



Condensed consolidated interim financial statements of

NervGen Pharma Corp.

(Expressed in Canadian Dollars - Unaudited)

For the six months ended June 30, 2022

NERVGEN PHARMA CORP.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

as at	June 30, 2022	December 31, 2021
	\$	\$
Assets		
Current assets		
Cash	11,649,609	16,928,857
Accounts receivable	96,807	64,002
Prepays and deposits (Notes 6, 12)	446,994	427,577
	12,193,410	17,420,436
Non-current assets		
Capital assets	15,832	2,691
Right-of-use-asset (Note 9)	322,359	-
Intangible assets (Note 7)	452,278	473,152
	790,469	475,843
	12,983,879	17,896,279
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 8, 12)	2,782,661	1,078,080
Current portion of lease liability (Note 9)	83,722	-
	2,866,383	1,078,080
Non-current liabilities		
Lease liability (Note 9)	240,968	-
	240,968	134,230
	3,107,351	583,106
Shareholders' Equity		
Common shares (Note 10)	45,256,400	42,403,307
Reserves (Note 11)	10,954,865	9,463,514
Deficit	(46,334,737)	(35,048,622)
	9,876,528	16,818,199
	12,983,879	17,896,279

Nature of business (Note 1)

Commitments (Note 13)

Subsequent events (Note 15)

Approved by the Board

/s/ William J. Radvak Director

/s/ Glenn A. Ives Director

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

NERVGEN PHARMA CORP.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited)

	For the 3 Months Ended June 30, 2022 \$	For the 3 Months Ended June 30, 2021 \$	For the 6 Months Ended June 30, 2022 \$	For the 6 Months Ended June 30, 2021 \$
Operating expenses				
Research and development (Note 14)	4,745,546	1,576,341	8,347,609	2,322,959
General and administration (Note 14)	1,567,503	1,191,032	2,969,785	2,674,591
Total operating expenses	6,313,049	2,767,373	11,317,394	4,997,550
Interest income	(33,534)	(5,333)	(50,871)	(10,011)
Foreign exchange (gain) loss	39,005	(29,101)	19,592	(7,183)
Net loss and comprehensive loss for the year	(6,318,520)	(2,732,939)	(11,286,115)	(4,980,356)
Basic and diluted net loss per share	(0.13)	(0.07)	(0.24)	(0.14)
Weighted average common shares outstanding (Note 10)	47,301,338	37,646,406	46,769,837	36,560,944

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NERVGEN PHARMA CORP.

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited)

	Six Months Ended June 30, 2022 \$	Six Months Ended June 30, 2021 \$
Operating activities		
Net loss for the period	(11,286,115)	(4,980,356)
Items not involving cash:		
Amortization of intangible asset	20,874	19,698
Depreciation	24,733	856
Interest expense	5,073	-
Stock-based compensation	1,628,296	1,623,927
Unrealized foreign exchange	33,037	16,718
Changes in non-cash working capital:		
Accounts receivable	(32,805)	4,128
Prepaid expenses	(19,417)	(240,410)
Accounts payable and accrued liabilities	1,704,581	158,444
	(7,921,743)	(3,396,995)
Investing activities		
Payments to acquire capital assets	(15,384)	-
Acquisition payments on intangible asset	-	(42,336)
	(15,384)	(42,336)
Financing activities		
Repayment of lease liabilities	(25,232)	-
Option and warrant exercises	2,722,463	700,983
Proceeds from issuance of common shares	-	5,037,500
Share issue costs - cash	(6,315)	(521,377)
	2,690,916	5,217,106
Effect of foreign exchange on cash	(33,037)	(16,719)
Net increase (decrease) in cash	(5,279,248)	1,761,056
Cash, beginning of period	16,928,857	5,598,560
Cash, end of period	11,649,609	7,359,616

Cash paid for interest and taxes \$ - \$ -

Non-cash transactions:

Recognition of right-of-use asset	344,849	-
Fair value of options allocated to share capital	102,700	360,905
Fair value of warrants allocated to share capital	34,245	2,242
Finder's/Broker's warrants	-	164,443
Share issue costs in accounts payable and accrued liabilities	-	97,776

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NERVGEN PHARMA CORP.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

(Unaudited)

