Condensed consolidated interim financial statements of

NERVGEN PHARMA CORP.

(Expressed in Canadian Dollars - Unaudited)

For the three and six months ended June 30, 2023 and 2022

NERVGEN PHARMA CORP.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

as at	**June 30, 2023**	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	**16,082,907**	22,451,599
Accounts receivable	**40,108**	27,027
Prepaids and deposits (Note 7)	**635,127**	669,908
	16,758,142	23,148,534
Non-current assets		
Property and equipment (Note 8)	**246,797**	295,280
Intangible assets (Note 9)	**410,529**	431,403
	657,326	726,683
	17,415,468	23,875,217
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 10, 11)	**2,792,328**	3,398,398
Warrant derivative (Note 12)	**6,822,787**	6,732,284
Current portion of lease liability (Note 8)	**88,886**	86,265
	9,704,001	10,216,947
Non-current liabilities		
Lease liability (Note 8)	**152,082**	197,190
	152,082	197,190
	9,856,083	10,414,137
Shareholders' Equity		
Common shares (Note 13)	**58,593,761**	57,411,705
Reserves (Note 14)	**14,207,683**	11,820,280
Deficit	**(65,242,059)**	(55,770,905)
	7,559,385	13,461,080
	17,415,468	23,875,217

Nature of business (Note 1)

Commitments (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, 2023 $	For the 3 Months Ended June 30, 2022 $	**For the 6 Months Ended June 30, 2023 $**	For the 6 Months Ended June 30, 2022 $
Operating expenses				
Research and development (Note 16)	**1,518,802**	4,745,546	**4,540,751**	8,347,609
General and administration (Note 16)	**3,250,782**	1,567,503	**4,945,495**	2,969,785
Total operating expenses	**4,769,584**	6,313,049	**9,486,246**	11,317,394
Interest income	**(139,594)**	(33,534)	**(290,979)**	(50,871)
Unrealized loss (gain) on warrant derrivative (Note 12)	**(55,272)**	-	**90,503**	-
Foreign exchange loss	**187,393**	39,005	**185,384**	19,592
Net loss and comprehensive loss	**(4,762,111)**	(6,318,520)	**(9,471,154)**	(11,286,115)
Basic and diluted net loss per share	**(0.08)**	(0.13)	**(0.16)**	(0.24)
Weighted average common shares outstanding (Note 13)	**59,215,358**	47,301,338	**59,088,194**	46,769,837

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

NERVGEN PHARMA CORP.

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited)

	Six Months Ended June 30, 2023 $	Six Months Ended June 30, 2022 $
Operating Activities		
Net loss for the period	**(9,471,154)**	(11,286,115)
Items not involving cash:		
Amortization of intangible asset	**20,874**	20,874
Depreciation expense	**48,879**	24,733
Interest expense on lease liability (Note 8)	**7,976**	5,073
Stock-based compensation	**2,899,862**	1,628,296
Unrealized foreign exchange	**216,128**	33,037
Change in fair value of warrant derivative (Note 12)	**90,503**	-
Changes in non-cash working capital:		
Accounts receivable	**(13,081)**	(32,805)
Prepaid expenses	**34,781**	(19,417)
Accounts payable and accrued liabilities	**(614,811)**	1,704,581
	(6,780,043)	(7,921,743)
Investing Activities		
Disposition of equipment	**2,548**	-
Acquisition of equipment	**(2,944)**	(15,384)
	(396)	(15,384)
Financing Activities		
Repayment of lease liability (Note 8)	**(50,463)**	(25,232)
Option and warrant exercises (Note 14)	**669,597**	2,722,463
Share issue costs – cash	**-**	(6,315)
	619,134	2,690,916
Effect of foreign exchange on cash	**(207,387)**	(33,037)
Net decrease in cash and cash equivalents	**(6,368,692)**	(5,279,248)
Cash and cash equivalents, beginning of period	**22,451,599**	16,928,857
Cash and cash equivalents, end of period	**16,082,907**	11,649,609
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	**451,380**	102,700
Fair value of warrants allocated to share capital	**61,079**	34,245

