Management's Discussion and Analysis of

NervGen Pharma Corp.

(Expressed in Canadian Dollars)

For the three and six months ended June 30, 2021

Effective Date: August 18, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion is management's assessment and analysis of the results of operations and financial conditions of NervGen Pharma Corp. (the "Company" or "NervGen") and should be read in conjunction with the accompanying consolidated financial statements and related notes thereto for the period ended June 30, 2021.

All financial information in this Management's Discussion and Analysis ("MD&A") has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

This MD&A includes certain statements that are "forward-looking information" within the meaning of applicable Canadian securities legislation (collectively, the "forward-looking statements"). Forward-looking statements include statements that may relate to our plans, objectives, goals, strategies, future events, future revenue or performance, capital expenditures, financing and other information that is not historical information. These statements appear in a number of different places in this MD&A and can often be identified by words such as "anticipates", "estimates", "projects", "expects", "intends", "believes", "plans", "will", "could", "may", or their negatives or other comparable words. Such forward-looking statements are necessarily based on estimates and involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Forward-looking statements in this MD&A, include, but are not limited to, statements relating to:

- requirements for, and the ability to obtain, future funding on favourable terms or at all;
- business strategy;
- expected future loss and accumulated deficit levels;
- projected financial position and estimated cash burn rate;
- expectations about the timing of achieving milestones and the cost of our development programs;
- estimates of the size and characteristics of the potential markets for the Company's products;
- observations and expectations regarding the effectiveness of our lead compound, NVG-291, and the potential benefits to patients;
- plans to use NVG-291 in our clinical development programs;
- the impact of the COVID-19 pandemic on our operations;
- expectations about the timing with respect to commencement and completion of clinical trials;
- expectations about the timing with respect to preclinical studies;
- expectations about the Company's products' safety and efficacy;
- our ability to identify and secure sources of non-dilutive funding for the development of NVG-291;
- expectations regarding our ability to arrange for the manufacturing of our products and technologies;
- expectations regarding the cost, progress and successful and timely completion of the various stages of the regulatory approval process;
- ability to secure strategic partnerships with larger pharmaceutical and biotechnology companies;
- strategy to acquire and develop new products and technologies and to enhance the safety and efficacy of existing products and technologies;
- plans to market, sell and distribute our products and technologies;
- expectations regarding the acceptance of our products and technologies by the market;
- expectations regarding the use of our products and technologies in treating diseases and medical disorders;
- ability to retain and access appropriate staff, management, and expert advisers;
- expectations with respect to existing and future contractual obligations, corporate alliances and licensing transactions with third parties, and the receipt and timing of any payments to be made by the Company or to the Company in respect of such arrangements; and
- our strategy and ability with respect to the protection of our intellectual property.

Such statements reflect our current views with respect to future events and are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by us, are inherently subject to significant medical, scientific, business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements.

In making the forward-looking statements included in this MD&A, we have made various material assumptions, including but not limited to:

- our ability to obtain financing on acceptable terms;
- additional sources of funding, including grants and funding from partners;
- our ability to attract and retain skilled staff;
- favourable general business and economic conditions;
- the COVID-19 pandemic not having a material impact on our operations;
- our future research and development plans proceeding substantially as currently envisioned;
- our ability to obtain positive results from our research and development activities, including clinical trials;
- future expenditures to be incurred by the Company;
- research and development and operating costs;
- our ability to find partners in the pharmaceutical industry;
- the products and technology offered by our competitors;
- the impact of competition on the Company;
- our ability to identify a product candidate;
- our ability to obtain regulatory and other approvals to commence clinical trials involving future product candidates;
- our ability to successfully out-license or sell our future products, if any, and in-license and develop new products;
- our ability to protect patents and proprietary rights; and
- expected research and development tax credits.

In evaluating forward-looking statements, current and prospective shareholders should specifically consider the risk factors and uncertainties set forth under the heading “Risks Factors” in our Annual Information Form for the year ended December 31, 2020 (the “AIF”) and our Prospectus Supplement dated May 5, 2021. Certain risks and uncertainties that could cause such actual events or results expressed or implied by such forward-looking statements and information to differ materially from any future events or results expressed or implied by such statements and information include, but are not limited to, the risks and uncertainties related to the fact that:

