



Condensed consolidated interim financial statements of

# **NervGen Pharma Corp.**

(Expressed in Canadian Dollars - Unaudited)

For the three and nine months ended September 30, 2019

# NERVGEN PHARMA CORP.

## Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

as at	September 30, 2019	December 31, 2018
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash	6,272,575	2,474,340
Accounts receivable	100,341	25,843
Prepays and deposits (Notes 6, 11)	168,037	49,375
	<b>6,540,953</b>	<b>2,549,558</b>
<b>Non-current assets</b>		
Intangible assets (Note 7)	519,164	547,829
	<b>519,164</b>	<b>547,829</b>
	<b>7,060,117</b>	<b>3,097,387</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 8)	418,056	390,802
Due to related parties (Note 11)	155,489	58,074
	<b>573,545</b>	<b>448,876</b>
<b>Non-current liabilities</b>		
License fee payable (Note 7)	-	134,230
	-	134,230
	<b>573,545</b>	<b>583,106</b>
<b>Shareholders' Equity</b>		
Common shares (Note 9)	13,331,171	3,846,630
Reserves (Note 10)	1,403,595	37,947
Deficit	(8,248,194)	(1,370,296)
	<b>6,486,572</b>	<b>2,514,281</b>
	<b>7,060,117</b>	<b>3,097,387</b>

Nature of business (Note 1)

Subsequent events (Note 13)

Approved by the Board

/s/ William J. Radvak Director

/s/ Brian E. Bayley Director

## NERVGEN PHARMA CORP.

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

(Expressed in Canadian dollars)

(Unaudited)

	For the 3 Months Ended September 30, 2019 \$	For the 3 Months Ended September 30, 2018 \$	For the 9 Months Ended September 30, 2019 \$	For the 9 Months Ended September 30, 2018 \$
<b>Operating expenses</b>				
Research and development (Note 12)	1,656,737	285,240	4,656,509	293,203
General and administration (Note 12)	708,778	230,301	2,302,015	297,312
<b>Total operating expenses</b>	<b>2,365,515</b>	515,541	<b>6,958,524</b>	590,515
Interest income	(34,214)	-	(80,626)	-
Net loss and comprehensive loss for the period	<b>(2,331,301)</b>	(515,541)	<b>(6,877,898)</b>	(590,515)
Basic and diluted net loss per share	<b>(0.08)</b>	(0.04)	<b>(0.28)</b>	(0.12)
Weighted average common shares outstanding (Note 9)	<b>27,851,659</b>	12,820,118	<b>24,965,212</b>	4,986,942

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

**NERVGEN PHARMA CORP.****Condensed Consolidated Interim Statement of Cash Flows**

(Expressed in Canadian dollars)

(Unaudited)

	Nine Months Ended September 30, 2019 \$	Nine Months Ended September 30, 2018 \$
<b>Operating activities</b>		
Loss for the period	(6,877,898)	(590,515)
Items not involving cash:		
Amortization of intangible asset	28,665	10,220
Stock-based compensation	1,013,548	9,487
Unrealized foreign exchange	(22,583)	7,754
Changes in non-cash working capital:		
Accounts receivable	(74,498)	(11,669)
Prepaid expenses	(143,662)	(35,013)
Due to related parties	97,415	80,929
Accounts payable and accrued liabilities	(106,976)	180,259
	<b>(6,085,989)</b>	<b>(348,548)</b>
<b>Investing activities</b>		
Payments to acquire intangible asset	-	(113,632)
	-	(113,632)
<b>Financing activities</b>		
Proceeds from issuance of common shares	10,740,000	3,591,468
Share issue costs - cash	(878,359)	-
	<b>9,861,641</b>	<b>3,591,468</b>
Effect of foreign exchange on cash	<b>22,583</b>	<b>(7,754)</b>
<b>Net increase in cash</b>	<b>3,798,235</b>	<b>3,121,534</b>
Cash, beginning of period	<b>2,474,340</b>	-
<b>Cash, end of period</b>	<b>6,272,575</b>	<b>3,121,534</b>
Cash paid for interest and taxes	\$ -	\$ -
Non-cash transactions:		
Agent compensation options	352,100	-
Allocation of prepaid financing cost to share issue cost	25,000	-
Shares issued for intangible asset	-	169,130
Accrual for binding license obligations	-	200,558
Shares issued for settlement of amounts due to related parties	-	86,032
Reclassification of deferred acquisition costs to intangible asset	-	83,249

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

## NERVGEN PHARMA CORP.

### Condensed Consolidated Interim Statement of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian dollars)

(Unaudited)

	Common Shares		Reserves	Deficit	Total
	Number	Amount			Shareholders'
		\$	\$	\$	Equity (Deficiency)
					\$
<b>Balance December 31, 2017</b>	<b>2</b>	-	-	<b>(11,813)</b>	<b>(11,813)</b>
Loss and comprehensive loss	-	-	-	(10,625)	(10,625)
<b>Balance March 31, 2018</b>	<b>2</b>	-	-	<b>(22,438)</b>	<b>(22,438)</b>
Common share financings	10,974,998	865,000	-	-	865,000
Common shares issued for license	439,000	87,800	-	-	87,800
Loss and comprehensive loss	-	-	-	(64,350)	(64,350)
<b>Balance June 30, 2018</b>	<b>11,414,000</b>	<b>952,800</b>	-	<b>(86,788)</b>	<b>866,012</b>
Common share financings	5,624,998	2,812,500	-	-	2,812,500
Common shares issued for license	162,659	81,330	-	-	81,330
Stock-based compensation	-	-	9,487	-	9,487
Loss and comprehensive loss	-	-	-	(515,540)	(515,540)
<b>Balance September 30, 2018</b>	<b>17,201,657</b>	<b>3,846,630</b>	<b>9,487</b>	<b>(602,328)</b>	<b>3,253,789</b>
<b>Balance December 31, 2018</b>	<b>17,201,659</b>	<b>3,846,630</b>	<b>37,947</b>	<b>(1,370,296)</b>	<b>2,514,281</b>
Common share financings	10,000,000	9,155,976	-	-	9,155,976
Agent compensation options	-	(352,100)	352,100	-	-
Stock-based compensation	-	-	633,953	-	633,953
Loss and comprehensive loss	-	-	-	(3,021,547)	(3,021,547)
<b>Balance March 31, 2019</b>	<b>27,201,659</b>	<b>12,650,506</b>	<b>1,024,000</b>	<b>(4,391,843)</b>	<b>9,282,663</b>
Common share financings	650,000	680,665	-	-	680,665
Stock-based compensation	-	-	180,615	-	180,615
Loss and comprehensive loss	-	-	-	(1,525,050)	(1,525,050)
<b>Balance June 30, 2019</b>	<b>27,851,659</b>	<b>13,331,171</b>	<b>1,204,615</b>	<b>(5,916,893)</b>	<b>8,618,893</b>
Stock-based compensation	-	-	198,980	-	198,980
Loss and comprehensive loss	-	-	-	(2,331,301)	(2,331,301)
<b>Balance September 30, 2019</b>	<b>27,851,659</b>	<b>13,331,171</b>	<b>1,403,595</b>	<b>(8,248,194)</b>	<b>6,486,572</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 nine months ended September 30, 2019 and 2018  
(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.

On March 13, 2019, the Company completed an initial public offering ("IPO") of its common shares. The IPO consisted of the issuance of 10,000,000 common shares at a price of \$1.00 per share for gross proceeds of \$10,000,000. Also, on March 13, 2019, NervGen's common shares commenced trading on the TSX-V under the symbol "NGEN".

On May 1, 2019, the Company closed a non-brokered private placement which consisted of the issuance of 350,000 shares at \$1.00 each and 300,000 shares at \$1.30 each for gross proceeds of \$740,000.

The Company's shares were listed on the U.S. over-the counter OTCQB® market, on May 3, 2019 under trading symbol "NGENF" and were subsequently uplisted to the OTCQX® on June 10, 2019.

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 spinal cord injury ("SCI") and multiple sclerosis ("MS"). The Company has also initiated a pre-clinical research and development program to determine if its technology could have a positive effect on Alzheimer's disease.

## 2. Basis of presentation and significant accounting policies

### a) *Statement of Compliance*

These condensed consolidated 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, 2018.

The condensed consolidated interim financial statements were approved by the Company's Board of Directors and authorized for issue on November 25, 2019.

### 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.

These interim 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 interim condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary NervGen US Inc. The subsidiary is 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

# NervGen Pharma Corp.

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## 2. Basis of presentation and significant accounting policies cont'd

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 and its subsidiary is the currency of the primary economic environment in which the entity operates. The functional currency of NervGen Pharma Corp. and its subsidiary, NervGen US Inc., is the Canadian dollar and the presentation currency of the Company is the Canadian dollar.

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

The preparation of these interim condensed consolidated 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 interim condensed consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates.

The interim condensed consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the interim condensed consolidated 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 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 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.

The interim condensed consolidated financial statements are prepared in accordance with IFRS and follow the same accounting policies and methods of application as the audited consolidated financial statements of the Company for the year ended December 31, 2018. They do not include all of the information and disclosures required by IFRS for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these interim condensed consolidated financial statements. For further information, see the Company's audited financial statements, including notes thereto, for the year ended December 31, 2018.

### f) *New accounting policy*

The following IFRS pronouncement has been adopted during 2019:

The Company has adopted new accounting standard IFRS 16 - Leases, effective for the Company's annual period beginning January 1, 2019. The adoption of IFRS 16 did not result in any changes to the Company's financial statements.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model, with certain exemptions. The standard includes two recognition exemptions for lessees – leases of "low-value" assets and short-term leases with a lease term of 12 months or less. At the commencement date of a lease, a lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees are also required to remeasure the lease liability

# NervGen Pharma Corp.

Notes to the condensed consolidated interim financial statements (unaudited)  
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## 2. Basis of presentation and significant accounting policies cont'd

upon the occurrence of certain events, such as a change in lease term. The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

## 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. All of the Company's assets are located in Canada.

## 4. Capital disclosures

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, 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.

#### *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.

### (b) 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.



# NervGen Pharma Corp.

Notes to the condensed consolidated interim financial statements (unaudited)  
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## 5. Financial risk management cont'd

### (c) 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.

### (d) 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 September 30, 2019, 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.

### (e) 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 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 nine months ended September 30, 2019 of \$535,000 (September 30, 2018 - \$102,000).

Balances in U.S. dollars are as follows:

	September 30, 2019	December 31, 2018
	\$U.S.	\$U.S.
Cash	4,235,706	814,638
Accounts payable and accrued liabilities	(240,589)	(367,211)
	3,995,117	447,427

## 6. Prepaid expenses

	September 30, 2019	December 31, 2018
	\$	\$
Vendor deposit	70,225	-
Prepaid consulting and expenses to related parties (note 11)	60,750	23,625
Prepaid insurance	18,332	750
Prepaid listing fees	9,734	-
Prepaid retainer	8,996	25,000
	168,037	49,375

## 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 ("Case Western Reserve") in Cleveland, Ohio with potential to bring new therapies for spinal cord injury and other conditions associated with nerve damage.

# NervGen Pharma Corp.

Notes to the condensed consolidated interim financial statements (unaudited)  
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## 7. Intangible asset cont'd

Case Western Reserve 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 Case Western Reserve. No further anti-dilution shares are required to be issued under this agreement.

Additional cash payments are payable to Case Western Reserve pursuant to completion of development and sales milestones and tiered royalties are payable on net sales.

The license costs are being amortized straight-line over the remaining life of the licensed patent of 15 years. During the nine months ended September 30, 2019, the Company recognized amortization of \$28,665 (September 30, 2018 - \$10,220).

Continuity of the intangible asset is as follows:

Intangible asset – Case Western Reserve license	Total
<b>Balance, December 31, 2017</b>	<b>\$ -</b>
Allocation of deferred acquisition costs	83,249
Upfront cash fee	32,920
Annual minimum royalty	13,183
Legal fees	22,455
Binding acquisition obligations	246,655
Shares issued for acquisition	169,130
Amortization expense	(19,763)
<b>Balance, December 31, 2018</b>	<b>547,829</b>
Amortization expense	(28,665)
<b>Balance, September 30, 2019</b>	<b>\$ 519,164</b>

## 8. Accounts payable and accrued liabilities

	September 30, 2019	December 31, 2018
	\$	\$
Accounts payable and accrued liabilities	418,056	390,802

## 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, 6,318,750 common shares of the Company remain in escrow as at September 30, 2019 and will be released in various tranches over 36 months from IPO.

# NervGen Pharma Corp.

Notes to the condensed consolidated interim financial statements (unaudited)  
For the nine months ended September 30, 2019 and 2018  
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## 9. Share capital cont'd

### Equity Issuances

#### Share capital issued – nine months ended September 30, 2019

The Company issued 10,000,000 common shares for net cash proceeds of \$9,155,976 and granted 700,000 non-transferable compensation options (7% of common shares issued) at \$1.00 per share to the agent and brokerage firms involved in the financing, with a 2-year life and a fair value of \$352,100 using the Black-Scholes option pricing model.

The Company also issued 350,000 shares at \$1.00 each and 300,000 shares at \$1.30 each for net proceeds of \$680,665 in a private placement.

#### Share capital issued – nine months ended September 30, 2018

The Company issued 16,599,996 common shares for cash proceeds of \$3,591,468 and settlement of amounts due to related parties of \$86,032. A total of 601,659 common shares were issued for license acquisition, valued at \$169,130.

### Calculation of loss per share

Loss per common share is calculated using the weighted average number of common shares outstanding. For the nine months ended September 30, 2019 and 2018 the calculation was as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Common shares issued and outstanding, beginning of period	27,851,659	11,414,000	17,201,659	2
Shares issued	-	5,787,659	10,650,000	17,201,657
<b>Common shares issued and outstanding, end of period</b>	<b>27,851,659</b>	<b>17,201,659</b>	<b>27,851,659</b>	<b>17,201,659</b>
<b>Weighted average shares outstanding, end of period</b>	<b>27,851,659</b>	<b>12,820,118</b>	<b>24,965,212</b>	<b>4,986,942</b>

## 10. Stock options

During the three months ended September 30, 2019 the Company granted stock options to purchase 50,000 common shares at a price of \$1.40 per share, with a 5-year life and a fair value of \$50,300 using the Black-Scholes option pricing model and vest 25% every quarter until fully vested.

During the nine months ended September 30, 2019 the Company granted stock options to purchase 1,050,000 common shares at \$1.00 per share, with a 5-year life and a fair value of \$754,950 using the Black-Scholes option pricing model and vest over varying periods of approximately three years. Stock options to purchase 380,000 common shares at \$1.54 per share were also issued, with a 5-year life and a fair value of \$462,080 using the Black-Scholes option pricing model and vest over varying periods of approximately three years and 100,000 common shares at \$1.54 per share, with a 3-year life and a fair value of \$121,600 using the Black-Scholes option pricing model and vesting over 1 year. In addition to stock options granted under the Company's stock option plan, 700,000 non-transferable agent compensation options related to the IPO were granted at \$1.00 per share, with a 2-year life and a fair value of \$352,100 using the Black-Scholes option pricing model.

During the nine months ended September 30, 2019, the Company recognized \$1,013,548 in share-based compensation expense.

# NervGen Pharma Corp.

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## 10. Stock options cont'd

Stock option transactions for the nine months ended September 30, 2019 are set forth below:

	Number of shares issuable under options	Weighted average exercise price
Balance outstanding at December 31, 2017	-	\$ -
Grant	350,000	0.50
Balance outstanding at December 31, 2018	350,000	\$ 0.50
Granted <sup>(1)</sup>	2,280,000	1.12
<b>Balance outstanding at September 30, 2019</b>	<b>2,630,000</b>	<b>\$ 1.04</b>

(1) 1,580,000 stock options were granted under the Company's stock option plan. 700,000 non-transferable agent compensation options were granted related to the IPO.

The following table summarizes information about stock options outstanding at September 30, 2019:

Exercise Price	Number of Options Outstanding	Number of Options Exercisable	Grant Date	Expiry Date
0.50	350,000	250,000	September 5, 2018	September 5, 2023
1.00	1,050,000	850,000	January 17, 2019	January 17, 2024
1.00	700,000	700,000	March 13, 2019	March 13, 2021
1.54	380,000	95,000	June 1, 2019	June 1, 2024
1.54	100,000	25,000	June 1, 2019	June 1, 2022
1.40	50,000	-	July 5, 2019	July 5, 2024
	<b>2,630,000</b>	<b>1,920,000</b>		

The weighted average remaining contractual life of the options outstanding is 3.49 years and the weighted average exercise price is \$1.04. The weighted average remaining contractual life of the options exercisable is 3.21 years and the weighted average exercise price is \$0.98.

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

	September 30, 2019	September 30, 2018
Risk-free interest rate	1.62-2.16%	1.75%
Expected option life in years	2-5 years	5 years
Expected stock price volatility	94-109.16%	94%
Expected forfeiture rate	15%	15%
Dividend yield	-	-

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## 11. Related party disclosures

Key management personnel, consisting of the Company's officers (Founder, President and Secretary) and directors, received the following compensation for the following periods:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Stock based compensation	38,903	5,646	616,721	5,646
Salaries	254,369	40,568	584,315	40,569
Consulting fees	121,500	71,675	273,450	101,396
Related party rent	1,500	650	4,500	650
	<b>416,272</b>	118,539	<b>1,478,986</b>	148,261

As at September 30, 2019, the Company had amounts owing or accrued to related parties of \$155,489 (December 31, 2018 - \$58,074) pertaining to rent, expense reimbursements, and bonuses.

Prepaid expenses to related parties are disclosed in Note 6. As at September 30, 2019, the Company had advanced \$45,000 (equivalent to three months fees), to William Radvak, which will be expensed equally over the next three months.

## 12. Components of expenses

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Research and Development Expenses</b>				
Chemistry, manufacturing and controls	711,966	69,647	2,242,870	69,647
Pre-clinical	450,984	142,729	1,082,063	150,064
Salaries and benefits	273,515	69,934	625,499	70,561
Stock-based compensation	50,407	1,920	282,107	1,920
Other research and development	93,845	1,010	243,145	1,011
Licensing and patent legal fees	60,827	-	112,990	-
Clinical	3,178	-	55,820	-
Regulatory	12,015	-	12,015	-
	<b>1,656,737</b>	285,240	<b>4,656,509</b>	293,203

# NervGen Pharma Corp.

Notes to the condensed consolidated interim financial statements (unaudited)  
For the nine months ended September 30, 2019 and 2018  
(Expressed in Canadian Dollars)

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## 12. Components of expenses cont'd

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>General and Administration Expenses</b>				
Legal, professional and finance	<b>447,193</b>	120,459	<b>975,341</b>	181,911
Stock-based compensation	<b>148,573</b>	7,567	<b>731,441</b>	7,567
Salaries and benefits	<b>136,877</b>	53,385	<b>359,154</b>	54,013
Other general and administrative	<b>(60,779)</b>	17,527	<b>113,186</b>	18,253
Facilities and operations	<b>27,359</b>	21,826	<b>94,228</b>	25,348
Amortization expense	<b>9,555</b>	9,537	<b>28,665</b>	10,220
	<b>708,778</b>	230,301	<b>2,302,015</b>	297,312

## 13. Subsequent events

Subsequent to September 30, 2019, the Company:

1. Entered into an agreement and issued 1,500,000 common shares to its peptide manufacturing partner, CSBio, as an initial deposit for a purchase order.