ANTIBE THERAPEUTICS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three and twelve months ended March 31, 2014

Dated: July 24, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following management's discussion and analysis (this "MD&A") of the operating results and financial position of Antibe Therapeutics Inc. ("Antibe" or the "Company") is for the three month period ended March 31, 2014 ("Q4") and for the twelve month period ended March 31, 2014 ("Q4 YTD", or "2014") and for the comparator periods, the three and twelve month periods ended March 31, 2013 ("Q4 PY", and "Q4 PYTD" or "2013" respectively), and the twelve month period ended March 31, 2012 ("Q4 PPYTD", or "2012"), and should be read in conjunction with the Company's fiscal year audited consolidated financial statements for the period (the "2014 Audited Financial Statements"), the notes thereto, and to the Company's 2013 fiscal year audited consolidated financial statements. The Company's accounting policies and estimates used in the preparation of the 2014 Audited Financial Statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

Additional information relating to the Company is available under the Company's System for Electronic Document Analysis and Retrieval ("SEDAR") profile at www.sedar.com.

The Company's financial data has been prepared in accordance with International Financial Reporting Standards ("IFRS") and is presented in Canadian dollars unless otherwise noted herein.

This MD&A was approved by the Company's Board of Directors on July 24, 2014.

COMPANY OVERVIEW

Antibe originates, develops and out-licenses patent-protected new pharmaceuticals that are improved versions of existing drugs. These improvements originate from Nobel Prize-winning medical research highlighting the crucial role of gaseous mediators, which are chemical substances produced in the human body to regulate a range of fundamental cellular processes. The Company's drug design methodologies involve chemically linking a base drug to an Antibe-patented, hydrogen sulfide-releasing molecule; in short, improving existing therapies with the goal of making them better tolerated.

Antibe's lead compound, ATB-346, combines hydrogen sulfide ("H_2S") with naproxen, an approved, marketed and off-patent non-steroidal anti-inflammatory drug ("NSAID"). By combining the attributes of H_2S with naproxen, multiple pre-clinical studies have shown that ATB-346 has therapeutic efficacy that is equal to or greater than that of naproxen while demonstrating a significantly improved side-effect profile versus naproxen or other commonly used NSAID treatments for pain associated with, amongst other conditions, osteoarthritis.

The Company's main objective is to develop ATB-346 to the end of Phase II, a possible strategic exit point, by satisfying the requirements of the drug regulatory authorities while also satisfying the commercial licensing objectives of prospective global partners. Antibe has established a development plan for the drug through to the end of Phase III human clinical studies for regulatory discussion purposes. We intend to move through this development program quickly and efficiently. Additionally, the Company continues to investigate other of the assets in its pipeline as well as additional development opportunities that it has access to while not losing sight of its main objective.

FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A about the Company's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. The words "may", "will", "would", "should", "could", "expect", "plan", "intend", "trend", "indication", "anticipate", "believe", "estimate", "predict", "likely" or "potential", or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements. Forward-looking statements are based on estimates and assumptions made by the Company in light of management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate and reasonable in the circumstances.

Many factors could cause the Company's actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements. The purpose of the forward-looking statements is to provide readers with a description of management's expectations regarding, among other things, the Company's financial performance and research and development plans and may not be appropriate for other purposes. Readers should not place undue reliance on forward-looking statements.

Furthermore, unless otherwise stated, the forward-looking statements are made as of the date of this MD&A, and the Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. New factors emerge from time to time, and it is not possible for the Company to predict which factors may arise. In addition, the Company cannot assess the impact of each factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Without limitation, this MD&A may contain forward-looking statements pertaining to the following:

- the Company's research and development plans (including the persons expected to oversee, coordinate and participate in such plans), business model, strategic objectives and growth strategy;
- the Company's current and future capital requirements and the need for additional financing;
- the continuation of the Company as a going concern;
- the payment of dividends;
- the Company's expectations regarding net losses and revenue generation; and
- the Company's expectations regarding increases in research and development costs and general and administrative expenses.

With respect to forward-looking statements, assumptions have been made regarding, among other things:

- the Company's future research and development plans proceeding substantially as currently envisioned;
- expected research and development tax credits;
- future expenditures to be incurred by the Company;
- research and development and operating costs;
- the Company's ability to find partners in the pharmaceutical industry;
- additional sources of funding, including the Company's ability to obtain funding from partners;
- the impact of competition on the Company; and
- the Company being able to obtain financing on acceptable terms.

Because the factors discussed in this MD&A could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by the Company, readers should not place undue reliance on any such forward-looking statements. These statements are subject to risks and uncertainties, known and unknown, which could cause actual results and developments to differ materially from those expressed or implied in such statements. Such risks and uncertainties relate, among other factors, to:

- the Company's history of operating losses;
- the Company's ability to obtain additional capital in the future to conduct operations, research and development activities and develop its products;
- the availability of tax credits;
- the Company's ability to find partners in the pharmaceutical industry;
- the Company's ability to license its products on terms and conditions acceptable to the Company;

- the Company's ability to compete against other companies and research institutions with greater financial and other resources;
- the Company's ability to secure and maintain adequate protection for its intellectual property;
- the Company's ability (or the ability of the Company's partners) to obtain regulatory approvals for the Company's products; and
- the Company's ability to attract and retain key personnel.