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

NERVGEN PHARMA CORP.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

(Unaudited)

	Common Shares				
	Number	Amount	Reserves	Deficit	Total
		$	$	$	$
Balance December 31, 2021	**46,189,584**	**42,403,307**	**9,463,514**	**(35,048,622)**	**16,818,199**
Warrant exercises (Note 13, 14)	1,604,974	2,596,393	(34,245)	-	2,562,148
Option exercises (Note 13, 14)	100,000	256,700	(102,700)	-	154,000
Stock-based compensation	-	-	1,628,296	-	1,628,296
Loss and comprehensive loss	-	-	-	(11,286,115)	(11,286,115)
Balance June 30, 2022	**47,894,558**	**45,256,400**	**10,954,865**	**(46,334,737)**	**9,876,528**
Balance December 31, 2022	**58,779,076**	**57,411,705**	**11,820,280**	**(55,770,905)**	**13,461,080**
Warrant exercises (Note 13, 14)	72,428	173,343	(61,079)	-	112,264
Option exercises (Note 13, 14)	509,668	1,008,713	(451,380)	-	557,333
Stock-based compensation	-	-	2,899,862	-	2,899,862
Loss and comprehensive loss	-	-	-	(9,471,154)	(9,471,154)
Balance June 30, 2023	**59,361,172**	**58,593,761**	**14,207,683**	**(65,242,059)**	**7,559,385**

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

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 trade on the TSX-V under the symbol "NGEN" and on the U.S. OTCQX® under the trading symbol "NGENF".

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 that enable the nervous system to repair itself following damage, whether due to injury or disease. NervGen's initial target indication is spinal cord injury ("SCI").

2. Basis of presentation

a) Basis of measurement and 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 the same accounting policies as detailed in the Company's annual audited consolidated financial statements for the year ended December 31, 2022. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements in accordance 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 should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2022.

The condensed consolidated interim financial statements were approved by the Company's Board of Directors and authorized for issue on August 8, 2023.

b) Going Concern

These condensed consolidated interim financial statements have been prepared in accordance with 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. Until the Company's products are approved and available for sale, and profitable operations are developed, the extent of the Company's progress on its research activities and future clinical trials and the related expenses will be dependent on its ability to continue to obtain adequate financing. While the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to obtain adequate financing, or that such financing will be on terms acceptable to the Company, to meet future operational needs which may result in the delay, reduction, or discontinuation of ongoing development programs.

These 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 condensed consolidated interim financial statements. Such amounts could be material.

2. Basis of presentation cont'd

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 and disclosure of contingent 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 results 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 accounted for prospectively.

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, recognition of government assistance, valuation of warrant derivative, deferred tax, stock-based compensation, contingent repayment of grant funding and the determination of the functional currency of the Company.

3. Significant accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in our audited consolidated financial statements for the year ended December 31, 2022.

New accounting standards and interpretations

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 were adopted effective January 1, 2023. The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The adoption of these amendments did not have an impact on our condensed consolidated interim financial statements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, were adopted effective January 1, 2023. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively, while changes in accounting policies are generally also applied retrospectively to past transactions and other past events. The adoption of these amendments did not have an impact on our condensed consolidated interim financial statements.

4. 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 U.S., and as at June 30, 2023, the Company had other current assets of approximately $6,961,000 USD, $9,221,000 CAD (December 31, 2022 - $9,953,000 USD, $13,477,000 CAD), in the U.S. As of June 30, 2023, the Company also had deposits of approximately $93,000 AUD, $82,000 CAD (December 31, 2022 - $357,000 AUD, $330,000 CAD) held by Australian vendors and other current assets of approximately $994,000 AUD, $875,000 CAD (December 31, 2022 - $33,000 AUD, $31,000 CAD), in Australia. All other assets are held in Canada.

5. Capital disclosures

The Company defines its capital as share capital, warrants, retention securities 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).

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.