	Common Shares		Reserves	Deficit	Total Shareholders' Equity
	Number	Amount			
		\$	\$	\$	\$
Balance December 31, 2020	35,167,875	22,947,031	5,295,229	(22,322,044)	5,920,216
Option exercises	679,930	1,040,835	(360,905)	-	679,930
Warrant exercises	12,887	23,295	(2,242)	-	21,053
Stock-based compensation	-	-	775,997	-	775,997
Loss and comprehensive loss	-	-	-	(2,247,417)	(2,247,417)
Balance March 31, 2021	35,860,692	24,011,161	5,708,079	(24,569,461)	5,149,779
Common share financings (net)	3,250,000	4,093,346	325,000	-	4,418,346
Broker warrants	-	(164,443)	164,443	-	-
Stock-based compensation	-	-	847,930	-	847,930
Loss and comprehensive loss	-	-	-	(2,732,939)	(2,732,939)
Balance June 30, 2021	39,110,692	27,940,064	7,045,452	(27,302,400)	7,683,116
Balance December 31, 2021	46,189,584	42,403,307	9,463,514	(35,048,622)	16,818,199
Warrant exercises	79,969	148,967	(20,634)	-	128,333
Stock-based compensation	-	-	797,101	-	797,101
Loss and comprehensive loss	-	-	-	(4,967,595)	(4,967,595)
Balance March 31, 2022	46,269,553	42,552,274	10,239,981	(40,016,217)	12,776,038
Warrant exercises	1,525,005	2,447,426	(13,611)	-	2,433,815
Option exercises	100,000	256,700	(102,700)	-	154,000
Stock-based compensation	-	-	831,195	-	831,195
Loss and comprehensive loss	-	-	-	(6,318,520)	(6,318,520)
Balance June 30, 2022	47,894,558	45,256,400	10,954,865	(46,334,737)	9,876,528

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

NervGen Pharma Corp.

Notes to the condensed consolidated interim financial statements (unaudited)
For the six months ended June 30, 2022, and 2021
(Expressed in Canadian Dollars)

1. Nature of business

NervGen Pharma Corp. (the "Company" or "NervGen") is a publicly traded company incorporated on January 19, 2017 under the Business Corporations Act (British Columbia). The corporate office of the Company is located at 2955 Virtual Way, Suite 480, Vancouver, BC, V5M 4X6, Canada, and the registered office is located at Suite 2600, 595 Burrard Street, Vancouver, BC, V7X 1L3, Canada.

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

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

The Company's principal business activity is the discovery, development and commercialization of pharmaceutical treatments of nervous system damage due to injury or disease. NervGen is advancing its lead compound, NVG-291, for the treatment of spinal cord injury ("SCI"), Alzheimer's disease and multiple sclerosis ("MS").

The Company continues to evaluate and monitor the impact or any potential impacts of the COVID-19 pandemic to the business. The pandemic has an impact on the Company's third-party vendors which could result in the interruption of operations and result in development delays including the ongoing pre-clinical, manufacturing and clinical activities related to NVG-291. As the COVID-19 health crisis further evolves, the Company will continue to rely on guidance and recommendations from local health authorities, Health Canada and the Centers for Disease Control and Prevention to update the Company's policies.

2. Basis of presentation and significant accounting policies

a) *Statement of compliance*

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

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2021.

The condensed consolidated interim financial statements were approved by the Company's Board of Directors and authorized for issue on August 9, 2022.

b) *Going Concern*

These condensed consolidated interim financial statements have been prepared in accordance with IFRS accounting principles applicable to a going concern using the historical cost basis.

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

NervGen Pharma Corp.

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2. Significant accounting policies cont'd

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

c) *Principles of Consolidation*

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

d) *Functional and presentation currency*

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

e) *Significant accounting judgements, estimates and assumptions*

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

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

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

f) *New accounting policy*

The Company had adopted new accounting standard IFRS 16 - Leases, effective for the Company's annual period beginning January 1, 2019.

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

NervGen Pharma Corp.

Notes to the condensed consolidated interim financial statements (unaudited)
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2. Significant accounting policies cont'd

At the time of adoption, the Company did not have any leases that met the recognition requirements under IFRS 16.

The Company has subsequently entered into an office lease effective May 1, 2022, with a term of 3.83 years, for which it has applied IFRS16.

3. Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The Company has one reportable operating segment being the research and development of pharmaceutical drugs. The Company's intangible assets are registered in the US, and as of June 30, 2022, the Company had other current assets of approximately \$70,000 USD (December 31, 2021 - \$923,000 USD), in the US. As of June 30, 2022, the Company also had deposits of approximately \$328,000 AUD (December 31, 2021 - \$337,000 AUD) held by Australian vendors and other current assets of approximately \$128,000 AUD (December 31, 2021 - \$285,000 AUD), in Australia. All other assets are held in Canada.

