MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

This Management's Discussion and Analysis ("MD&A") for ChitogenX Inc. (the "Corporation" or "ChitogenX") provides an overview of the Corporation's operations, performance and financial results for the fourth quarter and fiscal year ended on January 31, 2024, and compares those of the same period for fiscal year ended January 31,2023. This MD&A is the responsibility of management and has been reviewed and approved by its Board of Directors. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the MD&A. The Board of Directors carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board of Directors and is comprised of financially literate directors. This report was reviewed by the Corporation's Audit Committee and approved by ChitogenX' Board of Directors on May 27, 2024.

This document should be read in conjunction with the audited consolidated financial statements and notes thereto for fiscal year ended on January 31, 2024, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Further information about ChitogenX, is available online on SEDAR at www.sedarplus.ca.

Unless otherwise noted, all amounts are presented in thousands of Canadian dollars, except for share and per share amounts.

Going concern

This MD&A has been prepared on a going-concern basis, which implies that the Corporation will continue realizing its assets and discharging liabilities in the normal course of business for the foreseeable future. As reflected in the audited consolidated financial statements, the Corporation is still a clinical stage R&D company. The Corporation has yet to generate revenue and has relied upon the issuance of debt and equity instruments to fund its operations. During the year ended January 31, 2024, the Corporation incurred a net loss of $1,554 ($6,230 - 2023) and used cash in operations of $1,010 ($3,197 – 2023). As at January 31, 2024 the Corporation had a negative working capital balance of $3,035 ($6,826 – 2023).

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. Management anticipates that the continued advancement of its lead Ortho-R program as well as other R&D initiatives leveraging its strong IP portfolio will facilitate securing additional funds from existing and new investors. 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.

Non-IFRS Financial Measures

This MD&A refers to certain non-IFRS measures. Management uses these non-IFRS financial measures for purposes of comparison to prior periods and development of future projections and earnings growth prospects. This information is also used by management to measure the results of ongoing operations and in analyzing our business performance and trends. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use a non-IFRS measure, "EBITDA Loss", to provide supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. EBITDA Loss is defined as net loss before (i) provision for (recovery of) income taxes; (ii) interest (income) expense and other financing costs; (iii) depreciation; and (iv) amortization of intangible assets.

Cautionary note regarding forward-looking statements

This MD&A may contain some forward-looking information as defined under applicable Canadian securities laws. Forward looking information can generally be identified using forward-looking terminology such as "may", "anticipate", "expect", "intend", "estimate", "continue" or similar terminology. Forward looking information is subject to various known and unknown risks and uncertainties, many of which are beyond the ability of the Corporation to control or predict, that may cause the Corporation's actual results or performance to be materially different from actual results and are developed based on assumptions about such risks and other factors set out herein.

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

GLOSSARY TERMS

Calendar & Financial

CDU	Convertible Debenture Units
EBITDA (L)	EBITDA Loss
FVA	Fair Value Adjustment
FY	Fiscal Year
G&A	General and Administrative
IR	Investors Relations
ITC	Investment tax credits
NCDUs	Non-Convertible Debenture Units
Q4-24	Fourth quarter FY-24
Q3-24	Third quarter FY-24
Q2-24	Second quarter FY-24
Q1-24	First quarter FY-24
Q4-23	Fourth quarter FY-23
Q3-23	Third quarter FY-23
Q2-23	Second quarter FY-23
Q1-23	First quarter FY-23
SR&ED	Scientific Research and Experimental Development Expenses
R&D	Research and Development
YTD	Year to date
YE	Year-end
WA	Weighted Average
W/C	Working Capital, defined as short-term assets less short-term liabilities

Corporate & Operations

API	Active Pharmaceutical Ingredient
CEBA	Canadian Emergency Business Assistance
CHGX	ChitogenX Inc.
CMC	Chemistry Manufacturing and Controls
cGMP	current Good Manufacturing Practice
CMO	Contract Manufacturing Organization
CSE	Canadian Securities Exchange
FDA	US Food and Drug Administration
IND	Investigational New Drug application with the FDA
MCRA	MCRA, LLC, a US based orthopedic specialty CRO
MRI	Magnetic Resonance Imaging
MTA	Material Transfer Agreement
NSERC	Natural Sciences and Engineering Research Council of Canada
ORTHO-R	Proprietary biopolymer for Rotator cuff repair
OTCQB	US over-the-counter venture trading market
Polytechnique	Ecole Polytechnique de Montreal
PRP	Platelet-rich plasma
Pre-RFD	Pre-Request for Designation

OVERVIEW OF THE BUSINESS AND BUSINESS STRATEGY

ChitogenX is a clinical stage biotech company incorporated under the Canada Business Corporations Act. The Corporation's head office, principal address and registered office is located at 16667 Hymus Blvd., Kirkland, Quebec, Canada and its wholly owned US subsidiary, OR4102023 Inc. has been incorporated on April 20, 2023 and is located at 12 Penns Trail in Newtown, Pennsylvania, USA. The Corporation's shares are publicly traded on the CSE under the symbol "*CHGX*", as well as on the United States OTCQB market under the symbol "*CHNXF*".

