



Condensed consolidated interim financial statements of

# **NervGen Pharma Corp.**

(Expressed in Canadian Dollars - Unaudited)

For the three months ended March 31, 2021

# NERVGEN PHARMA CORP.

## Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

as at	March 31, 2021	December 31, 2020
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash	4,986,774	5,598,560
Accounts receivable	32,572	62,594
Prepays and deposits (Notes 6, 12)	825,610	540,750
	<b>5,844,956</b>	<b>6,201,904</b>
<b>Non-current assets</b>		
Fixed assets	1,568	1,996
Intangible assets (Note 7)	461,833	471,388
	<b>463,401</b>	<b>473,384</b>
	<b>6,308,357</b>	<b>6,675,288</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 8)	920,239	591,818
Due to related parties (Note 11)	238,339	163,254
	<b>1,158,578</b>	<b>755,072</b>
<b>Shareholders' Equity</b>		
Common shares (Note 9)	24,011,161	22,947,031
Reserves (Note 10)	5,708,079	5,295,229
Deficit	(24,569,461)	(22,322,044)
	<b>5,149,779</b>	<b>5,920,216</b>
	<b>6,308,357</b>	<b>6,675,288</b>

Nature of business (Note 1)

Commitments (Note 12)

Subsequent events (Note 14)

Approved by the Board

/s/ William J. Radvak Director

/s/ Brian E. Bayley Director

*The accompanying notes are an integral part of these condensed consolidated interim financial statements*

## NERVGEN PHARMA CORP.

### Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited)

	For the 3 Months Ended March 31, 2021 \$	For the 3 Months Ended March 31, 2020 \$
<b>Operating expenses</b>		
Research and development (Note 13)	746,618	1,083,103
General and administration (Note 13)	1,483,559	1,190,074
<b>Total operating expenses</b>	<b>2,230,177</b>	<b>2,273,177</b>
Interest income	(4,678)	(8,774)
Foreign exchange (gain) loss	21,918	(405,068)
<b>Net loss and comprehensive loss for the period</b>	<b>(2,247,417)</b>	<b>(1,859,335)</b>
Basic and diluted net loss per share	(0.06)	(0.06)
Weighted average common shares outstanding (Note 9)	35,463,422	29,431,406

*The accompanying notes are an integral part of these condensed consolidated interim financial statements*

# NERVGEN PHARMA CORP.

## Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited)

	Three Months Ended March 31, 2021 \$	Three Months Ended March 31, 2020 \$
<b>Operating activities</b>		
Net loss for the period	(2,247,417)	(1,859,335)
Items not involving cash:		
Amortization of intangible asset	9,555	9,555
Depreciation	428	143
Stock-based compensation	775,997	629,020
Unrealized foreign exchange	25,591	(407,985)
Changes in non-cash working capital:		
Accounts receivable	30,022	115,591
Prepaid expenses	(284,860)	(186,225)
Due to related parties	75,085	(49,185)
Accounts payable and accrued liabilities	328,421	(158,012)
	<b>(1,287,178)</b>	<b>(1,906,433)</b>
<b>Investing activities</b>		
Payments to acquire fixed assets	-	(3,421)
	-	(3,421)
<b>Financing activities</b>		
Option and warrant exercises	700,983	114,000
Share issue costs - cash	-	(26,009)
	<b>700,983</b>	<b>87,991</b>
Effect of foreign exchange on cash	<b>(25,591)</b>	<b>227,687</b>
<b>Net increase in cash</b>	<b>(611,786)</b>	<b>(1,594,176)</b>
Cash, beginning of period	<b>5,598,560</b>	<b>4,106,183</b>
<b>Cash, end of period</b>	<b>4,986,774</b>	<b>2,512,007</b>
Cash paid for interest and taxes	\$ -	\$ -
Non-cash transactions:		
Fair value of options allocated to share capital	360,905	59,502
Fair value of warrants allocated to share capital	2,242	-

*The accompanying notes are an integral part of these condensed consolidated interim financial statements*

## NERVGEN PHARMA CORP.

### Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

(Unaudited)