6. Financial risk management

(a) Fair value

The Company's financial instruments recognized on the statement of financial position consist of cash and cash equivalents, accounts receivable, deposits, accounts payable and accrued liabilities. The fair value of these instruments approximate their carrying 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 and cash equivalents are measured using level 1 inputs and the warrant derivative is a recurring Level 2 fair value measurement as these warrants have not been listed on an exchange and therefore do not trade on an active market. As at June 30, 2023, the fair value of the warrant derivative was $6,822,787 (December 31, 2022 - $6,732,284) using the Black-Scholes valuation model to estimate fair value. The expected volatility is based on the Company's common share historical volatility and the risk-free interest rate is based on the Bank of Canada benchmark treasury yield rates and the expected life represents the estimated length of time the warrants are expected to remain outstanding.

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. There have been no significant changes in these risk exposures compared to December 31, 2022.

6. 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 and cash equivalents by maintaining minimum standards of R1-med or A-high rated 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, 2023, 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 2.7 years. The warrant derivative is non-cash and does not therefore represent any liquidity risk.

(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, the purchase of goods and services primarily in the United States and Australia, cash balances held in foreign currencies and the warrant derivative.

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, 2023, of $830,000 (June 30, 2022 - $199,000). 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, 2023, of $41,000 (June 30, 2022 - $34,000).

Balances in U.S. dollars are as follows:

	June 30, 2023 $U.S.	December 31, 2022 $U.S.
Cash	**6,858,489**	10,095,950
Vendor deposits	**214,752**	11,067
Accounts payable and accrued liabilities	**(810,999)**	(1,519,716)
	6,262,242	8,587,301

Balances in Australian dollars are as follows:

	June 30, 2023 $AUD	December 31, 2022 $AUD
Cash	**960,160**	18,340
Accounts receivable	**34,238**	14,866
Vendor deposits	**92,862**	357,301
Accounts payable and accrued liabilities	**(1,551,474)**	(254,260)
	(464,214)	136,247

(Expressed in Canadian Dollars)

7. Prepaids and deposits

	June 30, 2023 $	December 31, 2022 $
Prepaid insurance	**130,001**	75,218
Prepaid retainer	**10,205**	4,420
Prepaid listing fees	**27,560**	37,236
Prepaid software	**64,254**	23,053
Vendor deposits	**403,107**	529,981
	635,127	669,908

8. Property, equipment and lease liability

The carrying amounts of the Company's right-of-use assets, lease liabilities, equipment and movements during the six months ended June 30, 2023, were as follows:

	Right-of-Use Asset $	Equipment $	Total $
Balance December 31, 2022	**277,379**	**17,901**	**295,280**
Dispositions	-	(2,548)	**(2,548)**
Acquisitions	-	2,944	**2,944**
Depreciation	(44,981)	(3,898)	**(48,879)**
Balance, June 30, 2023	**232,398**	**14,399**	**246,797**

	Lease Liability $
Balance December 31, 2022	**283,455**
Lease payments	(50,463)
Lease interest	7,976
Balance, June 30, 2023	**240,968**
Current portion	(88,886)
Non-current portion	**152,082**

For the three and six months ended June 30, 2023, the Company recorded $23,985 and $44,677 respectively, in rent expense (three and six months ended June 30, 2022 - $20,692) related to variable lease payments.

As at June 30, 2023, the maturity of the Company's lease liability was as follows:

Within 1 year	88,886
1 to 2 years	94,368
2 to 3 years	57,714
Total lease liability	**240,968**

9. 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.

The license costs are being amortized on a straight-line basis over the remaining life of the licensed patent which was 15 years at the time of licensing.

(Expressed in Canadian Dollars)

9. Intangible asset cont'd

Continuity of the intangible asset is as follows:

Intangible asset – Case Western Reserve license	Total $
Balance, December 31, 2022	**431,403**
Amortization expense	(20,874)
Balance, June 30, 2023	**410,529**

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. Annual minimum royalty payments are expensed whereas milestone payments related to the cost of the intangible asset are capitalized, as incurred.

As at June 30, 2023, 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. $1,850,000.

