ChitogenX Inc.

Condensed Interim Consolidated Financial Statements (Unaudited)

Three-month and six-month periods ended July 31, 2024 and 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 condensed interim consolidated financial statements, the statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying condensed interim consolidated 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 condensed interim consolidated financial statements.

ChitogenX Inc.

Condensed Interim Consolidated Statements of Financial Position
(Unaudited)

In thousands of Canadian dollars except for share, unit, warrant and per share amounts

As at	*Notes*	**July 31, 2024**	January 31, 2024
ASSETS			
Current			
Cash		**12**	35
Sales tax and other receivables		**16**	16
Investment tax credits receivable		**75**	73
Prepaid expenses and deposits		**65**	110
Total current assets		**168**	234
Equipment		**31**	33
Intangible assets		**251**	267
Total assets		**450**	534
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current			
Accounts payable and accrued liabilities	*4*	**2,662**	2,456
Accrued interest on debentures, notes and loans	*6,7*	**434**	217
Notes	*7*	**510**	180
Convertible debentures	*6*	**3,503**	416
Total current liabilities		**7,109**	3,269
Long-term loans	*5*	**115**	40
Notes	*7*	**-**	330
Convertible debentures	*6*	**-**	2,909
Conversion options	*6*	**-**	164
Total liabilities		**7,224**	6,712
SHAREHOLDERS' DEFICIT			
Common shares	*8*	**14,201**	14,201
Warrants	*8*	**1,705**	2,325
Contributed surplus		**4,521**	4,007
Deficit		**(27,201)**	(26,711)
Total shareholders' deficit		**(6,774)**	(6,178)
Total liabilities and shareholders' deficit		**450**	534

Going Concern Uncertainty (Note 1); Commitments (Note 17).

"/s/ "Tim Cunningham" ", Director

"/s/ "Pierre Laurin" ", Director

The accompanying notes are an integral part of these consolidated financial statements.

ChitogenX Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited)

In thousands of Canadian dollars except for share, unit, warrant and per share amounts

		Three months ended,		Six months ended,	
For the three months ended	*Notes*	**July 31, 2024**	**July 31, 2023**	**July 31, 2024**	**July 31, 2023**
Expenses					
Research and development	*11*	**35**	195	**65**	613
General and administrative	*12*	**102**	345	**252**	929
Share-based compensation	*8*	**79**	44	**(106)**	100
Financial	*13*	**214**	124	**443**	463
Total Expenses		**430**	708	**654**	2,105
Other items					
Fair Value adjustment on embedded derivative	*6b)*	**(97)**	(299)	**(164)**	(1,742)
Fair Value adjustment on warrants		**-**	-	**-**	(51)
Net loss (gain) and comprehensive loss (gain)		**333**	409	**490**	312
Loss per share					
Weighted average number of common shares outstanding	*9*	**83,129,520**	77,090,687	**83,129,520**	64,209,464
Loss per common share	*9*	**0.00**	0.01	**0.01**	0.00

The accompanying notes are an integral part of these consolidated financial statements.

ChitogenX Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Deficit
(Unaudited)

In thousands of Canadian dollars except for share, unit, warrant and per share amounts

	Notes	**Number of Class "A" common shares**	**Share capital**	**Warrants**	**Contributed surplus**	**Deficit**	**Total**
Balance as at January 31, 2023		**51,038,776**	**10,357**	**2,406**	**2,551**	**(25,157)**	**(9,843)**
Shares issued		27,764,981	3,423	749	(27)	-	4,145
Share-based compensation		-	-	-	100	-	100
Expired warrants	*8*	-	-	(278)	278	-	-
Net loss		-	-	-	-	(312)	(312)
Balance as at July 31, 2023		**78,803,757**	**13,780**	**2,877**	**2,902**	**(25,469)**	**(5,910)**
Balance as at January 31, 2024		**83,129,520**	**14,201**	**2,325**	**4,007**	**(26,711)**	**(6,178)**
Share-based compensation	*8*	**-**	**-**	**-**	**(106)**	**-**	**(106)**
Expired warrants	*8*	**-**	**-**	**(620)**	**620**	**-**	**-**
Net loss		**-**	**-**	**-**	**-**	**(490)**	**(490)**
Balance as at July 31, 2024		**83,129,520**	**14,201**	**1,705**	**4,521**	**(27,201)**	**(6,774)**

The accompanying notes are an integral part of these consolidated financial statements.

