine months ended**	
	October 31, 2022	October 31, 2021	**October 31, 2022**	October 31, 2021
Transactions with key management and members of the Board of Directors:				
Share-based compensation	**90**	26	**273**	99
Consulting fees	**274**	146	**866**	420
Interest earned on debentures	**69**	56	**222**	185
Interest earned on debentures by Manitex, a shareholder of the Corporation	**52**	48	**167**	168
R&D expenses incurred with École Polytechnique, a partner of Polyvalor	**102**	110	**420**	316

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

	October 31, 2022 **$**	January 31, 2022 $
Key management and directors:		
Accounts payable and accrued liabilities	**96**	**143**
Debentures and notes	**1,258**	**1,199**
Conversion options classified as embedded derivatives	**331**	**501**
Warrants classified as liability	**34**	**31**
Accrued interest on debentures and notes	**62**	**42**
Manitex Capital, a shareholder of the Corporation:		
Debentures and notes	**904**	**915**
Conversion options classified as liability	**363**	**548**
Warrants classified as liability	**12**	**13**
Accrued interest on debentures and notes	**59**	**30**
Polyvalor, a shareholder of the Corporation:		
Accounts payable due to École Polytechnique, a partner of Polyvalor	**51**	**4**

20. Commitments

(a) Polytechnique contract

In June 2015, the Corporation entered into collaborative research agreement with École Polytechnique ("Poly") which stipulated that when the Corporation's products are commercialized, it must make non-refundable payments to Polyvalor, a shareholder of the Corporation, equal to 1.5% of net sales. The agreement can be extended upon mutual consent of the parties. Following the latest amendment entered in July 2022, the agreement has been extended until August 14, 2024.

(b) Platelet-rich plasma Project

In July 2021, the Corporation entered into a collaborative research agreement with École Polytechnique and two industrial partners to delineate the Platelet-rich plasma (PRP) components, the distinct impact of each component and their collective action towards tissue repair. The Corporation's contribution to the PRP project totals $150 over 2 years.

(c) Axelys Project

In May 2022, the Corporation entered into a research and financing agreement with Axelys and École Polytechnique whereby Axelys, a non-for-profit organization, agreed to grant the Corporation and Poly, a sum of $557 to advance the development of its second technology platform indication, ORTHO-M, for meniscus repair (the "Axelys Project"). The Corporation's contribution to the Axelys Project totals $140 over 2 years. The project commenced on August 1, 2022.

21. Subsequent events / Balance Sheet Restructuring

(a) Since the end of the Q3-23 period, the Corporation has secured $1.157 million worth of cash advances and / or conversion of liabilities ("Advances"). These Advances have been used to support operations and fund activities relating to the Phase I/II clinical trial for rotator cuff tear repair.

(b) In November 2022, the Corporation reached an agreement with holders of convertible debentures ("CDU"), collectively representing 91% of all CDU outstanding. The net impact of these amendments is to reduce the Company's short-term liabilities by a total of $2.8 million (capital and interest).

(c) On December 12, 2022, the Corporation reached an agreement with 100% holders of the non-convertible debentures ("NCDU") expiring November 30, 2023, to amend certain terms including extending the maturity of the NCDU and related warrants up to February 1, 2025, as well as introducing a conversion feature added to the debentures at a maximum conversion price of 0.35$ per share. The net impact of theses amendments is to remove $3 million of short-term liabilities outstanding as of this date.

(d) On December 13, 2022, the Corporation reimbursed a total of $375 worth of convertible notes.