10. Accounts payable and accrued liabilities

	June 30, 2023 **$**	December 31, 2022 $
Accounts payable	**886,759**	2,001,916
Accrued liabilities	**1,641,506**	892,136
Amount owing to key management personnel (Note 11)	**264,063**	504,346
	2,792,328	3,398,398

11. 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, 2023	Three Months Ended June 30, 2022	**Six Months Ended June 30, 2023**	Six Months Ended June 30, 2022
	$	$	**$**	$
Stock-based compensation	**1,996,307**	607,225	**2,507,534**	1,149,765
Salaries and bonuses	**626,746**	416,154	**970,106**	864,167
Consulting fees	**-**	75,000	**93,853**	120,000
	2,623,053	1,098,379	**3,571,493**	2,133,932

As at June 30, 2023, the Company had amounts owing or accrued to current and former key management personnel of $264,063 (December 31, 2022 - $504,346) pertaining to expense reimbursements, accrued bonuses, accrued termination payments and accrued vacation.

(Expressed in Canadian Dollars)

12. Warrant derivative

On July 13, 2022, pursuant to a non-brokered private placement, 10,150,000 units were sold at a purchase price of U.S.$1.50 per unit for gross proceeds of U.S.$15,225,000 (CA$19,783,500). Each unit included 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. There is no cash flow impact as a result of the accounting treatment for changes in the fair value of the warrant derivative or when warrants expire unexercised.

A reconciliation of the change in fair value of the warrant derivative is as follows:

	Fair Value of Warrant Derivative **$**
Balance, December 31, 2022	**6,732,284**
Change in fair value of warrant derivative	90,503
Balance, June 30, 2023	**6,822,787**

The estimated fair value of the warrant derivative issued during the period was determined using the Black-Scholes valuation model using the following assumptions:

	June 30, 2023	**December 31, 2022**
Risk-free interest rate	3.68%	3.37%
Expected warrant life in years	4.04 years	4.54 years
Expected stock price volatility	139.27%	134.51%
Dividend yield	-	-
Warrants outstanding	5,075,000	5,075,000

13. Share capital

Authorized

Unlimited common shares.

Equity Issuances

<u>Fiscal 2023</u>

During the six months ended June 30, 2023, 509,668 options were exercised for cash proceeds of $557,333 and 72,428 warrants were exercised for cash proceeds of $112,264 In addition to the cash proceeds received, the original fair value related to these options and warrants of $451,380 and $61,079 respectively, were transferred from reserves to share capital.

<u>Fiscal 2022</u>

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.

(Expressed in Canadian Dollars)

13. Share capital cont'd

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, 2023 and 2022 the calculation was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
Common shares issued and outstanding, beginning of period	**59,134,886**	46,269,553	**58,779,076**	46,190,084
Shares issued	**226,286**	1,625,005	**582,096**	1,704,474
Common shares issued and outstanding, end of period	**59,361,172**	47,894,558	**59,361,172**	47,894,558
Weighted average shares outstanding - basic and diluted, end of period	**59,215,358**	47,301,338	**59,088,194**	46,769,837

14. Stock options, retention securities and warrants

Stock Options and Retention Securities:

Stock option transactions for the six months ended June 30, 2023 are set forth below:

	Number of shares issuable under options	Weighted average exercise price $
Balance outstanding at December 31, 2022	**7,521,395**	**1.86**
Granted	3,940,000	1.78
Exercised	(509,668)	1.09
Forfeited/Expired	(691,000)	1.66
Balance outstanding at June 30, 2023	**10,260,727**	**1.89**

The following table summarizes information about stock options outstanding at June 30, 2023:

Exercise Price ($)	Number of Options Outstanding	Weighted average remaining contractual life (Years)	Weighted average exercise Price ($)	Number of Options Exercisable	Weighted average remaining contractual life (Years)	Weighted average exercise Price ($)
0.50-1.00	625,227	0.60	0.90	625,227	0.60	0.90
1.01-1.50	242,000	5.58	1.19	242,000	5.58	1.19
1.51-2.00	6,832,500	7.16	1.75	2,643,750	5.25	1.69
2.01-2.50	1,371,000	4.22	2.14	1,263,000	3.85	2.14
2.51-3.00	390,000	4.79	2.84	365,000	4.54	2.83
3.01-3.50	800,000	6.65	3.13	800,000	6.65	3.13
	10,260,727	**6.20**	**1.89**	**5,938,977**	**4.62**	**1.95**

The Company has granted 590,000 retention securities to its President and Chief Executive Officer in connection with his appointment on April 10, 2023. Each retention security is exercisable into one common share at a price of $1.78 per share for a period of 10 years and the retention securities vest equally every month over a three-year period. The weighted average remaining contractual life of the retention securities is 9.79 years and 32,778 securities were exercisable as at June 30, 2023.