	Common Shares		Reserves	Deficit	Total Shareholders' Equity
	Number	Amount			
		\$	\$	\$	\$
<b>Balance December 31, 2019</b>	<b>29,351,659</b>	<b>15,293,689</b>	<b>1,683,734</b>	<b>(11,135,903)</b>	<b>5,841,520</b>
Option exercises	114,000	173,502	(59,502)	-	114,000
Shares issued for deposit (net)	-	(26,009)	-	-	(26,009)
Stock-based compensation	-	-	629,020	-	629,020
Loss and comprehensive loss	-	-	-	(1,859,335)	(1,859,335)
<b>Balance March 31, 2020</b>	<b>29,465,659</b>	<b>15,441,182</b>	<b>2,253,252</b>	<b>(12,995,238)</b>	<b>4,699,196</b>
<b>Balance December 31, 2020</b>	<b>35,167,875</b>	<b>22,947,031</b>	<b>5,295,229</b>	<b>(22,322,044)</b>	<b>5,920,216</b>
Option exercises	679,930	1,040,835	(360,905)	-	679,930
Warrant exercises	12,887	23,295	(2,242)	-	21,053
Stock-based compensation	-	-	775,997	-	775,997
Loss and comprehensive loss	-	-	-	(2,247,417)	(2,247,417)
<b>Balance March 31, 2021</b>	<b>35,860,692</b>	<b>24,011,161</b>	<b>5,708,079</b>	<b>(24,569,461)</b>	<b>5,149,779</b>

*The accompanying notes are an integral part of these condensed consolidated interim financial statements*

# NervGen Pharma Corp.

Notes to the condensed consolidated interim financial statements (unaudited)  
For the three months ended March 31, 2021 and 2020  
(Expressed in Canadian Dollars)

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## 1. Nature of business

NervGen Pharma Corp. (the "Company" or "NervGen") is a publicly traded company incorporated on January 19, 2017 under the Business Corporations Act (British Columbia). The corporate office of the Company is located at Suite 1703, 595 Burrard Street, Vancouver, BC, V7X 1J1, Canada, and the registered office is located at Suite 2600, 595 Burrard Street, Vancouver, BC, V7X 1L3, Canada.

NervGen's common shares commenced trading on the TSX-V under the symbol "NGEN" on March 15, 2019 and on the U.S. over-the counter OTCQB® market, on May 3, 2019 under trading symbol "NGENF". NervGen subsequently uplisted to the OTCQX® on June 10, 2019.

The Company has two wholly owned subsidiaries: NervGen US Inc. incorporated in the State of Delaware on June 11, 2018 and NervGen Australia Pty Ltd. registered in Queensland on December 8, 2020.

The Company's principal business activity is the discovery, development and commercialization of pharmaceutical products for the treatment of nerve injuries. NervGen is advancing its lead compound, NVG-291, for the treatment of multiple sclerosis ("MS"), spinal cord injury ("SCI") and Alzheimer's disease.

In March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic and the Company continues to evaluate the COVID-19 situation and monitor any impacts or any potential impacts to the business. The pandemic has an impact on the Company's third-party vendors which could result in the interruption of operations and result in development delays including the ongoing pre-clinical, manufacturing and future clinical activities related to NVG-291. The Company asked all our business partners to engage us by telephone or video conference where possible, minimizing business travel and requiring self-isolation for employees travelling outside of Canada. As the COVID-19 health crisis further develops, the Company will continue to rely on guidance and recommendations from local health authorities, Health Canada and the Centers for Disease Control and Prevention to update the Company's policies.

## 2. Basis of presentation and significant accounting policies

### a) *Statement of compliance*

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' (IAS 34) using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the Interpretations of the International Financial Reporting and Interpretations Committee ("IFRIC").

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the period ended December 31, 2020.

The condensed consolidated interim financial statements were approved by the Company's Board of Directors and authorized for issue on May 20, 2021.

### b) *Going Concern*

Management has forecasted the Company will have sufficient working capital to operate for the ensuing 12 months. While the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to obtain adequate financing, or that such financing will be on terms acceptable to the Company, to meet future operational needs which may result in the delay, reduction, or discontinuation of ongoing development programs.

# NervGen Pharma Corp.

Notes to the condensed consolidated interim financial statements (unaudited)  
For the three months ended March 31, 2021 and 2020  
(Expressed in Canadian Dollars)

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## 2. Significant accounting policies cont'd

These condensed consolidated financial statements do not reflect the adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and settle its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such amounts could be material.

### c) *Principles of Consolidation*

These condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries NervGen US Inc. and NervGen Australia Pty Ltd. The subsidiaries are fully consolidated from the date at which control is determined to have occurred and are deconsolidated from the date that the Company no longer controls the entity. Intercompany transactions, balances, and gains and losses on transactions between subsidiaries are eliminated.

### d) *Functional and presentation currency*

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of NervGen and its subsidiaries is the Canadian dollar.

