Management's Discussion and Analysis of

NervGen Pharma Corp.

(Expressed in Canadian Dollars)

For the year ended December 31, 2020

Effective Date: April 8, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion is management's assessment and analysis of the results of operations and financial conditions of NervGen Pharma Corp. (the "Company" or "NervGen") and should be read in conjunction with the accompanying consolidated financial statements and related notes thereto for the year ended December 31, 2020.

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

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

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

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

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

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

COMPANY OVERVIEW

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

On June 25, 2018, the Company entered into an exclusive worldwide licensing agreement to research, develop and commercialize a patented technology with the potential to bring new 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 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.

We have conducted initial preclinical development of NVG-291 and filed an Investigational New Drug ("IND") application with the United States Food and Drug Administration (the "FDA"). Subsequent to the year end, on March 2, 2021, NervGen has been cleared by the FDA to proceed with the single ascending dose ("SAD") portion of the phase 1 healthy volunteer trial in females, and the multiple ascending dose ("MAD") portion of the trial in post-menopausal females. The FDA has asked for additional preclinical safety data prior to including males in the Phase 1 program, and prior to including premenopausal females in the MAD portion of the trial. The Company will modify its proposed Phase 1 protocol and now expects to dose the first human subjects in this program in Q2 2021 in Australia, while completing additional preclinical work in parallel.

Subject to successful completion of the Phase 1 study in healthy volunteers, we intend to initiate a Phase 2 proof of concept studies in spinal cord injury patients and in multiple sclerosis ("MS") patients in the first half of 2022.

In addition, we have also initiated a preclinical research and development program to determine if NVG-291 could have a positive effect on Alzheimer's disease. These objectives replace and supersede those described in the "Description and General Development of the Business" section of our Short Form Base Shelf Prospectus dated January 2, 2020. All clinical development plans are subject to additional funding.

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

ACHIEVEMENTS & HIGHLIGHTS

The following are the achievements and highlights for the year ending December 31, 2020 through to the date hereof:

- On February 24, 2020, we announced the appointment of William (Bill) Adams, as our CFO, replacing Robert Pilz who will continue to formally support the Company as a consultant.
- On February 26, 2020, we provided an update to our technology development plans for our lead product NVG-291 as described in the "Company Overview" section of this MD&A.
- On April 6, 2020, we provided an update on our business in response to the COVID-19 global pandemic which included the following measures: (i) the reduction or suspension of the majority of external consulting contracts unless directly related to development programs or financing; (ii) the immediate departure of Denis Bosc, as the Company's Vice President, Chemistry, Manufacturing and Controls, such departure not affecting the Company's ability to meet its timelines; (iii) a temporary reduction in compensation for our executive officers and non-executive staff in exchange for a one time grant of additional stock options; and (iv) the receipt of working notice terminations for certain non-executive staff. We also reiterated our technology development plans for our lead product NVG-291 as described in the "Company Overview" section subject to the further impact of the COVID-19 pandemic on its suppliers' operations, FDA review and financing.
- On May 20, 2020 we completed a non-brokered private placement of 1,806,827 units of the Company ("Private Placement Units") at a price of $1.25 per Private Placement Unit, with each Private Placement Unit comprised of one Common Share in the capital of the Company and one Common Share purchase warrant ("Private Placement Warrant") for gross proceeds of $2,258,534. Each Private Placement Warrant is exercisable to acquire one common share in the capital of the Company (a "Private Placement Warrant Share") for a period of 24 months following the closing of the Offering, subject to acceleration, at an exercise price of $1.60 per Private Placement Warrant Share.
- On June 22, 2020 we announced that Dr. Jerry Silver of Case Western Reserve University ("CWRU"), has been awarded a research grant by the State of Ohio to conduct preclinical studies in spinal cord injury in collaboration with NervGen, including the effect of NVG-291 in a chronic setting. The $250,000 grant will support the study

entitled “Overcoming Inhibitory Proteoglycans to Promote Recovery after Chronic Spinal Cord Injury”. The preclinical study will investigate PTPσ inhibition and/or a perineuronal net synthesis inhibitor for the treatment of acute (treatment begins one day post-injury) and chronic (treatment begins 12 weeks post-injury) cervical spinal cord injuries and will also investigate how physical rehabilitation aids the recovery process. We will contribute the equivalent of $110,000 by providing manufactured drug product, as well as technical and drug development expertise to the design and review of the study by our employees.

