Management's Discussion and Analysis of

NERVGEN PHARMA CORP.

(Expressed in Canadian Dollars)

For the three months ended March 31, 2024 and 2023

Effective Date: May 15, 2024

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 condensed consolidated interim financial statements and related notes thereto for the period ended March 31, 2024.

All financial information in this Management's Discussion and Analysis ("MD&A") has been prepared in accordance with IFRS accounting principles 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 pandemics such as COVID-19 or any escalation thereof on our operations;
- plans to use NVG-291 in our clinical development programs;
- plans to develop additional proprietary compounds that address nervous system repair;
- plans to use third party technology for biomarker and other analysis for NVG-291;
- expectations and intended benefits of agreements entered into with third parties;
- expectations about our clinical trials design and 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 United States 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 our products and technologies;
- 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;
- expectations about the potential benefits of Fast Track designation for NVG-291 in the treatment of spinal cord injury ("SCI");
- 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, grant funding arrangements 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;

- our strategy and ability with respect to the protection of our intellectual property;
- our ability to operate and raise additional capital to fund our long-term operations and research and development plans; and
- the Company's business objectives and milestones and the anticipated timing of execution.

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;
- pandemics such as COVID-19 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 most recently filed Annual Information Form (the "AIF") and our Prospectus Supplement dated March 25, 2024 available under our profile on SEDAR+ at www.sedarplus.ca. 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 COVID-19, may adversely impact multiple aspects of our business;
- we are 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, including anticipated timing of results of clinical trials or meeting grant funding milestones, 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 the 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 same biological targets of our drug candidates;
- 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 112-970 Burrard Street, Unit 1290, Vancouver, BC, V6Z 2R4, 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's initial target indication is spinal cord injury ("SCI"). We hold the exclusive worldwide rights to NVG-291, which we licensed from Case Western Reserve University ("CWRU") in 2018, and we are developing a unique new class of drugs around the technology. Our lead compound, NVG-291 is a therapeutic peptide derived from the intracellular domain of the receptor protein tyrosine phosphatase sigma (PTPσ). NVG-291-R, a rodent analog of NVG-291, has been shown to promote nervous system repair and functional recovery in animal models of SCI, peripheral nerve injury, multiple sclerosis and stroke, through enhanced plasticity, axonal regeneration, and remyelination.

In September 2023, we initiated dosing in our placebo-controlled proof-of-concept Phase 1b/2a clinical trial (NCT05965700) that will evaluate the efficacy of NVG-291 in two separate cohorts of individuals with cervical SCI: chronic (1-10 years post-injury) and subacute (those with a more recent injury), given demonstrated efficacy in preclinical models of both chronic and acute SCI. The trial is designed to evaluate efficacy of a fixed dose of NVG-291 using multiple clinical outcome measures as well as objective electrophysiological and MRI imaging measures and blood biomarkers that together will provide comprehensive information about the extent of recovery of function, with a focus on improvements in motor function. Specifically, the primary objective is to assess the change in corticospinal connectivity of defined upper and lower extremity muscle groups following treatment based on changes in motor evoked potential amplitudes. Secondary objectives are to evaluate changes in a number of clinical outcome assessments focusing on motor function, upper extremity dexterity and grasping and mobility, as well as changes in additional electrophysiological measurements. The cohorts will be comprised of 20 subjects each and will be evaluated independently as the data becomes available. The trial is being partially funded by a grant from Wings for Life, which is being provided in several milestone-based payments and will offset a portion of the direct costs of this clinical trial.

