Management's Discussion and Analysis of

NervGen Pharma Corp.

(Expressed in Canadian Dollars)

For the three and six months ended June 30, 2022

Effective Date: August 9, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion is management's assessment and analysis of the results of operations and financial conditions of NervGen Pharma Corp. (the "Company" or "NervGen") and should be read in conjunction with the accompanying consolidated financial statements and related notes thereto for the period ended June 30, 2022.

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;
- the impact of the COVID-19 pandemic or any escalation thereof on our operations;
- plans to use NVG-291 in our clinical development programs;
- plans to use third party technology for biomarker and other analysis for NVG-291;
- expectations and intended benefits of memorandums of understanding and agreements entered into with third parties;
- expectations about the timing with respect to commencement and completion of clinical trials;
- expectations about the timing and future plans with respect to preclinical studies;
- expectations relating to the removal of the partial clinical trial hold initiated by the U.S. Food and Drug Administration ("FDA");
- expected results of toxicology studies with respect to NVG-291;
- expectations about the Company's products' safety and efficacy;
- our ability to identify and secure sources of non-dilutive funding for the development of NVG-291;
- expectations regarding our ability to arrange for the manufacturing of our products and technologies;
- expectations regarding the cost, progress and successful and timely completion of the various stages of the regulatory approval process;
- ability to secure strategic partnerships with larger pharmaceutical and biotechnology companies;
- strategy to acquire and develop new products and technologies and to enhance the safety and efficacy of existing products and technologies;
- plans to market, sell and distribute our products and technologies;
- expectations regarding the acceptance of our products and technologies by the market;
- expectations regarding the use of our products and technologies in treating diseases and medical disorders;
- ability to retain and access appropriate staff, management, and expert advisers;
- expectations with respect to existing and future contractual obligations, corporate alliances and licensing transactions with third parties, and the receipt and timing of any payments to be made by the Company or to the Company in respect of such arrangements; and
- our strategy and ability with respect to the protection of our intellectual property.

Such statements reflect our current views with respect to future events and are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by us, are inherently subject to significant medical, scientific, business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. In making the forward-looking statements included in this MD&A, we have made various material assumptions, including but not limited to:

- our ability to obtain financing on acceptable terms;
- additional sources of funding, including grants and funding from partners;
- our ability to attract and retain skilled staff;
- favourable general business and economic conditions;
- the COVID-19 pandemic not having a material impact on our operations;
- our future research and development plans proceeding substantially as currently envisioned;
- our ability to obtain positive results from our research and development activities, including clinical trials;
- future expenditures to be incurred by the Company;
- research and development and operating costs;
- our ability to find partners in the pharmaceutical industry;
- the products and technology offered by our competitors;
- the impact of competition on the Company;
- our ability to identify a product candidate;
- our ability to obtain regulatory and other approvals to commence additional clinical trials involving current and 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, 2021 (the “AIF”). Certain risks and uncertainties that could cause such actual events or results expressed or implied by such forward-looking statements and information to differ materially from any future events or results expressed or implied by such statements and information include, but are not limited to, the risks and uncertainties related to the fact that:

- we have no sources of product revenue and will not be able to maintain operations and research and development without significant additional funding which we may not be able to obtain on favourable terms or at all;
- pandemics, such as the 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;
- our current license agreements may not provide an adequate remedy for breach by the licensor;
- preclinical and clinical drug development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results and our product candidates may not have favourable results in later trials or in the commercial setting;
- if we are unable to enroll subjects in clinical trials, we will be unable to complete these trials on a timely basis;
- significant disruption in availability of key components for ongoing preclinical and clinical studies could considerably delay completion of potential clinical trials, product testing and regulatory approval of potential product candidates;
- if our competitors develop and market products that are more effective than our existing product candidates or any products that we may develop, or obtain marketing approval before we do, our products may be rendered obsolete or uncompetitive;
- we rely on and will continue to rely on third parties to plan, conduct and monitor preclinical studies and clinical trials, and their failure to perform as required could cause substantial harm to our business;
- we rely on contract manufacturers over whom we have limited control and if we are unable to secure our drug supplies from our contract manufacturers, it may result in delays in preclinical and clinical drug development timelines;
- our future success is dependent primarily on the regulatory approval of a single product;
- our drug candidates are in preclinical and early phase clinical development and, as a result, we cannot predict whether we will be able to profitably commercialize our products;