- we have no sources of product revenue and will not be able to maintain operations and research and development without significant additional funding which we may not be able to obtain on favourable terms or at all;
- pandemics, such as the recent outbreak of the novel coronavirus COVID-19, may adversely impact multiple aspects of our business;
- we are highly dependent upon certain key personnel and their loss could adversely affect our ability to achieve our business objectives;
- if we breach any of the agreements under which we license rights to product candidates or technology from third parties, we can lose license rights that are important to our business;
- preclinical and clinical drug development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results and our product candidates may not have favourable results in later trials or in the commercial setting;
- if we are unable to enroll subjects in clinical trials, we will be unable to complete these trials on a timely basis;
- significant disruption in availability of key components for ongoing preclinical and clinical studies could considerably delay completion of potential clinical trials, product testing and regulatory approval of potential product candidates;
- if our competitors develop and market products that are more effective than our existing product candidates or any products that we may develop, or obtain marketing approval before we do, our products may be rendered obsolete or uncompetitive;
- we rely on and will continue to rely on third parties to plan, conduct and monitor preclinical studies and clinical trials, and their failure to perform as required could cause substantial harm to our business;
- we rely on contract manufacturers over whom we have limited control and if we are unable to secure our drug supplies from our contract manufacturers, it may result in delays in preclinical and clinical drug development timelines;
- our future success is dependent primarily on the regulatory approval of a single product;
- our drug candidates are in preclinical and early phase clinical development and, as a result, we cannot predict whether we will be able to profitably commercialize our products;
- we will be subject to extensive government regulation that may increase the cost and uncertainty associated with gaining final regulatory approval of our product candidates;
- our products may become subject to unfavourable pricing regulations, third-party coverage and reimbursement practices or healthcare reform initiatives, thereby having an adverse effect on our business;
- negative results from clinical trials or studies or others and adverse safety events involving the targets of our products may have an adverse impact on future commercialization efforts;

- we face the risk of product liability claims, which could exceed our insurance coverage and produce recalls, each of which could deplete cash resources;
- we may not achieve our publicly announced milestones according to schedule, or at all;
- changes in government regulations, although beyond our control, could have an adverse effect on our business;
- our discovery and development processes involve use of hazardous and radioactive materials which may result in potential environmental exposure;
- if we are unable to successfully develop companion diagnostics or biomarkers for our therapeutic product candidates, or experience significant delays in doing so, we may not achieve marketing approval or realize the full commercial potential of our therapeutic product candidates;
- significant disruption in availability of key components for ongoing preclinical and clinical studies could considerably delay completion of potential clinical trials, product testing and regulatory approval of potential product candidates;
- our competitors could develop alternative methods for targeting the protein tyrosine phosphatase sigma ("PTPσ") receptor;
- our products or technologies may need to be used in connection with third-party technologies or products;
- we could be adversely impacted by unauthorized actions or the distribution of inaccurate information;
- our success depends upon our ability to protect our intellectual property and our proprietary technology;
- our potential involvement in intellectual property litigation could negatively affect our business;
- our reliance on third parties requires us to share our trade secrets, which increases the possibility that a competitor will discover them;
- product liability claims are an inherent risk of our business and, moving forward, if our clinical trial and product liability insurance prove inadequate, product liability claims may harm our business;
- we will have significant additional future capital needs and there is uncertainty as to our ability to raise additional funding;
- the Company's shareholders may experience significant dilution from future sales of our securities;
- the price of our common shares ("Common Shares") has experienced volatility and may be subject to fluctuation in the future based on market conditions;
- we may pursue other business opportunities in order to develop our business and/or products;
- generally, a litigation risk exists for any company that may compromise our ability to conduct our business;
- our success depends on our ability to effectively manage our growth;
- we are likely a "passive foreign investment company," which may have adverse United States ("U.S.") federal income tax consequences for U.S. shareholders;
- it may be difficult for non-Canadian investors to obtain and enforce judgments against us because of our Canadian incorporation and presence;
- significant disruptions of information technology systems or security breaches could adversely affect our business;
- we have never paid dividends on our Common Shares and we do not anticipate paying any dividends in the foreseeable future;
- future sales or issuances of equity securities or the conversion of securities to common shares could decrease the value of the common shares, dilute investors' voting power, and reduce earnings per share;
- the exercise of stock options or Warrants and the subsequent resale of such Common Shares in the public market could adversely affect the prevailing market price and our ability to raise equity capital in the future at a time and price which we deem appropriate;
- our warrants are not listed on any exchange and we do not intend to list our warrants on any exchange;
- we will have broad discretion over the use of the net proceeds of an offering of our securities and we may not use these proceeds in a manner desired by our shareholders; and
- there is no assurance of a sufficient liquid trading market for our Common Shares in the future.

If one or more of these risks or uncertainties or a risk that is not currently known to us materialize, or if our underlying assumptions prove to be incorrect, actual results may vary significantly from those expressed or implied by forward-looking statements. The forward-looking statements represent our views as of the date of this MD&A. While we may elect to update these forward-looking statements in the future, we have no current intention to do so except as to the extent required by applicable securities law. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements. We advise you that these cautionary remarks expressly qualify in their entirety all forward-looking statements attributable to us or persons acting on our behalf.

COMPANY OVERVIEW

NervGen is a publicly traded company incorporated on January 19, 2017 as 1104403 B.C. Ltd. under the *Business Corporations Act* (British Columbia). The name was changed to NervGen Pharma Corp. on November 15, 2017. Our corporate office is Suite 1703, 595 Burrard Street, Vancouver, BC, V7X 1J1, Canada.