Regenerative Medicine Overview

The concept of regenerative medicine is to provide solutions to return anatomy and physiology to a more normal appearance and behaviour. Although there are many definitions, of what constitutes regenerative medicine, the following is succinct:

Regenerative Medicine is an emerging interdisciplinary field of research and clinical applications focused on the repair, replacement or regeneration of cells, tissues or organs to restore impaired function resulting from any cause, including congenital defects, disease, trauma and aging. It uses a combination of several technological approaches that moves it beyond traditional transplantation and replacement therapies. These approaches may include, but are not limited to, the use of soluble molecules, gene therapy, stem cell transplantation, tissue engineering and the reprogramming of cell and tissue types.

Combinations of these approaches can 1) improve the natural healing process in areas of the body where it is most needed, 2) take over the function of a permanently damaged organ, 3) heal or repair a damaged organ or tissue, or 4) deliver healing "accelerators" chemicals that might inspire repair to specific damaged areas of the body.

Regenerative medicine is a relatively new and rapidly expanding field that brings together experts in biology, chemistry, materials and computer science, engineering, genetics, robotics, and other fields to find solutions to some of the most challenging medical problems faced by humankind. We believe ChitogenX is at the forefront of playing a critical role in enabling this rapidly expanding field of medicine.

The Global Regenerative Medicine Market was estimated at $US9B market in 2021 and is projected to grow at 22.8% CAGR through 2030. It is one of the most dynamic markets in medicine today. The musculoskeletal and wound healing segment accounted for about 60% share of the regenerative medicine market in 2021. Biological, cell and pharmaceutical therapies are used in the treatment of musculoskeletal damage to cartilage, tendon, and ligaments as well as skin and organ repair disease or damage. ChitogenX is well positioned to become the preferred regenerative medicine delivery system for this rapidly growing part of the industry.[1]

Regenerative medicine is applicable in cardiovascular, oncology, dermatology, musculoskeletal, wound healing, ophthalmology, neurology, and others. The musculoskeletal and wound healing application segment accounted for over 60% share of the market in 2021 and are expected to grow at a CAGR of 30%+during the forecast period (2023-2030) and is the are of focus for ChitogenX.

[1] Source: Precedence Research, Global Industry Analysis, Size, Share, Growth, Trends, Regional Outlook, and Forecast 2022 – 2030, published Jan 2022

Problem & Solution

The delivery of a tissue scaffold, cellular or molecular therapy or any combination thereof makes a fundamental assumption; that the substance(s) will stay where they were placed and function as desired; if they wander off-target, the desired enhanced healing might not occur and furthermore, the potential exists for off-target effects.

Providing a reliable, biologically safe delivery mechanism that would allow the targeted body system to receive the regenerative material to aid in body system repair is, therefore, a mission-critical goal and a problem that requires solving for the regenerative medicine market to meet its projected growth estimates.

ChitogenX has acquired such a solution from the Polytechnique at the University of Montreal. Our patented muco-adhesive CHITOSAN based scaffold is a versatile biopolymer scaffold that can help various regenerative medicine treatments to adhere to the targeted surgical site or wound.

PRODUCT POSITIONING:

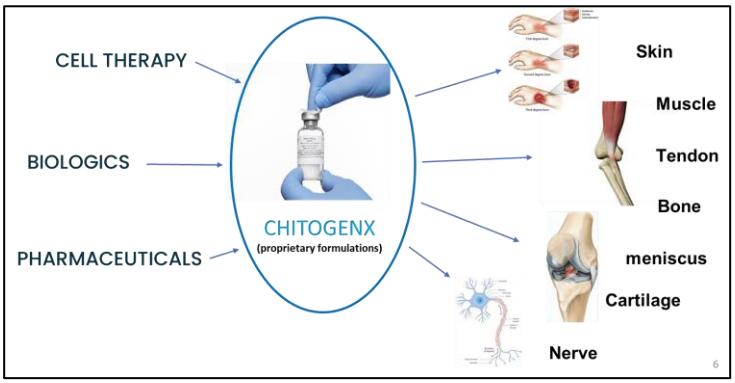
For the regenerative medicine market ChitogenX's chitosan-based biopolymer is an efficacious, safe and reliable regenerative medicine delivery mechanism to targeted body systems to aid in tissue and organ repair.

CHITOSAN-BASED BIOPOLYMER: Key points of differentiation

Our Chitosan-based Biopolymer is formulated and designed to be combined with products to improve the healing of body tissues.

Our Chitosan-based Biopolymer is a patent-protected freeze-dried, sticky biopolymer.