In 2023 we completed dosing in a Phase 1 clinical study in 70 healthy adult male and female volunteers for, NVG-291, conducted in Australia. The Part 1 single ascending dose (SAD) portion of the study has completed with 37 female subjects evaluated in 6 dose cohorts. The Part 2, multiple ascending dose (MAD) portion of the study, was completed with 17 postmenopausal female subjects in three dose cohorts. The Part 3 Repeated Dose portion of the study has completed two bridging cohorts in males and premenopausal females at a single dose level (8 subjects each). NVG-291 was well tolerated overall in the Phase 1 clinical study. A maximally tolerated dose was not reached, all adverse events were mild or moderate, and there were no serious adverse events reported in subjects receiving NVG-291. Injection site related adverse events were the only type of adverse event increased in subjects receiving NVG-291 compared to placebo. There was no effect of NVG-291 on vital signs, electrocardiograms, laboratory studies or other clinical parameters measured in the healthy volunteers in this study.

While we are focused on the recently initiated Phase 1b/2a clinical trial for SCI, we remain committed to pursuing other indications when funding becomes available. Our initial primary indication of SCI represents a significant market opportunity due to the high-cost burden on the health care system and the dramatic impact on quality of life. We are also identifying additional potential drug candidates for other medical conditions involving nervous system damage, including stroke, amyotrophic lateral sclerosis ("ALS"), Alzheimer's disease ("AD") and multiple sclerosis ("MS"). In addition, we have initiated research collaborations in preclinical models to further understand disease mechanisms related to nervous system repair, to determine the effect of NVG-291 in these models and to obtain toxicology and other information required to support our clinical trials. In October 2023 we received Fast Track designation from the FDA for NVG-291 in

individuals with SCI. FDA's Fast Track program is designed to facilitate the development of drugs intended to treat serious conditions and fill unmet medical needs as part of the FDA's goal to get important new drugs to patients earlier. Fast Track also provides potential eligibility for both Priority Review, which can shorten the New Drug Application ("NDA") review process, and potential for Accelerated Approval, which can allow for an earlier or faster approval based on a surrogate or intermediate clinical endpoint. These objectives replace and supersede those described in the "Business of the Company" section of our Short Form Base Shelf Prospectus dated August 12, 2022. All clinical development plans are subject to additional funding (see *"Liquidity and Capital Resources"* below).

ACHIEVEMENTS & HIGHLIGHTS

The following are the achievements and highlights for the three months ending March 31, 2024, through to the date hereof:

- On February 15, 2024, we provided an update on the timing for enrollment and delivery of the data readout of the chronic cohort in the Company's Phase 1b/2a proof-of-concept, double blind, randomized placebo-controlled clinical trial for our proprietary investigational lead compound, NVG-291, in individuals with SCI. Additionally, we announced that we are developing plans to initiate a new study in which subjects completing the current trial who received placebo, would have the option to receive open-label NVG-291 under a separate protocol. We plan to initiate this open-label study, provided that an efficacy signal is observed in the chronic cohort, contingent upon protocol approval by the FDA as well as the study's Institutional Review Board.
- On February 21, 2024, we announced that we had been recognized by the TSX Venture Exchange as a 2023 Top 50 Company. The 2024 TSX Venture 50™ showcases the strongest performances on the TSX Venture Exchange over the last year. Comprising the top 10 companies from each of five industry sectors, the ranking recognizes the strongest performance on the Exchange based on market capitalization, share price appreciation, and trading volume.
- On March 28, 2024, we announced the closing of the previously announced public offering, including the full exercise of the underwriters' over-allotment option for aggregate gross proceeds to the Company of $23,011,788 (the "Offering"). The Offering was made pursuant to an underwriting agreement entered into with a syndicate of underwriters led by Stifel Canada and including Canaccord Genuity Corp. and PI Financial Corp. Pursuant to the Offering, the underwriters purchased, on a "bought deal" basis, and the Company issued 9,792,250 units at a price of $2.35 per unit including the full exercise of the underwriters' over-allotment option. Each unit was comprised of one Common Share and one-half of one Common Share purchase warrant. Each whole warrant is exercisable to acquire one Common Share for a period of 36 months following the closing of the Offering at an exercise price of $3.00 per warrant share. In connection with the Offering, we issued an aggregate of 170,127 broker warrants to the underwriters. Each broker warrant is exercisable to acquire one Common Share at the exercise price of $2.35 per Common Share for a period of 24 months from the closing date of the Offering. The Company also paid a cash commission of $1,090,152 to the underwriters and incurred approximately $513,000 in other share issue costs related to legal and listing fees.