### e) *Significant accounting judgements, estimates and assumptions*

The preparation of these condensed consolidated interim financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates.

The condensed consolidated interim financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim financial statements and may require accounting adjustments based on future occurrences. The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The key assumptions concerning the future, and other key sources of estimation uncertainty, as of the date of the condensed consolidated interim statement of financial position, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next fiscal year arise in connection with valuation of intangible assets, valuation of deferred tax and the determination of the functional currency of the Company. Significant estimates also take place in connection with the valuation of stock-based compensation.

### f) *New accounting policy*

No new standards, amendments to standards, or interpretations which may have a material impact on the Company's condensed consolidated interim financial statements have taken effect or have been applied in preparing these financial statements.

## 3. Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The Company has one reportable operating segment being the research and development of pharmaceutical drugs. The Company's intangible assets are registered in the US, and the Company has deposits of approximately \$452,000 held by US vendors and \$242,000 held by Australian vendors. All other assets are held in Canada.

# NervGen Pharma Corp.

Notes to the condensed consolidated interim financial statements (unaudited)  
For the three months ended March 31, 2021 and 2020  
(Expressed in Canadian Dollars)

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## 4. Capital disclosures

The Company defines its capital as share capital, warrants and options. The Company's objectives, when managing capital, are to safeguard cash as well as maintain financial liquidity and flexibility in order to preserve its ability to meet financial obligations and deploy capital to grow its businesses. The Company's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to business growth opportunities and changes in economic conditions. In order to maintain or adjust its capital structure, the Company may issue shares or issue debt (secured, unsecured, convertible and/or other types of available debt instruments).

There were no changes to the Company's capital management policy during the period. The Company is not subject to any externally imposed capital requirements.

## 5. Financial risk management

### (a) Fair value

The Company's financial instruments recognized on the statement of financial position consist of cash, accounts receivable, deposits, accounts payable and accrued liabilities, and due to related parties. The fair value of these instruments approximate their carry values due to their short-term maturity.

### (b) Classification of financial instruments

Financial instruments measured at fair value on the statement of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash is measured using level 1 inputs.

The Company has exposure to the following risks from its use of financial instruments: credit, interest rate, currency and liquidity risk. The Company reviews its risk management framework on a quarterly basis and makes adjustments as necessary.

### (c) Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations.

The Company will manage credit risk associated with its cash by maintaining minimum standards of R1-med or A-high investments and the Company will invest only in highly rated Canadian corporations which are capable of prompt liquidation.

### (d) Interest rate risk

Interest rate risk is the risk that the fair values and future cash flows of the Company will fluctuate because of changes in market interest rates. The Company believes that its exposure to interest rate risk is not significant.

### (e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The ability to do so relies on the Company maintaining sufficient cash in excess of anticipated needs. As at March 31, 2021, the Company's liabilities consist of accounts payable and accrued liabilities and amounts due to related parties that have contracted maturities of less than one year.



# NervGen Pharma Corp.

Notes to the condensed consolidated interim financial statements (unaudited)  
For the three months ended March 31, 2021 and 2020  
(Expressed in Canadian Dollars)

## 5. Financial risk management cont'd

### (f) Currency risk

Currency risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk from employee costs as well as the purchase of goods and services primarily in the United States and Australia and cash balances held in foreign currencies.

Fluctuations in the U.S. dollar exchange rate could have a significant impact on the Company's results. Assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the U.S. dollar would result in an increase or decrease in loss and comprehensive loss for the three months ended March 31, 2021 of \$114,000 (March 31, 2020 - \$436,000). Fluctuations in the AUS dollar would have a minimal impact on loss and comprehensive loss in the quarter.

Balances in U.S. dollars are as follows:

	March 31, 2021	December 31, 2020
	\$U.S.	\$U.S.
Cash	925,130	1,437,337
Vendor deposits	358,620	346,902
Accounts payable and accrued liabilities	(380,290)	(360,312)
	903,460	1,423,928

## 6. Prepaid expenses

	March 31, 2021	December 31, 2020
	\$	\$
Prepaid insurance	95,494	37,719
Prepaid consulting to related parties (Note 11)	-	7,875
Prepaid retainer	-	2,839
Prepaid listing fees	34,591	32,366
Prepaid software	1,796	4,492
Vendor deposits	693,729	455,459
	825,610	540,750

## 7. Intangible asset

In June 2018, the Company entered into an exclusive worldwide licensing agreement to research, develop and commercialize a patented technology, with Case Western Reserve University ("CWRU") in Cleveland, Ohio with potential to bring new therapies for spinal cord injury and other conditions associated with nerve damage.