On June 25, 2018, the Company entered into an exclusive worldwide licensing agreement to research, develop and commercialize a patented technology with the potential to bring new treatments for nervous system damage due to trauma or underlying (e.g. neurodegenerative) disease. The technology was developed in the laboratory of Dr. Jerry Silver, a leading spinal cord injury and regenerative medicine researcher at Case Western Reserve University. Dr. Silver's research has identified PTPσ as a key neural receptor which inhibits nervous system repair in spinal cord injury and other medical conditions. Targeted treatment against PTPσ with an agent known as intracellular sigma peptide ("ISP", also known as NVG-291-R) promoted regeneration of damaged neurons and functional improvement in animal models for various medical conditions. A series of receptor antagonists that can be delivered systemically have been identified, including an analogue of ISP, NVG-291, that is structurally similar but slightly different in composition.

We have conducted initial preclinical development of NVG-291 and filed an Investigational New Drug ("IND") application with the United States Food and Drug Administration (the "FDA"). On March 2, 2021, NervGen was cleared by the FDA to proceed with the single ascending dose ("SAD") portion of the Phase 1 healthy volunteer trial in females, and the multiple ascending dose ("MAD") portion of the trial in post-menopausal females. The FDA has asked for additional preclinical safety data prior to including males in the Phase 1 program, and prior to including premenopausal females in the MAD portion of the trial. The Company has modified its proposed Phase 1 protocol and has dosed the first human subject in this program in May 2021 in Australia, while continuing to complete additional preclinical work in parallel, prior to testing NVG-291 in broader patient populations in various indications.

Subject to successful completion of the Phase 1 study in healthy volunteers, we intend to initiate a Phase 1b clinical study in Alzheimer's disease ("AD") patients and Phase 2 proof of concept studies in spinal cord injury patients and in multiple sclerosis ("MS") patients in 2022.

In addition, we have initiated research collaborations in preclinical models of Alzheimer's disease to further understand disease mechanisms related to PTPσ to determine the effect of NVG-291 in these models of Alzheimer's disease. These objectives replace and supersede those described in the "Description and General Development of the Business" section of our Short Form Base Shelf Prospectus dated January 2, 2020. All clinical development plans are subject to additional funding.

These three indications represent a significant market opportunity due to the high-cost burden to the health care system and the dramatic impact on quality of life. We are also identifying additional therapeutic candidates for other medical conditions involving nervous system damage.

ACHIEVEMENTS & HIGHLIGHTS

The following are the achievements and highlights for the six months ending June 30, 2021 through to the date hereof:

- On January 5, 2021, we announced the engagement of Encode Ideas, L.P. to provide capital markets consulting that will complement the services provided by LifeSci Partners.

- On January 26, 2021, we announced the establishment of an Alzheimer's Disease Scientific Advisory Board comprised of four world-class scientists and clinical researchers who will work closely with us as we plan our upcoming preclinical studies and clinical trials and analyze the results from these studies.

- On January 27, 2021, we announced that we plan to add an Alzheimer's disease patient cohort to our Phase 1 clinical trial program for NVG-291 starting in Q1 2022. Currently, the plans are to conduct the study as a stand-alone Phase 1b study rather than as an additional cohort to the Phase 1 study.

- On March 4, 2021, we provided an update regarding our NVG-291 IND submission, announcing that we have been cleared by the U.S. FDA to proceed with the single ascending dose portion of our Phase 1 clinical trial in females, and the multiple ascending dose portion of the trial in post-menopausal females in Australia under all of the conditions required by the FDA once obtain final approval from the ethics review board governing the study and provide notification to the Therapeutic Goods Administration.

- On March 8, 2021, we announced that the European Medicines Agency ("EMA") has granted Orphan Designation for the treatment of SCI to NVG-291, which provides NervGen with multiple incentives, including improved access to scientific advice, fee reductions, and 10 years of protection from market competition in Europe from similar medicines with similar indications following the date that the drug candidate receives marketing authorization (market exclusivity).