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

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

COMPANY OVERVIEW

NervGen is a publicly traded company incorporated on January 19, 2017 as 1104403 B.C. Ltd. under the Business Corporations Act (British Columbia). The name was changed to NervGen Pharma Corp. on November 15, 2017. Our corporate office is 2955 Virtual Way, Suite 480, Vancouver, BC, V5M 4X6, Canada.

NervGen is a clinical stage biotech company dedicated to developing innovative treatments that enable the nervous system to repair itself following damage, whether due to injury or disease. The Company is initially developing treatments for spinal cord injury (SCI), Alzheimer's disease (AD) and multiple sclerosis (MS). We hold the exclusive worldwide rights to NVG-291, which we licensed from Case Western Reserve University in 2018, and we are developing a unique new class of drugs around the technology. NVG-291 is a therapeutic peptide that mimics the intracellular domain of protein tyrosine phosphatase (PTPσ), a cell surface receptor known to interact with chondroitin sulfate proteoglycans (CSPGs). Both PTPσ and CSPGs have been shown to inhibit neural repair mechanisms following nervous system damage. NVG-291-R, the rodent form of NVG-291, has been shown to promote functional recovery and enable nervous system repair in a range of animal models, including models of spinal cord injury, peripheral nerve injury, multiple sclerosis and stroke, through enhanced plasticity, axonal regeneration, and remyelination.

We have conducted initial preclinical development of NVG-291 and filed an Investigational New Drug ("IND") application with the United States Food and Drug Administration (the "FDA"). On March 2, 2021, we were cleared by the FDA to proceed with the single ascending dose ("SAD") portion of the Phase 1 healthy volunteer trial in females, and the multiple ascending dose ("MAD") portion of the trial in post-menopausal females. The FDA has asked for additional preclinical safety data prior to including males in the Phase 1 program, and prior to including premenopausal females in the MAD portion of the trial. The Company has completed the SAD portion of the Phase 1 clinical trial in human subjects in Australia and has initiated the MAD portion of the clinical trial and we continue to complete additional preclinical work in parallel, prior to testing NVG-291 in broader patient populations in various indications.

In the second quarter of 2022, we submitted a comprehensive package of nonclinical studies to the FDA to address the partial clinical hold in males and premenopausal females. The FDA has asked for clarification of certain issues, which we are now actively addressing. Upon removal of the partial clinical hold, we will initiate our 14 day bridging studies in males and premenopausal females, and now plan to initiate our clinical trials in patients with Alzheimer's, spinal cord injury and multiple sclerosis in Q1 and Q2 of next year.
In addition, we have initiated research collaborations in preclinical models of Alzheimer's disease to further understand disease mechanisms related to PTPσ to determine the effect of NVG-291 in these models of Alzheimer's disease. These objectives replace and supersede those described in the "Business of the Company" section of our Short Form Base Shelf Prospectus dated November 8, 2021. All clinical development plans are subject to additional funding (see *"Liquidity and Capital Resources"* below).

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

ACHIEVEMENTS & HIGHLIGHTS

The following are the achievements and highlights for the six months ending June 30, 2022 through to the date hereof:

- On January 10, 2022, we announced that we entered into a Memorandum of Understanding with Shirley Ryan AbilityLab with the intention of performing our first clinical trial in spinal cord injury patients. The single site clinical trial, will be a placebo-controlled trial, assessing the safety and efficacy of NVG-291 in treating acute/subacute (<3 months post-injury) and chronic (≥1 year post-injury) patients.
- On March 15, 2022, we announced that we received approval from the Safety Review Committee to advance to the second cohort in the MAD portion of our Phase 1 clinical trial.
- On March 23, 2022, we announced the engagement of Apaton Finance GmbH for public relations and investor relations consulting, focused in the European Union, for a one-year term.
- On April 3, 2022, our Chief Medical Officer, Dr. Daniel Mikol, presented unblinded data from the SAD cohort of the phase 1 clinical trial, and interim blinded data from the MAD portion of the study, at the 2022 American Academy of Neurology Annual Meeting. Dr. Mikol reported that the NVG-291 dose administered in the first MAD cohort is already above the highest corresponding dose found to be efficacious in animal models and is substantially higher than the lower effective doses where dramatic functional improvements were observed. Additionally, the day 1 and day 14 pharmacokinetic characteristics for NVG-291 at the tested dose level were very similar to each other and