4. Capital disclosures

The Company defines its capital as share capital, warrants and options. The Company's objectives, when managing capital, are to safeguard cash as well as maintain financial liquidity and flexibility in order to preserve its ability to meet financial obligations and deploy capital to grow its businesses.

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

5. Financial risk management

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

(a) Fair value

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

(b) Classification of financial instruments

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

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

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

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

Cash is measured using level 1 inputs.

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

NervGen Pharma Corp.

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

(c) Credit risk

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

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

(d) Interest rate risk

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

(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The ability to do so relies on the Company maintaining sufficient cash in excess of anticipated needs. As at June 30, 2022, the Company's liabilities consist of accounts payable and accrued liabilities that have contracted maturities of less than one year and a lease liability that has a remaining contracted life of 3.67 years.

(f) Currency risk

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

Fluctuations in the U.S. or Australian dollar exchange rate could have a significant impact on the Company's results. Assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the U.S. dollar would result in an increase or decrease in loss and comprehensive loss for the six months ended June 30, 2022, of \$199,000 (June 30, 2021 - \$254,000). A 10% depreciation or appreciation of the Canadian dollar against the Australian dollar would result in an increase or decrease in loss and comprehensive loss for the six months ended June 30, 2022, of \$34,000 (June 30, 2021 - \$18,000).

Balances in U.S. dollars are as follows:

	June 30, 2022	December 31, 2021
	\$U.S.	\$U.S.
Cash	147,358	1,008,421
Accounts payable and accrued liabilities	(1,692,475)	(390,833)
	(1,545,117)	617,588

Balances in Australian dollars are as follows:

	June 30, 2022	December 31, 2021
	\$AUD	\$AUD
Cash	41,805	226,812
Accounts receivable	86,451	57,723
Vendor deposits	328,999	337,307
Accounts payable and accrued liabilities	(73,601)	(4,593)
	383,654	617,249

NervGen Pharma Corp.

Notes to the condensed consolidated interim financial statements (unaudited)
For the six months ended June 30, 2022, and 2021
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6. Prepaid expenses

	June 30, 2022	December 31, 2021
	\$	\$
Prepaid insurance	17,261	46,737
Prepaid consulting to Company director (Note 12)	15,750	15,750
Prepaid retainer	10,227	2,523
Prepaid listing fees	57,509	31,201
Prepaid software	17,546	20,369
Vendor deposits	328,701	310,997
	446,994	427,577

7. Intangible asset

In June 2018, the Company entered into an exclusive worldwide licensing agreement to research, develop and commercialize a patented technology, with Case Western Reserve University ("CWRU") in Cleveland, Ohio with potential to bring new therapies for spinal cord injury and other conditions associated with nerve damage. Pursuant to the license agreement, all the key patents for NVG-291 are owned by CWRU.

CWRU was issued 439,000 common shares of the Company valued at \$87,800 on closing and a cash payment of \$32,920 (U.S. \$25,000). An additional 162,659 common shares valued at \$81,330 were issued in September 2018.

The license costs are being amortized straight-line over the remaining life of the licensed patent of 15 years. During the six months ended June 30, 2022, the Company recognized amortization of \$20,874 (June 30, 2021 - \$19,698).

Continuity of the intangible asset is as follows:

Intangible Asset – Case Western Reserve license	Total
	\$
Balance, December 31, 2020	471,388
Milestone acquisition payment	42,336
Amortization expense	(40,572)
Balance, December 31, 2021	473,152
Amortization expense	(20,874)
Balance, June 30, 2022	452,278

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

As at June 30, 2022, the Company is obligated to pay the following:

- An annual minimum royalty of U.S. \$25,000 per year that increases up to a maximum of U.S. \$50,000 per year upon the achievement of certain milestones.
- Project milestone payments based on clinical development estimated to total U.S. \$1,885,000.

NervGen Pharma Corp.

Notes to the condensed consolidated interim financial statements (unaudited)
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8. Accounts payable and accrued liabilities

	June 30, 2022	December 31, 2021
	\$	\$
Accounts payable	1,696,657	352,546
Accrued liabilities	840,974	451,471
Amount owing to key management personnel	245,030	274,063
	2,782,661	1,078,080

9. Right-of-use asset and lease liability

The Company entered into an office lease agreement effective May 1, 2022, to February 28, 2026. The total undiscounted payments from the date of adoption is \$386,883. Using an annual discount rate of 6%, the Company recognized additions to lease liabilities and Right-of-Use Assets of \$344,849. The carrying amounts of the Company's right-of-use assets and lease liabilities and movements during the six months ended June 30, 2022, were as follows:

	Right of Use Asset	Lease Liability
	\$	\$
Balance December 31, 2021	-	-
Additions	344,849	344,849
Depreciation	(22,490)	-
Lease payments	-	(25,232)
Lease interest	-	5,073
Balance, June 30, 2022	322,359	324,690
Classification:		
Current portion of lease liabilities	-	83,722
Long-term portion of lease liabilities	-	240,968
	-	324,690

10. Share capital

Authorized

Unlimited common shares.