- On April 14, 2021, we announced that the Bellberry Human Research Ethics Committee ("HREC") in Australia has approved the design of our Phase 1 clinical trial for NVG-291.
- On April 22, 2021, we announced that we have hired Daniel Mikol, MD, PhD as our Chief Medical Officer, effective May 5, 2021. Dr. Mikol is a Board-Certified Neurologist and will oversee our medical and clinical activities, with a primary focus on NVG-291.
- On May 6, 2021, we announced that we have dosed the first subject in our Phase 1 clinical trial for NVG-291 in healthy volunteers.
- On May 12, 2021, we issued 3,250,000 units of the Company ("Units") at a price of $1.55 per Unit for aggregate gross proceeds of $5.04 million (the "Offering"). Each Unit is comprised of one common share and one-half common share purchase warrant of the Company (a "Warrant"). Each Warrant is exercisable to acquire one common share in the capital of the Company (a "Warrant Share") at an exercise price of $2.10 per Warrant Share until May 12, 2023.
- On June 10, 2021, we announced that we entered into a research agreement with Sylics Contract Research, a contract research organization specializing in testing novel therapies in the field of neurosciences, to study the effects of NVG-291 in mouse models of Alzheimer's disease.
- Subsequent to the quarter end, on July 12, 2021, we announced that three additional world-class scientists and clinical researchers joined our Alzheimer's Disease Scientific Advisory Board to further help guide us as we design the Phase 1b clinical trial of NVG-291 in Alzheimer's patients that is slated to begin in 2022.
- Subsequent to the quarter end, on July 15, 2021, we announced the formation of a Multiple Sclerosis Clinical Advisory Board comprised of six world-class scientific and clinical researchers in the field of multiple sclerosis. This Clinical Advisory Board will work closely with us as we prepare for our upcoming Phase 2 clinical trial in MS with NVG-291.
- Subsequent to the quarter end, on August 4, 2021, we completed a financing comprised of the sale of 1,511,636 units of the Company for aggregate gross proceeds of $2,343,036. 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 August 4, 2023. 29,400 non-transferable finders' warrants were also issued, exercisable to acquire one common share at the exercise price of C$2.10 per common share, until August 4, 2023.

SELECTED FINANCIAL INFORMATION

	Three Months Ended June 30, 2021 $	Three Months Ended June 30, 2020 $	**Six Months Ended June 30, 2021 $**	Six Months Ended June 30, 2020 $
Research and development expenses	**1,576,341**	1,080,681	**2,322,959**	2,163,784
General and administration expenses	**1,191,032**	1,377,097	**2,674,591**	2,567,171
Net loss	**(2,732,939)**	(2,621,786)	**(4,980,356)**	(4,481,121)
Basic and diluted loss per share	**(0.07)**	(0.09)	**(0.14)**	(0.15)
Total assets	**8,694,408**	6,128,679	**8,694,408**	6,128,679
Total liabilities	**1,011,292**	547,482	**1,011,292**	547,482

As of the date of this MD&A, we have not earned revenue other than income from interest earned on our cash balances.

The increase in net loss for the three and six months ended June 20, 2021 compared to the same period in the prior year is primarily due to costs related to the phase 1 clinical trial and MS preclinical studies initiated in the current year and a lower non-cash foreign exchange gain in the current period.

RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021

Research and Development Expenses

	Three Months Ended June 30, 2021 $	Three Months Ended June 30, 2020 $	**Six Months Ended June 30, 2021 $**	Six Months Ended June 30, 2020 $
Amortization of intangible asset	**10,143**	9,555	**19,698**	19,110
Preclinical development	**406,273**	134,617	**499,060**	277,129
Chemistry, manufacturing and controls	**127,300**	159,672	**353,330**	241,064
Licensing & patent legal fees	**21,304**	66,584	**80,064**	190,636
Regulatory	**8,598**	3,568	**26,334**	31,051
Clinical	**347,798**	164,839	**481,773**	230,068
Salaries and benefits	**273,744**	214,632	**455,265**	637,062
Stock-based compensation	**244,291**	322,715	**243,760**	513,885
Other research and development	**136,890**	4,499	**163,675**	23,779
	1,576,341	1,080,681	**2,322,959**	2,163,784

The increases of $495,660 in research and development expenses in the three months ended June 30, 2021 as compared to the three months ended June 30, 2020, and of $159,175 in the six months ended June 30, 2021 as compared to the six months ended June 30, 2020, are attributable to the following factors:

- An increase of $271,656 and 221,931 respectively, for an MS preclinical study and initiation of additional preclinical studies required to expand our clinical studies to males and pre-menopausal females.
- A decrease of $32,372 and an increase of $112,266 for chemistry, manufacturing and control work. The decrease in the three month period pertains to a drug substance batch manufactured in the prior period while the current three month period included drug substance technology transfer costs. The increase in the six month period pertains to placebo formulation development required for the Phase 1 clinical trial.
- A decrease of $45,280 and $110,572 respectively, for patent related costs. The costs incurred in the three and six months ended June 30, 2021, pertained primarily to patent maintenance while the costs incurred in the three and six months ended June 30, 2020 related to patent maintenance and the continued expansion and extension of our patent portfolio.
- Regulatory costs were relatively consistent with an increase of $5,030 and a decrease of $4,717 respectively. These costs consist of activities supporting pre-IND information package writing incurred in the prior period in preparation for our IND submission and resubmission writing and IND maintenance costs in the current period.
- An increase of $182,959 and $251,705 respectively, for clinical costs related to retaining a clinical research organization to conduct and manage our Phase 1 clinical trial and the initiation of the trial in second quarter of 2021.
- An increase of $59,112 and decrease of $181,797 relating to employee salaries, bonuses and benefits. The increase in the three month period is attributable to the retention of our Chief Medical Officer in May 2021 and the decease in the six month period is due to the departure of our VP, Clinical Operations and Chief Operating Officer in January 2021 and October 2020 respectively
- A decrease of $78,424 and $270,125 respectively, in non-cash stock-based compensation pertaining to the forfeiture of employee stock options on employee departures.
- An increase of $132,391 and $139,896 respectively, in other research and development pertaining to recruitment fees as we continue to add employees with the expertise required to leverage the broad potential application of our technology.