to those for the same dose level in the SAD portion of the Phase 1 study. A reproducible pharmacokinetic profile is a highly desirable property for any drug being developed for human use.

- On April 13, 2022, we announced the appointment of Craig Thompson to our Board of Directors. Mr. Thompson brings broad leadership experience and a proven track record of successful drug development and biotech fundraising, licensing, mergers and acquisitions. Concurrently with Mr. Thompson joining the Board, Dr. Michael Abrams resigned from the Board.
- On May 12, 2022, we announced that we had received approval from the Safety Review Committee to advance to the third and highest dose cohort in the MAD portion of our Phase 1 clinical trial.
- On May 18, 2022, we hosted a 1-hour panel discussion at the 2022 American Spinal Cord Injury Association annual meeting held in New Orleans, Louisiana. In the translational research session, entitled "Translating Positive results with NVG-291 from Animals to Patients", Dr. Daniel Mikol, provided an update on the Phase 1 clinical trial in healthy subjects. He also provided an overview of the Phase 1b/2a placebo-controlled clinical trial in spinal cord injury, which is currently designed to be a single center, adaptive sequential cohort design with both clinical and electrophysiological assessments. Subjects within each cohort of approximately 16 subjects will have similar characteristics.
- Subsequent to the quarter end, on July 13, 2022, we closed a non-brokered private placement of 10,150,000 units 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 at a price of US$1.50 per common share. In connection with the private placement, Adam Rogers, MD, Manager of PFP Biosciences Holdings, has been appointed to NervGen's Board of Directors.
- Subsequent to the quarter end, on July 28, 2022, we announced that the University of Cincinnati and Case Western Reserve University have published a pioneering preclinical study in a peer-reviewed scientific journal demonstrating that NervGen's proprietary drug, NVG-291-R, promotes nervous system repair and significant improvement in motor function, sensory function, spatial learning, and memory in a mouse model of severe ischemic stoke, even when treatment was initiated up to 7 days after onset.

SELECTED FINANCIAL INFORMATION

	Three Months Ended June 30, 2022 $	Three Months Ended June 30, 2021 $	**Six Months Ended June 30, 2022 $**	Six Months Ended June 30, 2021 $
Research and development expenses	**4,745,546**	1,576,341	**8,347,609**	2,322,959
General and administration expenses	**1,567,503**	1,191,032	**2,969,785**	2,674,591
Net loss	**(6,318,520)**	(2,732,939)	**(11,286,115)**	(4,980,356)
Basic and diluted loss per share	**(0.13)**	(0.07)	**(0.24)**	(0.14)
Total assets	**12,983,879**	8,694,408	**12,983,879**	8,694,408
Total liabilities	**3,107,351**	1,011,292	**3,107,351**	1,011,292

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

The increase in net loss for the three and six months ended June 30, 2022, compared to the same periods in the prior year is primarily due to costs related to the Phase 1 clinical trial, ongoing toxicity preclinical studies and associated drug product manufacturing.

RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022

Research and Development Expenses

	Three Months Ended June 30, 2022 $	Three Months Ended June 30, 2021 $	**Six Months Ended June 30, 2022 $**	Six Months Ended June 30, 2021 $
Amortization of intangible asset	**10,436**	10,143	**20,874**	19,698
Preclinical development	**910,153**	406,273	**1,552,053**	499,060
Chemistry, manufacturing and controls	**1,576,814**	127,300	**3,055,203**	353,330
Licensing & 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

The increases of $3,169,205 in research and development expenses in the three months ended June 30, 2022, as compared to the three months ended June 30, 2021, and of $6,024,650 in the six months ended June 30, 2022, as compared to the six months ended June 30, 2021, are attributable to the following factors:

- An increase of $503,880 and $1,052,993 respectively, for AD and SCI translational research, and ongoing preclinical studies required to address the U.S. FDA partial clinical hold in order to expand our clinical studies to males and pre-menopausal females.
- An increase of $1,449,514 and $2,701,873 respectively, for chemistry, manufacturing and control work pertaining to the manufacture of NVG-291 required for chronic toxicology studies and planned clinical trials.
- A decrease of $8,536 and $62,074 respectively, for patent related costs due to the timing of patent maintenance costs.
- An increase of $997,843 and $1,467,020 respectively, for clinical and regulatory costs related to the completion of the SAD portion of our Phase 1 clinical trial and the initiation of the MAD portion of the Phase 1 clinical trial.
- An increase of $244,288 and $603,233 respectively, relating to employee salaries, bonuses and benefits, attributable to the addition of our Chief Medical Officer in May 2021, Head of Clinical Operations in November 2021 and Director, Medical Writing, in March 2022.
- An increase of $62,743 and $340,389 respectively, in non-cash stock-based compensation pertaining to options granted and the timing of the related vesting.
- A decrease of $80,820 and $79,960 respectively, for other research and development expenses, attributable to recruitment fees incurred in the prior year, with no comparable expense in the current year.

General and Administrative Expenses

	Three Months Ended June 30, 2022 $	Three Months Ended June 30, 2021 $	**Six Months Ended June 30, 2022 $**	Six Months Ended June 30, 2021 $
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

The increase of $376,471 in general and administrative expenses in the three months ended June 30, 2022, as compared to the three months ended June 30, 2021 and of $295,194 in the six month period ended June 30, 2022 compared to the six months ended June 30, 2021, are attributable to the following factors:

- An increase of $23,359 and $23,878 respectively, pertaining to depreciation of the right-to-use-asset related to our office lease effective May 1, 2022.
- An increase of $252,217 and $297,386 respectively, in legal, professional, and financial services primarily attributable to increased corporate communications costs as we endeavor to increase awareness about our technology and attract investors as well as legal and consulting fees associated with preparing for an uplisting to a senior U.S. exchange.

- An increase of $53,796 and $116,678 respectively, relating to employee salaries, bonuses, and benefits, related to the addition and retention of staff to support our planned growth.
- A decrease of $79,477 and $336,019 respectively, pertaining to non-cash stock-based compensation expense related to option grants to employees and consultants, and the timing of the related vesting.
- An increase of $126,576 and $193,271 respectively, for other general and administrative activities, primarily attributable to increased subscription fees and costs associated with setting up our new head office.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

	Jun. 30 2022	Mar. 31 2022	Dec. 31 2021	Sep. 30 2021	Jun. 30 2021	Mar. 31 2021	Dec. 31 2020	Sep. 30 2020
	$	$	$	$	$	$	$	$
Research & development	**4,745,546**	3,602,063	2,532,413	2,016,154	1,576,341	746,618	3,282,796	716,628
General & administration	**1,567,503**	1,402,282	1,614,194	1,650,913	1,191,032	1,483,559	1,130,886	1,334,619
Net loss	**(6,318,520)**	(4,967,595)	(4,146,855)	(3,599,367)	(2,732,939)	(2,247,417)	(4,571,635)	(2,133,385)
Basic & diluted loss per share	**(0.13)**	(0.11)	(0.09)	(0.09)	(0.07)	(0.06)	(0.13)	(0.06)
Total assets	**12,983,879**	13,895,426	17,896,279	9,378,276	8,694,408	6,308,357	6,675,288	10,249,312
Total liabilities	**2,866,383**	1,119,388	1,078,080	1,084,946	1,011,292	1,158,578	755,072	323,514

Research and development expenses were higher each quarter in 2022 due to chemistry, manufacturing and control work pertaining to the manufacture of NVG-291 required for chronic toxicology studies and planned clinical trials, and also in the quarter ended December 31, 2021, due to continued phase 1 clinical trial costs and placebo formulation and development. Research and development expenses were also higher in the quarter ended December 31, 2020, related to the manufacture of NVG-291 required for use in our preclinical studies and phase 1 clinical trial.

