Financial Report

Third Quarter - Fiscal Year 2025

October 31, 2024

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 third quarter and year-to-date periods of our 2025 fiscal year ended on October 31, 2024 and compares those of the same periods for the 2024 fiscal year. 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 December 20, 2024.

This document should be read in conjunction with the unaudited interim condensed consolidated financial statements and notes thereto for the third quarter of our 2025 fiscal year ended on October 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.sedar.com.

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

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.

GLOSSARY TERMS

Calendar & Financial

CDU	Convertible Debenture Units
EBITDA (L)	EBITDA Loss
FVA	Fair Value Adjustment
FY	Fiscal Year
G&A	General and Administrative
R&D	Research and Development
SR&ED	Scientific Research and Experimental Development Expenses
YTD	Year to date
YE	Year-end
WA	Weighted Average

Corporate & Operations

API	Active Pharmaceutical Ingredient
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
NSERC	Natural Sciences and Engineering Research Council of Canada
ORTHO-R	Proprietary biopolymer for Rotator cuff repair
Polytechnique	Ecole Polytechnique de Montreal
PRP	Platelet-rich plasma

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, 2022 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*".

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 a 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 ChitogenX' $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.

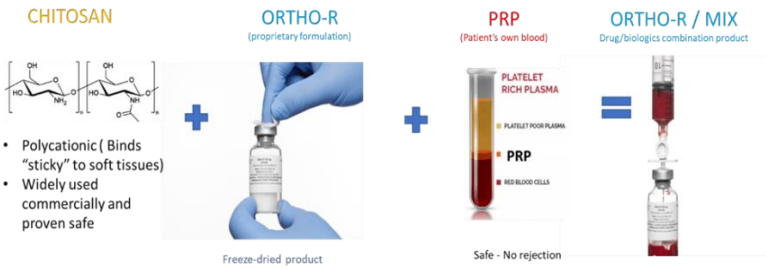
3. Leverage IP portfolio and proof of concept data to attract partnership agreements.

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

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.



The Corporation identified 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.

(In thousands of Canadian dollars, ex*cept for units, share and per share amounts)

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

SELECTED FINANCIAL DATA

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

	Q3-25	Q3-24	*Change*		**YTD-25**	YTD-24	*Change*	
	$	$	*$*	*%*	**$**	$	*$*	*%*
Expenses								
R&D	**169**	74	*95*	*128%*	**234**	687	*(453)*	*-66%*
G&A	**193**	254	*(61)*	*-24%*	**445**	1 183	*(738)*	*-62%*
Share-based compensation	**16**	29	*(13)*	*-45%*	**(90)**	129	*(219)*	*-170%*
Financial	**228**	257	*(29)*	*-11%*	**671**	720	*(49)*	*-7%*
	606	614	*(8)*	*-1%*	**1 260**	2 719	*(1 459)*	*-54%*
FVA embedded derivative	**-**	171	*(171)*	*-100%*	**(164)**	(1 571)	*1 407*	*-90%*
FVA on warrants	**-**	(1)	*1*	*-100%*	**-**	(52)	*52*	*-100%*
Net (Loss) and Comprehensive loss	**(606)**	(784)	*178*	*-23%*	**(1 096)**	(1 096)	*-*	*0%*
(Loss) per share								
Weighted avg # of shares O/S	**83 129 520**	80 324 904	*2 804 616*	*3%*	**83 129 520**	64 209 464	*18 920 056*	*29%*
Basic and diluted loss per share	**-**	-	*-*	*0%*	**-**	-	*-*	*0%*

(In thousands of Canadian dollars, ex*cept for units, share and per share amounts)

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 Q3-25 and YTD-25 periods as compared to the prior year.

	Q3-25	Q3-24	*Change*		**YTD-25**	YTD-24	*Change*	
	$	$	*$*	*%*	**$**	$	*$*	*%*
Net loss	**(606)**	(784)	178	-23%	**(1 096)**	(1 096)	-	0%
Add (deduct)								
Financial	**228**	257	(29)	-11%	**671**	720	(49)	-7%
FVA embedded derivative	-	171	(171)	-100%	**(164)**	(1 571)	1 407	-90%
FVA on warrants	-	(1)	1	-100%	-	(52)	52	-100%
Depreciation	1	3	(2)	-67%	3	9	(6)	-67%
Amortization	8	8	-	0%	24	24	-	0%
EBITDA (L)	**(369)**	(346)	(23)	7%	**(562)**	(1 966)	1 404	-71%