General and Administrative Expenses

	Three Months Ended June 30, 2021 $	Three Months Ended June 30, 2020 $	**Six Months Ended June 30, 2021 $**	Six Months Ended June 30, 2020 $
Depreciation expense	**427**	427	**855**	570
Legal, professional and finance	**240,269**	262,946	**593,911**	631,149
Salaries and benefits	**306,366**	174,922	**620,574**	495,418
Stock-based compensation	**603,639**	909,743	**1,380,167**	1,347,593
Other general and administrative	**40,331**	29,059	**79,084**	92,441
	1,191,032	1,377,097	**2,674,591**	2,567,171

The decrease of $186,065 in general and administrative expenses in the three months ended June 30, 2021 as compared to the three months ended June 30, 2020 and an increase of $107,420 in the six month period ended June 30, 2021 compared to the six months ended June 30, 2020, are attributable to the following factors:

- A decrease of $22,677 and $37,238 respectively, in legal, professional and financial services primarily attributable to the shift from consulting to salaries with the employment of a full-time CFO and a decrease in legal costs.
- An increase of $131,444 and $125,156 respectively, relating to employee compensation due to the shift from consulting to salaries with the employment of a full-time CFO as well as the voluntary temporary reduction of salaries in 2020 as a result of COVID-19 cost conservation measures
- A decrease of $306,104 and increase of $32,574 respectively, pertaining to non-cash stock-based compensation expense related to option grants to employees and consultants, and the timing of the related vesting.
- An increase of $11,272 and decrease of $13,357 respectively, for facilities and general expenses and travel related to corporate and investor relations activities. The increase in the three month period was primarily attributable to increased insurance premiums while the decrease in the six month period was a result of cost conservation efforts and travel restrictions imposed due to the COVID-19 pandemic.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

	Jun. 30 2021	Mar. 31 2021	Dec. 31 2020	Sep. 30 2020	Jun. 30 2020	Mar. 31 2020	Dec. 31 2019	Sep. 30 2019
	$	$	$	$	$	$	$	$
Research & development	**1,576,341**	746,618	3,282,796	716,628	1,080,681	1,083,103	1,800,258	1,666,292
General & administration	**1,191,032**	1,483,559	1,130,886	1,334,619	1,377,097	1,190,074	943,273	843,844
Net loss	**(2,732,939)**	(2,247,417)	(4,571,635)	(2,133,385)	(2,621,786)	(1,859,335)	(2,887,710)	(2,331,301)
Basic & diluted loss per share	**(0.07)**	(0.06)	(0.13)	(0.06)	(0.09)	(0.06)	(0.10)	(0.08)
Total assets	**8,694,408**	6,308,357	6,675,288	10,249,312	6,128,679	5,426,755	6,765,469	7,060,117
Total liabilities	**1,011,292**	1,158,578	755,072	323,514	547,482	727,559	923,949	573,545

Research and development expenses were significantly higher in the quarter ended December 31, 2020 compared to other quarters due to costs related to the manufacture of NVG-291 required for use in our preclinical studies and planned clinical trials. Research and development expenses were also higher in the quarter December 31, 2019, due to toxicology studies and manufacturing of NVG-291 and the quarter ended June 30, 2021 pertaining to expanded preclinical studies and the start of our phase 1 clinical trial.

General and administrative expenses have continued to increase due to legal and accounting fees, administrative activities related to establishing operations, developing staff, processes and infrastructure, as well as stock-based compensation expenses. General and administrative expenses for the quarters ended June 30, 2020, September 30, 2020, December 31, 2020 and March 31, 2021 were significantly higher than other quarters due primarily to non-cash stock-based compensation expense related to option grants to employees and consultants, and the timing of the related vesting.

LIQUIDITY AND CAPITAL RESOURCES

Since inception, we have devoted our resources to evaluating and securing intellectual property rights and licenses related to the PTPσ technology licensed from Case Western Reserve University, conducting discovery research, manufacturing drug supplies, performing preclinical studies, and providing administrative support to research and development activities leading to the clinical development of NVG-291, which has resulted in an accumulated deficit of $27,302,400 as of June 30, 2021. With current income only consisting of interest earned on excess cash in the amount of $10,011 for the six-month period ended June 30, 2021, losses are expected to continue while our research and development and clinical programs are advanced.

We do not earn any revenue from our drug candidates and therefore we are considered to be in the research and development stage. As required, we will continue to finance our operations through the sale of equity and will pursue non-dilutive funding sources. The continuation of our research and development activities and the commercialization of NVG-291 and other compounds is dependent upon our ability to successfully finance through equity financing, grant and other non-dilutive financing and possibly revenues from strategic partners. We have no current sources of significant revenues from strategic partners.