- On August 10, 2020 we issued 3,685,714 units of the Company (“Units”) at a price of $1.75 per Unit for aggregate gross proceeds of $6.45 million (the “Offering”). Each Unit is comprised of one common share and one common share purchase warrant of the Company (a “Warrant”). Each Warrant is exercisable to acquire one common share in the capital of the Company (a “Warrant Share”) for a period of 24 months following the closing of the Offering at an exercise price of $2.40 per Warrant Share.
- On September 10, 2020 we announced that Lloyd Mackenzie had resigned from his position as Chief Operating Officer effective October 2, 2020 in order to assume the President position of a private company not related to the focus of NervGen.
- On September 10, 2020 we announced our engagement with LifeSci Advisors LLC, one of the preeminent providers of investor relations services to companies in the life sciences industry. LifeSci Advisors LLC has been engaged for an initial term of six months for cash compensation that is paid monthly based on the level of activities and is not anticipated to exceed US$100,000 in total over the initial term. The agreement will be automatically extended after the initial term subject to a 30-day termination notice by either party.
- On September 30, 2020, at our annual general meeting, the shareholders re-elected Michael Abrams, Brian Bayley, Harold Punnett, Bill Radvak and Paul Brennan to serve on the Board of Directors until the next annual meeting or until their successors are duly elected or appointed. In addition, the shareholders voted in favor of the appointment of Davidson & Company LLP, Chartered Accountants, as auditors of the Company and approved certain amendments to the Company’s existing stock option plan.
- On October 19, 2020, we announced that we had retained the services Michael Davis, MD, FACS, FRCS (Hon.), Colonel (Ret.), formerly Director of the U.S. Combat Casualty Care Research Program, to help NervGen identify, prioritize and secure sources of non-dilutive funding for developing NVG-291, for treating not only our priority indications of multiple sclerosis, spinal cord injury and Alzheimer’s disease, but to also bring an emphasis to finding support for important non-core indications.
- On October 28, 2020, we announced that Dr. Randall Kaye was appointed to our Board of Director’s. Dr. Kaye brings over 25 years of industry experience addressing high unmet medical need disease areas. He has significant leadership experience in senior roles where he has provided medical and scientific perspective in clinical development medical affairs. We also announced that as a result of a logistical delay within our clinical research organization in obtaining certain materials necessary to complete the analysis of ongoing non-clinical studies, we anticipate that our planned Phase 1 clinical trial of NVG-291 in healthy volunteers will begin in Q1 2021.
- On November 10, 2020, we announced that Dr. George Perry, PhD was retained to provide independent, expert and multi-disciplinary strategic advice to guide the development of NVG-291 in the treatment of Alzheimer’s disease. Dr. Perry is the current and founding Editor-in-Chief of the Journal of Alzheimer’s Disease and Semmes Distinguished University Chair in Neurobiology at the University of Texas, San Antonio. We also announced that Brian McAlister, NervGen co-founder, has agreed to extend his engagement as a strategic advisor with the Company for an additional two years.
- On December 8, 2020, we incorporated a wholly owned subsidiary in Australia, NervGen Australia Pty Ltd. (“NervGen Australia”). NervGen Australia will be responsible for our planned Phase 1 clinical trials and other activities as required.
- On December 15, 2020, we engaged Novotech (Australia) Pty Limited, a leading full-service contract research organization in Asia-Pacific, for our Phase 1 clinical trial for NVG-291. Novotech has been instrumental in the success of over a thousand Phase I – IV clinical trials for biotechnology companies, providing clinical development services across all clinical trial phases and therapeutic areas.
- Subsequent to the year end, on January 5, 2021, we announced the engagement of Encode Ideas, L.P. to provide capital markets consulting that will complement the services provided by LifeSci Partners.
- Subsequent to the year end, on January 26, 2021, we announced the establishment of an Alzheimer’s Disease Scientific Advisory Board comprised of four world-class scientists and clinical researchers who will work closely with us as we plan our upcoming preclinical studies and clinical trials and analyze the results from these studies.