ChitogenX Inc.

Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)

In thousands of Canadian dollars except for share, unit, warrant and per share amounts

For the six months ended	Notes	July 31, 2024	July 31, 2023
Operating activities:			
Net (loss) income		**(490)**	(312)
Adjustments for:			
Share-based compensation	*8*	**(106)**	100
Depreciation and amortization		**18**	21
Unrealized gain on foreign exchange		**-**	(25)
Interest on loans and debentures	*13*	**178**	230
Fair Value adjustment – embedded derivative	*6b)*	**(164)**	(1,742)
Fair Value adjustment – warrants liability		**-**	(51)
Net change in non-cash operating working capital	*10*	**466**	1,156
Cash used in operating activities		**(98)**	(623)
Financing activities:			
Proceeds from long-term loan		**75**	547
Cash provided by financing activities		**75**	547
Effect of foreign exchange on cash		**-**	1
Cash, beginning of period		**35**	108
Decrease in cash		**(23)**	(76)
Cash, end of period		**12**	33

The accompanying notes are an integral part of these consolidated financial statements.

1. Reporting entity and going concern

ChitogenX Inc. ("the Corporation", or "ChitogenX"), 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 and its wholly owned US subsidiary, OR4102022 Inc. has been incorporated on April 20, 2022 and is located at 12 Penns Trail in Newtown, Pennsylvania, USA. 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".

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 condensed interim consolidated 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 six-month period ended July 31, 2024, the Corporation incurred a net loss of $490 and used cash in operations of $98. As at July 31, 2024, the Corporation had a negative working capital balance of $6,941.

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 condensed interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Corporation be unable to continue as a going concern. Such adjustments could be material.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on September 27, 2024.

2. Summary of Material Accounting Policies

Basis of measurement

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

Functional and presentation currency

These condensed interim consolidated financial statements are presented in thousands of 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 consolidated statement of loss and comprehensive loss. Non-monetary assets and liabilities denominated in foreign currencies and measured at historical cost are translated using historical exchange rates, and those measured at fair value are translated using the exchange rate in effect at the date the fair value is determined. Expenses are translated using the average exchange rates for the period or the exchange rate at the date of the transaction for significant items.

	July 31, 2024	January 31, 2024
End of period exchange rate – USD	**1.3809**	1.3397
Period average exchange rate – USD	**1.3712**	1.3495

In thousands of Canadian dollars except for share, unit, warrant and per share amounts

Statement of Compliance

These condensed interim consolidated financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Therefore, these condensed interim consolidated financial statements comply with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". IFRS included IFRSs, International Accounting Standards (“IAS”), and interpretations issued by the IFRS Interpretations Committee (“IFRIC”). The same accounting policies and methods of computation were followed in the preparation of these condensed interim consolidated financial statements as were followed in the preparation of the most recent annual audited consolidated financial statements. These condensed interim consolidated financial statements should be read in conjunction with the audited financial statements for fiscal year ended January 31, 2024.

3. Use of Estimates and Judgment

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to undertake several judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses and the disclosures. 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. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

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 the Corporation’s 2024 annual audited consolidated financial statements and are still applicable for the first six-month period ended July 31, 2024.

4. Accounts Payable and Accrued Liabilities

Balance as at	**July 31, 2024**	January 31, 2024
Trade accounts payable	**2,417**	2,191
Accrued liabilities	**245**	265
Total	**2,662**	2,456

5. Long-Term Loan

	Interest Rate	**Maturity**	**July 31, 2024**	January 31, 2024
Canada Emergency Business Account	5 %	December 31, 2026	**40**	40
Loan	15%	March 6, 2026	**75**	-
Total			**115**	**40**

The Corporation secured a Canadian Emergency Business Account (“CEBA”) loan from the Canadian Federal government in 2021, as financial support program during COVID. The loan was bearing 0% interest up to December 31, 2023. Effective January 19, 2024, an interest rate of 5% per annum will apply to any outstanding unpaid balance on the loan, payable or capitalized monthly. The CEBA loan will become due on December 31, 2026.