On March 13, 2019, we completed our IPO and listed our Common Shares for trading on the TSX-V. The IPO consisted of the issuance of 10,000,000 Common Shares of the Company at a price of $1.00 per share for gross proceeds of $10,000,000. On May 1, 2019 we completed an additional non-brokered private placement of 650,000 Common Shares for additional gross proceeds of $740,000.

On May 20, 2020 we completed a Non-Brokered Private Placement of 1,806,827 units comprised of one Common Share in the capital of the Company and one Common Share purchase warrant (“Private Placement Warrant”) for gross proceeds of $2,258,534. Each Private Placement Warrant is exercisable to acquire one common share in the capital of the Company (a “Private Placement Warrant Share”), subject to acceleration, at an exercise price of $1.60 per Private Placement Warrant Share until May 20, 2022.

On August 10, 2020 we completed a financing comprised of the sale of 3,685,714 units of the Company (“Units”) for aggregate gross proceeds of $6,450,000. Each Unit is comprised of one Common Share in the capital of the Company and one Common Share purchase warrant (“Warrant”) of the Company. Each Warrant is exercisable to acquire one common share in the capital of the Company (a “Warrant Share”) at an exercise price of $2.40 per Warrant Share until August 10, 2022.

On May 12, 2021 we completed a financing comprised of the sale of 3,250,000 units of the Company (“Units”) for aggregate gross proceeds of $5,037,500. Each Unit is comprised of one Common Share in the capital of the Company and one-half Common Share purchase warrant (“Warrant”) of the Company. Each full Warrant is exercisable to acquire one common share in the capital of the Company (a “Warrant Share”) at an exercise price of $2.10 per Warrant Share until May 12, 2023.

We have forecasted that we will have sufficient working capital to operate for the ensuing 12 months, but we will require additional capital to meet our announced goals over the same period. While we have been successful in the past in obtaining financing, there can be no assurance that we will be able to obtain adequate financing, or that such financing will be available on terms acceptable to us, to meet future operational needs which may result in the delay, reduction, or discontinuation of ongoing development programs.

The initiation of the Phase 1b/2 studies to evaluate NVG-291’s effectiveness in humans is subject to substantial additional funding. The Phase 1b/2 clinical trial programs are also subject to the successful completion of the Phase 1 clinical study on healthy volunteers and additional preclinical studies. The duration and cost of clinical trials can range significantly depending on a variety of factors including rate of enrollment, the country in which trials are conducted and the specific trial protocol which we will investigate and decide upon during the course of 2021 and 2022.

The following table presents a summary of our cash flows for the six months ended June 30, 2021 and 2020:

	Six Months Ended June 30, 2021 $	Six Months Ended June 30, 2020 $
Net cash provided by (used in):		
Operating activities	**(3,396,995)**	(3,223,819)
Investing activities	**(42,336)**	(3,421)
Financing activities	**5,217,106**	2,430,546
Effect of exchange rates changes on cash	**(16,719)**	146,359
Net increase (decrease) in cash	**1,761,056**	(650,335)

Cash used in operating activities:

Our uses of cash for operating activities for the periods ended June 30, 2021 and 2020 primarily consisted of salaries and wages for our employees, fees paid in connection with preclinical and clinical studies, drug manufacturing costs, and professional fees.

Cash used in investing activities:

Cash expended in the six months ended June 30, 2021 pertained to an acquisition payment on our intangible asset (CWRU license). Our cash used in investing activities for the period ended June 30, 2020 consisted of the acquisition of computer equipment.

Cash from financing activities:

During the six months ended June 30, 2021, funds were received from the exercise of 679,930 stock options and 12,887 warrants at varying exercise prices per common share for total cash proceeds of $700,983. The Company also completed an overnight marketed equity offering of 3,250,000 units at a price of $1.55 per unit, with each unit comprised of one common share and one-half of one common share purchase warrant for gross proceeds of $5,037,500.

During the six months ended June 30, 2020, funds were received from the exercise of 254,000 stock options at $1.00 per Common Share. In addition, we completed a Non-Brokered Private Placement of 1,806,827 units comprised of one Common Share in the capital of the Company and one Common Share purchase warrant for gross proceeds of $2,258,534.

CASH POSITION

At June 30, 2021, we had a cash balance of $7,359,616 compared to $5,598,560 at December 31, 2020. The funds expended during the period ended June 30, 2021 for operating activities, of $3,413,714 (June 30, 2020: $3,077,460, net of non-cash items, working capital changes and effects of foreign exchange), were used to fund operating expenditures such as placebo manufacturing and development, salaries and benefits, and clinical costs associated with the initiation of our phase 1 clinical trial. Consultants were also engaged to further develop our PTPσ technologies and manufacturing and quality processes were advanced. In addition, we retained expertise to provide market making, public relations and investor relations services to increase awareness of the Company within the industry and to potential investors.