General and administrative expenses have continued to increase due to legal and accounting fees, administrative activities related to expanding operations, developing staff, processes, and infrastructure. General and administrative expenses for the quarters ended December 31 and September 30, 2021, were 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 and increased corporate communications costs.

LIQUIDITY AND CAPITAL RESOURCES

Since inception, we have devoted our resources to evaluating and securing intellectual property rights and licenses related to the PTPσ technology licensed from Case Western Reserve University, conducting discovery research, manufacturing drug supplies, performing preclinical studies and clinical trials, and providing administrative support to research and development activities leading to the clinical development of NVG-291, which has resulted in an accumulated deficit of $46,334,737 as of June 30, 2022. With current income only consisting of interest earned on excess cash in the amount of $50,872 for the six months ended June 30, 2022 ($10,011 – June 30, 2021), losses are expected to continue while our research and development and clinical programs are advanced.

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

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

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

On August 10, 2020, we completed a financing comprised of the sale of 3,685,714 units of the Company (“Units”) for

aggregate gross proceeds of $6,450,000. Each Unit is comprised of one Common Share in the capital of the Company and one Common Share purchase warrant ("Warrant") of the Company. Each Warrant is exercisable to acquire one common share in the capital of the Company (a "Warrant Share") at an exercise price of $2.40 per Warrant Share until August 10, 2022.

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

On August 4, 2021, we completed a financing comprised of the sale of 1,511,636 units of the Company ("Units") for aggregate gross proceeds of $2,343,036. Each Unit is comprised of one Common Share in the capital of the Company and one-half Common Share purchase warrant ("Warrant") of the Company. Each full Warrant is exercisable to acquire one common share in the capital of the Company (a "Warrant Share") at an exercise price of $2.10 per Warrant Share until August 4, 2023.

On November 12, 2021, we completed a bought deal financing comprised of the sale of 3,680,000 units of the Company ("Units") for aggregate gross proceeds of $9,200,000. Each Unit is comprised of one Common Share in the capital of the Company and one-half Common Share purchase warrant ("Warrant") of the Company. Each full Warrant is exercisable to acquire one common share in the capital of the Company (a "Warrant Share") at an exercise price of $3.20 per Warrant Share until November 12, 2023.

On November 29, 2021, we completed a non-brokered private placement comprised of the sale of 892,721 units of the Company ("Units") for aggregate gross proceeds of $2,321,075. Each Unit is comprised of one Common Share in the capital of the Company and one-half Common Share purchase warrant ("Warrant") of the Company. Each full Warrant is exercisable to acquire one common share in the capital of the Company (a "Warrant Share") at an exercise price of $3.20 per Warrant Share until November 29, 2023.

During the six months ended June 30, 2022, we received $2,722,463 from the exercise of stock options and Common Share Purchase Warrants.

In addition, on July 13, 2022, we 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.

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 (see *"Company Overview"* above for description of goals). While we have been successful in the past in obtaining financing, there can be no assurance that we will be able to obtain adequate financing, or that such financing will be available on terms acceptable to us, to meet future operational needs which may result in the delay, reduction, or discontinuation of ongoing development programs.

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

The following table presents a summary of our cash flows for the six months ended June 30, 2022, and 2021:

	Six Months Ended June 30, 2022 $	Six Months Ended June 30, 2021 $
Net cash provided by (used in):		
Operating activities	**(7,926,816)**	(3,396,995)
Investing activities	**(15,384)**	(42,336)
Financing activities	**2,695,989**	5,217,106
Effect of foreign exchange on cash	**(33,037)**	(16,719)
Net (decrease) in cash	**(5,279,248)**	1,761,056

Cash used in operating activities:

Our uses of cash for operating activities for the periods ended June 30, 2022, and 2021 consisted of salaries and wages for our employees, fees paid in connection with preclinical and clinical studies, drug manufacturing costs, and professional fees. Cash was also expended for phase 1 clinical trial costs in the six months ended June 30, 2022.