- Subsequent to the year end, on January 27, 2021, we announced that we plan to add an Alzheimer's disease patient cohort to our Phase 1 clinical trial program for NVG-291 starting in Q1 2022.

- Subsequent to the year end, on March 4, 2021, we provided an update regarding our NVG-291 IND submission, announcing that we have been cleared by the U.S. FDA to proceed with the single ascending dose portion of our Phase 1 clinical trial in females, and the multiple ascending dose portion of the trial in post-menopausal females. We plan to initiate our first Phase 1 clinical trial in Australia under all of the conditions required by the FDA. Prior to dosing in Australia, we must also obtain final approval from the ethics review board governing the study and provide notification to the Therapeutic Goods Administration. We expect to dose the first human subjects in this program in Q2 2021 in Australia after all requisite approvals have been obtained.

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

SELECTED FINANCIAL INFORMATION

	2020	2019	2018
	$	$	$
Research and development expenses	**6,163,208**	6,485,432	780,401
General and administration expenses	**5,041,785**	3,379,002	578,082
Net loss	**(11,186,141)**	(9,765,607)	(1,358,483)
Basic and diluted loss per share	**(0.35)**	(0.38)	(0.17)
Total assets	**6,675,288**	6,765,469	3,097,387
Total liabilities	**755,072**	923,949	583,106

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

The increase in net loss for the year ended December 31, 2020 compared to the same period in the prior year, is primarily attributable to non-cash stock-based compensation pertaining to option grants to employees and consultants, and the timing of the related vesting as well as employee salaries, bonuses and benefits as we continue to add employees with the expertise required to leverage the broad potential application of our technology. These increases were partially offset by the manufacture of our lead compound NVG-291 and certain preclinical studies conducted in the previous year, not required in the current year.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2020

Research and Development Expenses

	2020	2019
	$	$
Amortization of intangible asset	**38,220**	38,221
Preclinical development	**856,005**	1,432,613
Chemistry, manufacturing and controls	**2,825,216**	3,178,925
Licensing & patent legal fees	**274,256**	153,859
Regulatory	**68,331**	36,183
Clinical	**316,777**	73,168
Salaries and benefits	**1,099,406**	916,598
Stock-based compensation	**629,432**	374,596
Other research and development	**55,565**	281,269
	6,163,208	6,485,432

The decrease of $322,224 in research and development expenses in the year ended December 31, 2020 as compared to the year ended December 31, 2019, is attributable to the following factors:

- A decrease of $576,608 for preclinical development related to IND enabling pharmacology and toxicology studies and analytical development, as well as associated consulting fees required to facilitate FDA IND submission for approval for clinical trials in the prior year, not required in the current year.

- A decrease of $353,709 for chemistry, manufacturing and control work relating to drug formulation development, non-GMP and GMP manufacture of NVG-291 required for both preclinical and clinical testing, as well as related consulting, incurred in the prior year but not required in the same quantities for operations in the current year.
- An increase of $120,397 for patent related costs related to the continued expansion, extension and maintenance of our patent portfolio.
- An increase of $32,148 for regulatory affairs pertaining to activities supporting pre-IND information package writing.
- An increase of $243,609 for clinical consulting related to developing the plans for Phase I studies and the design of Phase 2 clinical studies planned for spinal cord injury and MS patients.
- An increase of $182,808 relating to employee salaries, bonuses and benefits, attributable to the addition of employees with the expertise required to leverage the broad potential application of our technology, partially offset by a payroll subsidy obtained in the current period and restructuring instituted as a result of the COVID-19 pandemic.
- An increase of $254,836 in non-cash stock-based compensation pertaining to option grants to employees and consultants, and the timing of the related vesting.
- A decrease of $225,704 pertaining to consulting from scientific advisors and key opinion leaders on both SCI and MS, conducted in the prior period to shape our development plans and travel costs decreased due to limitations resulting from the COVID-19 pandemic.