On March 6, 2024, the Corporation borrowed from an arms length party an amount of $75 bearing interest at 15% per annum, repayable on March 6, 2026.

For the six months ended July 31, 2024, $6 of interest expense was recorded and includes $4 of Interest payable on loans in the condensed interim consolidated statement of financial position.

6. Convertible Debentures

a) Host instrument

	Six months ended July 31, 2024	Year ended January 31, 2024
Opening balance	**3,325**	5,044
Additions	**-**	259
Conversion of debentures into units	**-**	(2,367)
Accretion expense	**178**	389
Total	**3,503**	3,325

In thousands of Canadian dollars except for share, unit, warrant and per share amounts

Current portion	**3,503**	416
Non-current portion	**-**	2,909
Total	**3,503**	3,325

For the six months ended July 31, 2024, $182 of interest expense was recorded and included in the $370 of Interest payable on debentures in the condensed interim consolidated statement of financial position.

During the year ended January 31, 2024, the Corporation completed a non-brokered private placement of units and settled certain debts and interests outstanding representing $2,367 and $221 respectively (see note 8).

On November 30, 2023, the Corporation capitalized $300 of accrued interests to the principal amount of the debenture with the same conditions. The carrying amount was recorded by using the discounted cash flows method assuming an effective interest of 24.6% determined on the estimated rate for a loan with similar terms from comparable companies. The Corporation utilized a Monte Carlo simulation model to determine the fair value of the conversion option. The conversion option of $18 is considered as an embedded derivative to be classified as a liability instrument because of its anti-dilution feature. The total value of the host instrument and conversion option is $277. The difference between the total value and the interests capitalized was recorded as a gain on debt issuance of $23.

Accretion charges, included in financing expense on the consolidated statement of loss and comprehensive loss, attributable to the convertible debentures for the year ended January 31, 2024, was $389. In addition, $405 of interest expense was recorded, of which $184 is included as Interest payable on debentures in the consolidated statement of financial position. Debentures totaling $2,367 were converted into common shares of the Corporation during the year ended January 31, 2024.

b) Embedded Derivative

	Six months ended July 31, 2024	Year ended January 31, 2024
Opening balance	**164**	2,094
Additions	**-**	18
Fair Value adjustment	**(164)**	(1,948)
Total	**-**	164
Current portion	**-**	-
Non-current portion	**-**	164
Total	**-**	164

For the six-month period ended July 31, 2024, the Corporation recorded a positive adjustment on revaluation of the debentures' conversion options or embedded derivative's fair value of $164 ($1,948 for the year ended January 31, 2024) resulting from the decrease in the Corporation's share price going down from $0.09/share on January 31, 2024 to $0.02/share as of July 31, 2024 (from $0.26/share as of January 31, 2023 to $0.09/share as of January 31, 2024).

7. Notes

	Six months ended July 31, 2024	Year ended January 31, 2024
Opening Balance	**510**	480
Additions	**-**	30
Total	**510**	510
Current portion	**510**	180
Non-current portion	**-**	330
Total	**510**	510

For the six months ended July 31, 2024, $30 of interest expense was recorded and included in the $60 of Interest payable on notes in the condensed interim consolidated statement of financial position.

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 and are convertible, at the option of the holder, should the Corporation complete a capital raise. The Amended Notes would then be convertible at the same terms and conditions of the capital raise. The remaining notes of $180 that were not part of the amendment are currently expired and still bear interest at 10%.

Accretion expense included in financing expense on the consolidated statement of loss and comprehensive loss, attributable to the Notes for the year ended January 31, 2024 was nil. In addition, $48 of accrued interest expense was recorded and included in the $33 of included in accrued interest on debentures and notes in the consolidated statement of financial position.

8. 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

On May 5, 2023, the Corporation completed the first closing of a non-brokered private placement (the “Private Placement”) of 25,708,988 units for $3,856, consisting of gross cash proceed of $1,267, consulting fees of $496, outstanding debentures and interest accrued of $2,093, settled through the issuance of units. 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 entitle the holder to purchase one Share of the Corporation (“Warrant Share”) at a price of $0.35 per Warrant Share for a period of 36 months from closing (the “Closing Date”), subject to adjustment in certain events. If, at any time following the Closing Date, the daily volume weighted average trading price of the Shares on the Canadian Securities Exchange is greater than $0.50 per Share for the preceding 10 consecutive trading days, the Corporation shall have the right to accelerate the expiry date of the Warrants to a date that is at least 30 days following the date of such notice to holders of Warrants.