Escrowed securities

In connection with the IPO completed on March 13, 2019, an aggregate of 8,425,000 common shares were placed in escrow. Pursuant to the escrow agreements, all escrowed shares have been released as of March 13, 2022.

Equity Issuances

Fiscal 2022

During the six months ended June 30, 2022, 100,000 options were exercised for cash proceeds of \$154,000 and 1,604,974 warrants were exercised for cash proceeds of \$2,562,148. In addition to the cash proceeds received, the original fair value related to these options and warrants of \$102,700 and \$34,245, were transferred from reserves to share capital.

Fiscal 2021

During the six months ended June 30, 2021, 679,930 options were exercised for cash proceeds of \$679,930 and 12,887 warrants were exercised for cash proceeds of \$21,053. In addition to the cash proceeds received, the

NervGen Pharma Corp.

Notes to the condensed consolidated interim financial statements (unaudited)
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10. Share capital cont'd

original fair value related to these options and warrants of \$360,905 and \$2,242 respectively, were transferred from reserves to share capital.

The Company also completed an overnight marketed equity offering of 3,250,000 units at a price of \$1.55 per unit, with each unit comprised of one common share and one-half of one common share purchase warrant for gross proceeds of \$5,037,500. Each whole warrant is exercisable into one common share at a price of \$2.10 per common share until May 12, 2023. The warrants had a fair value of \$325,000 using the residual value valuation methodology. The Company paid a cash commission totaling \$302,250 and issued the brokers an aggregate of 195,000 common share purchase warrants with a fair value of \$164,443 using the Black-Scholes option pricing model. The Company also incurred \$316,903 in other share issue costs related to legal and listing fees.

Calculation of loss per share

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

For the three and six months ended June 30, 2022, and 2021 the calculation was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Common shares issued and outstanding, beginning of period	46,269,553	35,860,692	46,190,084	35,167,875
Shares issued	1,625,005	3,250,000	1,704,474	3,942,817
Common shares issued and outstanding, end of period	47,894,558	39,110,692	47,894,558	39,110,692
Weighted average shares outstanding - basic and diluted, end of period	47,301,338	37,646,406	46,769,837	36,560,944

11. Stock options and warrants

Stock Options:

Stock option transactions for the six months ended June 30, 2022, are set forth below:

	Number of Shares Issuable Under Options	Weighted Average Exercise Price \$
Balance outstanding at December 31, 2020	5,036,325	1.64
Granted	2,706,000	1.87
Exercised	(1,084,930)	1.09
Forfeited/Expired	(259,500)	1.47
Balance outstanding at December 31, 2021	6,397,895	1.83
Granted	376,000	2.06
Balance outstanding at March 31, 2022	6,773,895	1.85
Granted	480,000	2.16
Exercised	(100,000)	1.54
Forfeited/Expired	(100,000)	2.10
Balance outstanding at June 30, 2022	7,053,895	1.87

NervGen Pharma Corp.

Notes to the condensed consolidated interim financial statements (unaudited)
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11. Stock options and warrants cont'd

The following table summarizes information about stock options outstanding at June 30, 2022:

Exercise Price (\$)	Number of Options Outstanding	Number of Options Exercisable	Grant Date	Expiry Date
0.50-1.00	884,895	884,895	Sep-18 to Jan-19	Apr-23 to Mar-24
1.01-1.50	1,012,000	979,250	Jul-19 to Apr-20	Jul-24 to Apr-30
1.51-2.00	2,146,000	1,544,250	Jun-19 to Jul-21	Apr-24 to May-31
2.01-2.50	1,771,000	771,250	Jan-21 to May-22	Apr-23 to Mar-32
2.51-3.00	440,000	357,500	Feb-20 to Nov-21	Apr-23 to Nov-31
3.01-3.50	800,000	800,000	Feb-20	Feb-30
	7,053,895	5,337,145		

The weighted average remaining contractual life of the options outstanding is 5.57 years and the weighted average exercise price is \$1.87. The weighted average remaining contractual life of the options exercisable is 4.94 years and the weighted average exercise price is \$1.84.