General and Administrative Expenses

	2020	2019
	$	$
Depreciation expense	**1,425**	-
Legal, professional and finance	**992,678**	1,466,665
Salaries and benefits	**1,090,264**	528,283
Stock-based compensation	**2,785,928**	919,091
Other general and administrative	**162,381**	309,086
Foreign exchange	**9,109**	155,877
	5,041,785	3,379,002

The increase of $1,662,783 in general and administrative expenses in the year ended December 31, 2020 compared to the year ended December 31, 2019, is attributable to the following factors:

- A decrease of $473,987 in legal, professional and financial services. Specifically:
    - A decrease of $198,910 in corporate legal and consulting fees relating to support for planned equity financings and corporate communications, market making, public and investor relations activities, as well as business development activities. The decrease related to reductions in consulting activities due to cost savings implemented as a result of the COVID-19 pandemic as well as a shift from consulting to salaries with the employment of a full-time CFO.
    - A decrease of $275,077 in corporate communications, public relations and business development. The decrease is primarily attributable to a market survey conducted in the prior year, with no comparable expense in the current year.
- An increase of $561,981 relating to employee salaries, bonuses and benefits attributable to the addition of employees with the expertise required to leverage the broad potential application of our technology, partially offset by temporary salary reductions and restructuring instituted as a result of the COVID-19 pandemic and a salary assistance grant received.
- An increase of $1,866,837 pertaining to non-cash stock-based compensation expense related to option grants to employees and consultants, and the timing of the related vesting.
- A decrease of $146,705 for facilities and general expenses, non-cash depreciation and travel related to corporate and investor relations activities. These decreases were a result of cost conservation efforts and travel restrictions imposed due to the COVID-19 pandemic.
- A decrease in foreign exchange loss of $146,768 due to the fluctuating US exchange rate versus the Canadian dollar on our cash, prepaid deposits and accounts payable.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

	Dec. 31 2020	Sep. 30 2020	Jun. 30 2020	Mar. 31 2020	Dec. 31 2019	Sep. 30 2019	Jun. 30 2019	Mar. 31 2019
	$	$	$	$	$	$	$	$
Research & development	**3,282,796**	716,628	1,080,681	1,083,103	1,800,258	1,666,292	893,475	2,125,407
General & administration	**1,293,735**	1,420,780	1,542,264	785,006	1,105,652	699,223	675,964	898,163
Net loss	**(4,571,635)**	(2,133,385)	(2,621,786)	(1,859,335)	(2,887,710)	(2,331,301)	(1,525,050)	(3,021,547)
Basic & diluted loss per share	**(0.13)**	(0.06)	(0.09)	(0.06)	(0.10)	(0.08)	(0.06)	(0.16)
Total assets	**6,675,288**	10,249,312	6,128,679	5,426,755	6,765,469	7,060,117	8,946,160	9,757,009
Total liabilities	**755,072**	323,514	547,482	727,559	923,949	573,545	327,267	474,346

Research and development expenses have continued to increase due to late stage preclinical work including toxicology, pharmacology studies required to initiate planned human clinical studies, associated consulting fees, the addition of key employees and stock-based compensation. In particular, research and development expenses were significantly higher in the quarters ended December 31, 2020 and March 31, 2019 compared to other quarters due to costs related to the manufacture of NVG-291 required for use in our preclinical studies and planned clinical trials. Research and development expenses were higher in the quarters ended September 30, 2019 and December 31, 2019, due to toxicology studies and manufacturing of NVG-291.

General and administrative expenses have also increased during fiscal 2020 due to legal and accounting fees, administrative activities related to establishing operations, developing staff, processes and infrastructure, as well as stock-based compensation expenses. General and administrative expenses for the quarter ended March 31, 2019 were higher than other quarters due to financing and listing fees associated with our IPO on the TSX-V and for the quarter ended December 31, 2019 related to the commission of a market survey, and costs related to the transition from Ernest Wong to Paul Brennan in the role of President and Chief Executive Officer. General and administrative expenses for the quarters ended June 30, 2020, September 30, 2020 and December 31, 2020 were significantly higher than other quarters due primarily to non-cash stock-based compensation expense related to option grants to employees and consultants, and the timing of the related vesting.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED DECEMBER 31, 2020

Research and Development Expenses

	2020	2019
	$	$
Amortization of intangible asset	**9,555**	9,556
Preclinical development	**455,507**	350,550
Chemistry, manufacturing and controls	**2,526,203**	936,055
Licensing & patent legal fees	**37,415**	40,869
Regulatory	**26,191**	24,168
Clinical	**79,480**	17,348
Salaries and benefits	**188,450**	291,099
Stock-based compensation	**(67,271)**	92,489
Other research and development	**27,266**	38,124
	3,282,796	1,800,258