Unlike other natural biopolymer matrix such as Hyaluronic Acid (HA) or Collagen, the chitosan natural biopolymer molecules are positively charged and therefore electrostatically stick to the negatively charged soft tissues of the human body (skin, tendons, ligaments, meniscus). Our Chitosan-based Biopolymer's muco-adhesive feature offer the unique benefit of significantly increasing the in-situ residency time of cell, pharmaceutical, or biologic implants so that they may deliver their regenerative effects.



BUSINESS STRATEGY

1. Prioritize activities to secure commercial status and partnerships

Considering the industry significant unmet needs and interest expressed by several regenerative medicine companies, we intend to prioritize activities that will lead to faster commercial status, enabling us to leverage on our ability to provide potential licensees with a reliable source of cGMP sterile Chitosan-Based Polymer.

2. Leverage non-dilutive grants secured with Polytechnique's partnership to drive proof of concept in multiple indications for our Chitosan-Based Biopolymer

ChitogenX has and can continue to secure non-dilutive research grants through its partnership with Polytechnique.

Meniscus

A first $0.5 million grant has been secured to test the efficacy of our Chitosan-based Biopolymer/PRP Drug-Biologic Implant formulation, for meniscus repair. In a 22 large animal study, the Corporation successfully demonstrated protection from joint degeneration post meniscal repair surgery. The results showed that the ORTHO-R treated group retained better structure and much milder form of OA and, in some cases, appeared near normal. This study provides the first evidence that treatment with ChitogenX' proprietary chitosan-based biopolymer + PRP prevents structural changes to radially incised and sutured menisci in a large animal model, and most likely contributed to protecting the joints against OA development. Further proof of concept application was also successfully completed on soft tissue where the improved adherence of PRP was demonstrated.

Tissue Healing

In February 2023, ChitogenX and its scientific partner Polytechnique secured a $3.5 million grant (inclusive of ChitigenX' $0.9 million contribution) from NSERC and Prima Québec. The 4-year grant will be used to advance scientific development, expand the scope of indications, develop new biomaterials for regenerative medicine and accelerate the commercial readiness of the Corporation's flagship CBB technology platform.

3. Leverage IP portfolio and proof of concept data to attract partnership agreements.

We intend to leverage the various positive proof of concept data generated to date to capitalize on the growth potential of the regenerative medicine market by entering into partnerships. We are currently evaluating opportunities for fast-track regulatory programs with potential 510(k) pre-market submissions in the US and commercial readiness in other jurisdictions.
We expect to soon announce our plans to take full advantage of the broad clinical and commercial opportunities available to the company.

4. Leverage safety data from the Rotator Cuff Tear Repair U.S. phase I/II clinical trial

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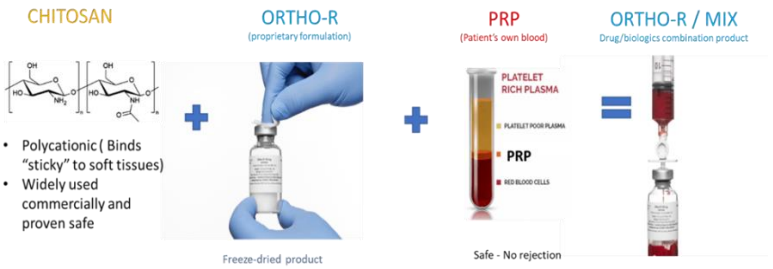
ChitogenX concluded enrolment of its U.S. Phase I/II rotator cuff tear repair clinical trial entitled: *A Blinded, Randomized Controlled Study Investigating the Safety of Ortho-R® for Rotator Cuff Repair Compared with Standard of Care: ORT-2020-01 (Ortho-R® Study)*. Study results are expected during the fall of 2024. The Company, and its clinical and regulatory advisors believe that concluding subject enrollment 20 subjects allows for key study objectives to be met.

ORTHO-R is formulated and designed to improve the healing of body tissues beginning with sports and occupation related injuries to tendons, meniscus, and ligaments.
ORTHO-R is a patent-protected freeze-dried formulation of a biopolymer, a lyo-protectant and a clot activator. ORTHO-R is solubilized in platelet-rich plasma ("PRP") to form an injectable combination of the chitosan scaffold and the PRP-biologic, and an FDA designated bioactive implant that coagulate and stick to tissue after implantation.



In vitro testing has allowed the Corporation to identify specific formulations that meet the following criteria for optimal commercial products:

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

The polymer-biologics hybrid mix, designated as drug/biologic combination product by the FDA, but may be considered a medical device by other regulatory jurisdictions, can be directly applied at the site of injury by a surgeon during a routine operative procedure without significantly extending the time of surgery and without further intervention.

The use of ORTHO-R as an adjunct to standard of care anchoring/suturing techniques produced promising histological findings in small and large animal experimental models, which is hoped to translate to faster and superior rotator cuff tear repair in humans. No adverse events

were found in any of the above-mentioned animal studies nor in the 20 patients of the phase I/II ongoing clinical trial, which suggests a high level of safety.