CWRU was issued 439,000 common shares of the Company valued at \$87,800 on closing and a cash payment of \$32,920 (U.S. \$25,000). An additional 162,659 common shares valued at \$81,330 were issued in September 2018. This share issuance fulfilled the Company's final requirement to issue anti-dilution shares to CWRU. No further anti-dilution shares are required to be issued under this agreement.

The license costs are being amortized straight-line over the remaining life of the licensed patent of 15 years. During the three months ended March 31, 2021, the Company recognized amortization of \$9,555 (March 31, 2020 - \$9,555).

# NervGen Pharma Corp.

Notes to the condensed consolidated interim financial statements (unaudited)  
For the three months ended March 31, 2021 and 2020  
(Expressed in Canadian Dollars)

## 7. Intangible asset cont'd

Continuity of the intangible asset is as follows:

	Total \$
Intangible asset – Case Western Reserve license	
<b>Balance, December 31, 2018</b>	<b>547,829</b>
Amortization expense	(38,221)
<b>Balance, December 31, 2019</b>	<b>509,608</b>
Amortization expense	(38,220)
<b>Balance, December 31, 2020</b>	<b>471,388</b>
Amortization expense	(9,555)
<b>Balance, March 31, 2021</b>	<b>461,833</b>

Under the exclusive worldwide licensing agreement with CWRU to research, develop and commercialize patented technologies, the Company has commitments to pay various annual license fees, patent costs, milestone payments and royalties on revenues, contingent on the achievement of certain development and regulatory milestones. The future royalties which may be due upon the regulatory approval of products derived from licensed technologies cannot be reasonably estimated.

As at March 31, 2021, the Company is obligated to pay the following:

- An annual minimum royalty of \$10,000 U.S. per year that increases up to a maximum of \$50,000 U.S. per year upon the achievement of certain milestones.
- Project milestone payments based on clinical development estimated to total \$1,885,000 U.S.

## 8. Accounts payable and accrued liabilities

	March 31, 2021 \$	December 31, 2020 \$
Accounts payable	756,002	171,768
Accrued liabilities	164,237	420,050
	<b>920,239</b>	591,818

## 9. Share capital

### Authorized

Unlimited common shares.

### Escrowed securities

In connection with the IPO completed on March 13, 2019, an aggregate of 8,425,000 common shares were placed in escrow.

Pursuant to the escrow agreements, 2,527,500 common shares of the Company remain in escrow as at March 31, 2021 and will be released in various tranches over the remainder of the 36 month period after the IPO.

### Equity Issuances

#### Fiscal 2021

During the three months ended March 31, 2021, 679,930 options were exercised for cash proceeds of \$679,930 and 12,887 warrants were exercised for cash proceeds of \$21,053. In addition to the cash proceeds received, the original fair value related to these options and warrants of \$360,905 and \$2,242 respectively, were transferred from reserves to share capital.

# NervGen Pharma Corp.

Notes to the condensed consolidated interim financial statements (unaudited)  
For the three months ended March 31, 2021 and 2020  
(Expressed in Canadian Dollars)

## 9. Share capital cont'd

### Fiscal 2020

During the three months ended March 31, 2020, 114,000 options were exercised for cash proceeds of \$114,000. In addition to the cash proceeds received, the original fair value related to these options of \$59,502 was transferred from reserves to share capital.

### Calculation of loss per share

Loss per common share is calculated using the weighted average number of common shares outstanding.

For the three months ended March 31, 2021 and 2020 the calculation was as follows:

	<b>Three Months Ended March 31, 2021</b>	Three Months Ended March 31, 2020
Common shares issued and outstanding, beginning of period	<b>35,167,875</b>	29,351,659
Shares issued	<b>692,817</b>	114,000
<b>Common shares issued and outstanding, end of period</b>	<b>35,860,692</b>	29,465,659
<b>Weighted average shares outstanding - basic and diluted, end of period</b>	<b>35,463,422</b>	29,431,406

## 10. Stock options and warrants

### Stock Options:

The following options were issued during the three months ended March 31, 2021:

Options Issued (#)	Exercise Price (\$)	Fair Value (\$)	Term	Vesting Details
50,000	2.23	95,000	10 years	25% 6 months following grant and every 6 months thereafter
150,000	2.23	231,000	5 years	25% 3 months following grant and every 3 months thereafter
100,000	2.12	147,000	5 years	25% 3 months following grant and every 3 months thereafter
80,000	2.04	92,800	3 years	25% 3 months following grant and every 3 months thereafter

During the three months ended March 31, 2021, the Company recognized \$560,235 in share-based compensation expense.