SELECTED FINANCIAL INFORMATION

	Three Months Ended March 31, 2024 $	Three Months Ended March 31, 2023 $
Research and development expenses	**2,972,114**	3,021,949
General and administration expenses	**1,997,437**	1,694,713
Net loss	**(2,345,421)**	(4,709,043)
Basic and diluted loss per share	**(0.04)**	(0.08)

	March 31, 2024 $	March 31, 2023 $
Total assets	**31,784,519**	19,099,038
Total liabilities	**12,958,265**	9,219,717

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

The decrease in net loss for the three months ended March 31, 2024, compared to the same period in the prior year is primarily due to non-cash fair value movement of the warrant derivative costs related to U.S. dollar denominated

warrants that were issued as part of the July 2022 non-brokered private placement. This decrease was partially offset by increased general and administration expense pertaining to non-cash stock-based compensation expense related to option and retention security grants to our new President and CEO and other employees and consultants, and the timing of the related vesting. The increase in our total liabilities as compared to the same period in the prior year, is also primarily attributable to the fair value increase of the non-cash warrant derivative. The increase in our total assets is primarily attributable to the closing of the public offering, for aggregate gross proceeds of $23,011,788 in March 2024.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2024

Research and Development Expenses

	Three Months Ended March 31, 2024 $	Three Months Ended March 31, 2023 $
Amortization of intangible asset	**13,949**	10,437
Preclinical development	**183,805**	307,720
Chemistry, manufacturing and controls	**434,920**	273,362
Licensing and patent legal fees	**140,000**	118,433
Clinical and regulatory	**991,926**	1,325,706
Salaries and benefits	**758,812**	741,118
Stock-based compensation	**292,867**	185,765
Other research and development	**155,835**	59,408
	2,972,114	3,021,949

The decrease of $49,835 in research and development expenses in the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, is primarily attributable to the following factors:

- A decrease of $123,915 in preclinical studies conducted in the previous period that were undertaken to address the U.S. FDA partial clinical hold and enable us to expand our clinical studies to males and premenopausal females.
- An increase of $161,558 for chemistry, manufacturing and control, primarily related to CMC consulting required to optimize our drug product for use in the current and future clinical trials.
- An increase of $21,567 for patent related costs due to the timing of patent maintenance and filing costs.
- A decrease of $333,780 for clinical and regulatory costs. The costs incurred in the current period pertain to the ongoing Phase 1b/2a clinical trial, while the costs incurred in the previous period related to the Phase 1 clinical trial which was in the later stages of completion.
- An increase of $17,694 relating to employee salaries, bonuses and benefits, attributable to salary increases.
- An increase of $107,102 in non-cash stock-based compensation pertaining to options granted and the timing of the related vesting.
- An increase of $96,427 relating to other research and development expenses, primarily attributable to consulting costs related to strategic research and development planning.

General and Administrative Expenses

	Three Months Ended March 31, 2024 $	Three Months Ended March 31, 2023 $
Depreciation expense	**24,357**	24,316
Legal, professional and finance	**144,839**	250,032
Investor and Public Relations	**230,884**	378,105
Salaries and benefits	**560,334**	251,330
Stock-based compensation	**858,585**	551,014
Other general and administrative	**178,438**	239,916
	1,997,437	1,694,713

The increase of $302,724 in general and administrative expenses in the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, are primarily attributable to the following factors:

- A decrease of $105,193 in legal, professional, and financial services. The decreases were due to reduced corporate consulting costs, relating to our Interim President and Interim CEO, which were replaced by the salary costs of our new President & CEO in April 2023.