Selected items	**Q3-25 vs Q3-24 and YTD-25 vs YTD-24**
Revenues	• Chitogenx is a clinical stage company. No revenues were generated during each of YTD-25 and YTD-24
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 Q3-25 were up 128% compared to Q3-24 due to the timing of invoices and no investment tax credits booked for the quarter, but YTD-25 were still much lower than the prior year periods due to the completion of enrollment of the Phase I/II clinical trial last year. The decrease in YTD-25 is $453 or 66% compared to YTD-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 Q3-25 was down compared to Q3-24 at $0.2 million compared to $0.3 million. Same as for the quarter's results, G&A spending for the YTD-25 period was down significantly with a 62% reduction compared to YTD-24 as management agreed to reduce its compensation to limit expenses. Since August 2022, management salaries is being accrued but not paid, as a mean of helping fund operations and achieve the next corporate milestone.
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 Q3-25 were down compared to Q3-24 at $16 compared to $29. The YTD-25 SBC expenses was a recovery of $90 following the cancellation of options triggered by the departure of the prior CEO during Q1-25. • SBC expenses during FY-25 were also impacted by the decrease in the Corporation's share price when compared to the strike price of outstanding options.
Financial expenses	• Financial expenses include interest on loans, notes, non-convertible and convertible debentures, as well as effective interest on debentures as well as foreign exchange gain or loss.
	• Financial expenses in Q3-25 and YYTD-25 were almost the same as for the prior year period with small decreases representing a favorable variable on calculating the financial costs of debentures based on the effective and actual rates.
Fair Value Adjustment ("FVA") of Embedded Derivative	• An Embedded derivative comprised of the conversion options classified as liability was created following the amendment of the CDUs to extend their maturity date. Starting Q4-23, any change in the Fair Value of the Conversion Option of the CDUs ("FVCO") have been recorded as a financial expense. • There were no FVA on embedded derivative for Q3-25 compared to a $0.2 million adjustment in Q3-24. The change in the FVCO, led to a Fair Value Adjustment ("FVA") of the conversion option representing a gain of $0.2 million and $1.6 million respectively for the YTD-25 and YTD-24 periods.

(In thousands of Canadian dollars, ex*cept for units, share and per share amounts)

Fair Value Adjustment ("Fair Value Adjustment") on warrants	• The terms of the warrants issued as part of the December 2022 Bridge financing led to the creation of a warrant liability. • During each of Q3-25 and Q3-24, as well as YTD-25 and YTD-24 the revaluations of the Warrants' fair value were nil or nominal.
Net Income (Loss) for the period	• Due to the reduction in expenses and the reduction of FV Adjustment on the embedded derivative, the Corporation`s net loss decreased significantly in Q3-25 compared to Q3-24. Despite the significant decrease in expenses, the Net loss for YTD-25 was the same as for YTD-24 at $1.1 million as the $1.5 million decrease in expenses between the 2 periods was similar to the $1.4 million positive variance on the fair-value adjustment on the embedded derivative.
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 Q3-25 was $0.4 million compared to $0.3 million for Q3-24, representing a nominal 7% increase. • Due to the significant decrease in G&A and R&D expenses, the EBITDA loss for the YTD-25 period was down significantly compared to the prior year at $0.6 million compared to $2.0 million for YTD-24, a 71% decrease.

SELECTED BALANCE SHEET HIGHLIGHTS

The following table sets forth the financial information related to the Corporation's statements of financial position for the periods indicated and should be read in conjunction with the unaudited condensed consolidated financial statements for period ended October 31, 2024.

As at,	**31-oct-24**	January 31, 2024	*Change*	*Change*
	$	$	*$*	*%*
Cash	**48**	**35**	*13*	*37%*
Intangible Assets	**243**	**267**	*-24*	*-9%*
Total assets	**385**	**534**	*-149*	*-28%*
Trade accounts payable and accrued liabilities	**2 972**	**2 456**	*516*	*21%*
Notes	**510**	**180**	*330*	*183%*
Long-term Notes	**-**	**330**	*-330*	*100%*
Convertible Debentures - Short term	**3 609**	**416**	*3 193*	*768%*
Convertible Debentures - Long term	**-**	**2 909**	*-2 909*	*-100%*
Total liabilities	**7 749**	**6 712**	*1037*	*15%*
Common shares	**14 201**	**14 201**	*0*	*0%*
Warrants	**1 705**	**2 325**	*-620*	*-27%*
Contributed surplus	**4 537**	**4 007**	*530*	*13%*
Deficit	**(27 807)**	**(26 711)**	*-1 096*	*4%*