On June 5, 2023, the Corporation completed the second closing of the Private Placement of 1,922,608 units for $288, consisting of gross cash proceed of $41 and outstanding debentures and interest accrued totalling $247, settled through the issuance of units.

On September 29, 2023, the Corporation completed the third closing of the Private Placement of 4,255,138 units for $639, consisting of gross cash proceed of $390 and outstanding debentures and interest accrued totalling $249, settled through the issuance of units.

The same conditions as the first closing applies to the second and third closing.

Shares and warrants were valued based on their relative fair values. The fair value of the shares was determined by the closing price on the date of the transaction and the fair value of the warrants was determined based on a Monte Carlo simulation model. The Private Placement’s gross proceeds of $4,783 was allocated between common shares and warrants for $3,800 and $983 respectively. The remaining of the common shares issued during the year arise from a settlement with a supplier of $17 and RSUs issuance of $27.

(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.

In thousands of Canadian dollars except for share, unit, warrant and per share amounts

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.

Following the resignation of the former Chief Executive Officer, on February 28, 2024, his unvested Options and RSUs were cancelled, resulting in a reversal of the cumulative stock-based compensation expense of $260 during the three months ended April 30, 2024.

During the six-month period ended July 31, 2024 and 2023, the Corporation recorded compensation expense of $154 and $100, respectively, with corresponding credits to contributed surplus related to the stock option plan. The weighted average fair value of the options granted during the six-month period ended July 31, 2024, estimated by using the Black-Scholes options pricing model, was $0.02. No option was granted during the six-month period ended July 31, 2023.

The number of common shares issuable on exercise of the share-based payment transaction granted has varied as follows:

	Six months ended July 31, 2024		Year ended January 31, 2024	
	Number of Shares	**Weighted Average Exercise Price**	Number of Shares	Weighted Average Exercise Price
Options outstanding, beginning of period	**3,821,750**	**0.27**	4,776,000	0.32
Granted during the year	**2,664,499**	**0.04**	500,000	0.18
Options cancelled/expired	**(2,250,000)**	**0.22**	(1,454,250)	0.42
Options outstanding, end of period	**4,236,249**	**0.15**	3,821,750	0.27

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 year ended January 31, 2025, the following options were granted:

Number	**Notes**	**Date of grant**	**Expiry date**	**Exercise price**	**Fair value**
2,664,499	(i)	June 28, 2024	June 28, 2032	0.05	0. 02

(i) 33% vesting at the date of the grant, 33% vesting on January 1, 2024 and the balance on January 1, 2025.

(c) Restricted Stock Units

The following tables present in the number of outstanding RSUs has varied as follows:

	Six months ended July 31, 2024	Year ended January 31, 2024
Units outstanding, beginning of period	**418,553**	551,938
Granted during the year	**-**	(133,385)
Cancelled during the period	**(418,553)**	-
Units outstanding, end of period	**-**	418,553

During the six-month period ended July 31, 2024 and 2023, the Corporation recorded compensation expenses of $2 and $22, respectively, with corresponding credits to contributed surplus related to the restricted stock units.

In thousands of Canadian dollars except for share, unit, warrant and per share amounts

(d) Deferred Stock Units

he Corporation implemented a DSU equity incentive plan to allow for certain discretionary bonuses and similar awards as an incentive and reward for selected directors, officers, employees and consultants (“Recipient”). DSUs are acquired at the date of grant and are redeemed by the issuance of shares at a date to be determined by the Recipient, provided that such date must occur between (a) the date of Separation from Service and (b) December 31 of the calendar year commencing after the Separation from Service. “Separation from Service” occurs upon (i) termination or resignation (ii) retirement or (iii) death, of the Recipient. Fair value of DSUs equals the market price of the shares on the date of grant.