The following options were issued during the three months ended March 31, 2020:

Options Issued (#)	Exercise Price (\$)	Fair Value (\$)	Term	Vesting Details
80,000	2.99	214,400	10 years	25% 6 months following grant and every 6 months thereafter
800,000	3.13	2,244,000	10 years	25% 6 months following grant and every 6 months thereafter

# NervGen Pharma Corp.

Notes to the condensed consolidated interim financial statements (unaudited)  
For the three months ended March 31, 2021 and 2020  
(Expressed in Canadian Dollars)

## 10. Stock options and warrants cont'd

Stock option transactions for the three months ended March 31, 2021 are set forth below:

	Number of shares issuable under options	Weighted average exercise price \$
<b>Balance outstanding at December 31, 2019</b>	<b>3,890,000</b>	<b>1.19</b>
Granted	1,881,000	2.41
Exercised	(323,675)	0.96
Forfeited/Expired	(411,000)	1.46
<b>Balance outstanding at December 31, 2020</b>	<b>5,036,325</b>	<b>1.64</b>
Granted	380,000	2.16
Exercised	(679,930)	1.00
Forfeited/Expired	(109,500)	1.50
<b>Balance outstanding at March 31, 2021</b>	<b>4,626,895</b>	<b>1.78</b>

The following table summarizes information about stock options outstanding at March 31, 2021:

Exercise Price (\$)	Number of Options Outstanding	Number of Options Exercisable	Grant Date	Expiry Date
0.50	314,895	264,895	September 5, 2018	September 5, 2023
1.00	750,000	750,000	January 17, 2019	March 13, 2024
1.00	12,500	12,500	January 17, 2019	April 9, 2021
1.54	180,000	140,000	June 1, 2019	June 1, 2024
1.54	50,000	50,000	June 1, 2019	April 9, 2021
1.54	50,000	50,000	June 1, 2019	April 29, 2021
1.54	100,000	100,000	June 1, 2019	June 1, 2022
1.40	50,000	50,000	July 5, 2019	July 5, 2024
1.49	700,000	350,000	November 26, 2019	November 26, 2029
1.49	225,000	225,000	November 26, 2019	October 2, 2021
1.55	30,000	30,000	December 17, 2019	December 17, 2024
2.99	80,000	40,000	February 24, 2020	February 24, 2030
3.13	800,000	400,000	February 21, 2020	February 21, 2030
1.13	262,000	163,750	April 6, 2020	April 6, 2030
1.13	32,500	32,500	April 6, 2020	April 29, 2021
2.70	225,000	168,750	June 3, 2020	June 3, 2025
2.70	5,000	5,000	June 3, 2020	April 29, 2021
2.70	20,000	5,000	June 3, 2020	June 3, 2030
1.63	60,000	15,000	October 14, 2020	October 14, 2025
1.76	100,000	25,000	October 26, 2020	October 26, 2025
1.85	200,000	50,000	November 6, 2020	November 6, 2025
2.23	50,000	-	January 4, 2021	January 4, 2031
2.23	150,000	-	January 4, 2021	January 4, 2026
2.12	100,000	-	January 12, 2021	January 12, 2026
2.04	80,000	-	January 20, 2021	January 20, 2024
	<b>4,626,895</b>	<b>2,927,395</b>		

The weighted average remaining contractual life of the options outstanding is 5.28 years and the weighted average exercise price is \$1.78. The weighted average remaining contractual life of the options exercisable is 4.43 years and the weighted average exercise price is \$1.58.

The fair value of options granted is estimated on the grant date using the Black-Scholes option pricing model using the following variables:

# NervGen Pharma Corp.

Notes to the condensed consolidated interim financial statements (unaudited)  
For the three months ended March 31, 2021 and 2020  
(Expressed in Canadian Dollars)

## 10. Stock options and warrants cont'd

	March 31, 2021	March 31, 2020
Risk-free interest rate	0.20-0.43%	1.64%
Expected option life in years	3-10 years	10 years
Expected stock price volatility	90.33-90.78%	100.33%
Expected forfeiture rate	15%	15%
Dividend yield	-	-

### Warrants:

No warrants were issued during the three months ended March 31, 2021 or March 31, 2020.