ChitogenX Overall Value Proposition

- Chitosan-based biopolymer compatible with cells, PRP, biologics
- *In situ* gelling provides mechanical stability, extends residence time
- GMP compliant manufacturing supply
- Chemistry, Manufacturing and Controls (CMC) reviewed through IND
- Low cost of goods (COGS)
- Lyophilized, permitting room temperature storage
- Shelf-stable for up to 3 years
- Proof of concept data of improved tissue regeneration
- Skin tendons meniscus cartilage

Q4-24 CORPORATE HIGHLIGHTS *(November 1, 2023 to January 31, 2024)*

- On November 7, 2023, ChitogenX announced that it had launched a new development program targeting significant unmet medical needs in the burn and skin repair market, currently valued at US $19B and growing at 5% + CAGR through 2032. Proof of concept studies have already been successfully completed and results will be the subject of news releases in the coming weeks. New patent issued both in US and Canada supports ChitogenX' proprietary chitosan-based biopolymer as ideal combination with cellular regeneration technologies. Both burn and skin repair program have the potential for streamlined regulatory process, and faster path to commercialization. Development work will be primarily funded by the recently awarded $3.4 M grant.
- On November 9, 2023, ChitogenX Inc. announced that ORTHO-R, its proprietary chitosan/PRP based biopolymer matrix successfully demonstrated protection from joint degeneration post meniscal repair surgery in a large animal study. These results demonstrated protection from knee joint degeneration and osteoarthritis development post meniscal repair surgery and provide further evidence that the Company's proprietary chitosan-based biopolymer, combined with PRP can potentially bring significant benefit to human tissue repair.
- On November 9, 2023, the Corporation granted an aggregate of 3,316,667 DSUs and 500,000 Options to Directors and Officers of the Company, in lieu of cash compensation.
- On November 30, 2023, the Corporation agreed with investors to convert $300 of accrued interests to the principal amount of its $3 million convertible debenture maturing February 1, 2025, with the same conditions. (*See "*Audited Consolidated *Financial Statements Note 8.a"*).
- On December 8, 2023, the Corporation agreed with certain investors to convert $30 of accrued interests into their principal totalling $300 and to amend certain terms (the "Amended Notes"). The Amended Notes bear interest at 12% and with a maturity date of February 1, 2025.

Events Subsequent to the end of the Fiscal year

a) On February 28, 2024, the Corporation announced that Philippe Deschamps, Chief Executive Officer, has decided to step down as CEO and has resigned from the Board of Directors, effective February 28, 2024. Mr. Pierre Laurin, previously Chairman of the Board of Directors, is now acting as Chaiman and CEO. Unvested Options and RSUs were cancelled on February 28, 2024, resulting in a reduction of the stock-based compensation expense of $253 during the first quarter of fiscal 2025.

b) On March 6, 2024 the Corporation secured a $75 unsecured note from a shareholder, bearing interest at 15% per annum and repayable on March 6, 2026.

c) On March 27, 2024, the Corporation received a grant of $53 which will be recognized as a reduction of the expenses on a systematic basis over the period in which the related development costs are incurred. The remaining balance of the grant of $22 will be received during fiscal year 2025.

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

SELECTED FINANCIAL DATA

The following table sets forth financial information relating to the periods indicated and should be read in conjunction with the January 31, 2024 audited consolidated financial statements.

	Q4-24	Q4-23	*Change*		**FY-24**	FY-23	*Change*	
	$	$	*$*	*%*	**$**	$	*$*	*%*
Expenses								
R&D	290	561	*(271)*	*-48%*	977	2 235	*(1 258)*	*-56%*
G&A	159	509	(350)	-69%	1 340	2 083	(741)	-36%
Share-based compensation	290	92	*198*	*215%*	419	391	*28*	*7%*
Financial	96	1 070	*(974)*	*-91%*	818	2 143	*(1 327)*	*-62%*
	835	2 232	*(1 397)*	*-63%*	3 554	6 852	*(3 298)*	*-48%*
FVA embedded derivative	(377)	-	*(377)*	*-100%*	(1 948)	(535)	*(1 413)*	*264%*
FVA on warrants	-	(72)	*72*	*-100%*	(52)	(87)	*35*	*-40%*
Net loss and Comprehensive loss	(458)	(2 160)	*1 702*	*-79%*	(1 554)	(6 230)	*4 676*	*-75%*
Loss per share								
WA # of shares outstanding	**83,129,520**	51,038,776	*32,090,744*	*63%*	**73,000,077**	48,261,822	*24,738,255*	*51%*
Loss per share	**0.01**	0.04	*0.03*	*-87%*	**0.02**	0.13	*0.11*	*--84%*

EBITDA(L) Reconciliation (See "Management's Responsibility for Financial Reporting" – "Non-IFRS Financial Measures")
The following table provides a reconciliation of net loss to EBITDA(Loss) for the Q4-24 and FY-24 periods as compared to the prior year.