Selected items	**Q3-25 vs YE-24**
Cash	• Cash at the end of Q3-25 was $48 compared to $35 at the start of the fiscal year.
Total Assets	• Total assets were down 28% between YE-24 and Q3-25 due to a reduction of prepaids and deposits, as well as the reduction in ITC receivables after the company collected its FY-24 ITC`s during the Q3-25 period.
Trade AP and accrued liabilities	• Trade accounts payables and accrued liabilities increased by $0.5 million during the first 9 months of FY-25. The main increase between the 2 periods related to an increase in amounts due to management as no salaries/fees were paid during the FY-25 period as well as some residual expenses related to the Phase I/II clinical trial.
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. The Notes are now presented as short-term due fact that they are now all current.
Convertible debentures	• All CDUs are now reported as current following their maturity. Agreement has been reached with holders of the CDUs to extend maturity to support the Corporation in executing its strategic initiatives.
Total Liabilities	• Total liabilities increased 15% between YE-24 and Q3-25. The increase relates to accrued salaries to management and accrual of interest on the various debt instruments. Following conversion of debentures into

(In thousands of Canadian dollars, ex*cept for units, share and per share amounts)

	the May/June 2024 Private Placements, as well as the elimination/reduction of the conversion options on the debentures.
Common Shares	• No change since YE-24.
Warrants	• Warrants decreased during the YTD-25 period due to the expiry of 16 million warrants.
Contributed Surplus	• The contributed surplus increased by $0.5 million as a result of the expiry of warrants partly offset by the share-based compensation expense.
Deficit	• The increase reflects the performance of the Corporation during FY-25. (See "Statement of Loss" commentaries)

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table sets out the Corporation's selected unaudited quarterly financial information for the eight quarters ended October 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 interim unaudited financial statements and should be read in conjunction with those statements and their accompanying notes.

	Q3-25	Q2-25	Q1-25	Q4-24	**Q3-24**	Q2-24	Q1-24	Q4-23
R&D Expenses (Net)	**169**	35	30	290	**74**	195	418	561
G&A expenses	**193**	102	150	157	**254**	345	584	509
Share-based compensation	**16**	79	(185)	290	**29**	44	56	92
Financial expenses (income)	**228**	214	229	98	**257**	124	339	1 070
FVA embedded derivative	**-**	(97)	(67)	(377)	**171**	(299)	(1 443)	-
FVA on warrants		-	-	-	**(1)**	-	(51)	(72)
Net Income (Loss)	**(606)**	(333)	(157)	(458)	**(784)**	(409)	97	(2 160)
EBITDA (Loss)	**(369)**	(207)	14	(728)	**(346)**	(573)	(1 047)	(1 145)

(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. The R&D expenses increased in Q3-25 compared to Q2-25 as no ITC is being accrued and due to the timing of some R&D expenses. The reduction of R&D expenses in Q1-25 compared to prior quarters 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 as well as reduced salaries being accrued for management helping reduce cash burn.
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. SBC expenses was negative in Q1-25 due to the cancellation of non-vested options linked to the departure of the prior CEO.
Financial expenses	• Financial expenses have decreased by $0.2 million between Q3-24 and Q4-24 as Q3-24 was impacted by a non-recurrent loss on extinguishment of the NCDU debt. Interest charges have decreased in Q3-24 following conversion in May and June 2024 of a significant portion of the outstanding debentures into the Private Placements.
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 Income or 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. Increase in net loss in Q3-25 is due to a combination of nominal increases in G&A, R&D expenses combined with nil impact on the FVA of embedded derivative.
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 FY-25 have decreased compared to FY-24 periods reflecting a decrease in overall expenses. Fluctuations over prior quarters were directly related to variations in R&D, and G&A spendings described above. The positive EBITDA in Q1-25 was due to the SBC expenses recovery described above.