- A decrease of $147,221 in investor and public relations, related to higher costs incurred in the prior period pertaining to federal and state government relations, public affairs, strategic communications, and advisory services.
- An increase of $309,004, relating to employee salaries, bonuses, and benefits primarily attributable to salary, bonuses and benefits related to the transition to our current President and CEO.
- An increase of $307,571 pertaining to non-cash stock-based compensation expense related to option and retention security grants to our new President and CEO and other employees and consultants, and the timing of the related vesting.
- A decrease of $61,478 for other general and administrative activities, primarily attributable to fees related to recruiting a new CEO in the previous period, partially offset by increased rent expenses in the current period.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

	Mar. 31 2024	Dec. 31 2023	Sep. 30 2023	Jun. 30 2023	Mar. 31 2023	Dec. 31 2022	Sep. 30 2022	Jun. 30 2022
	$	$	$	$	$	$	$	$
Research & development	**2,972,114**	2,667,988	837,574	1,518,802	3,021,949	5,080,080	3,185,566	4,745,546
General & administrative	**1,997,437**	2,206,626	2,578,276	3,250,782	1,694,713	1,703,894	1,738,099	1,567,503
Net loss	**(2,345,421)**	(8,608,417)	(4,302,549)	(4,762,111)	(4,709,043)	(5,940,195)	(3,495,974)	(6,318,520)
Basic & diluted loss per share	**(0.04)**	(0.14)	(0.07)	(0.08)	(0.08)	(0.10)	(0.06)	(0.13)
Total assets	**31,784,519**	13,236,021	16,359,729	17,415,468	19,099,038	23,875,217	28,882,578	12,983,879
Total liabilities	**12,958,265**	15,245,126	11,252,538	9,856,083	9,219,717	10,414,137	10,469,479	3,107,351

Research and development expenses for the quarters ended September 30, 2023, and June 30, 2023, were lower than previous quarters due to the timing of grant funding that offsets our Phase 1b/2a clinical trial costs. Costs in the quarter ended December 31, 2022, were higher than previous quarters due to chemistry, manufacturing and control work pertaining to the manufacture of NVG-291.

General and administrative expenses were higher in 2023 and 2024 due primarily to non-cash stock-based compensation related to options and retention securities. General and administrative expenses have otherwise been consistent and pertain to legal and accounting fees, administrative activities related to expanding operations, developing staff, processes, and infrastructure.

LIQUIDITY AND CAPITAL RESOURCES

Since inception, we have devoted our resources to evaluating and securing intellectual property rights and licenses related to the technology licensed from CWRU, 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 $80,498,446 as of March 31, 2024. With current income only consisting of interest earned on excess cash in the amount of $102,949 for the period ended March 31, 2024 (March 31, 2023 - $151,385), 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 issuance 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. Until our products are approved and available for sale, and profitable operations are developed, the extent of our progress on our research activities and future clinical trials and the related expenses will be dependent on our ability to continue to obtain adequate financing. We have no current sources of significant revenues from strategic partners.

During the three months ended March 31, 2024, we received $620,460 from the exercise of stock options. We also closed a bought deal financing of 9,792,250 units of the Company at a price of $2.35 per unit, for aggregate gross proceeds of $23,011,788. 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 $3.00 per Common Share until March 28, 2027. The Company also paid a cash commission of $1,090,152 to the underwriters and issued 170,127 broker warrants exercisable into one Common Share per broker warrant at a price of $2.35 per Common Share until March 28, 2026, with a fair value of $187,140 using the Black-Scholes option pricing model. The Company also incurred approximately $513,000 in other share issue costs related to legal and listing fees.

We have forecasted that our existing working capital is sufficient to operate the Company and meet our announced goals for the ensuing 12 months (see *"Company Overview"* above for description of goals). In addition, we will need to raise additional capital to fund our long-term operations and research and development plans including human clinical trials for our various drug candidates until we generate revenue that reaches a level sufficient to provide self-sustaining cash flows. 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 future clinical studies to evaluate NVG-291's effectiveness in humans after the ongoing Phase 1b/2a clinical trial, are subject to additional funding. The Phase 1b/2a clinical trial is subject to successful enrolment of the required number of study participants. 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.

The following table presents a summary of our cash flows for the three months ended March 31, 2024, and 2023:

	Three Months Ended March 31, 2024 $	Three Months Ended March 31, 2023 $
Net cash provided by (used in):		
Operating activities	**(3,247,281)**	(4,781,543)
Investing activities	**-**	2,548
Financing activities	**22,004,096**	365,273
Effect of foreign exchange on cash and cash equivalents	**(112,369)**	(16,384)
Net increase (decrease) in cash and cash equivalents	**18,644,446**	(4,430,106)

Cash used in operating activities:
Our uses of cash for operating activities for the three months ended March 31, 2024, and 2023 consisted of Phase 1 and Phase 1b/2a clinical trial costs, salaries and wages for our employees, fees paid in connection with preclinical and clinical studies, drug manufacturing costs, and professional fees.

Cash from investing activities:
Cash received for investing activities in the three months ended March 31, 2023, pertained to funds returned for office furniture not delivered.

Cash from financing activities:
During the three months ended March 31, 2024, funds were received from the exercise of 529,000 stock options at varying exercise prices per Common Share for total cash proceeds of $620,460, partially offset by costs related to lease payments of $25,232. We also closed a bought deal financing for aggregate gross proceeds of $23,011,788. We paid a cash commission of $1,090,152 to the underwriters and incurred approximately $513,000 in other share issue costs related to legal and listing fees.

During the three months ended March 31, 2023, funds were received from the exercise of 300,000 stock options and 55,810 warrants at varying exercise prices per common share for total cash proceeds of $390,505, offset by operating costs related to lease payments of $25,232.

CASH POSITION

At March 31, 2024, we had a cash and cash equivalents balance of $30,303,990 compared to $11,659,544 at December 31, 2023. The funds expended during the three months ended March 31, 2024, for operating activities (net of the effect of foreign exchange on cash), of $3,359,650 (three months ended March 31, 2023 - $4,797,927), were used to fund operating expenditures such as drug product formulation and development, salaries and benefits, and clinical costs associated with the Phase 1b/2a clinical trial. Consultants were also engaged to further develop our technologies and manufacturing and quality processes were advanced. In addition, we retained expertise to provide business and corporate development services, 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 (a non-GAAP measure defined as current assets less current liabilities on our Condensed Consolidated Interim Statements of Financial Position) as at March 31, 2024 was $18,225,862 (March 31, 2023 - $9,364,744). Our current liabilities include $9,338,000 related to the non-cash warrant derivative. Given the nature of this liability, no funds

would ever be expended by the Company and it does not represent a liquidity risk. 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 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. These contracts are typically cancellable by the Company with notice. Milestone and royalty payments or grant funding repayments 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 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 milestone payments that are contingent upon the occurrence of future events or 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 Statement of Financial Position as at March 31, 2024:

Anticipated Commitments	**Under 1 Year**	**1-3 Years**	**4-5 Years**	**Total**
	$	**$**	**$**	**$**
Patent licensing costs, minimum annual royalties per license agreements	67,700	135,400	135,400	**338,500**
Purchase obligations	1,553,494	-	-	**1,553,494**
Lease Payments	92,967	81,837	-	**174,804**

In addition, in June 2023, the Company was awarded a grant of up to US$3.18 million (CA$4.22 million) to support the Company's Phase 1b/2a clinical trial in individuals with SCI. In connection with the grant, the Company 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 received 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 March 31, 2024, we had achieved three of the five milestones in the grant and received US$1.92 million (CA$2.61 million). The grant funding received was recorded as a reduction of the related clinical and regulatory expenses, included in research and development expenses, in the period the milestone was received.

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 executive 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 March 31, 2024 $	Three Months Ended March 31, 2023 $
Stock-based compensation	**991,144**	511,227
Salaries and bonuses	**638,246**	343,360
Consulting fees	**-**	93,853
	1,629,390	948,440

As at March 31, 2024, we had amounts owing or accrued to key management personnel of $421,931 (December 31, 2023 - $438,584). Of this total, $375,277 pertained to accrued bonuses, and $46,654 to accrued vacation (both earned but unpaid and included in the table above).

MATERIAL ACCOUNTING POLICIES, BASIS OF PRESENTATION AND CRITICAL ACCOUNTING ESTIMATES

Material Accounting Policies:

Accounting policies are described in note 3 of the audited consolidated financial statements for the year ended December 31, 2023, and available on SEDAR+ (www.sedarplus.ca).

Basis of Presentation:

The condensed consolidated interim financial statements have been prepared in accordance with accounting principles applicable to a going concern using the historical cost basis as management has forecasted that existing working capital is sufficient to operate the Company for the ensuing 12 months. The Company is in pre-revenue stage and no revenues are expected in the foreseeable future. Our future operations are dependent on the success of our ongoing development, as well as our ability to secure additional financing as needed. We will need to raise additional capital to fund our long-term operations and research and development plans including human clinical trials for our various drug candidates until we generate revenue that reaches a level sufficient to provide self-sustaining cash flows. 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 on terms acceptable to us, to meet future operational needs which may result in the delay, reduction, or discontinuation of ongoing development programs. The condensed consolidated interim financial statements do not reflect the adjustments that would be necessary should we be unable to continue as a going concern and therefore be required to realize our assets and settle our liabilities and commitments in other than the normal course of business and at amounts different from those in the condensed consolidated interim financial statements. Such amounts could be material.

Critical Accounting Estimates:

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates. Significant assumptions about the future and other sources of estimation uncertainty that we have made at the condensed consolidated interim statements of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities include:

Intangible assets
The Company estimates the useful lives of intangible assets from the date they are available for use in the manner intended by management and periodically reviews the useful lives to reflect management's intent about developing and commercializing the assets.

Government Assistance
Management considers the reasonableness of whether the Company has met the requirements of the approved government assistance and whether there is reasonable assurance that the amount will be received. Government assistance can be subject to audits so the amounts received may differ from the amounts recorded.

Warrant derivative
The Company estimates fair value of the warrant derivative at initial measurement, at each exercise date and at each reporting period. This estimate requires determining the most appropriate inputs to the valuation model including the expected life, share price volatility, and dividend yield, and making assumptions about them.

Valuation of stock-based compensation and warrants
Management measures the costs for stock-based compensation and warrants using market-based option valuation techniques. Assumptions are made and estimates are used in applying the valuation techniques. These include estimating the future volatility of the share price, expected dividend yield, expected risk-free interest rate, future employee turnover rates, and expected term. Such estimates and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates of stock-based compensation and warrants.

Functional currency
Management considers the determination of the functional currency of the Company a significant judgment. Management has used its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and considered various factors including the currency of historical and future expenditures and the currency in which funds from financing activities are generated. A Company's functional currency is only changed when there is a material change in the underlying transactions, events and conditions.

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

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	**March 31, 2024**	December 31, 2023
		$	$
Cash and cash equivalents	FVTPL	**30,303,990**	11,659,544
Accounts receivable	Amortized cost	**13,576**	250,209
Warrant derivative	FVTPL	**9,338,000**	11,726,728
Accounts payable and accrued liabilities	Amortized cost	**3,445,461**	3,321,208

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 and cash equivalents are measured at fair value using Level 1 as the basis for measurement in the fair value. The recorded amounts for accounts receivable, accounts payable and accrued liabilities, approximate their fair value due to their short-term nature. In July 2022, we issued Common Share purchase warrants with an exercise price denominated

in a currency that differs from our functional currency, which were treated as a derivative measured at fair value with subsequent changes in fair value accounted for through the condensed consolidated interim statements of loss and comprehensive loss. The fair value of our warrant derivative recognized on the condensed consolidated interim statements of financial position is based on level 2 inputs (significant observable inputs) as these warrants have not been listed on an exchange and therefore do not trade on an active market. As at March 31, 2024, the fair value of our non-cash warrant derivative was $9,338,000 (December 31, 2023 - $11,726,728). We use the Black-Scholes valuation model to estimate fair value. The expected volatility is based on the Company's common share historical volatility, the risk-free interest rate is based on Bank of Canada benchmark treasury yield rates and the expected life represents the estimated length of time the warrants are expected to remain outstanding.

(b) Financial risk management

Our risk exposures and the impact on our consolidated financial instruments are summarized below. Our Board 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, other than the non-cash warrant derivative, are anticipated to mature within the next ninety days. We are exposed to liquidity risk other than for the warrant derivative which is non-cash.

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 and cash equivalents, receivables, deposits, and balances receivable from the government. We limit the exposure to credit risk in our cash and cash equivalents by only holding our cash and cash equivalents 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 three months ended March 31, 2024, of $996,000 (March 31, 2023 - $987,000). 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 three months ended March 31, 2024, of $90,000 (March 31, 2023 - $20,000).

In the near-term, we mitigate overall currency risk through of the use of U.S. dollar denominated cash balances 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:

	March 31, 2024 ($US)	December 31, 2023 ($US)
Cash	**8,082,847**	4,715,776
Vendor deposits	**411,140**	264,827
Accounts payable and accrued liabilities	**(1,136,241)**	(1,049,575)
	7,357,746	3,931,028

Balances in Australian dollars are as follows:

	March 31, 2024 ($ AUD)	December 31, 2023 ($ AUD)
Cash	**393,989**	474,543
Accounts receivable	**1,131**	-
Accounts payable and accrued liabilities	**(1,417,989)**	(1,425,997)
	(1,022,869)	(951,454)

(c) Managing capital

Our objectives, when managing capital, are to safeguard cash and cash equivalents 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).

On August 12, 2022, we renewed our short form base shelf prospectus (the "Base Shelf") that qualifies for distribution of up to $100,000,000 of Common Shares, debt securities, subscription receipts, warrants and units comprised of one or more of the other securities described. Under our Base Shelf, we may sell securities to or through underwriters, dealers, placement agents, or other intermediaries, and also may sell securities directly to purchasers or through agents, subject to obtaining any applicable exemption from registration requirements. The distribution of securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be subject to change, at market prices prevailing at the time of sale, or at prices related to such prevailing market prices to be negotiated with purchasers and as set forth in an accompanying prospectus supplement.

Renewing our Base Shelf provides us with additional flexibility when managing our cash resources as, under certain circumstances, it shortens the time period required to close a financing and is expected to increase the number of potential investors that may be prepared to invest in our company. Our renewed Base Shelf will be effective until September 12, 2024.

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

DISCLOSURE OF OUTSTANDING SHARE DATA

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

	Common Shares Issued and Outstanding	**Warrants Issued and Outstanding**	**Common Share Purchase Options**	**Retention Securities**
Balance December 31, 2023	59,606,399	5,075,000	10,545,500	590,000
Balance March 31, 2024	69,927,649	10,141,250	10,500,700	590,000
Balance May 15, 2024	**69,927,649**	**10,141,250**	**10,700,700**	**590,000**

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of 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 condensed consolidated interim financial statements together with the other financial information included in these filings. The Board approved the condensed consolidated interim 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 March 25, 2024 filed on SEDAR+ (www.sedarplus.ca), 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 March 31, 2024, the Company entered into a sub-sublease pursuant to which we have agreed to sub-sublease our head office for a term of one (1) year, nine (9) months less two (2) days, commencing on June 1, 2024 and expiring on February 26, 2026 (the remaining term of our sublease). The sub-subtenant will pay base rent plus property taxes and operating expenses, equal to the amount owed by the Company under the sublease.

OTHER INFORMATION

Additional information relating to the Company, including the Company’s most recently filed AIF, is available for viewing on our website at www.nervgen.com and under our profile on SEDAR+ at www.sedarplus.ca.