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

	June 30, 2022	June 30, 2021
Risk-free interest rate	1.81-2.66%	0.20-1.51%
Expected option life in years	5-10 years	3-10 years
Expected stock price volatility	131.03-134.96%	90.33-117.99%
Expected forfeiture rate	0-15%	15%
Dividend yield	-	-

Warrants:

Warrant transactions for the six months ended June 30, 2022, are set forth below:

	Number of Shares Issuable Under Warrants	Weighted Average Exercise Price \$
Balance outstanding at December 31, 2020	5,770,385	2.12
Granted	5,149,177	2.59
Exercised	(602,422)	1.99
Balance outstanding at December 31, 2021	10,317,140	2.36
Exercised	(79,969)	1.60
Balance outstanding at March 31, 2022	10,237,171	2.37
Exercised	(1,525,005)	1.60
Forfeited/Expired	(56,240)	1.60
Balance outstanding at June 30, 2022	8,655,926	2.51

NervGen Pharma Corp.

Notes to the condensed consolidated interim financial statements (unaudited)
For the six months ended June 30, 2022, and 2021
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11. Stock options and warrants cont'd

The following table summarizes information about warrants outstanding at June 30, 2022:

Exercise Price (\$)	Number of Warrants Outstanding	Grant Date	Expiry Date
2.40	3,592,714	August 10, 2020	August 10, 2022
1.75	247,487	August 10, 2020	August 10, 2022
2.10	1,306,875	May 12, 2021	May 12, 2023
1.55	179,673	May 12, 2021	May 12, 2023
2.10	755,817	August 4, 2021	August 4, 2023
2.10	29,400	August 4, 2021	August 4, 2023
3.20	1,840,000	November 12, 2021	November 12, 2023
2.50	257,600	November 12, 2021	November 12, 2023
3.20	446,360	November 29, 2021	November 29, 2023
	8,655,926		

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

	June 30, 2022	June 30, 2021
Risk-free interest rate	-	0.33%
Expected warrant life in years	-	2 years
Expected stock price volatility	-	117.48%

12. Key management personnel

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Stock based compensation	607,225	563,577	1,149,765	1,146,022
Salaries and bonuses	416,154	338,485	864,167	577,202
Consulting fees	75,000	-	120,000	15,000
	1,098,379	902,062	2,133,932	1,738,224

As at June 30, 2022, the Company had amounts owing or accrued to key management personnel of \$245,030 (December 31, 2021 - \$274,063) pertaining to expense reimbursements, accrued bonuses and accrued vacation.

Prepaid expenses to key management personnel are disclosed in Note 6.

13. Commitments

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

NervGen Pharma Corp.

Notes to the condensed consolidated interim financial statements (unaudited)
For the six months ended June 30, 2022, and 2021
(Expressed in Canadian Dollars)

14. Components of expenses

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Research and Development Expenses				
Amortization of intangible asset	10,436	10,143	20,874	19,698
Preclinical	910,153	406,273	1,552,053	499,060
Chemistry, manufacturing and controls	1,576,814	127,300	3,055,203	353,330
Licensing and patent legal fees	12,768	21,304	17,990	80,064
Clinical & Regulatory	1,354,239	356,396	1,975,127	508,107
Salaries and benefits	518,032	273,744	1,058,498	455,265
Stock-based compensation	307,034	244,291	584,149	243,760
Other research and development	56,070	136,890	83,715	163,675
	4,745,546	1,576,341	8,347,609	2,322,959

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
General and Administration Expenses				
Depreciation expense	23,786	427	24,733	855
Legal, professional and finance	492,486	240,269	891,297	593,911
Salaries and benefits	360,162	306,366	737,252	620,574
Stock-based compensation	524,162	603,639	1,044,148	1,380,167
Other general and administrative	166,907	40,331	272,355	79,084
	1,567,503	1,191,032	2,969,785	2,674,591

15. Subsequent events

Subsequent to June 30, 2022, the Company:

1. Closed a non-brokered private placement of 10,150,000 units of the Company at a price of US\$1.50 per unit, for aggregate gross proceeds of US\$15,225,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share at a price of US\$1.75 per common share until July 13, 2027. The Company also paid certain finders a fee of 500,000 common shares. In connection with the private placement, Adam Rogers, MD, was appointed to the Company's Board of Directors.
2. Granted 150,000 stock options to a director, exercisable at a price of \$1.99 per share for a period of 5 years, vesting quarterly over the period of one year.
3. Received cash proceeds of \$235,299 from the exercise of 134,518 warrants.