Cash used in investing activities:

Cash expended for investing activities in the six months ended June 30, 2022, pertained to acquisitions of computer equipment and network setup for our new facilities. Cash expended in the six months ended June 30, 2021 pertained to an acquisition milestone payment on our intangible asset (CWRU license).

Cash from financing activities:

During the six months ended June 30, 2022, funds were received from the exercise of 100,000 stock options and 1,525,005 warrants at varying exercise prices per common share for total cash proceeds of $2,722,463. During the six months ended June 30, 2021, funds were received from the exercise of 679,930 stock options and 12,887 warrants at varying exercise prices per common share for total cash proceeds of $700,983. In May 2021, we 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.

CASH POSITION

At June 30, 2022, we had a cash balance of $11,649,609 compared to $16,928,857 at December 31, 2021. The funds expended during the six months ended June 30, 2022, for operating activities, of $7,959,853 (June 30, 2021: $3,413,714), were used to fund operating expenditures such as placebo and drug product manufacturing and development, salaries and benefits, and clinical costs associated with the SAD and MAD portions of our Phase 1 clinical trial. Consultants were also engaged to further develop our PTPσ technologies and manufacturing and quality processes were advanced. In addition, we retained expertise to provide market making, public relations and investor relations services to increase awareness of the Company within the industry and to potential investors.

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

Working capital (defined as current assets less current liabilities on our Consolidated Statements of Financial Position) at June 30, 2022 was $9,327,027 (December 31, 2021: $16,342,356). Our working capital requirements are dependent on our ability to raise equity capital or from the proceeds from the exercise of stock options and warrants, by obtaining business development revenue such as milestone payments from licensing agreements, by obtaining grant funding or by obtaining credit facilities. No assurance can be given that any such additional funding or revenue will be available or that, if additional funding is available, it can be obtained on terms favorable to the Company. We can also manage our spending by delaying certain development activities however such actions may not allow us to meet our stated corporate goals.

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

CONTRACTUAL OBLIGATIONS

We enter into research, development and license agreements in the ordinary course of business where we receive research services and rights to proprietary technologies. Milestone and royalty payments that may become due under various agreements are dependent on, among other factors, clinical trials, regulatory approvals and ultimately the successful development of a new drug, the outcome and timing of which is uncertain. In addition, we incur purchase obligations in the ordinary course of business for drug manufacturing, nonclinical toxicology, stability and other related costs that can include payments over a number of months due to the nature of these activities. 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 (CWRU) 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. Pursuant to the license agreement, all the key patents for NVG-291 are owned by CWRU.

Other than as disclosed below, we did not have any contractual obligations relating to long-term debt obligations, capital (finance) lease obligations, operating lease obligations, purchase obligations or other long-term liabilities reflected on our balance sheet as at June 30, 2022:

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	193,365	515,640	1,998,105	-	**2,707,110**
Purchase obligations	7,740,518	-	-	-	**7,740,518**
Lease Payments	177,828	355,655	118,552	-	**652,035**

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 KEY MANAGEMENT PERSONNEL

Key management personnel, consisting of the Company's officers (President and Chief Executive Officer, Chief Financial Officer and Chief Medical Officer) and directors, received the following compensation for the following periods:

	Three Months Ended June 30, 2022 **$**	Three Months Ended June 30, 2021 $	**Six Months Ended June 30, 2022** **$**	Six Months Ended June 30, 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, we had amounts owing or accrued to officers, employees and directors of $245,030 (December 31, 2021: $274,063). Of this total, $696 pertained to expense reimbursements and $202,054 and $42,280 pertained to accrued bonuses and vacation (earned but unpaid and included in the table above).

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED DURING FISCAL 2022

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.

At the time of adoption, the Company did not have any leases which fell 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.

The Company recognized a right-of-use asset based on the amount equal to the lease liability, adjusted for any related prepaid and accrued lease payments previously recognized. The lease liability was recognized based on the present value

of remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period as incurred.