We invest cash in excess of current operational requirements in highly rated and liquid instruments.

Working capital at June 30, 2021 was $7,187,950 (December 31, 2020: $5,446,832). Our working capital requirements are dependent on our ability to raise equity capital or from the proceeds from the exercise of stock options and warrants, by obtaining business development revenue such as milestone payments from licensing agreements, by obtaining grant funding or by obtaining credit facilities. No assurance can be given that any such additional funding or revenue will be available or that, if additional funding is available, it can be obtained on terms favorable to the Company. We can also manage our spending by delaying certain development activities however such actions may not allow us to meet our stated corporate goals.

We do not expect to generate positive cash flow from operations for the foreseeable future due to additional expenses involved in commercializing our PTPσ technologies, including expenses related to drug discovery, preclinical testing, clinical trials, chemistry, manufacturing and controls, regulatory activities and operating expenses associated with supporting these activities. It is expected that negative cash flow from operations will continue until such time, if ever, that we receive regulatory approval to commercialize any of our products under development and/or royalty or milestone revenue from the licensing of any such products should they exceed our expenses.

CONTRACTUAL OBLIGATIONS

We enter into research, development and license agreements in the ordinary course of business where we receive research services and rights to proprietary technologies. Milestone and royalty payments that may become due under various agreements are dependent on, among other factors, clinical trials, regulatory approvals and ultimately the successful development of a new drug, the outcome and timing of which is uncertain. We expect that these commitments will continue to increase in frequency and value as we continue to execute our business plan.

Under the exclusive worldwide licensing agreement with Case Western Reserve University to research, develop and commercialize patented technologies, we have 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. We cannot reasonably estimate future royalties which may be due upon the regulatory approval of products derived from licensed technologies.

Other than as disclosed below, we did not have any contractual obligations relating to long-term debt obligations, capital (finance) lease obligations, operating lease obligations, purchase obligations or other long-term liabilities reflected on our balance sheet as at June 30, 2021:

Anticipated Commitments	**Under 1 Year** **$**	**1-3 years** **$**	**4-5 years** **$**	**More than 5 years** **$**	**Total** **$**
Patent licensing costs, minimum annual royalties per license agreements	30,988	619,750	123,950	1,921,225	**2,695,913**
Purchase obligations	2,132,977	-	-	-	**2,132,977**

We utilize temporary office space with terms of less than one year.

OFF-BALANCE SHEET ARRANGEMENTS

We have no material undisclosed off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources that is material to investors.

TRANSACTIONS WITH RELATED PARTIES

Key management personnel, consisting of the Company's officers (President and Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Medical Officer, Vice President - Clinical Operations and Vice President - Chemistry Manufacturing and Controls) and directors, received the following compensation for the following periods:

	Three Months Ended June 30, 2021 $	Three Months Ended June 30, 2020 $	**Six Months Ended June 30, 2021 $**	Six Months Ended June 30, 2020 $
Stock-based compensation	**563,577**	1,065,556	**1,146,022**	1,623,057
Salaries and bonuses	**338,485**	173,456	**577,202**	596,985
Consulting fees	**-**	18,000	**15,000**	100,500
Rent (1)	**-**	-	**-**	2,500
	902,063	1,257,012	**1,738,225**	2,323,042

(1) Brian E. Bayley, a director of the Company, is a director and president of our former landlord Earlston Management Corp.

As at June 30, 2021, we had amounts owing to related parties of $181,087 (December 31, 2020: $163,254). Of this total, $1,790 pertained to expense reimbursements and $141,426 and $37,871 pertained to accrued bonuses and vacation (earned but unpaid and included in the table above).

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED DURING FISCAL 2021

No new standards, amendments to standards, or interpretations were adopted during the period ended June 30, 2021.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The significant accounting policies of the Company are described in Note 2 of the audited consolidated financial statements for the year ended December 31, 2020 and available on SEDAR (www.sedar.com).

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates. Critical judgements in applying our accounting policies are detailed in the audited consolidated financial statements for the year ended December 31, 2020 filed on SEDAR (www.sedar.com).

FINANCIAL INSTRUMENTS

(a) Fair value

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); fair value through other comprehensive income; or amortized cost. The carrying values of our financial instruments are classified into the following categories:

Financial Instrument	Category	**June 30, 2021 $**	December 31, 2020 $
Cash	FVTPL	**7,359,616**	5,598,560
Accounts receivable	Amortized cost	**58,466**	62,594
Deposits	Amortized cost	**674,896**	441,988
Accounts payable and accrued liabilities	Amortized cost	**830,205**	591,818
Due to related parties	Amortized cost	**181,087**	163,254

Our financial instruments, recorded at fair value, require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash is measured at fair value using Level 1 as the basis for measurement in the fair value hierarchy. The recorded amounts for accounts receivable, deposits, accounts payable and accrued liabilities and due to related parties, approximate their fair value due to their short-term nature.