The following tables present in the number of outstanding DSUs has varied as follows:

	Six months ended July 31, 2024	Year ended January 31, 2024
Units outstanding, beginning of year	**3,316,667**	-
Granted during the year	**1,330,252**	**3,316,667**
Units outstanding, end of year	**4,646,919**	**3,316,667**

During the year ended January 31, 2025, the following DSUs were granted:

Number	Date of grant	Vesting terms	Fair value
1,330,252	June 28, 2024	100% on grant date	0. 03

(e) Warrants

The number of common shares issuable on exercise of full warrants has varied as follows:

	Six months ended July 31, 2024		Year ended January 31, 2024	
	Number of Shares	**Weighted Average Exercise Price**	Number of Shares	Weighted Average Exercise Price
Balance, beginning of period	**49,557,584**	**$0.36**	34,325,312	$0.42
Granted during the period	**-**	**-**	31,886,734	$0.35
Expired during the period	**(16,000,000)**	**$0.35**	(16,654,462)	$0.48
Balance, end of period	**33,557,584**	**$0.37**	49,557,584	$0.36

9. Loss per share

Loss per share is calculated by dividing net loss by the weighted average number of commons shares outstanding during the period.

	Six months ended,	
	July 31, 2024	July 31, 2023
Net loss for the year	**490**	312
Weighted average number of common shares outstanding	**83,129,520**	64,209,464
Loss per share	**0.01**	0.00

For the six-month periods ended July 31, 2024 and 2023, there were no dilutive items.

10. Supplemental Cash Flow Information

	Six months ended,	
	July 31, 2024	July 31, 2023
Net change in non-cash operating working capital items		
Sales tax receivable and other receivables	**-**	9
Prepaid expenses and deposits	**45**	-
Investment tax credits receivable	**(2)**	(56)
Accounts payable and accrued liabilities	**423**	1,203
Total	**466**	1,156

During the six-month period ended July 31, 2024 and 2023, interests paid in cash were $1 and $214 respectively.

In thousands of Canadian dollars except for share, unit, warrant and per share amounts

11. Research and Development Expenses

	Three months ended,		Six months ended,	
	July 31, 2024	**July 31, 2023**	**July 31, 2024**	**July 31, 2023**
Development costs	**26**	204	**91**	613
Patent costs	**-**	18	**11**	34
Depreciation – equipment	**1**	3	**2**	6
Amortization – intangible assets	**8**	8	**16**	16
	35	233	**120**	669
Investment tax credit	**-**	(38)	**(2)**	(56)
Government grants	**-**	-	**(53)**	-
Total	**35**	195	**65**	613

12. General and Administrative Expenses, by nature

	Three months ended,		Six months ended,	
	July 31, 2024	**July 31, 2023**	**July 31, 2024**	**July 31, 2023**
Office and administrative (i)	**93**	248	**194**	761
Professional and investor's relations fees	**9**	97	**58**	168
Total	**102**	345	**252**	929

(i) Includes consulting fees paid to management in lieu of salary.

13. Financial Expenses

	Three months ended,		Six months ended,	
	July 31, 2024	**July 31, 2023**	**July 31, 2024**	**July 31, 2023**
Interest on debentures, notes and loans	**111**	98	**218**	254
Difference between effective interest and actual interest on debentures	**95**	70	**178**	230
Gain on foreign exchange	**8**	(44)	**47**	(21)
Total	**214**	124	**443**	463

14. Financial Instruments

As at July 31, 2024:	**FVTPL**	**Amortized cost**
Financial asset:		
Cash	-	**12**
Financial liabilities:		
Accounts payable and accrued liabilities	-	**2,662**
Accrued interest on debentures and notes	-	**434**
Notes	-	**510**
Long-term loan	-	**115**
Convertible debentures	-	**3,503**
Conversion options classified as liability	-	-

In thousands of Canadian dollars except for share, unit, warrant and per share amounts

During the six-month period ended July 31, 2024, the convertible debentures conversion options and the warrants issued as part of the notes in December 2021 are still being carried at faire value through profit and loss ("FVTPL"). During the year ended January 31, 2024, the convertible debentures conversion options were revaluated and reclassified from equity to liabilities and carried at FVTPL. The Corporation has no financial instruments carried at fair value through other comprehensive income ("FVTOCI") as at July 31, 2024 and January 31, 2024.