	Q4-24	Q4-23	*Change*		**FY-24**	FY-23	*Change*	
	$	$	*$*	*%*	**$**	$	*$*	*%*
Net loss	**(458)**	(2 160)	1 702	-79%	**(1 554)**	(6 230)	4 676	-75%
Add (deduct)								
Financial	**96**	1 070	(974)	-91%	**818**	2 143	(1 325)	-62%
FVA embedded derivative	**(377)**	-	(377)	-100%	**(1 948)**	(535)	(1 413)	264%
FVA on warrants	**-**	(72)	72	-100%	**(52)**	(87)	35	-40%
Depreciation – equipment	1	6	(5)	-83%	**10**	26	(16)	-62%
Amortization – intangible assets	8	8	-	-	**32**	33	(1)	-3%
EBITDA (L)	**(730)**	(1 148)	418	-36%	**(2 694)**	(4 650)	1 956	-42%

Selected items	**Q4-24 vs Q4-23 and FY-24 vs FY-23**
Revenues	• CHITOGENX is a clinical stage company. No revenues were generated during each of FY-24 and FY-23
R&D expenses	• R&D expenses include internal and external expenses. Internal expenses represent mostly salaries and consulting fees for our staff. External expenses include all development costs related to work performed under our Collaborative R&D contract with Polytechnique as well as specific manufacturing activities, regulatory, pre-clinical and clinical work to advance our pipeline. R&D expenses are presented net of R&D tax credits (ITCs) recoverable from the provincial government for Scientific Research and Experimental Development (SR&ED) programs, and net of government grants. • R&D expenses are also presented net of grants which are amortized over their respective term.
	• R&D expenses for Q4-24 and FY-24 were significantly lower than in the prior year periods. The respective decreases were 48% and 56%. • R&D expenses decreased due to the timing and nature of R&D activities, the conclusion of enrolment for the Corporation's Phase I/II rotator cuff trial, as well as the use of R&D grants which serve to fund a large portion of our R&D activities since the $2.6 million INSERC R&D grant was secured in Q1-24.
G&A expenses	• G&A expenses include salaries and consulting fees paid to non-R&D staff, professional fees, conferences, travel expenses, as well as investors relation activities.
	• G&A spending in Q4-24 was down compared to Q4-23 at $0.2 million compared to $0.5 million. G&A spending for the FY-24 period was down 36% compared to FY-23. • G&A in Q4-23, and FY-23 included a severance charge for the termination of our previous CEO. G&A in FY-24 included a special charge for salary deferral, as management opted to defer salaries for preserving cash to support R&D operations.

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

Share-based compensation (SBC)	• Represents the expense related to issuing stock options to staff, consultants and board members. Variances for the comparative quarters include non-recurrent grant to a new Board member as well contractual vesting for members of management on options already outstanding. • SBC expenses in Q4-24 were up 215% compared to Q4-23 as new options and RSU were granted to management in lieu of salaries. The FY-24 SBC expenses were flat compared to FY-23.
Financial expenses	• Financial expenses include interest on loans, notes and convertible debentures, as well as effective interest on debentures and foreign exchange gain or loss.
	• Financial expenses were down 91% and 62% respectively for Q4-24 and FY-24 period compared to Q4-23, and FY-23. The reduction was due to one partial repayment of the Q4-22 bridge financing, as well as conversion of $2.3 million of CDUs into the May/June 2023 Private Placement.
Fair Value Adjustment ("FVA") of Embedded Derivative	• On January 19, 2023, the Corporation announced the amendment of three series of CDUs to extend their respective maturity dates. • An Embedded derivative comprised of the conversion options classified as liability was created following the amendment of the CDUs during FY-22. Starting Q4-22, any change in the Fair Value of the Conversion Option of the CDUs ("FVCO") has been recorded as a financial expense. • During the Q4-24 and Q4-23 periods, the change in the FVCO, led to a Fair Value Adjustment ("FVA") of the conversion option representing a $0.4 million and nil gain. Such gain was $1.9 million and $0.5 million respectively for the FY-24 and FY-23 periods.
Fair Value Adjustment ("Fair Value Adjustment") on warrants	• The terms of the warrants issued as part of the December 2023 Bridge financing led to the creation of a warrant liability. • During each of Q4-24 and Q4-23, as well as FY-24 and FY-23 the revaluations of the Warrants' fair value were nominal.
Net loss for the period	• Due to the significant reduction in expenses as well as the gain on re-evaluating the Fair Value of the Conversion Option on the debentures, the Corporation net loss decreased significantly during the FY-24 periods compared to the corresponding periods in FY-23. • Net loss in Q4-24 was $0.5 million, down 79% compared to Q4-23, while net loss for the FY-24 was down 75% compared to FY-23.
EBITDA (L)	• After eliminating the impact of the financial expenses, as well as depreciation and amortization, but also after eliminating the impact of the combined gain on revaluation of the CDU embedded derivative and warrant liability, our EBITDA loss during Q4-24 was $0.7 million compared to $1.1 million for Q4-23, representing a 36% decrease, and reflecting the overall decrease in expenses described above. • The reduction in EBITDA loss for the FY-24 period was $2.0 million, or 42% decrease compared to FY-23.