The increase of $1,482,538 in research and development expenses in the three months ended December 31, 2020 as compared to the three months ended December 31, 2019 is attributable to the following factors:

- An increase of $104,957 for preclinical development primarily related to a contribution for a long-term SCI research fund and the initiation of an MS immune modulation study with NVG-291.
- An increase of $1,590,148 for chemistry, manufacturing and control work relating to the completion and receipt of drug substance required for both preclinical and clinical testing, as well as the related drug product production.
- Patent related costs and regulatory activities were comparable to the prior year, with a decrease of $3,454 and increase of $2,023 respectively.
- An increase of $62,132 for clinical consulting in developing the plans for Phase I studies and the design of Phase 2 clinical studies planned for spinal cord injury and MS patients.
- An decrease of $102,649 relating to employee salaries, bonuses and benefits due to a partial salary grant obtained in the current period and the departure of our Chief Operating Officer in October 2020.
- A decrease of $159,760, in non-cash stock-based compensation pertaining to the forfeiture and expiry of options

in the period, partially offset by additional grants to employees and consultants, and the timing of the related vesting.
- A decrease of $10,858 pertaining primarily to reduced travel costs due to limitations resulting from the COVID-19 pandemic.

General and Administrative Expenses

	2020	2019
	$	$
Depreciation expense	**427**	-
Legal, professional and finance	**237,119**	491,324
Salaries and benefits	**266,346**	169,129
Stock-based compensation	**594,079**	187,650
Other general and administrative	**32,915**	95,170
Foreign exchange	**162,849**	162,379
	1,293,735	1,105,652

The increase of $188,083 in general and administrative expenses in the three months ended December 31, 2020 as compared to the three months ended December 31, 2019 is attributable to the following factors:

- A decrease of $254,205 respectively in legal, professional and finance. Specifically:
  - A decrease of $124,848 in corporate legal and consulting fees relating to reductions in consulting activities due to cost savings implemented as a result of the COVID-19 pandemic as well as a shift from consulting to salaries with the employment of a full-time CFO.
  - A decrease of $129,357 in corporate communications, public relations and business development. The decrease is primarily attributable to a market survey conducted in the prior period, with no comparable expense in the current period.
- An increase of $97,217 relating to employee salaries, bonuses and benefits attributable to the addition of employees with the expertise required to leverage the broad potential application of our technology, partially offset by a salary assistance grant received.
- An increase of $406,429 pertaining to non-cash stock-based compensation expense related to option grants to employees and consultants, and the timing of the related vesting.
- A decrease of $62,255 for facilities and general, non-cash depreciation and travel related to corporate and investor relations activities. These decreases were a result of cost conservation efforts and travel restrictions imposed due to the COVID-19 pandemic.
- An increase foreign exchange loss of $470 due to the fluctuating US exchange rate versus the Canadian dollar on our cash and accounts payable.

LIQUIDITY AND CAPITAL RESOURCES

Since inception, we have devoted our resources to evaluating and securing intellectual property rights and licenses related to the PTPσ technology licensed from Case Western Reserve University, conducting discovery research, manufacturing drug supplies, initiating preclinical studies, and providing administrative support to research and development activities, which has resulted in an accumulated deficit of $22,339,394 as of December 31, 2020. With current income only consisting of interest earned on excess cash in the amount of $18,852 for the year ended December 31, 2020, losses are expected to continue while our research and development and clinical programs are advanced.

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

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

On May 20, 2020 we completed a Non-Brokered Private Placement of 1,806,827 units comprised of one Common Share in the capital of the Company and one Common Share purchase warrant ("Private Placement Warrant") for gross proceeds of $2,258,534. Each Private Placement Warrant is exercisable to acquire one common share in the capital of the Company (a "Private Placement Warrant Share") for a period of 24 months following the closing of the Offering, subject to acceleration, at an exercise price of $1.60 per Private Placement Warrant Share.