(b) Financial risk management

Our risk exposures and the impact on our consolidated financial instruments are summarized below. Our Board of Directors has the overall responsibility for the oversight of these risks and reviews our policies on an ongoing basis to ensure that these risks are appropriately managed.

i. Liquidity Risk
   Liquidity risk is the risk that we will not have the resources to meet our obligations as they fall due. We manage this risk by closely monitoring cash forecasts and managing resources to ensure that we will have sufficient liquidity to meet our obligations. All of our financial liabilities are classified as current and the majority are anticipated to mature within the next ninety days. We are exposed to liquidity risk.

ii. Credit Risk
   Credit risk is the risk of potential loss if a counterparty to a financial instrument fails to meet its contractual obligations. Our credit risk is primarily attributable to our liquid financial assets, including cash, receivables, deposits, and balances receivable from the government. We limit the exposure to credit risk in our cash by only holding our cash with high-credit quality financial institutions in business and/or savings accounts.

iii. Market Risk
   Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices. These fluctuations may be significant.

   (a) Interest Rate Risk: Management has determined that we are not exposed to any significant interest rate risks.

   (b) Foreign Currency Risk: We have identified our functional currency as the Canadian dollar. Transactions are transacted in Canadian dollars, U.S. dollars and in Australian dollars. Fluctuations in the U.S. dollar exchange rate could have a significant impact on our results going forward. Without hedging, 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 period ended June 30, 2021 of $254,000 (June 30, 2020: $362,000). Fluctuations in the AUS dollar would have a minimal impact on loss and comprehensive loss in the quarter.

   In the near-term, we mitigate overall currency risk through advance purchases of U.S. dollars to pay forecasted U.S. denominated expenses. In the long-term, we are exposed to net currency risk from employee costs as well as the purchase of goods and services in the United States and Australia.

Balances in U.S. dollars are as follows:

	June 30, 2021 ($ U.S.)	December 31, 2020 ($ U.S.)
Cash	**2,125,561**	1,437,337
Vendor deposits	**358,620**	346,902
Accounts payable and accrued liabilities	**(435,585)**	(360,312)
	2,048,596	1,423,927

(c) Managing capital

Our objectives, when managing capital, are to safeguard cash as well as maintain financial liquidity and flexibility in order to preserve our ability to meet financial obligations and deploy capital to grow our businesses.

Our 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 our capital structure we may issue shares or issue debt (secured, unsecured, convertible and/or other types of available debt instruments).

There were no changes to our capital management policy during the period. We are not subject to any externally imposed capital requirements.

DISCLOSURE OF OUTSTANDING SHARE DATA

The following details the share capital structure as of the date of this MD&A:

	Common Shares Issued and Outstanding	**Agent Compensation Options**	**Warrants Issued and Outstanding**	**Common Share Purchase Options**
Balance December 31, 2020	35,167,875	592,430	5,770,385	4,443,895
Balance March 31, 2021	35,860,692	-	5,757,498	4,626,895
Balance June 30, 2021	39,110,692	-	7,577,498	5,757,895
Balance August 18, 2021	**40,652,328**	**-**	**8,362,715**	**6,022,895**

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and these financial statements together with the other financial information included in these filings. The Board of Directors approved the Financial Statements and MD&A and ensures that management has discharged its financial responsibilities.

RISKS AND UNCERTAINTIES

An investment in the Common Shares of NervGen involves a high degree of risk and should be considered speculative. An investment in the Common Shares should only be undertaken by those persons who can afford the total loss of their investment. Investors should carefully consider the risks and uncertainties set forth under the heading "Risk Factors" found in the AIF and Prospectus Supplement dated May 5, 2021 filed on SEDAR (www.sedar.com), as well as other information described elsewhere in this MD&A. Additional risks and uncertainties not presently known to us or that we believe to be immaterial may also adversely affect our business. If any such risks occur, our business, financial condition and results of operations could be seriously harmed and you could lose all or part of your investment. Further, if we fail to meet the expectations of the public market in any given period, the market price of our Common Shares could decline. We operate in a highly competitive environment that involves significant risks and uncertainties, some of which are outside of our control.

SUBSEQUENT EVENTS

Subsequent to June 30, 2021 the Company:

1. Completed a financing comprised of the sale of 1,511,636 units of the Company for aggregate gross proceeds of $2,343,036. 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 August 4, 2023. 29,400 non-transferable finders' warrants were also issued, exercisable to acquire one common share at the exercise price of C$2.10 per common share, until August 4, 2023.
2. Granted 295,000 incentive stock options to consultants, exercisable at a price between $1.75 and $2.00 per share for a period of 3-5 years, vesting periodically over the period of one year.

OTHER INFORMATION

Additional information relating to the Company is available for viewing on our website at www.nervgen.com and under our profile on SEDAR at www.sedar.com.