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

SELECTED BALANCE SHEET HIGHLIGHTS

The following table sets forth the financial information related to the Corporation's consolidated statements of financial position for the years indicated and should be read in conjunction with the audited consolidated financial statements for year ended January 31, 2024.

As at,	**January 31, 2024**	January 31, 2023	*Change*	
	$	$	*$*	*%*
Cash	**35**	**108**	*-73*	*-68%*
Prepaids expenses and deposits	**110**	**122**	*-12*	*-10%*
Intangible Assets	**267**	**299**	*-32*	*-11%*
Total assets	**534**	**738**	*-204*	*-28%*
Accounts payable and accrued liabilities	**2 456**	**1 793**	*663*	*37%*
Notes – Short term	**180**	**480**	*-300*	*-63%*
Convertible Debentures - Short term	**416**	**2 681**	*-2 265*	*-84%*
Convertible Debentures - Long term	**2 909**	**2 363**	*546*	*23%*
Conversion options - Short term	**-**	**1 098**	*-1 098*	*-100%*
Total liabilities	**6 712**	**10 581**	*-3 869*	*-37%*
Common shares	**14 201**	**10 357**	*3 844*	*37%*
Warrants	**2 325**	**2 406**	*-81*	*-3%*
Contributed surplus	**4 007**	**2 551**	*1 456*	*57%*
Deficit	**(26 711)**	**(25 157)**	*-1 554*	*6%*

Selected items	**YE-24 vs YE-23**
Cash	• Cash at the end of YE-24 was $35 compared to $0.1 million at the start of the fiscal year.
Total Assets	• Total assets decreased slightly between YE-23 and Q4-24 with a $0.2 million reduction reflecting the small decrease in Cash as well as the decrease in R&D tax credits which show the impact of the reduced R&D expenses.
Trade AP and accrued liabilities	• Trade accounts payables and accrued liabilities increased by $0.7 million during FY-24. The main increase compared to YE-23 relates to an increase in amounts due to management as no salaries/fees were paid during the FY-24 period.
Notes	• Notes were issued as part of the December 2021 bridge financing which matured in December 2023. They continue to bear interest until full repayment.
Convertible debentures (Short-term)	• During FY-20 and FY-21, the Corporation issued $3.2 million of CDUs to fund its operations. • The $2.3 Million decrease during the FY-24 period relates to the net impact of the CDU and interest being converted into the May/June 2023 private placements.
Convertible debentures (Long-term)	• During Q4-23 the Corporation secured a $3.0 million NCDU financing to fund its activities. During Q4-23, an agreement has been reached with 100% of the NCDU Debenture holders to extend the term of the debenture to February 1, 2025, and add a conversion features. Following this amendment, the debentures previously referred as NCDUs are now presented as CDUs.
Embedded derivative	• Represents the conversion option liability for CDU maturing in February 2025. • The change in value of the conversion option for these CDUs led to a $1.1 million reduction since YE-23.
Total Liabilities	• Total liabilities have decreased significantly between YE-23 and YE-24. Following conversion of debentures into the May/June 2023 Private Placements, as well as the elimination/reduction of the conversion options on the debentures. Total liabilities decreased by $3,9 million during FY-24.
Common Shares	• The increase takes into account the closing of the FY-24 Private placements.
Warrants	• Warrants increased during the FY-24 period due to the issuance of warrants as part of the May/June 2023 Private placements.
Contributed Surplus	• The contributed surplus increased by $1,5 million because of share-based compensation expense and the expiry of warrants.
Deficit	• The increase reflects the performance of the Corporation during FY-24. (See "Statement of Loss" commentaries)

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

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table sets out the Corporation's selected unaudited quarterly financial information for the eight quarters ended January 31, 2024. This information is derived from unaudited quarterly financial statements prepared by management in accordance with IFRS. The following quarterly information is presented on the same basis as the audited consolidated financial statements and should be read in conjunction with those statements and their accompanying notes.

	Q4-24	Q3-24	Q2-24	Q1-24	**Q4-23**	Q3-23	Q2-23	Q1-23
R&D Expenses (Net)	**290**	74	195	418	**561**	567	444	663
G&A expenses	**157**	254	345	584	**509**	523	484	567
Share-based compensation	**290**	29	44	56	**92**	95	162	42
Financial expenses	**98**	257	124	339	**1 070**	373	349	351
FVA embedded derivative	**(377)**	171	(299)	(1 443)	**-**	277	78)	(734)
FVA on warrants	**-**	(1)	-	(51)	**(72)**	22	2	(39)
Net loss	**(458)**	(784)	(409)	97	**(2 160)**	(1 857)	(1 363)	(850)
EBITDA (Loss)	**(728)**	(346)	(573)	(1 047)	**(1 149)**	(1 171)	(1 076)	(1 254)