On August 10, 2020 we completed a financing comprised of the sale of 3,685,714 units of the Company ("Units") for aggregate gross proceeds of $6,450,000. Each Unit is comprised of one Common Share in the capital of the Company and one Common Share purchase warrant ("Warrant") of the Company. Each Warrant is exercisable to acquire one common share in the capital of the Company (a "Warrant Share") for a period of 24 months following the closing of the Offering at an exercise price of $2.40 per Warrant Share.

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

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

The following table presents a summary of our cash flows for the year ended December 31, 2020 and 2019:

	2020	2019
	$	$
Net cash provided by (used in):		
Operating activities	**(6,306,859)**	(8,093,960)
Investing activities	**(3,421)**	-
Financing activities	**7,849,477**	9,839,209
Effect of exchange rates changes on cash	**(46,820)**	(113,406)
Net (decrease) increase in cash	**1,492,377**	1,631,843

Cash used in operating activities:

Our uses of cash for operating activities for the years ended December 31, 2020 and 2019 primarily consisted of salaries and wages for our employees, fees paid in connection with preclinical and clinical studies, drug manufacturing costs, and professional fees.

Cash used in investing activities:

Our cash used in investing activities for the year ended December 31, 2020 consisted of the acquisition of computer equipment.

Cash from financing activities:

During the year ended December 31, 2020, $310,151 was received from the exercise of 323,675 stock options. In addition, we completed a Non-Brokered Private Placement of 1,806,827 units comprised of one Common Share in the capital of the Company and one Common Share purchase warrant for net proceeds of $2,105,321 and a public offering of 3,685,714 units comprised of one Common Share in the capital of the Company and one Common Share purchase warrant for net proceeds of $5,439,788. During the year ended December 31, 2019, funds were raised from an IPO in March 2019, consisting of the issuance of 10,000,000 Common Shares and a private placement in May 2019 consisting of the issuance of 650,000 Common Shares.

CASH POSITION

At December 31, 2020, we had a cash balance of $5,598,560 compared to $4,106,183 at December 31, 2019. The funds expended during the year ended December 30, 2020 for operating activities, of $6,353,679 (net of working capital changes and effects of foreign exchange), were used to fund operating expenditures as we added important individuals to our management team, including William Adams, Chief Financial Officer (December 31, 2019: $8,207,366). Consultants were

also engaged to further develop our PTPσ technologies and manufacturing and quality processes were advanced. In addition, we retained expertise to provide market making, public relations and investor relations services to increase awareness of the Company within the industry and to potential investors.

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

Working capital at December 31, 2020 was $5,446,832 (December 31, 2019: $5,331,912). Our working capital requirements are dependent on our ability to raise equity capital or from the proceeds from the exercise of stock options and warrants, by obtaining business development revenue such as milestone payments from licensing agreements, or by obtaining credit facilities. No assurance can be given that any such additional funding or revenue will be available or that, if additional funding is available, it can be obtained on terms favorable to the Company. We can also manage our spending by delaying certain development activities however such actions may not allow us to meet our stated corporate goals.

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

CONTRACTUAL OBLIGATIONS

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

Under the exclusive worldwide licensing agreement with Case Western Reserve University to research, develop and commercialize patented technologies, we have commitments to pay various annual license fees, patent costs, milestone payments and royalties on revenues, contingent on the achievement of certain development and regulatory milestones. We cannot reasonably estimate future royalties which may be due upon the regulatory approval of products derived from licensed technologies.

Other than as disclosed below, we did not have any contractual obligations relating to long-term debt obligations, capital (finance) lease obligations, operating lease obligations, purchase obligations or other long-term liabilities reflected on our balance sheet as at December 31, 2020:

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	76,446	637,050	127,410	2,038,560	2,879,466
Purchase obligations	863,049	-	-	-	863,049

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

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

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

	Three Months Ended December 31, 2020 $	Three Months Ended December 31, 2019 $	**Year Ended Ended December 31, 2020 $**	Year Ended Ended December 31, 2019 $
Stock-based compensation	**592,908**	147,046	**3,103,475**	763,767
Salaries and bonuses	**193,271**	305,400	**1,114,665**	889,715
Consulting fees	**22,500**	97,200	**168,000**	370,650
Rent [(1)]	**-**	1,500	**2,500**	6,000
	808,679	551,146	**4,388,640**	2,030,132

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

As at December 31, 2020, we had amounts owing to related parties of $163,254 (December 31, 2019: $172,389). Of this total, $851 pertained to expense reimbursements and $149,903 and $12,500 pertained to accrued bonuses and vacation (earned but unpaid and included in the table above). $7,875 pertaining to consulting fees to related parties was included in prepaid expenses as at December 31, 2020.