(Expressed in Canadian Dollars)

14. Stock options, retention securities and warrants cont'd

The retention securities were granted outside of the Company's stock option plan, as an inducement grant to the President and Chief Executive Officer of the Company pursuant to Section 6.4 of TSX Venture Exchange Policy 4.4 – Security Based Compensation ("Policy 4.4").

The fair value of options and retention securities granted is calculated on the grant date using the Black-Scholes option pricing model using the following assumptions:

	June 30, 2023	June 30, 2022
Risk-free interest rate	2.79-4.20%	1.81-2.66%
Expected term in years	2-10 years	5-10 years
Expected stock price volatility	88.20-138.77%	131.03-134.96%
Dividend yield	-	-

Warrants:

Warrant transactions for the six months ended June 30, 2023 are set forth below:

	Number of shares issuable under warrants	Weighted average exercise price $
Balance outstanding at December 31, 2022	**9,890,185**	**2.51**
Exercised	(72,428)	1.55
Forfeited/Expired	(1,413,580)	2.06
Balance outstanding at June 30, 2023	**8,404,177**	**2.60**

The following table summarizes information about warrants outstanding at June 30, 2023:

Exercise Price ($)	Number of Warrants Outstanding	Grant Date	Expiry Date
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
U.S. 1.75	5,075,000	July 13, 2022	July 13, 2027
	8,404,177		

15. 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.

The Company has been awarded a grant of up to US$3.18 million to support the Company's planned Phase 1b/2a clinical trial in individuals with spinal cord injury (SCI). In connection with the grant, the Company has agreed to pay a percentage of the Company's net annual sales revenue of NVG-291 or any derivative approved in SCI through the provision of an unrestricted donation to the granting entity in the amount of up to the total funds awarded through the Agreement. Any donation that may become due under the agreement is dependent on, among other factors, the successful development and sale of a new drug, the outcome and timing of which is uncertain.

As at June 30, 2023, we have achieved the first milestone, and received US$640 thousand.

(Expressed in Canadian Dollars)

16. Nature of expenses

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
	$	$	**$**	$
Research and Development Expenses				
Amortization of intangible asset	**10,437**	10,436	**20,874**	20,874
Preclinical development	**415,178**	910,153	**722,898**	1,552,053
Chemistry, manufacturing and controls	**268,946**	1,576,814	**542,308**	3,055,203
Licensing and patent legal fees	**70,598**	12,768	**189,031**	17,990
Clinical and regulatory	**(264,236)**	1,354,239	**1,061,470**	1,975,127
Salaries and benefits	**739,152**	518,032	**1,480,270**	1,058,498
Stock-based compensation	**218,180**	307,034	**403,945**	584,149
Other research and development	**60,547**	56,070	**119,955**	83,715
	1,518,802	4,745,546	**4,540,751**	8,347,609

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
	$	$	**$**	$
General and Administration Expenses				
Depreciation expense	**24,562**	23,786	**48,878**	24,733
Legal, professional and finance	**149,353**	205,273	**399,385**	366,721
Investor and public relations	**454,984**	287,213	**833,089**	524,576
Salaries and benefits	**508,500**	360,162	**759,830**	737,252
Stock-based compensation	**1,944,903**	524,162	**2,495,917**	1,044,148
Other general and administrative	**168,480**	166,907	**408,396**	272,355
	3,250,782	1,567,503	**4,945,495**	2,969,785

Certain comparative figures have been reclassified to conform to current period presentation. There was no change to loss and comprehensive loss for the three and six months ended June 30, 2022.