(In thousands of Canadian dollars, ex*cept for units, share and per share amounts)

LIQUIDITIES AND CAPITAL RESSOURCES

For the 9-month period ended on,	31-Oct-24	31-Oct-23	Change $	Change %
Operating activities:				
Net loss from operations	**(1 096)**	(1 096)	-	*0%*
Other items not affecting cash	**57**	**(1 086)**	*1 143*	*-105%*
Changes in non-cash working capital	**977**	1 264	- *287*	*-23%*
Cash used in operations	**(62)**	(918)	*856*	*-93%*
Investing activities:				
Cash used in investing activities	**-**	-	-	*100%*
Financing activities:				
Cash provided by financing activities	**75**	937	- *862*	*-92%*
Cash, beginning of period	**35**	108	- *73*	*-68%*
(Decrease) increase in cash	**13**	19	- *6*	*-32%*
Effect of foreign exchange on cash	**-**	(16)	*16*	*-100%*
Cash, end of period	**48**	111	- *63*	*-57%*

Selected items	YTD-25 vs YTD-24
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 $0.1 million for YTD-25 period as compared to $0.9 million for YTD-24 period, representing a 93% decrease. The decrease results from a $0.3 million increase in non-cash working capital which were offset by items not affecting cash for $1.1 million which captured the combined $1.8 million gains on fair value adjustments to the CDU embedded derivative and warrant liability.
Cash used in investing activities	• No investments during each of YTD-24 and YTD-25
Cash provided by financing activities	• Financing activities was $0.1 million representing a loan from an arm's length party, compared to $0.9 million for YTD-24 generated from funds raised as part of the May/June 2024 PIPE financing.
Cash, End of the period	• The Corporation ended Q3-25 with nominal cash compared to $0.1 million at the end of Q3-24.

Cash, and Working Capital Decifit

As at,	2024-10-31 $	2024-01-31 $	Change $	Change %
Cash	**48**	35	*13*	*37%*
Total current assets	**112**	234	*(122)*	*-52%*
Accounts payables and accrued liabilities	**2 972**	2 456	*516*	*21%*
Convertible debentures - Short term	**3 609**	416	*3 193*	*768%*
Convertible unit Bridge	**510**	180	*330*	*100%*
Total current liabilities	**7 634**	3 269	*4 365*	*134%*
Working Capital	**(7 522)**	(3 035)	*(4 487)*	*148%*

Working capital deficit between YE-24 and Q3-25 has increased due to the maturity of the CDUs now reported as current. Working capital deficit as at October 31, 2024 stood at $7.5 million with short term liabilities of $7.6 million exceeding short-term assets of $0.1 million. The Corporation has accumulated trade payables and accrued liabilities over the last few years, mainly related to the execution of its Phase I/II rotator cuff clinical program, for which enrollment ended in Q2-24. Since Q2-24, payables and accruals have increased mainly as a result of compensation expenses being accrued as management has agreed to defer cash payment as a means of helping fund the Corporation's activities. The working capital deficit also includes the $4.1 million of notes and debt now presented as current. (see "Debt Leverage"

below). The Corporation has reached an agreement with holders of the notes and debentures to extend maturity and accrue interest in supporting management executing the Corporation's strategic initiatives.

Risks and Uncertainties

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 unaudited interim condensed consolidated financial statements, the Corporation is still a clinical stage R&D company and has not yet achieved profitability. 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, 2024, the Corporation incurred a net loss of $1.1 million and used cash in operations of $0.1 million. As at October 31, 2024, the Corporation had a negative working capital balance of $7.5 million.

Accordingly, the ability of the Corporation to realize the carrying value of its assets and continue operations as a going concern is dependent upon its ability to obtain additional financing and ultimately on generating future profitable operations. 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 new investors. There is no assurance that any fund-raising initiatives will be successful. Factors within and outside the Corporation's control could have a significant bearing on its ability to obtain additional financing. These unaudited interim condensed consolidated financial statements as at and for the quarter ended October 31, 2024, do not include any adjustments related to the carrying values and classifications of assets and liabilities that would be necessary should the Corporation be unable to continue as a going concern.

Operating Losses and Negative Cash Flows

The Corporation's operating losses and cash burn has significantly reduced over the last few quarters, as evidenced by 1) the steep reduction in overall R&D expenses following the conclusion of enrollment into the Phase I/II rotator cuff trial, 2) the securing of the $3.5 million NSERC grant which has reduced significantly the R&D expenses for ChitogenX, 3) management's decision to significantly reduce its compensation and defer all cash payment, 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.