The lease related to 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**

In January 2020, the IASB issued amendments to Presentation of Financial Statements ("IAS 1") to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2023. The company is currently evaluating the potential impacts of adoption.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Accounting policies are described in note 2 of the audited financial statements for the year ended December 31, 2021, and available on SEDAR (www.sedar.com).

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates. Critical judgements in applying our accounting policies are detailed in the audited consolidated financial statements for the year ended December 31, 2021, filed on SEDAR (www.sedar.com).

FINANCIAL INSTRUMENTS

(a) Fair value

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

Financial Instrument	Category	**June 30, 2022**	December 31, 2021
		$	$
Cash	FVTPL	**11,649,609**	16,928,857
Accounts receivable	Amortized cost	**96,807**	64,002
Deposits	Amortized cost	**328,701**	310,997
Accounts payable and accrued liabilities	Amortized cost	**2,782,661**	1,078,080

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, 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 other than the portion of our lease liability that is due beyond one year are classified as current and the majority are anticipated to mature within the next ninety days. We are exposed to liquidity risk.

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

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

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

(b) Foreign Currency Risk: We have identified our functional currency as the Canadian dollar. Transactions are transacted in Canadian dollars, U.S. dollars and in Australian dollars. Fluctuations in the U.S. 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).

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

Balances in U.S. dollars are as follows:

	June 30, 2022 ($ U.S.)	December 31, 2021 ($ 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 ($ AUD)	December 31, 2021 ($ 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

(c) Managing capital

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

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

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

2021 BOUGHT DEAL FINANCING AND USE OF PROCEEDS

The following table provides an update on the use of net proceeds raised in the 2021 bought deal financing as disclosed in the Company's Prospectus Supplement dated November 8, 2021, along with amounts actually expended. As of June 30, 2022, the proceeds have been fully expended.

Principal Purposes	**Estimated Amount to be Expended**	**Actual Amount Expended**	**Remaining Amount to be Expended**
Outsourcing preclinical studies and services to support the Phase 1 and planned Phase 2 clinical trials for NVG-291	800,000	1,041,000	(241,000)
Research and development activities to support preclinical studies on additional indications	900,000	427,000	473,000
Outsourcing Phase 1 study on healthy humans	1,800,000	1,866,000	(66,000)
Drug substance and drug product manufacturing	2,700,000	2,860,000	(160,000)
General and administrative costs	900,000	906,000	(6,000)
General corporate purposes	100,000	100,000	-
Balance March 31, 2022	**7,200,000**	**7,200,000**	**-**

The use of net proceeds from previous financings disclosed in the Company's Prospectus Supplements dated May 5, 2021, and July 31, 2020, have been substantially expended as planned.

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	Warrants Issued and Outstanding	Common Share Purchase Options
Balance December 31, 2021	46,189,584	10,317,140	6,397,895
Balance March 31, 2022	46,269,553	10,237,171	6,773,895
Balance June 30, 2022	47,894,558	8,655,926	7,053,895
Balance August 9, 2022*	**58,679,076**	**13,596,408**	**7,203,895**

*see Subsequent Events below regarding Private Placement completed July 13, 2022

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

RISKS AND UNCERTAINTIES

An investment in the Common Shares of NervGen involves a high degree of risk and should be considered speculative. An investment in the Common Shares should only be undertaken by those persons who can afford the total loss of their investment. Investors should carefully consider the risks and uncertainties set forth under the heading "Risk Factors" found in the AIF and Prospectus Supplement dated November 8, 2021 filed on SEDAR (www.sedar.com), as well as other information described elsewhere in this MD&A. Additional risks and uncertainties not presently known to us or that we believe to be immaterial may also adversely affect our business. If any such risks occur, our business, financial condition and results of operations could be seriously harmed, and you could lose all or part of your investment. Further, if we fail to meet the expectations of the public market in any given period, the market price of our Common Shares could decline. We operate in a highly competitive environment that involves significant risks and uncertainties, some of which are outside of our control.

SUBSEQUENT EVENTS

Subsequent to June 30, 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, Manager of PFP Biosciences Holdings, was appointed to NervGen'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.

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.