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED DURING FISCAL 2020

No new standards, amendments to standards, or interpretations were adopted during the year ended December 31, 2020.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Accounting policies are described in note 2 of the audited financial statements for the year ended December 31, 2020.

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 we have 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 judgement is required in establishing fair values.

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

Share-based payments and compensation

We apply 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 we receive the goods or services.

We measure 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, risk free interest rate and dividend yield and making assumptions about them. The fair value of the underlying Common Shares is assessed as the most recent market price per Common Share.

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 carryforwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

FINANCIAL INSTRUMENTS

(a) Fair value

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

Financial Instrument	Category	**December 31, 2020**	December 31, 2019
		$	$
Cash	FVTPL	**5,598,560**	4,106,183
Accounts receivable	Amortized cost	**62,594**	122,502
Deposits	Amortized cost	**441,988**	1,952,400
Accounts payable and accrued liabilities	Amortized cost	**591,818**	751,560
Due to related parties	Amortized cost	**163,254**	172,389

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

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

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

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

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

(b) Financial risk management

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

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

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

iii. Market Risk

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

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

(b) Foreign Currency Risk: We have identified our functional currency as the Canadian dollar. Transactions are transacted in Canadian dollars and in U.S. dollars. Fluctuations in the U.S. dollar exchange rate could have a significant impact on our results going forward. Without hedging, assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the U.S. dollar would result in an increase or decrease in loss and comprehensive loss for the year ended December 31, 2020 of $181,000 (December 31, 2019: $336,000).

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

Balances in U.S. dollars are as follows:

	December 31, 2020 ($ U.S.)	December 31, 2019 ($ U.S.)
Cash	1,437,337	3,059,250
Vendor deposits	346,902	1,500,000
Accounts payable and accrued liabilities	(360,312)	(475,885)
	1,423,927	4,083,365

(c) Managing capital

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

Our financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to business growth opportunities and changes in economic conditions. In order to maintain or adjust our capital structure we may issue shares or issue debt (secured, unsecured, convertible and/or other types of available debt instruments).

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

DISCLOSURE OF OUTSTANDING SHARE DATA

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

	Common Shares Issued and Outstanding	**Agent Compensation Options**	**Warrants Issued and Outstanding**	**Common Share Purchase Options**
Balance December 31, 2019	29,351,659	700,000	-	3,190,000
Balance December 31, 2020	35,167,875	592,430	5,770,385	4,443,895
Balance April 8, 2021	**35,860,692**	**-**	**5,757,498**	**4,626,895**

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

RISKS AND UNCERTAINTIES

An investment in the Common Shares of NervGen involves a high degree of risk and should be considered speculative. An investment in the Common Shares should only be undertaken by those persons who can afford the total loss of their investment. Investors should carefully consider the risks and uncertainties set forth under the heading “Risk Factors” found in the AIF and Amended and Restated Prospectus Supplement dated July 31, 2020 filed on SEDAR (www.sedar.com), as well as other information described elsewhere in this MD&A. Additional risks and uncertainties not presently known to us or that we believe to be immaterial may also adversely affect our business. If any such risks occur, our business, financial condition and results of operations could be seriously harmed and you could lose all or part of your investment. Further, if we fail to meet the expectations of the public market in any given period, the market price of our Common Shares could decline. We operate in a highly competitive environment that involves significant risks and uncertainties, some of which are outside of our control.

SUBSEQUENT EVENTS

Subsequent to December 31, 2020 the Company:

1. Granted 380,000 incentive stock options to employees and consultants, exercisable at a price between $2.04 and $2.23 per share for a period of 3-10 years, vesting periodically over the period of one to two years.

2. Issued 692,817 common shares related to the exercise of stock options and warrants, for cash proceeds of $700,982.

OTHER INFORMATION

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