During prior periods, the Corporation has demonstrated its ability to raise the necessary capital to support its operations and achieve development milestones. 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.

Debt leverage

As at October 31, 2024, the Corporation had convertible debentures and notes (the "Debt") totaling $4.1 million that had reached their respective maturities and for that reason are now shown as current liabilities on the Corporation's Consolidated Statement of Financial Situation. The Debt holders recognize that access to capital for early-stage R&D companies is limited and for that reason have accepted for the Corporation to defer repayment until its financial situation improves, and for the Debt to remain current and to continue to accrue interest at the prevailing rates.

R&D Stage Company 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. 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.

We wish to make best use of our financial resources and leverage out strong intellectual properties. The recent notice of allowance on new patents provides for 1) proprietary chitosan scaffold on its own and in combination with a wide variety of therapeutic agents, 2) protects for the use of ChitogenX' proprietary scaffold in combination with biologics in addition to existing PRP and blood products applications, 3) provides huge boost to the Company's attractiveness as a regenerative medicine with a proprietary scaffold, and 4) 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. In February 2023, the Corporation secured a $3.5 million grant from NSERC and Prima Québec in partnership with Polytechnique Montréal. The 4-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. We intend to leverage our R&D grants as well as our exclusive relationship with Poly to advance our R&D initiatives at nominal costs for the Corporation.

Statement of Compliance

The unaudited interim financial statements included in this MD&A for the quarter ending October 31, 2024 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 interim financial statements.

Use of Estimates and Judgements

Reference should be made to the Corporation's 2024 annual financial statements, *note 3*, 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.

ChitogenX Inc.

Condensed Interim Consolidated Financial Statements (Unaudited)

Three-month and nine-month periods ended October 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	October 31, 2024	January 31, 2024
ASSETS			
Current			
Cash		**48**	35
Sales tax and other receivables		**12**	16
Investment tax credits receivable		**(10)**	73
Prepaid expenses and deposits		**62**	110
Total current assets		**112**	234
Equipment		**30**	33
Intangible assets		**243**	267
Total assets		**385**	534
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current			
Accounts payable and accrued liabilities	*4*	**2,972**	2,456
Accrued interest on debentures, notes and loans	*6,7*	**543**	217
Notes	*7*	**510**	180
Convertible debentures	*6*	**3,609**	416
Total current liabilities		**7,634**	3,269
Long-term loans	*5*	**115**	40
Notes	*7*	**-**	330
Convertible debentures	*6*	**-**	2,909
Conversion options	*6*	**-**	164
Total liabilities		**7,749**	6,712
SHAREHOLDERS' DEFICIT			
Common shares	*8*	**14,201**	14,201
Warrants	*8*	**1,705**	2,325
Contributed surplus		**4,537**	4,007
Deficit		**(27,807)**	(26,711)
Total shareholders' deficit		**(7,364)**	(6,178)
Total liabilities and shareholders' deficit		**385**	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,		Nine months ended,	
	Notes	**October 31, 2024**	**October 31, 2023**	**October 31, 2024**	**October 31, 2023**
Expenses					
Research and development	*11*	**169**	74	**234**	687
General and administrative	*12*	**193**	254	**445**	1,183
Share-based compensation	*8*	**16**	29	**(90)**	129
Financial	*13*	**228**	257	**671**	720
Total Expenses		**606**	614	**1,260**	2,719
Other items					
Fair Value adjustment on embedded derivative	*6b)*	**-**	171	**(164)**	(1,571)
Fair Value adjustment on warrants		**-**	(1)	**-**	(52)
Net loss (gain) and comprehensive loss (gain)		**606**	784	**1,096**	1,096
Loss per share					
Weighted average number of common shares outstanding	*9*	**83,129,520**	80,324,904	**83,129,520**	64,209,464
Loss per common share	*9*	**0.01**	0.01	**0.01**	0.02

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		32,090,744	3,954	873	(27)	-	4,800
Share-based compensation		-	-	-	128	-	128
Expired warrants	*8*	-	-	(1,099)	1,099	-	-
Net loss		-	-	-	-	(1,096)	(1,096)
Balance as at October 31, 2023		**83,129,520**	**14,311**	**2,180**	**3,751**	**(26,253)**	**(6,011)**
Balance as at January 31, 2024		**83,129,520**	**14,201**	**2,325**	**4,007**	**(26,711)**	**(6,178)**
Share-based compensation	*8*	**-**	**-**	**-**	**(90)**	**-**	**(90)**
Expired warrants	*8*	**-**	**-**	**(620)**	**620**	**-**	**-**
Net loss		**-**	**-**	**-**	**-**	**(1,096)**	**(1,096)**
Balance as at October 31, 2024		**83,129,520**	**14,201**	**1,705**	**4,537**	**(27,807)**	**(7,364)**