(See "Management's Responsibility for Financial Reporting" – "Non-IFRS Financial Measures")

Notes	Valuable information
R&D expenses	• R&D expenses fluctuate based on the timing of R&D activities. R&D expenses in Q4-24 are up slightly compared to prior quarter when compared to the prior quarters, do show the impact of the reduction of R&D activities which followed the conclusion of enrollment into the Phase I/II rotator cuff study, as well as the use of R&D grants which serve to fund a large portion of our R&D activities.
G&A expenses	• G&A expenses have fluctuated due to the impact of senior management changes that took place during the various periods. G&A expenses were the same as the prior quarter but decreased after Q2-24 due to reduction of compensation to senior management.
Share-Based Compensation	• Share-based compensation fluctuates as a results of staff changes, and due to the timing of expense recognition associated with the vesting of the options issued.
Financial expenses	• Financial expenses have increased significantly over the last few quarters. Interest charges have decreased since Q3-24 following conversion in May and June 2023 of a significant portion of the outstanding debentures into the Private Placements. Financial expenses increased by $0.7 million between Q3-23 and Q4-23 due to the non-recurrent loss on extinguishment of the NCDU debt.
FVA of embedded derivative	• The changes to the terms of the conversion price of convertible debentures as well as the variation in share price during the last quarters has led to quarterly adjustments to the FVCO of the debentures representing respective decreases (gains) or increases (losses) since the embedded derivative were created.
FVA on warrants	• There have been nominal quarterly variations (adjustments) to the fair value of the warrants issued as part of the December 2021 bridge financing. Warrants have expired in Q1-24.
Net loss	• Over the last 2 years, fluctuations in net income or loss have been mainly impacted by the FVA of the derivative liability related to the CDUs as well as to a lesser extent to the fluctuations of the R&D, G&A and SBC expenses. • Net income in Q1-24 is due to the $1.4 million positive FVA of the derivative liability.
EBITDA (Loss)	• EBITDA (Loss) (See "Management's Responsibility for Financial Reporting" – "Non-IFRS Financial Measures") eliminates the impact of the FVA on the CDU, NCDU, ITC and other financings which reflect the Corporation's financing strategy adopted to attract the required capital to fund its operations. • After eliminating such expenses, the EBITDA (Loss) in Q4-24 increased compared to the prior quarter due to a small increase in R&D activities, as well as non-recurrent share-based-compensation expenses. Fluctuations over prior quarter were directly related to variations in R&D and G&A spendings described above.

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

LIQUIDITIES AND CAPITAL RESSOURCES

			Change	
For the year ended	**31-Jan-24**	**31-Jan-23**	*$*	*%*
Operating activities:				
Net loss from operations	**(1 554)**	(6 230)	*4 676*	*-75%*
Other items not affecting cash	**(1 168)**	**1 575**	*(2 743)*	*-174%*
Changes in non-cash working capital	**1 7313**	1 458	*255*	*17%*
Cash used in operations	**(1 009)**	(3 197)	*2 188*	*-68%*
Investing activities:				
Cash used in investing activities	**-**	-	*-*	*-%*
Financing activities:				
Cash provided by financing activities	**937**	2 945	*(2 008)*	*-68%*
Cash, beginning of year	**108**	313	*(205)*	*-65%*
Decrease in cash	**(72)**	(252)	*180*	*-71%*
Effect of foreign exchange on cash	**(1)**	47	*(48)*	*-102%*
Cash, end of year	**35**	108	*(73)*	*-68%*

Selected items	**FY-24 vs FY-23**
Cash used in operations	• Cash used in operations represents the cash flows from operations, excluding income and expenses not affecting cash plus changes in non-cash working capital items.
	• Cash used in operations was $1.0 million for FY-24 period as compared to $3,2 million for FY-23 period, representing a $2.2 million decrease. The decrease results from the $4.7 million decrease in net loss, and a $0.3 million increase in non-cash working capital which were offset by $2.7 million from items not affecting cash which captured the combined $2.0 million gains on fair value adjustments to the CDU embedded derivative and warrant liability.
Cash used in investing activities	• No investments during FY-24, and FY-23.
Cash provided by financing activities	• Financing activities in FY-24 generated $0.9 million from several private placement financings completed during the year compared to $2.9 million in FY-23 representing the net impact of the April 2023 PIPE, and notes secured before YE-23, later converted into the April/May 2023 PIPE.
Cash, End of the year	• The Corporation ended FY-24 with cash of $35 compared to $0.1 million at the end at the end of FY-23.