Warrant transactions for the three months ended March 31, 2021 are set forth below:

	Number of shares issuable under warrants	Weighted average exercise price \$
<b>Balance outstanding at December 31, 2019</b>	-	-
Granted	5,770,385	2.12
<b>Balance outstanding at December 31, 2020</b>	<b>5,770,385</b>	<b>2.12</b>
Exercised	(12,887)	1.63
<b>Balance outstanding at March 31, 2021</b>	<b>5,757,498</b>	<b>2.12</b>

The following table summarizes information about warrants outstanding at March 31, 2021:

Exercise Price (\$)	Number of Warrants Outstanding	Grant Date	Expiry Date
1.60	1,796,827	May 20, 2020	May 20, 2022
1.60	19,845	May 20, 2020	May 20, 2022
2.40	3,685,714	August 10, 2020	August 10, 2022
1.75	255,112	August 10, 2020	August 10, 2022
	<b>5,757,498</b>		

## 11. Related party disclosures

Key management personnel, consisting of the Company's Board of Directors and Corporate Officers, received the following compensation for the following periods:

	March 31, 2021	March 31, 2020
	\$	\$
Stock based compensation	582,445	557,500
Salaries and bonuses	238,717	423,529
Consulting fees	15,000	82,500
Related party rent	-	2,500
	<b>836,162</b>	<b>1,066,029</b>

As at March 31, 2021, the Company had amounts owing or accrued to related parties of \$238,339 (December 31, 2020 - \$163,254) pertaining to expense reimbursements, accrued bonuses and accrued vacation.

Prepaid expenses to related parties are disclosed in Note 6.

# NervGen Pharma Corp.

Notes to the condensed consolidated interim financial statements (unaudited)  
For the three months ended March 31, 2021 and 2020  
(Expressed in Canadian Dollars)

## 12. Commitments

In the normal course of business, the Company enters into contracts for the procurement of research and related services. These contracts are typically cancellable by the Company with notice.

Pursuant to an agreement the Company entered into with a peptide manufacturing partner in November 2019, \$1,500,000 U.S. was recorded as a deposit for drug substance manufacture. As at March 31, 2021, \$315,702 U.S. remains as a deposit. In the event the Company does not commit to an additional manufacture of drug substance batch by December 31, 2021, the remaining deposit will be forfeited.

## 13. Components of expenses

	Three months ended March 31, 2021	Three months ended March 31, 2020
	\$	\$
<b>Research and Development Expenses</b>		
Amortization of intangible asset	9,555	9,555
Preclinical	92,787	142,512
Chemistry, manufacturing and controls	226,030	81,392
Licensing and patent legal fees	58,760	124,052
Regulatory	17,736	27,483
Clinical	133,975	65,229
Salaries and benefits	181,521	422,430
Stock-based compensation	(531)	191,170
Other research and development	26,785	19,280
	<b>746,618</b>	<b>1,083,103</b>
	Three months ended March 31, 2021	Three months ended March 31, 2020
	\$	\$
<b>General and Administration Expenses</b>		
Depreciation expense	428	-
Legal, professional and finance	353,642	368,203
Salaries and benefits	314,208	320,496
Stock-based compensation	776,528	437,850
Other general and administrative	38,753	63,525
	<b>1,483,559</b>	<b>1,190,074</b>

Certain comparative figures have been reclassified to conform to current year presentation. There was no change to loss and comprehensive loss for the period.

# NervGen Pharma Corp.

Notes to the condensed consolidated interim financial statements (unaudited)  
For the three months ended March 31, 2021 and 2020  
(Expressed in Canadian Dollars)

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## 14. Subsequent events

Subsequent to March 31, 2021 the Company:

1. Granted 481,000 incentive stock options to employees and consultants, exercisable at a price of \$1.65 per share for a period of 3-10 years, vesting periodically over the period of one to two years and 800,000 incentive stock options to an Officer, exercisable at a price of \$1.51 per share for a period of 10 years, vesting equally every six months over the period of two years.
2. Completed a financing comprised of the sale of 3,250,000 units of the Company for aggregate gross proceeds of \$5,037,500. Each unit is comprised of one common share and one half common share purchase warrant. Each full warrant is exercisable to acquire one common share at an exercise price of \$2.10 per common share, until May 12, 2023. 195,000 broker warrants were also issued to the agents. Each broker warrant is exercisable to acquire one common share at the exercise price of C\$1.55 per common share, until May 12, 2023.