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 nine months ended	*Notes*	October 31, 2024	October 31, 2023
Operating activities:			
Net (loss) income		**(1,096)**	(1,096)
Adjustments for:			
Share-based compensation	*8*	**(90)**	128
Consulting fees and other payable settled through the issuance of shares or warrants		**-**	17
Depreciation and amortization		**27**	32
Unrealized gain on foreign exchange		**-**	52
Interest on loans and debentures	*13*	**284**	308
Fair Value adjustment – embedded derivative	*6b)*	**(164)**	(1,571)
Fair Value adjustment – warrants liability		**-**	(52)
Net change in non-cash operating working capital	*10*	**977**	1,264
Cash used in operating activities		**(62)**	(918)
Financing activities:			
Proceeds from long-term loan		**75**	937
Cash provided by financing activities		**75**	937
Effect of foreign exchange on cash		**-**	(16)
Cash, beginning of period		**35**	108
Increase in cash		**13**	19
Cash, end of period		**48**	111

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 nine-month period ended October 31, 2024, the Corporation incurred a net loss of $1,096 and used cash in operations of $62. As at October 31, 2024, the Corporation had a negative working capital balance of $7,522.

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 Dec 20, 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.

	October 31, 2024	January 31, 2024
End of period exchange rate – USD	**1.3916**	1.3397
Period average exchange rate – USD	**1.3755**	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 nine-month period ended October 31, 2024.

4. Accounts Payable and Accrued Liabilities

Balance as at	**October 31, 2024**	January 31, 2024
Trade accounts payable	**2,622**	2,191
Accrued liabilities	**350**	265
Total	**2,972**	2,456

5. Long-Term Loan

	Interest Rate	**Maturity**	**October 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 nine months ended October 31, 2024, $13 of interest expense was recorded and includes $8 of Interest payable on loans in the condensed interim consolidated statement of financial position.

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

6. Convertible Debentures

a) Host instrument

	Nine months ended October 31, 2024	Year ended January 31, 2024
Opening balance	**3,325**	5,044
Additions	**-**	259
Conversion of debentures into units	**-**	(2,367)
Accretion expense	**284**	389
Total	**3,609**	3,325
Current portion	**3,609**	416
Non-current portion	**-**	2,909
Total	**3,609**	3,325

For the nine months ended October 31, 2024, $275 of interest expense was recorded and included in the $462 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.

Convertible debentures totaling $3,300 of nominal value are secured by a $4,000 hypothec against the universality of the Corporation's present and future assets.

b) Embedded Derivative

	Nine months ended October 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 nine-month period ended October 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 $ 0.005/share as of October 31, 2024 (from $0.26/share as of January 31, 2023 to $0.09/share as of January 31, 2024).

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

7. Notes

	Nine months ended October 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 nine months ended Octobre 31, 2024, $39 of interest expense was recorded and included in the $73 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.

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

(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.

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 nine-month period ended October 31, 2024 and 2023, the Corporation recorded compensation expense of $170 and $128, respectively, with corresponding credits to contributed surplus related to the stock option plan. The weighted average fair value of the options granted during the nine-month period ended October 31, 2024, estimated by using the Black-Scholes options pricing model, was $0.005. No option was granted during the nine-month period ended October 31, 2024.

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

	Nine months ended October 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.

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

(c) Restricted Stock Units

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

	Nine months ended October 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 nine-month period ended October 31, 2024 and 2023, the Corporation recorded compensation expenses of $2 and $23, respectively, with corresponding credits to contributed surplus related to the restricted stock units.

(d) Deferred Stock Units

The 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:

	Nine months ended October 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

During the nine-month period ended October 31, 2024 and 2023, the Corporation recorded compensation expenses of $36 and nil, respectively, with corresponding credits to contributed surplus related to the deferred stock units.

(e) Warrants

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

	Nine months ended October 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

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

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.