Cash, and Working Capital

As at,	**YE-24**	YE-23	*Change*	
	$	$	*$*	*%*
Cash	**35**	108	*(73)*	*-68%*
Total current assets	**234**	396	*(162)*	*-41%*
Accounts payables and accrued liabilities	**2 456**	1 793	*663*	*37%*
Convertible debentures – Short-term	**416**	2 681	*(2 265)*	*-84%*
Notes – Short term	**180**	480	*(300)*	*100%*
Current portion of long-term loan	**-**	40	*(40)*	*100%*
Warrants presented as a liability	**-**	52	*(52)*	*100%*
Total current liabilities	**3 269**	7 222	*(3 953)*	*-55%*
Working Capital	**(3 035)**	(6 826)	*3 791*	*-56%*

Cash at YE-24 was $35 as compared to $0.1 million at the end of YE-23 representing no change. Cash raised during FY-24 was used to fund operations. Despite the nominal cash position, the working capital deficit has improved significantly between YE-23 and YE-24 following the maturity and conversion of the CDU maturing in May 2023. Working Capital at the end of YE-24 showed a $3.0 million deficit compared to a $6.8 million deficit as at YE-23, a $3.8 million or 56% improvement.

During prior periods, the Corporation has raised the necessary capital to support its operations. However, there is no assurance that the Corporation will be able to secure the necessary financing to fund it various development programs. Management has continued to implement IR and financing initiatives to attract the required capital to fund its operations and deliver R&D and corporate milestones over the next fiscal year. (See "Overview of the Business" and "Going concern").

The Corporation's use of available funds over the coming year is of utmost concern to the Board. Since the extent and timing of warrant exercise as a source of financing are uncertain, management continues to look for alternative sources of financing to secure the required capital necessary to fund its operations and development projects. Management's focus is on securing equity-based financings from Canadian and US based institutional and/or accredited investors. The Corporation is also actively promoting its technologies to strategic partners.

Discussion of operating cash requirements

All programs in the Corporation's current portfolio will require additional financial commitments to increase their market value (through, for example, clinical trials) or to attract a strategic partner.

Soft Tissue / Rotator Cuff Repair program

After having concluded enrolment on the Phase I/II rotator cuff program, we estimate that $0.5 million will be required to complete the study and position ChitogenX for Phase II readiness on this program.

Burn healing and Skin Repair program.

In order to leverage the recently announced notice of allowance providing protection for the use of our proprietary chitosan scaffold on its own and in combination with a wide variety of therapeutic agents, ChitogenX has launched 2 new R&D programs focusing on burn healing and skin repair. Development of the new programs will be covered by the 3-year NSERC grant and will provide for accelerated timelines compared to soft-tissue program development.

We wish to make best use of our financial resources and leverage out strong intellectual properties. The notice of allowance on new patents ("See Q4-highlights") provides for:

- proprietary chitosan scaffold on its own and in combination with a wide variety of therapeutic agents,
- protects for the use of ChitogenX' proprietary scaffold in combination with biologics in addition to existing PRP and blood products applications,
- provides huge boost to the Company's attractiveness as a regenerative medicine with a proprietary scaffold and positioned the Corporation to leverage opportunities for commercial readiness and fast-tracking regulatory programs with potential 510(k) pre-market submissions in the US.

We are now in a unique position to secure co-development agreements using our Ortho-R (Chitosan-PRP), as well as our new Chitosan based IP. Co-development agreements represent the best approach to create value while leveraging 3rd party funding. In order to successfully advance its current R&D programs, ChitogenX entered into a Collaborative R&D Agreement with Polytechnique to ensure access to Polytechnique's staff, expertise, and laboratories. The agreement expired on August 14, 2024. R&D activities at Polytechnique are now funded by the Corporation and since February 2023, from a new $3.5 million (gross) grant from NSERC and Prima Québec (inclusive of the Corporation $0.9M contribution) in partnership with Polytechnique Montréal. The 3-year grant will be used to advance the scientific development, expand the scope of indications, develop new biomaterials for regenerative medicine and accelerate the commercial readiness of the Company's flagship ORTHO-R technology platform.

The Corporation's cash burn has significantly reduced over the last year, as evidenced by 1) the steep reduction in overall R&D expenses following the conclusion of the Phase I/II rotator cuff trial enrolment, 2) the securing of the $3.5 million (gross) NSERC grant, 3) management's decision to significantly reduce and defer the majority of payment on its compensation, and 4) the conversion of a significant portion of the debt leading to reduced financial costs. Management is actively pursuing strategic initiatives and R&D partnering to attract/secure non-dilutive financing while continuing to seek financing via traditional financing means.

Statement of Compliance

These audited consolidated financial statements have been prepared in accordance with *International Financial Reporting Standards* as issued by the *International Accounting Standards Board ("IASB")* as well as with those standards and interpretations as issued by the *International Financial Reporting Interpretations Committee ("IFRIC")* issued and effective or issued and early adopted as at the time of preparing these consolidated financial statements.

Use of Estimates and Judgements

Reference should be made to the Corporation's audited consolidated financial statements for the year ended January 31, 2023, *note 3 – use of estimates and judgment*, for an extended description of the information concerning the Corporation's significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses.