Management's Discussion and Analysis of

NervGen Pharma Corp.

(Expressed in Canadian Dollars)

For the year ended December 31, 2018 and the period from incorporation on January 19, 2017 to December 31, 2017

Effective Date: March 19, 2019

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 unaudited condensed consolidated financial statements and related notes thereto for the year ended December 31, 2018.

All financial information in this 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 may be deemed "forward-looking statements". Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "project", "predict", "potential", "could", "might", "should" and other similar expressions. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include continued availability of capital and financing, general economic, market or business conditions, and general risks involved in the early stage development of pharmaceutical products. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements in this MD&A include, but are not limited to, statements with respect to the Company's:

- requirements for, and the ability to obtain, future funding on favorable 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 the Company's development programs;
- observations and expectations regarding the effectiveness of its lead compound NVG-291 and the potential benefits to patients;
- expectations about the timing with respect to commencement of clinical trials;
- expectations about the Company's products safety and efficacy;
- expectations regarding the Company's ability to arrange for the manufacturing of the Company's products and technologies;
- expectations regarding the 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 the Company's products and technologies;
- expectations regarding the acceptance of the Company's products and technologies by the market;
- ability to retain and access appropriate staff, management, and expert advisers;
- expectations with respect to existing and future 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
- strategy and ability with respect to the protection of the Company's intellectual property

all as further and more fully described under the section of this MD&A titled "Risk Factors". Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended.

Any forward-looking statements represent the Company's estimates only as of the date of this MD&A and should not be relied upon as representing the Company's estimates as of any subsequent date. The Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as may be required by securities laws.

COMPANY OVERVIEW

NervGen Pharma Corp. is a private 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. The corporate office of the Company 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 potential to bring new therapies for spinal cord injury and other conditions associated with nerve damage. 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 protein tyrosine phosphatase sigma ("PTPσ') as a key neural receptor which inhibits nerve regeneration through regions of scarring in spinal cord injury and other medical conditions. Targeted treatment against PTPσ with an agent known as Intracellular Sigma Peptide ("ISP") promoted regeneration of damaged nerves 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. NervGen is in the process of completing preclinical development of NVG-291 targeting completion of preclinical work by the end of 2019. The Company is targeting the initiation of human clinical trials in the first half of 2020 for the treatment of spinal cord injury while leveraging the technology to identify additional therapeutic candidates for other related medical conditions.

ACHIEVEMENTS & HIGHLIGHTS

- On April 10, 2018, the U.S. patent 9,937,242 entitled "Compositions and Methods for Inhibiting the Activity of LAR Family Phosphatases was issued by the U.S. Patent and Trademark Office. This patent is central to the Company's development and commercialization of protein tyrosine phosphatase sigma ("PTP σ ") technologies and targeted therapies for spinal cord injury and nerve damage.

- On May 16, 2018, the Company increased the number of directors from two to three and appointed Brian Bayley, MBA to the Board of Directors. Mr. Bayley serves as the President and a director of Earlston Management Corp., a private management company and Executive Chairman of Earlston Investments Corp., a private merchant bank.

- On May 16, 2018, the Company appointed director William J. Radvak, BASc to the role of Executive Chairman. Mr. Radvak is a co-founder of NervGen and has been the CEO and director of multiple startup companies. He was a founder and the CEO of Response Biomedical, a publicly listed medical device company, which he led from its inception to a 90-employee, sales and manufacturing company.

- On May 16, 2018, the Company appointed Robert G. Pilz, CPA BComm as Chief Financial Officer. Mr. Pilz has held CFO and VP Finance positions in three early stage companies including six years at Response Biomedical Corp. a formerly publicly listed medical device company.

- On June 6, 2018, the Company appointed Ernest Wong, PhD MBA, as President and CEO in the place of William Radvak. Dr. Wong was also appointed a director of the Company increasing the number of directors from three to four. Dr. Wong joined NervGen from Accera Inc., a private central nervous systems therapeutic company, where he was responsible for corporate development and business transactions.

- On June 11, 2018, the Company completed a non-brokered private placement through the issuance of 6,999,998 common shares to founders at a price of $0.01 per share for gross proceeds of $70,000. Proceeds were used to pay outstanding accounts payable and for general working capital purposes.

- On June 11, 2018, the Company incorporated a wholly owned U.S. subsidiary named NervGen US Inc. in the state of Delaware.

- On June 25, 2018, the Company completed a non-brokered private placement through the issuance of 3,975,000 common shares at a price of $0.20 per share for gross cash proceeds of $738,468 and settlement of accounts payable of $56,532.

- On June 25, 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 with potential to bring new therapies for spinal cord injury and other conditions associated with nerve damage. This includes U.S. Patent 9,937,242 entitled "Compositions and Methods for Inhibiting the Activity of LAR Family Phosphatases which is central to the development and commercialization of NervGen's protein tyrosine phosphatase sigma ("PTPσ") products and targeted therapies for spinal cord injury and nerve damage.

Case Western Reserve was also issued 439,000 common shares of the Company at a deemed value of $0.20 per share. Case Western Reserve had a pre-emptive right to maintain its shareholding interest by participating in any further financings on the same terms as the other investors until the Company completed its initial public offering.

- On August 21, 2018, the Company increased the number of directors from four to five and appointed Michael J. Abrams, PhD to the Board of Directors. Dr. Abrams currently serves on the Board of Directors of TRIUMF Innovations in Vancouver, B.C. Previously, he was the founding President and Chief Executive officer of AnorMED Inc. (1996-2006) and Chief Executive Officer and President at Inimex Pharmaceuticals Inc.

- On September 5, 2018, the Board of Directors adopted a stock option plan and granted options to purchase 350,000 common shares of the Company to a director, an executive and two employees. All stock options are exercisable at a price of $0.50 and vest over varying periods of up to three years. Adoption of the stock option plan is subject to shareholder approval.

- The Company completed a non-brokered private placement through the issuance of 5,625,000 common shares at a price of $0.50 per share for gross cash proceeds of $2,812,500.

- On September 13, 2018, the Company issued to Case Western Reserve an additional 162,659 common shares at a deemed value of $0.50 per share. 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 or any other existing agreement.

Initial Public Offering

Subsequent to the year ended December 31, 2018, the Company completed an initial public offering ("IPO") of its common shares and listing as a Tier 2 company on the TSX Venture Exchange ("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. NervGen's common shares commenced trading on the TSX-V under the symbol "NGEN" on March 15, 2019.

SELECTED FINANCIAL INFORMATION

	December 31, 2018	December 31, 2017
	$	**$**
General and administration expenses	**578,082**	11,813
Research and development expenses	**780,401**	-
Net loss	**(1,358,483)**	(11,813)
Basic and diluted loss per share	**(0.17)**	(5,907)
Total assets	**3,097,387**	83,249
Total liabilities	**583,106**	95.062

The Company has not earned revenue in any of the previous fiscal years.

For the year ended December 31, 2018, the Company reported a net loss of $1,358,483 or $0.17 per share compared to a loss of $11,813 or $5,907 per share for the period January 19, 2017 to December 31, 2017. The increase in net loss in the current period is a result of increased legal and consulting fees associated with completing negotiations of the license with Case Western Reserve University, and the proposed transaction. General and administrative expenses also increased in the current period related to the setup of operations and the employees and consultants necessary to begin to execute on the Company's business plans. Research and development costs were incurred in the current period for the further development and manufacture of NVG-291 for use in pre-clinical testing and associated consulting. NervGen

is working toward conducting a clinical trial for its lead compound NVG-291, planned to begin in the first half of 2020 under an Investigational New Drug ("IND") application with the United States Food and Drug Administration (the "FDA").

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2018

General and Administrative Expenses

	Year Ended December 31, 2018 $	January 19 to December 31, 2017 $
Amortization of intangible asset	**19,763**	-
Facilities and operations	**56,593**	-
Legal, professional and finance	**368,772**	11,813
Salaries and benefits	**133,944**	-
Stock based compensation	**30,266**	-
Other general and administrative	**(31,256)**	-
	578,082	**11,813**

General and administrative expenses of $578,082 were incurred during the year ended December 31, 2018, compared with $11,813 during the period from January 19, 2017 to December 31, 2017. The increase is attributed to professional, and consulting fees associated with the setup of the Company and execution of equity financings. In addition, employees and consultants were added to implement the Company's business plans, resulting in an increase in consulting, salary and benefit costs in the current period.

Research and Development Expenses

	Year Ended December 31, 2018 $	January 19 to December 31, 2017 $
Pre-clinical development	**160,329**	-
Chemistry, manufacturing and controls	**296,929**	-
Licensing & patent legal fees	**117,154**	
Salaries and benefits	**179,259**	-
Stock based compensation	**7,681**	-
Other research and development	**19,049**	-
	780,401	-

Research and development expenses of $780,401 were incurred during the year ended December 31, 2018. The expenses related primarily to the further development and manufacture of NVG-291 for use in pre-clinical testing, and associated consulting fees. Employees and consultants were also added to execute the Company's business objectives. There was no comparable spending during the period from January 19, 2017 to December 31, 2017.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

	Dec. 31 2018 $	Sep. 30 2018 $	June 30 2018 $	Mar. 31 2018 $	Dec. 31 2017 $	Sep. 30 2017 $	June 30 2017 $
General & administration	**280,770**	230,301	56,387	10,624	6,382	3,367	453
Research & development	**487,198**	285,240	7,963	-	-	-	-
Net loss	**(767,969)**	(515,541)	(64,350)	(10,624)	(6,382)	(3,367)	(453)
Basic & diluted loss per share	**(0.04)**	(0.04)	(0.04)	(5,312)	(3,190)	(1,683)	(227)
Total assets	**3,097,387**	3,724,565	1,232,790	83,320	83,249	50,970	31,446
Total liabilities	**583,106**	470,776	366,778	105,759	95,062	56,402	33,511

General and administrative expenses are higher in the current quarters compared with the same quarters in the prior year due to legal, accounting and related administrative activities associated with establishing an operating company and

financings. Research and development expenses are higher in the current quarters compared with the same quarters in the prior year, due to the development and manufacture of NVG-291, associated consulting and the addition of employees.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED DECEMBER 31, 2018

General and Administrative Expenses

	Three Months Ended December 31, 2018 $	Three Months Ended December 31, 2017 $
Amortization of intangible asset	**9,543**	-
Facilities and operations	**31,245**	-
Legal, professional and finance	**186,862**	6,381
Salaries and benefits	**79,932**	-
Stock based compensation	**22,700**	-
Other general and administrative	**(49,512)**	-
	280,770	**6,381**

General and administrative expenses of $280,770 were incurred during the three months ended December 31, 2018, compared with $6,381 during the period from January 19, 2017 to December 31, 2017. A significant portion of the Company's spend in the current fiscal year occurred in the three months ended December 31, 2018, as activities increased after the execution of the Case Western Reserve license agreement. The increase is attributed to professional and consulting fees associated with the setup of the organization, prosecution of the patent estate and execution of equity financings. In addition, employees and consultants were added to implement the Company's business plans, resulting in an increase in consulting, salary and benefit costs in the current period. These increases were partially offset by unrealized foreign exchange gains on cash balances held in US dollars.

Research and Development Expenses

	December 31, 2018 $	December 31, 2017 $
Pre-clinical development	**46,808**	-
Chemistry, manufacturing and controls	**227,281**	-
Licensing & patent legal fees	**80,612**	
Salaries and benefits	**108,698**	-
Stock based compensation	**5,760**	-
Other research and development	**18,039**	-
	487,198	-

Research and development expenses of $487,198 were incurred during the three months ended December 31, 2018. The expenses related primarily to the further development and manufacture of NVG-291 for use in pre-clinical testing, and associated consulting fees. Employees and consultants were also added to execute the Company's business objectives. There was no comparable spending during the same period in the prior year.

LIQUIDITY AND CAPITAL RESOURCES

Since inception, the Company devoted its resources to evaluating and securing intellectual property rights and licenses related to the PTPσ technology licensed from Case Western Reserve University on June 25, 2018 and has begun to establish the initial personnel and processes required to execute on its business plan. This has resulted in an accumulated deficit at $1,370,296 as of December 31, 2018. With current income only consisting of interest earned on excess cash, losses are expected to continue while the Company's research and development programs are advanced.

The Company does not earn any revenues from its drug candidates and is therefore considered to be in the development stage. As required, the Company will continue to finance its operations through the sale of equity or pursue non-dilutive funding sources available to the Company in the future. The continuation of its research and development activities and the commercialization of NVG-291 and other compounds is dependent upon the Company's ability to successfully

finance and complete its research and development programs through equity financing and possibly revenues from strategic partners. The Company has no current sources of significant revenues from strategic partners.

On March 13, 2019, the Company completed its IPO and concurrent listing of the common shares of the Company 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. Management forecasts that the Company's current level of cash will be sufficient to execute its current planned expenditures for the next 12 months without further financing being obtained. Management believes that it will be able to complete additional financings in sufficient time to continue to execute its planned long-term expenditures. However, there can be no assurance that the capital will be available as necessary to meet these continuing expenditures, or if the capital is available, that it will be on terms acceptable to the Company. The issuance of common shares by the Company could result in significant dilution in the equity interest of existing shareholders. There can be no assurance that the Company will be able to obtain sufficient financing to meet future operational needs which may result in the delay, reduction or discontinuation of ongoing development programs. As a result, there is a substantial doubt as to whether the Company will be able to continue as a going concern and realize its assets and pay its liabilities as they fall due.

CASH POSITION

The Company completed three non-brokered private placements of common shares during the fiscal year ended December 31, 2018, raising cash proceeds totaling $3,591,468. At December 31, 2018, the Company had a cash balance of $2,474,340 compared to $Nil at December 31, 2017. The funds expended of $1,117,128 were used as follows: $126,815 to secure the Company's license with Case Western Reserve University for research, development and commercialization of PTPσ patented technologies, and $990,313 (net of working capital changes and effects of foreign exchange) to fund operating expenditures as the Company began to build its management team and engage key consultants to further develop and execute plans to further develop its PTPσ technologies.

The Company will invest cash in excess of current operational requirements in highly rated and liquid instruments.

Working capital at December 31, 2018 was $2,100,682 (December 31, 2017: deficiency of $95,062).

The Company does not expect to generate positive cash flow from operations for the foreseeable future due to additional R&D expenses, including expenses related to drug discovery, preclinical testing, clinical trials, chemistry, manufacturing and controls ("CMC"), 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 the Company receive regulatory approval to commercialize any of its products under development and/or royalty or milestone revenue from any such products should they exceed its expenses.

CONTRACTUAL OBLIGATIONS

The Company enters into research, development and license agreements in the ordinary course of business where the Company 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. The frequency and value of the agreements entered have increased in the three months ended December 30, 2018 as the Company began to execute its business plan. We expect that these commitments will continue to increase in value.

Under the exclusive worldwide licensing agreement, with Case Western Reserve University 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 Company cannot reasonably estimate future royalties which may be due upon the regulatory approval of products derived from licensed technologies.

Other than as disclosed below, the Company 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 its balance sheet as at December 31, 2018:

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	60,300[(1)]	352,311[(2)]	1,771,900	715,575	2,900,086
Purchase obligations	678,380[(3)]	-	-	-	678,380

(1) $60,300 included in accounts payable at December 31, 2018.
(2) $134,231 included in accounts payable and accrued liabilities at December 31, 2018.
(3) $170,986 included in accrued liabilities at December 31, 2018.

The Company has agreed to reimburse certain past expenses incurred by Case Western Reserve in stages over a period of three years, subject to an acceleration clause, in addition to advance minimum royalty payments escalating over time. As of December 31, 2018, the long term binding portion of these obligations is $120,600. In accordance with the Case Western Reserve license agreement, the entire remaining liability will become due within 30 days of the closing of the Funding Threshold, which is defined as US $10,000,000 in equity or debt financing raised by the Company, subsequent to execution of the License Agreement.

The Company utilizes temporary office space with terms of less than one year.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no material undisclosed off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on its 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 (Founder, President and Secretary) and directors, received the following compensation for the following periods:

	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017	Year Ended December 31, 2018	From Incorporation on January 19 to December 31, 2017
	$	$	$	$
William Radvak	**15,000**	-	**47,500**	-
Ernest Wong	**82,762**	-	**134,727**	-
Robert Pilz[(1)]	**30,000**	5,000	**87,500**	30,000
Earlston Management Corp[(2)]	**1,975**	-	**2,625**	-
	129,737	5,000	**272,352**	30,000

(1) A portion of the compensation paid to Robert Pilz was issued to a professional services company, Revelation Business Solutions Ltd., which is wholly-owned by Mr. Pilz.
(2) Brian E. Bayley, a director of the Company, is a director and the President of Earlston Management Corp.

In addition, the Company recognized $16,939 and $22,586 in share-based compensation expense pertaining to related parties for the three months and year ended December 31, 2018, respectively.

As at December 31, 2018, the Company had amounts owing to related parties of $58,074 (2017: $37,565) related to rent, fees and expense reimbursements, and prepaid expenses of $23,625 related to prepaid consulting fees.

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED DURING FISCAL 2018

The Company has adopted new accounting standard IFRS 9 - Financial Instruments, effective for the Company's annual period beginning January 1, 2018. The adoption of IFRS 9 did not result in any changes to the classification, measurement or carrying amounts of the Company's existing financial instruments on transition date.

The new standard brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 - Financial instruments: recognition and measurement. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value.

The Company continues to classify and measure its cash at fair value through profit or loss with changes in fair value recognized in profit or loss as they arise ("FVTPL"). Accounts receivables and dues to related parties are classified initially at FVTPL, and subsequently at amortized cost using the effective interest rate method. Accounts payable and accrued liabilities and license fee payable are classified and measured as financial liabilities, initially at FVTPL, and subsequently at amortized cost using the effective interest rate method.

ACCOUNTING STANDARDS ISSUED FOR ADOPTION IN FUTURE PERIODS

The following IFRS pronouncement has been issued but is not yet effective:

IFRS 16, Leases. In January 2016 the IASB issued IFRS 16 Leases ("IFRS 16") which requires lessees to recognize assets and liabilities for most leases on their statements of financial position. Lessees applying IFRS 16 will have a single accounting model for all leases, with certain exemptions. The new standard will be effective for annual periods beginning on or after January 1, 2019 with limited early application permitted. The Company believes that the adoption of this standard will not have a material impact on the financial statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Accounting policies are described in note 2 of the audited financial statements for the year ended December 31, 2018.

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. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities include:

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Significant management judgment is necessary. Changes in assumptions about these factors could affect the reported fair value of financial instruments

Deferred taxes

The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

Share-based payments and compensation

The Company applies estimates with respect to the valuation of shares issued for non-cash consideration. Shares are valued at the fair value of the equity instruments granted at the date the Company receives the goods or services.

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the fair value of the underlying common shares, the expected life of the share option, volatility and dividend yield and making assumptions about them. The fair value of the underlying common shares are assessed as the most recent issuance price per common share for cash proceeds.

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 ("FVOCI"); or amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	**December 31 2018** **$**	December 31 2017 $
Cash	FVTPL	**2,474,340**	-
Receivables	Amortized cost	**25,843**	-
Pre-paids	Amortized cost	**49,375**	-
Accounts payable and accrued liabilities	Amortized cost	**390,802**	57,497
Due to related parties	Amortized cost	**58,074**	37,565
License fee payable	Amortized cost	**134,230**	-

The Company's 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 market place.

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 one as the basis for measurement in the fair value hierarchy. The recorded amounts for accounts receivable, accounts payable and accrued liabilities and due to related parties, approximate their fair value due to their short-term nature.

(b) Financial risk management

The Company's risk exposures and the impact on the Company's consolidated financial instruments are summarized as follows. Its Board of Directors has the overall responsibility for the oversight of these risks and reviews its policies on an ongoing basis to ensure that these risks are appropriately managed.

i. Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next ninety days. The Company is exposed to liquidity risk.

ii. Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash, receivables, and balances receivable from the government. The Company limits the exposure to credit risk in its cash by only holding its 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 the Company is not exposed to any significant interest rate risks.

(b) Foreign Currency Risk: The Company has identified its functional currency as the Canadian dollar. Transactions are transacted in Canadian dollars and in US dollars. The Company purchases US dollars as needed to pay U.S. denominated expenses. The Company is exposed to currency risk from employee costs as well as the purchase of goods and services, primarily by its 100% owned US subsidiary, in the United States. Fluctuations in the U.S. dollar exchange rate could have a significant impact on the Company's results going forward. 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 December 31, 2018 of $61,000 (December 31, 2017: $Nil).

Balances in US dollars are as follows:

	December 31, 2018 ($ US)	December 31, 2017 ($ US)
Cash	**814,638**	-
Accounts payable and accrued liabilities	**(367,211)**	-
	447,427	-

(c) Managing capital

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 year. The Company is 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	Common Share Purchase Warrants	Common Share Purchase Options
Balance, January 19, 2017	2	-	-
Balance December 31 2017	2	-	-
Balance December 31 2018	17,201,659	-	350,000
Balance, March 19, 2019	**27,201,659**	**-**	**2,100,000**

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 materials fact of 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 ("Common Shares") 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 below, as well as other information described elsewhere in this MD&A. The risks and uncertainties below are not the only ones the Company faces. Additional risks and uncertainties not presently known to NervGen or that NervGen believes to be immaterial may also adversely affect NervGen's business. If any of the following risks occur, NervGen's business, financial condition and results of operations could be seriously harmed and you could lose all or part of your investment. Further, if NervGen fails to meet the expectations of the public market in any given period, the market price of NervGen's common shares could decline. NervGen operates in a highly competitive environment that involves significant risks and uncertainties, some of which are outside of NervGen's control.

RISKS RELATED TO THE COMPANY'S BUSINESS AND THE COMPANY'S INDUSTRY

The Company has no sources of product revenue and will not be able to maintain operations and research and development without sufficient funding.

The Company has no sources of product revenue and cannot predict when or if it will generate product revenue. The Company's ability to generate product revenue and ultimately become profitable depends upon its ability, alone or with partners, to successfully develop the product candidates, obtain regulatory approval, and commercialize products, including any of the current product candidates, or other product candidates that may be developed, in-licensed or acquired in the future. The Company does not anticipate generating revenue from the sale of products for the foreseeable future. The Company expects research and development expenses to increase in connection with ongoing activities, particularly as drug candidates are advanced towards the clinic.

The Company is highly dependent upon certain key personnel and their loss could adversely affect its ability to achieve its business objectives.

The loss of Dr. Ernest Wong, the President and Chief Executive Officer or other key members of the scientific and operating staff could harm the Company. Employment agreements exist *[NT auditors to discuss – likely the case by the time the FS are signed off on*]] with Dr. Wong and other staff although such employment agreements do not guarantee their retention. The Company also depends on scientific, manufacturing and clinical collaborators and advisors, all of whom have outside commitments that may limit their availability. In addition, the Company believes that future success will depend in large part upon its ability to attract and retain highly skilled scientific, managerial, medical, clinical, manufacturing and regulatory personnel. Agreements have been entered into with scientific, manufacturing and

preclinical and clinical collaborators and advisors, key opinion leaders and academic partners in the ordinary course of business as well as with physicians and institutions. Notwithstanding these arrangements, there is significant competition for these types of personnel from other companies, research and academic institutions, government entities and other organizations. The loss of the services of any of the executive officers or other key personnel could potentially harm the Company's business, operating results or financial condition.

If the Company breaches any of the agreements under which it licenses rights to product candidates or technology from third parties, it can lose license rights that are important to its business. The Company's current license agreements may not provide an adequate remedy for breach by the licensor.

The Company is developing NVG-291 and other PTPσ receptor antagonists and may be developing other early stage pre-clinical and discovery drug candidates pursuant to the license agreement with Case Western Reserve University and potentially others (collectively, the "Licensors"). The Company is subject to a number of risks associated with its collaboration with the Licensors, including the risk that the Licensors may terminate the license agreement upon the occurrence of certain specified events. The license agreement requires, among other things, that the Company makes certain payments and use reasonable commercial efforts to meet certain business, preclinical, clinical and regulatory milestones. If the Company fails to comply with any of these obligations or otherwise breach this or similar agreements, the Licensors or any future licensors may have the right to terminate the license in whole. The Company can also suffer the consequences of non-compliance or breaches by Licensors in connection with the license agreements. Such non-compliance or breaches by such third parties can in turn result in breaches or defaults under the Company's agreements with other collaboration partners, and the Company can be found liable for damages or lose certain rights, including rights to develop and/or commercialize a product or product candidate. Loss of the Company's rights to the licensed intellectual property or any similar license granted to it in the future, or the exclusivity rights provided therein, can harm the Company's financial condition and operating results.

Pre-clinical 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 the Company's product candidates may not have favorable results in later trials or in the commercial setting.

Pre-clinical and clinical testing is expensive and can take many years to complete, and the outcome is inherently uncertain. Failure can occur at any time during the preclinical testing and clinical trial process. The results of pre-clinical studies and early clinical trials may not be predictive of the results of later-stage clinical trials. Success in pre-clinical or animal studies and early clinical trials does not ensure that later large-scale efficacy trials will be successful, nor does it predict final results. Favorable results in early trials may not be repeated in later trials. There is no assurance the FDA, EMA or other similar government bodies will view the results as the Company does or that any future trials of its proposed products for other indications will achieve positive results. Product candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through pre-clinical studies and initial clinical trials.

The Company will be required to demonstrate through larger-scale clinical trials that any potential future product is safe and effective for use in a diverse population before it can seek regulatory approvals for commercial sale of its product. There is typically an extremely high rate of attrition from the failure of product candidates proceeding through preclinical studies and clinical and post-approval trials. If the Company's drug candidates fail to demonstrate sufficient safety and efficacy in ongoing or future preclinical studies and clinical trials, the Company's operations and financial condition will be adversely impacted.

If the Company is unable to enroll subjects in clinical trials, it will be unable to complete these trials on a timely basis.

Patient enrollment, a significant factor in the timing of clinical trials, is affected by many factors including the size and nature of the patient population, the proximity of subjects to clinical sites, the eligibility criteria for the trial, the design of the clinical trial, ability to obtain and maintain patient consents, risk that enrolled subjects will drop out before completion, competing clinical trials and clinicians' and patients' perceptions as to the potential advantages of the drug being studied in relation to other available therapies, including any new drugs that may be approved for the indications the Company is investigating. Furthermore, the Company relies on Contract Research Organizations ("CROs") and clinical trial sites to ensure the proper and timely conduct of its clinical trials, and while it has agreements governing their committed activities, the Company has limited influence over their actual performance.

If the Company experiences delays in the completion or termination of any clinical trial of its proposed products or any future product candidates, the commercial prospects of its product candidates will be harmed and its ability to

generate product revenues from any of these product candidates will be delayed. In addition, any delays in completing clinical trials will increase costs, slow down product candidate development and approval process and can shorten any periods during which the Company may have the exclusive right to commercialize its product candidates or allow its competitors to bring products to market before it does. Delays can further jeopardize the Company's ability to commence product sales, which will impair its ability to generate revenues and may harm the business, results of operations, financial condition and cash flows and future prospects. In addition, many of the factors that can cause a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of its proposed products or its future product candidates.

If the Company's competitors develop and market products that are more effective than the Company's existing product candidates or any products that it may develop, or obtain marketing approval before the it does, its products may be rendered obsolete or uncompetitive.

Technological competition from pharmaceutical companies, biotechnology companies and universities is intense and is expected to increase. Many of the Company's competitors and potential competitors have substantially greater product development capabilities and financial, scientific, marketing and human resources than NervGen does. The Company's future success depends in part on its ability to maintain a competitive position, including the ability to further progress NVG-291 through the necessary pre-clinical and clinical trials towards regulatory approval for sale and commercialization. Other companies may succeed in commercializing products earlier than are NervGen is able to commercialize its products or they may succeed in developing products that are more effective. While the Company will seek to expand its technological capabilities in order to remain competitive, there can be no assurance that developments by others will not render its products non-competitive or that the Company or its licensors will be able to keep pace with technological developments. Competitors have developed technologies that could be the basis for competitive products. Some of those products may have an entirely different approach or means of accomplishing the desired therapeutic effect than the Company's products and may be more effective or less costly than its products. In addition, other forms of medical treatment may offer competition to the products. The success of the Company's competitors and their products and technologies relative to its technological capabilities and competitiveness could have a material adverse effect on the future pre-clinical and clinical trials of its products, including its ability to obtain the necessary regulatory approvals for the conduct of such trials.

The Company relies 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 the Company's business.

The Company relies and will continue to rely on third parties to conduct a significant portion of clinical development and planned pre-clinical trial activities. Pre-clinical activities include in vivo, or within the body, studies to specific disease models, pharmacology and toxicology studies, and test development. Clinical development activities include trial design, regulatory submissions, clinical patient recruitment, clinical trial monitoring, clinical data management and analysis, safety monitoring and project management. If there is any dispute or disruption in the Company's relationship with third parties, or if the Company is unable to provide quality services in a timely manner and at a feasible cost, any active development programs could face delays. Further, if any of these third parties fails to perform as expected or if their work fails to meet regulatory requirements, testing could be delayed, cancelled or rendered ineffective.

The Company relies on contract manufacturers over whom the Company has limited control. If the Company is subject to quality, cost or delivery issues with the preclinical and clinical grade materials supplied by contract manufacturers, business operations could suffer significant harm.

The Company has limited manufacturing experience and relies on contract development and manufacturing organizations ("CDMOs"), to manufacture its drug candidates for pre-clinical development and clinical trials. The Company relies on CDMOs for manufacturing, filling, packaging, storing and shipping of drug product in compliance with Current Good Manufacturing Practices ("cGMP") regulations, enforced by the U.S. Food and Drug Administration ("FDA"), applicable to its products. The FDA ensures the quality of drug products by carefully monitoring drug manufacturers' compliance with cGMP regulations. The cGMP regulations for drugs contain minimum requirements for the methods, facilities and controls used in manufacturing, processing and packing of a drug product. The Company currently does not have sufficient quantity of NVG-291 to complete the planned pre-clinical and clinical studies. The Company plans to utilize CDMO's which are licensed by both the FDA and European Medicines Agency ("EMA").

There can be no assurances that the CDMOs selected will be able to meet future timetables and requirements. If the Company is unable to arrange for alternative third-party manufacturing sources on commercially reasonable terms or in a timely manner, it may delay the development of the product candidates. Further, contract manufacturers must operate in

compliance with cGMP and failure to do so could result in, among other things, the disruption of product supplies. The Company's dependence upon third parties for the manufacture of its products may adversely affect profit margins and ability to develop and deliver products on a timely and competitive basis.

The Company's future success is dependent primarily on the regulatory approval of a single product.

The Company does not have any products that have gained regulatory approval. Currently, its only drug candidate in the process of being translated toward clinical development is NVG-291. As a result, the Company's near-term prospects, including its ability to finance its operations and generate revenue, are substantially dependent on its ability to obtain regulatory approval for, and, if approved, to successfully commercialize NVG-291 in a timely manner. The Company cannot commercialize NVG-291 or other future product candidates in the United States without first obtaining regulatory approval for the product from the FDA; similarly, it cannot commercialize NVG-291 or other future product candidates outside of the United States without obtaining regulatory approval from comparable foreign regulatory authorities. Although not within the Company's control, a governmental shutdown could result in significant delays in obtaining the necessary approvals and there can be no assurance regulatory approval will be granted. Before obtaining regulatory approvals for the commercial sale of NVG-291 or other future product candidates for a target indication, the Company must demonstrate with substantial evidence gathered in pre-clinical and clinical studies to the satisfaction of the relevant regulatory authorities, that the product candidate is safe and effective for use for that target indication and that the manufacturing facilities, processes and controls are adequate. Many of these factors are beyond the Company's control. If the Company, or its potential commercialization collaborators, are unable to successfully commercialize NVG-291, the Company may not be able to earn sufficient revenues to continue its business.

The Company's drug candidates are in pre-clinical development and, as a result, the Company cannot predict whether it will be able to profitably commercialize its product.

The Company has not received regulatory approval for the sale of its drug candidates in any market. Accordingly, the Company has not generated any revenues from product sales. A substantial commitment of resources to conduct clinical trials and for additional product development will be required to commercialize all of our product candidates. There can be no assurance that its drug candidates will meet applicable regulatory standards, be capable of being produced in commercial quantities at reasonable cost or be successfully marketed, or that the investment made by the Company in the commercialization of the products will be recovered through sales, license fees or related royalties.

The Company will be subject to extensive government regulation that will increase the cost and uncertainty associated with gaining final regulatory approval of its product candidates.

Securing final regulatory approval for the manufacture and sale of human therapeutic products in the United States, Canada and other markets is a long and costly process that is controlled by that particular country's national regulatory agency. Approval in the United States, Canada, or Europe does not assure approval by other national regulatory agencies, although often test results from one country may be used in applications for regulatory approval in another country. Other national regulatory agencies have similar regulatory approval processes, but each is different.

Prior to obtaining final regulatory approval to market a drug product, every national regulatory agency has a variety of statutes and regulations which govern the principal development activities. These laws require controlled research and testing of products, government review and approval of a submission containing pre-clinical and clinical data establishing the safety and efficacy of the product for each use sought, approval of manufacturing facilities including adherence to Good Manufacturing Practice during production and storage and control of marketing activities, including advertising and labelling. There can be no assurance that the Company's drug candidates will be successfully commercialized in any given country. There can be no assurance that the Company's licensed products will prove to be safe and effective in clinical trials under the standards of the regulations in the various jurisdictions or receive applicable regulatory approvals from applicable regulatory bodies.

The Company's products may become subject to unfavorable pricing regulations, third-party coverage and reimbursement practices or healthcare reform initiatives, thereby having an adverse effect on the Company's business.

Many countries require approval of the sale price of a drug before it can be marketed. In most cases, the pricing review period begins after marketing or product licensing approval is granted. In some foreign markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. Although the Company intends to monitor these regulations, the Company's programs are currently in the early stages of

development and the Company will not be able to assess the impact of price regulations for a number of years. As a result, regulatory approval for a product in a particular country may be obtained, but then be subject to price regulations that delay commercial launch of the product and negatively impact the revenues from the sale of the product in that country.

The Company's ability to commercialize any products successfully also will depend in part on the extent to which coverage and adequate reimbursement for these products and related treatments will be available from government health administration authorities, private health insurers and other third-party payors. Additionally, in the United States, no uniform policy of coverage and reimbursement for products exists among third-party payors. Therefore, coverage and reimbursement for products can differ significantly from payor to payor. In many jurisdictions, a product candidate must be approved for reimbursement before it can be approved for sale in that jurisdiction. Obtaining coverage and reimbursement approval of a product from a government or other third-party payor is a time-consuming and costly process that could require the Company to provide to the payor supporting scientific, clinical and cost-effectiveness data for the use of our products. Delay in obtaining or providing of this data may delay or suspend reimbursement approval, negatively impacting the revenues from the sale of the product.

Negative results from clinical trials or studies of others and adverse safety events involving the targets of the Company's products may have an adverse impact on future commercialization efforts

From time to time, studies or clinical trials on various aspects of pharmaceutical products are conducted by academic researchers, competitors or others. The results of these studies or trials, when published, may have a significant effect on the market for the pharmaceutical product that is the subject of the study. The publication of negative results of studies or clinical trials or adverse safety events related to the Company's product candidates, the intended therapeutic target or the therapeutic areas in which the Company's product candidates compete, could adversely affect the share price and ability to finance future development of the Company's product candidates, and the business and financial results could be materially and adversely affected.

The Company faces the risk of product liability claims, which could exceed its insurance coverage and produce recalls, each of which could deplete cash resources.

In the future, when the Company enters human trials, it will be exposed to the risk of product liability claims alleging that use of its product candidates cause an injury or harm. These claims can arise at any point in the development, testing, manufacture, marketing or sale of product candidates and may be made directly by patients involved in clinical trials of product candidates, by consumers or healthcare providers or by individuals, organizations or companies selling the products. Product liability claims can be expensive to defend, even if the product or product candidate did not actually cause the alleged injury or harm.

Insurance covering product liability claims becomes increasingly expensive as a product candidate moves through the development pipeline to commercialization. Currently the Company maintains $100,000 aggregate, and per claim, errors and omissions Insurance and $2 million per occurrence if commercial general liability insurance. However, there can be no assurance that such insurance coverage is or will continue to be adequate or available at a cost acceptable to the Company or at all. The Company may choose or find it necessary under its collaborative agreements to increase the insurance coverage in the future but may not be able to secure greater or broader product liability insurance coverage on acceptable terms or at reasonable costs when needed. Any liability for damages resulting from a product liability claim could exceed the amount of the coverage, require payment of a substantial monetary award from the Company's cash resources and have a material adverse effect on the business, financial condition and results of operations. Moreover, a product recall, if required, could generate substantial negative publicity about the products and business, inhibit or prevent commercialization of other products and product candidates or negatively impact existing or future collaborations.

The Company may not achieve its publicly announced milestones according to schedule, or at all.

From time to time, the Company may announce the timing of certain events expected to occur, such as the anticipated timing of results from clinical trials. These statements are forward-looking and are based on the best estimates of management at the time relating to the occurrence of such events. However, the actual timing of such events may differ from what has been publicly disclosed. The timing of events such as initiation or completion of a clinical trial, filing of an application to obtain regulatory approval, or announcement of additional clinical trials for a product candidate may ultimately vary from what is publicly disclosed. These variations in timing may occur as a result of different events, including the ability to recruit patients in a clinical trial in a timely manner, the nature of results obtained during a clinical trial or during a research phase, problems with a CDMO or a CRO, or any other event having the effect of delaying the

publicly announced timeline. The Company undertakes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. Any variation in the timing of previously announced milestones could have a material adverse effect on the business plan, financial condition or operating results and the trading price of the Common Shares.

Changes in government regulations, although beyond the Company's control, could have an adverse effect on the Company's business.

The Company depends upon the validity of its licenses and access to the data for the timely completion of clinical research. Any changes in the drug development regulatory environment or shifts in political attitudes of a government are beyond the Company's control and may adversely affect its business. The Company's business may also be affected in varying degrees by such factors as government regulations with respect to intellectual property, regulation or export controls. Such changes remain beyond the Company's control and the effect of any such changes cannot be predicted. These factors could have a material adverse effect on the Company's ability to further develop its licensed products.

The Company's discovery and development processes involve use of hazardous and radioactive materials which may result in potential environmental exposure.

The Company's discovery and development processes involve the controlled use of hazardous and radioactive materials. The Company, its collaborators, CRO, CDMO, clinical trial sites, academic partners and shippers are subject to federal, provincial, state and local laws and regulations governing the use, manufacture, storage, handling, shipment and disposal of such materials and certain waste products. Although the Company believes that the current safety procedures for handling and disposing of such materials comply with the standards prescribed by such laws and regulations, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, the Company could be held liable for any damages that result and any such liability could exceed the Company's resources. The Company is not specifically insured with respect to this liability. Although the Company believes that the Company is in compliance in all material respects with applicable environmental laws and regulations and currently does not expect to make material capital expenditures for environmental control facilities in the near-term, there can be no assurance that the Company will not be required to incur significant costs to comply with environmental laws and regulations in the future, or that the operations, business or assets will not be materially adversely affected by current or future environmental laws or regulations.

If the Company is unable to successfully develop companion diagnostics or biomarkers for its therapeutic product candidates, or experience significant delays in doing so, the Company may not achieve marketing approval or realize the full commercial potential of its therapeutic product candidates.

The Company may develop companion diagnostics or biomarkers for its therapeutic product candidates. It is expected that, at least in some cases, regulatory authorities may require the development and regulatory approval of a companion diagnostic or biomarkers as a condition to approving a therapeutic product candidate. The Company has limited experience and capabilities in developing or commercializing diagnostics or biomarkers and plans to rely in large part on third parties to perform these functions. The Company does not currently have any agreement in place with any third party to develop or commercialize companion diagnostics or biomarkers for any of its therapeutic product candidates.

Companion diagnostics or biomarkers are subject to regulation by the FDA, Health Canada and comparable foreign regulatory authorities and may require separate regulatory approval or clearance prior to commercialization. If the Company, or any third parties that the Company engages to assist, are unable to successfully develop companion diagnostics or biomarkers for the Company's therapeutic product candidates, or experience delays in doing so, the Company's business may be substantially harmed.

Significant disruption in availability of key components for ongoing pre-clinical and clinical studies could considerably delay completion of potential clinical trials, product testing and regulatory approval of potential product candidates.

The Company relies on third parties to supply ingredients and excipients for the manufacture and formulation of its drug candidates. Each of the suppliers of these components in turn need to comply with regulatory requirements. Any significant disruption in supplier relationships could harm the Company's business. Any significant delay in the supply of a component, for a potential ongoing clinical study could considerably delay initiation and completion of potential clinical trials, product testing and regulatory approval of potential product candidates. If the Company or its suppliers are unable to purchase these components after regulatory approval has been obtained for the product candidates, or the suppliers decide not to manufacture these components or provide support for any of the components, clinical trials or the

commercial launch of that product candidate would be delayed or there would be a shortage in supply, which would impair the ability to generate revenues from the sale of the product candidates.

Risks Related To Intellectual Property And Litigation

The Company's success depends upon its ability to protect its intellectual property and its proprietary technology.

The Company's success depends, in part, on its ability and its licensors' ability to obtain and maintain patents, maintain trade secrets protection and operate without infringing on the proprietary rights of third parties or having third parties circumvent its rights. The patent position of pharmaceutical and biotechnology firms is uncertain and involves complex legal and financial questions for which, in some cases, certain important legal principles remain unresolved. There can be no assurance that the patent applications made in respect of the owned or licensed products will result in the issuance of patents, that the term of a patent will be extendable after it expires in due course, that the licensors or the institutions that they represent will develop additional proprietary products that are patentable, that any patent issued to the licensors or the Company will provide it with any competitive advantages, that the patents of others will not impede its ability to do business or that third parties will not be able to circumvent or successfully challenge the patents obtained in respect of the licensed products. The cost of obtaining and maintaining patents is high. Furthermore, there can be no assurance that others will not independently develop similar products which duplicate any of the licensed products or, if patents are issued, design around the patent for the product. There can be no assurance that the Company's processes or products or those of its licensors do not or will not infringe upon the patents of third parties or that the scope of its patents or those of its licensors will successfully prevent third parties from developing similar and competitive products.

Much of the Company's know-how and technology may not be patentable, though it may constitute trade secrets. There can be no assurance, however, that the Company will be able to meaningfully protect its trade secrets. To help protect its intellectual property rights and proprietary technology, the Company requires employees, consultants, advisors, CRO, CDMO and collaborators to enter into confidentiality agreements. There can be no assurance that these agreements will provide meaningful protection for its intellectual property rights or other proprietary information in the event of any unauthorized use or disclosure.

The Company's potential involvement in intellectual property litigation could negatively affect its business.

Its future success and competitive position depend in part upon its ability to maintain the its intellectual property portfolio. There can be no assurance that any patents will be issued on any existing or future patent applications. Even if such patents are issued, there can be no assurance that any patents issued or licensed to the Company will not be challenged. The Company's ability to establish and maintain a competitive position may be achieved in part by prosecuting claims against others who it believes are infringing its rights and by defending claims brought by others who believe that the Company is infringing their rights. In addition, enforcement of its patents in foreign jurisdictions will depend on the legal procedures in those jurisdictions. Even if such claims are found to be invalid, the Company's involvement in intellectual property litigation could have a material adverse effect on its ability to out-license any products that are the subject of such litigation. In addition, its involvement in intellectual property litigation could result in significant expense, which could materially adversely affect the use or licensing of related intellectual property and divert the efforts of its valuable technical and management personnel from their principal responsibilities, whether or not such litigation is resolved in its favour.

The Company's reliance on third parties requires it to share its trade secrets, which increases the possibility that a competitor will discover them.

Because the Company relies on third parties to conduct research and develop its products, it must share trade secrets with them. The Company seeks to protect its proprietary technology in part by entering into confidentiality agreements and, if applicable, material transfer agreements, collaborative research agreements, consulting agreements or other similar agreements with its collaborators, advisors, employees and consultants prior to beginning research or disclosing proprietary information. These agreements typically restrict the ability of the Company's collaborators, advisors, employees and consultants to publish data potentially relating to the Company's trade secrets. The Company's academic collaborators typically have rights to publish data, provided that the Company is notified in advance and may delay publication for a specified time in order to secure its intellectual property rights arising from the collaboration. In other cases, publication rights are controlled exclusively by the Company, although in some cases it may share these rights with other parties. The Company also conducts joint research and development programs which may require it to share trade secrets under the terms of research and development collaboration or similar agreements. Despite the Company's efforts to protect its trade secrets, its competitors may discover its trade secrets, either through breach of these

agreements, independent development or publication of information including its trade secrets in cases where the Company does not have proprietary or otherwise protected rights at the time of publication. A competitor's discovery of the Company's trade secrets may impair its competitive position and could have a material adverse effect on its business and financial condition.

Product liability claims are an inherent risk of the Company's business, and moving forward if the Company's clinical trial and product liability insurance prove inadequate, product liability claims may harm its business.

Human therapeutic products involve an inherent risk of product liability claims and associated adverse publicity. There can be no assurance that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive, difficult to obtain and may not be available in the future on acceptable terms, or at all. An inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could have a material adverse effect on the Company's business by preventing or inhibiting the commercialization of its products, licensed and owned, if a product is withdrawn or a product liability claim is brought against the Company.

Other Risks

The Company will have significant additional future capital needs and there is uncertainty as to its ability to raise additional funding.

The Company will require significant additional capital resources to expand its business, in particular the further development of its proposed products. Advancing its product candidates or acquisition and development of any new products or product candidates will require considerable resources and additional access to capital markets. In addition, the Company's future cash requirements may vary materially from those now expected.

The Company can potentially seek additional funding through corporate collaborations and licensing arrangements, through public or private equity or debt financing, or through other transactions. However, if clinical trial results are neutral or unfavorable, or if capital market conditions in general, or with respect to life sciences companies such as NervGen, are unfavorable, the Company's ability to obtain significant additional funding on acceptable terms, if at all, will be negatively affected. Additional financing that it may pursue may involve the sale of the Common Shares or financial instruments that are exchangeable for, or convertible into, the Common Shares, which could result in significant dilution to its shareholders. If sufficient capital is not available, the Company may be required to delay the implementation of its business strategy, which could have a material adverse effect on its business, financial condition, prospects or results of operations.

The liquidity of the Common Shares is limited which can result in a reduction in the Company's ability to raise capital. As a significant portion of the Company's operations will probably be financed through the sale of equity securities a decline in the price of the Common Shares could be especially detrimental to liquidity.

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 Company may sell additional equity securities in future offerings, including through the sale of securities convertible into equity securities, to finance operations, acquisitions or projects, and issue additional common shares if outstanding securities are converted to common shares, which may result in dilution.

The Company's Board of Directors will have the authority to authorize certain offers and sales of additional securities without the vote of, or prior notice to, shareholders. Based on the need for additional capital to fund expected expenditures and growth, it is likely that the Company will issue additional securities to provide such capital.

Sales of substantial amounts of securities, or the availability of such securities for sale, as well as the issuance of substantial amounts of common shares upon conversion of outstanding convertible equity securities, could adversely affect the prevailing market prices for securities and dilute investors' earnings per share. A decline in the future market prices of the Company's securities could impair its ability to raise additional capital through the sale of securities should it desire to do so.

The Company may pursue other business opportunities in order to develop its business and/or products.

From time to time, the Company may pursue opportunities for further research and development of other products. The Company's success in these activities will depend on its ability to identify suitable technical experts, market needs, and effectively execute any such research and development opportunities. Any research and development would be accompanied by risks as a result of the use of business efforts and funds. In the event that the Company chooses to raise debt capital to finance any such research or development opportunities, its leverage will be increased. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with any research or development opportunities.

Generally, a litigation risk exists for any company that may compromise its ability to conduct the Company's business.

All industries are subject to legal claims, with and without merit. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

The Company's success depends on its ability to effectively manage its growth.

The Company may be subject to growth-related risks including pressure on its internal systems and controls. The Company's ability to manage its growth effectively will require the Company to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. Inability to deal with this growth could have a material adverse impact on its business, operations and prospects. The Company may experience growth in the number of its employees and the scope of its operating and financial systems, resulting in increased responsibilities for its personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, the Company will also need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate, manage and retain its employees. There can be no assurance that the Company will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support its operations or that the Company will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with this growth.

The Company is likely a "passive foreign investment company," which may have adverse United States federal income tax consequences for United States shareholders.

United States investors should be aware that although the Company believes it was not classified as a passive foreign investment company ("PFIC"), during the tax year ended December 31, 2018, based on current business plans and financial expectations, the Company expects that it will be a PFIC in future tax years. If the Company is a PFIC for any year during a United States shareholder's holding period of the Common Shares, then such United States shareholder generally will be required to treat any gain realized upon a disposition of the Common Shares, or any so-called "excess distribution" received on the Common Shares, as ordinary income, and to pay an interest charge on a portion of such gain or distributions, unless the shareholder makes a timely and effective "qualified electing fund" election ("QEF Election"), or a "mark-to-market" election with respect to the Common Shares. A United States shareholder who makes a QEF Election generally must report on a current basis its share of the Company's net capital gain and ordinary earnings for any year in which the Company is a PFIC, whether or not the Company distribute any amounts to its shareholders. A United States shareholder who makes the mark-to-market election generally must include as ordinary income each year the excess of the fair market value of the Common Shares over the shareholder's adjusted tax basis therein. Each United States shareholder should consult its own tax advisors regarding the PFIC rules and the United States federal income tax consequences of the acquisition, ownership and disposition of the Common Shares.

It may be difficult for non-Canadian investors to obtain and enforce judgments against the Company because of the Company's Canadian incorporation and presence.

The Company is a corporation existing under the laws of the Province of British Columbia, Canada. Several of the Company's directors and officers, and several of the experts are residents of Canada, and all or a substantial portion of their assets, and a substantial portion of the Company's assets, are located outside the United States. Consequently, although the Company has appointed an agent for service of process in the United States, it may be difficult for holders of the Company's securities who reside in the United States to effect service within the United States upon those directors and officers, and the experts who are not residents of the United States. It may also be difficult for holders of the Company's securities who reside in the United States to realize in the United States upon judgments of courts of the United States predicated upon the Company's civil liability and the civil liability of the Company's directors, officers and

experts under the United States federal securities laws. Investors should not assume that Canadian courts (i) would enforce judgments of United States courts obtained in actions against the Company or such directors, officers or experts predicated upon the civil liability provisions of the United States federal securities laws or the securities or "blue sky" laws of any state or jurisdiction of the United States or (ii) would enforce, in original actions, liabilities against the Company or such directors, officers or experts predicated upon the United States federal securities laws or any securities or "blue sky" laws of any state or jurisdiction of the United States. In addition, the protections afforded by Canadian securities laws may not be available to investors in the United States.

Significant disruptions of information technology systems or security breaches could adversely affect the Company's business.

The Company are increasingly dependent upon information technology systems, infrastructure and data to operate its business. In the ordinary course of business, the Company collect, store and transmit large amounts of confidential information (including, among other things, trade secrets or other intellectual property, proprietary business information and personal information). It is critical that the Company do so in a secure manner to maintain the confidentiality and integrity of such confidential information. The Company also have outsourced elements of its operations to third parties, and as a result the Company manage a number of third-party vendors who may or could have access to the Company's confidential information. The size and complexity of the Company's information technology systems, and those of third-party vendors with whom the Company contract, and the large amounts of confidential information stored on those systems, make such systems vulnerable to service interruptions or to security breaches from inadvertent or intentional actions by our employees, third-party vendors, and/or business partners, or from cyber-attacks by malicious third parties. Cyber-attacks could include the deployment of harmful malware, ransomware, denial-of-service attacks, social engineering and other means to affect service reliability and threaten the confidentiality, integrity and availability of information.

DISCLOSURE CONTROLS AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company has implemented a system of internal controls that it believes adequately protects the assets of the Company and is appropriate for the nature of its business and the size of its operations. The internal control system was designed to provide reasonable assurance that all transactions are accurately recorded, that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that our assets are safeguarded.

These internal controls include disclosure controls and procedures designed to ensure that information required to be disclosed by the Company is accumulated and communicated as appropriate to allow timely decisions regarding required disclosure.

Internal control over financial reporting means a process designed by or under the supervision of the Chief Executive Officer and the Chief Financial Officer, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by the IASB.

The internal controls are not expected to prevent and detect all misstatements due to error or fraud.

As of December 31, 2018, the Company's management has assessed the effectiveness of our internal control over financial reporting and disclosure controls. Based on their evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that these controls and procedures are effective.

SUBSEQUENT EVENTS

Subsequent to December 31, 2018, the Company:

1. Granted options to purchase 1,050,000 common shares of the Company to the five directors, an executive and five consultants. All stock options are exercisable a price of $1.00 per share; are exercisable on or before the fifth anniversary of the date on which the IPO is carried out, and vest over varying periods of up to approximately three years from the IPO date.
2. On March 13, 2019, the Company completed its IPO and concurrent listing of the common shares of the Company on the TSX-V, as a Tier 2 company. 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. NervGen's common shares commenced trading on the TSX-V under the symbol "NGEN" on March 15, 2019.

Haywood Securities Inc. (“Haywood”) acted as NervGen’s agent in respect of the IPO. NervGen paid to Haywood an aggregate cash commission of $700,000. In addition, NervGen granted Haywood a non-transferable compensation option entitling the purchase of 700,000 common shares at a price of $1.00 per share until March 13, 2021. In connection with closing of the IPO, Haywood also received a corporate finance fee of $40,000.

3. On March 14, 2019, the Company announced that it intends to complete a non-brokered private placement raising up to $500,000 through the issuance of up to 500,000 shares at $1.00 each. The placement is subject to Exchange approval.

OTHER INFORMATION

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