	Nine months ended,	
	October 31, 2024	October 31, 2023
Net loss for the year	**1,096**	1,096
Weighted average number of common shares outstanding	**83,129,520**	69,654,683
Loss per share	**0.01**	0.02

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

10. Supplemental Cash Flow Information

	Nine months ended,	
	October 31, 2024	October 31, 2023
Net change in non-cash operating working capital items		
Sales tax receivable and other receivables	**4**	8
Prepaid expenses and deposits	**48**	(49)
Investment tax credits receivable	**83**	58
Accounts payable and accrued liabilities	**842**	1,247
Total	**977**	1264

During the nine-month period ended October 31, 2024 and 2023, interests paid in cash were $2 and $311 respectively.

11. Research and Development Expenses

	Three months ended,		Nine months ended,	
	October 31, 2024	October 31, 2023	**October 31, 2024**	October 31, 2023
Development costs	**144**	107	**235**	720
Patent costs	**16**	(10)	**27**	24
Depreciation – equipment	**1**	3	**3**	9
Amortization – intangible assets	**8**	8	**24**	24
	169	108	**289**	777
Investment tax credit	**-**	(34)	**(2)**	(90)
Government grants	**-**	-	**(53)**	-
Total	**169**	74	**234**	687

12. General and Administrative Expenses, by nature

	Three months ended,		Nine months ended,	
	October 31, 2024	October 31, 2023	**October 31, 2024**	October 31, 2023
Office and administrative (i)	**193**	240	**387**	1,001
Professional and investor's relations fees	**-**	14	**58**	182
Total	**193**	254	**445**	1,183

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

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

13. Financial Expenses

	Three months ended,		Nine months ended,	
	October 31, 2024	October 31, 2023	**October 31, 2024**	October 31, 2023
Interest on debentures, notes and loans	**109**	97	**327**	351
Difference between effective interest and actual interest on debentures	**106**	78	**284**	308
Gain on foreign exchange	**13**	82	**60**	61
Total	**228**	257	**671**	720

14. Financial Instruments

As at October 31, 2024:	**FVTPL**	**Amortized cost**
Financial asset:		
Cash	**-**	**48**
Financial liabilities:		
Accounts payable and accrued liabilities	**-**	**2,972**
Accrued interest on debentures and notes	**-**	**543**
Notes	**-**	**510**
Long-term loan	**-**	**115**
Convertible debentures	**-**	**3,609**
Conversion options classified as liability	**-**	**-**

During the nine-month period ended October 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 October 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 October 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 October 31, 2024 and January 31, 2024.

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

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:

	October 31, 2024		January 31, 2024	
	Foreign Currency	**CAD equivalent**	Foreign Currency	CAD equivalent
Cash – USD	**0**	**0**	11	14
Accounts payable and accrued liabilities – USD	**1,272**	**1,769**	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 $89 for the nine-month period ended October 31, 2024 ($80 for the year ended January 31, 2024).

(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, 2024:	***Carrying value***	***Contractual cash flows***	***Less than 12 months***	***Between 12 months and 24 months***
Financial liabilities				
Accounts payable and accrued liabilities	**2,972**	**2,972**	**2,972**	**-**
Accrued interest on debentures and notes	**543**	**543**	**543**	**-**
Long-term loan	**115**	**134**	**13**	**121**
Convertible debentures	**3,609**	**3,842**	**3,842**	**-**
Notes	**510**	**568**	**568**	**-**
Total	**7,749**	**8,059**	**7,938**	**121**

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

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	914	3,358
Notes	510	602	268	333
Total	6,548	7,587	3,896	3,691

(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		**Nine months ended**	
	October 31, 2024	October 31, 2023	**October 31, 2024**	October 31, 2023
Transactions with key management and members of the Board of Directors:				
Share-based compensation	**20**	29	**(171)**	127
Consulting fees	**30**	97	**134**	665
Interest earned on debentures	**9**	10	**26**	72
Interest earned on debentures by Manitex, a shareholder of the Corporation:	**-**	-	**-**	58
R&D expenses incurred with École Polytechnique, a partner of Polyvalor	**-**	67	**-**	311

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

	October 31, 2024	January 31, 2024
Key management and directors:		
Accounts payable and accrued liabilities	**982**	793
Debentures and notes	**155**	155
Conversion options classified as embedded derivatives	**-**	9
Accrued interest on debentures and notes	**53**	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.