As at January 31, 2024:	**FVTPL**	**Amortized cost**
Financial asset:		
Cash	-	35
Financial liabilities:		
Accounts payable and accrued liabilities	-	2,456
Accrued interest on debentures and notes	-	217
Notes	-	510
Long-term loan	-	40
Convertible debentures	-	3,325
Conversion options classified as liability	164	-

As at July 31, 2024 and January 31, 2024, all financial instruments at fair value of the Corporation were considered a Level 2, except for the embedded derivative which is a Level 3. The Corporation's policy is to recognize transfers between the different hierarchy levels as of the date of the event or change in circumstances that caused the transfer. No financial instruments were transferred between levels 1, 2 and 3.

The carrying value of all of the Corporation's financial instruments approximates their fair value as at July 31, 2024 and January 31, 2024.

15. 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:

	July 31, 2024		January 31, 2024	
	Foreign Currency	**CAD equivalent**	Foreign Currency	CAD equivalent
Cash – USD	**1**	**2**	11	14
Accounts payable and accrued liabilities – USD	**1,239**	**1,711**	1,172	1,570
Accounts payable and accrued liabilities – EUR	**10**	**15**	10	15

A plus or minus 5% variation in exchange rate, all else being held equal, would result in a foreign exchange gain or loss of $86 for the six-month period ended July 31, 2024 ($80 for the year ended January 31, 2024).

In thousands of Canadian dollars except for share, unit, warrant and per share amounts

(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 July 31, 2024:	***Carrying value***	***Contractual cash flows***	***Less than 12 months***	***Between 12 months and 24 months***
Financial liabilities				
Accounts payable and accrued liabilities	**2,662**	**2,662**	**2,662**	**-**
Accrued interest on debentures and notes	**434**	**434**	**434**	**-**
Long-term loan	**115**	**141**	**13**	**128**
Convertible debentures	**3,503**	**4,366**	**4,366**	**-**
Notes	**510**	**615**	**615**	**-**
Total	**7,224**	**8,218**	**8,090**	**128**

As at January 31, 2024:	***Carrying value***	***Contractual cash flows***	***Less than 12 months***	***Greater than 12 months***
Financial liabilities				
Accounts payable and accrued liabilities	2,456	2,456	2,456	-
Accrued interest on debentures and notes	217	217	217	-
Long-term loan	40	40	40	-
Convertible debentures	3,325	4,272	584	3,688
Notes	510	602	268	333
Total	6,548	7,586	3,565	4,021

(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. The Corporation's overall strategy with respect to capital risk management remains unchanged since the year ended January 31, 2024.

16. Related Party Transactions

The following table presents the related party transactions presented in the condensed interim consolidated statement of loss and comprehensive for the three-months period ended:

	Three months ended		**Six months ended**	
	July 31, 2024	July 31, 2023	**July 31, 2024**	July 31, 2023
Transactions with key management and members of the Board of Directors:				
Share-based compensation	**58**	43	**(191)**	98
Consulting fees	**43**	222	**104**	568
Interest earned on debentures	**9**	9	**17**	62
Interest earned on debentures by Manitex, a shareholder of the Corporation:	**-**	-	**-**	58
R&D expenses incurred with École Polytechnique, a partner of Polyvalor	**-**	163	**-**	244

In thousands of Canadian dollars except for share, unit, warrant and per share amounts

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

	July 31, 2024	January 31, 2024
Key management and directors:		
Accounts payable and accrued liabilities	**912**	793
Debentures and notes	**150**	155
Conversion options classified as embedded derivatives	**-**	9
Accrued interest on debentures and notes	**49**	42

17. Commitments

a) Polytechnique contract / NSERC

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 has been extended until August 14, 2024 and subsequently replaced by the NSERC funding.

On February 16, 2023, the Corporation secured a $2,604 million 4-year grant from The Natural Sciences and Engineering Research Council of Canada ("NSERC") and Prima Québec in partnership with Poly. The 4-year grant will be received and used on a linear basis 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 contribution to the NSERC Project totals $940 over 4 years but eliminates any contractual obligations under the Poly contract.

b) Platelet-rich plasma Project

In April 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 committed to contribution to the PRP project totals $240 over 2 years including of in-kind contributions. During the year ended January 31, 2024, the project was extended to March 2024. The Corporation received a $56 grant during the three months ended April 30, 2024.

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 a sum of $524 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 $139 over 2 years, of which $111 was disbursed as of April 30 2024 and January 31, 2024.