The Company's actual results could differ materially from those discussed in the following MD&A.

SELECT ANNUAL INFORMATION

	2014	2013	2012
Total revenues	$ 0	$ 0	$ 0
Net loss and comprehensive loss (before discontinued operations and extra-ordinary items)	2,680,061	1,045,103	942,138
Per share	0.10	0.05	0.06
Net loss and comprehensive loss	2,680,061	1,045,103	942,138
Per share	0.10	0.05	0.06
Total assets	4,351,506	738,025	170,848
Total long term liabilities	0	446,040	0
Cash dividends declared			
Per share	N/A	N/A	N/A

The significant increased costs incurred forwarding ATB-346's pre-clinical development in fiscal year 2014 coupled with the Company having the capital on hand at the end of fiscal year 2014 to finance ATB-346's Phase I development are the main drivers behind the trends seen in this table.

OVERALL PERFORMANCE

The following table summarizes the Company's Statement of Losses for the relevant periods:

	For the Three months ended Mar 31, 2014	For the Three months ended Mar 31, 2013	**For the Year ended Mar 31, 2014**	For the Year ended Mar 31, 2013	For the Year ended Mar 31, 2012
EXPENSES					
Research and development	**$ 424,519**	$ 67,817	**$ 1,227,590**	$ 262,817	$ 214,135
Salaries and wages	**138,615**	70,371	**384,443**	70,371	-
Professional Fees	**45,300**	16,184	**313,157**	221,144	99,854
Consulting fees	**49,200**	73,900	**293,805**	247,613	575,650
Stock-based compensation	**145,580**	-	**185,320**	124,497	-
Advertising and promotion	**13,330**	84	**72,243**	10,790	4,570
Office and sundry	**20,237**	7,834	**53,790**	13,263	9,130
Rent	**13,750**	8,681	**49,450**	36,000	3,000
Travel	**10,982**	6,365	**44,814**	17,230	25,763

Dues and subscriptions	**13,100**	-	**29,139**	-	-
Interest / accretion on debentures	**-**	21,096	**15,165**	26,359	-
Telephone	**1,785**	3,041	**9,623**	10,461	10,036
Insurance	**2,360**	1,075	**7,817**	4,558	-
LOSS FROM OPERATIONS	**(878,758)**	(276,448)	**(2,686,356)**	(1,045,103)	(942,138)
INTEREST INCOME	**2,709**	-	**6,295**	-	-
NET LOSS and COMPREHENSIVE LOSS	**$ (876,049)**	$ (276,448)	**$ (2,680,061)**	$ (1,045,103)	$ (942,138)
Loss per share:					
Basic and diluted	**$ (0.03)**	$ (0.01)	**$ (0.10)**	$ (0.05)	$ (0.06)
Weighted average number of common shares outstanding:					
Basic and diluted	**29,709,090**	19,686,000	**26,173,467**	19,677,551	16,975,077

Revenue

The Company did not generate any revenue other than the interest income earned as detailed in the section on operating expenses below, in the three and twelve-month periods ended March 31, 2014, and does not expect to generate revenue in the near future.

Operating Expenses - Annual

Total net expenses in 2014 increased by $1,634,958 over 2013 driven largely by the increased expenditure on the research and development work performed to advance ATB-346 through its development program. Additionally, as the Company became a public company during fiscal year 2014, the costs of operating as a public company are reflected in 2014 and not in 2013. The details of the Statement of Losses are as follows:

Research and Development

In 2014, the Company increased its R&D expenditures by $964,773 over those incurred in 2013. In 2013, the bulk of the R&D expenses were consulting fees. In 2014, in addition to consulting fees, the Company invested $162,235 in the development of manufacturing processes to produce ATB-346 for use in its pre-clinical development program. This investment led to the manufacturing process currently used to produce drug for the Company's Phase I clinical trials. The company also invested $884,633 in direct research and development costs to complete the bulk of the ATB-346 pre-clinical development program by the 2014 fiscal year end. This expense was partially offset by SR&ED refundable tax credits of $104,876 received for R&D expenses incurred in the 2012 calendar year.

In its final prospectus, the Company had communicated that it planned to use its IPO funding, under various scenarios, as shown in the table below to which has been added a column tracking the actual expenses.

Use of Proceeds (in $000s)	Minimum Offering ($2.5M)	Maximum Offering (Over-Allotment Option not exercised)	Maximum Offering (Over-Allotment Option exercised)	Actual (as at March 31, 2014)
Development Cost				
Pre-Clinical Costs - ATB 346				
Safety Pharmacology		186	186	177
Analytical		74	74	150
Toxicity	400	400	400	558
Chemistry, Manufacturing and Controls	125	180	180	162
Genotoxicity		55	55	-
Research & Development Management	144	260	260	260
Total Development Cost	**669**	**1,155**	**1,155**	**1,307**
Less Expected R&D Tax Credits	66	115	115	105
Net Development Cost	**603**	**1,040**	**1,040**	**1,202**
Staff Cost	**444**	**728**	**728**	**678**
Overhead Cost				
Professional Fees	276	320	320	313
Patent Fees	96	96	96	138
Other	100	100	100	163
Total Staff and Overhead Cost	**916**	**1,244**	**1,244**	**1,293**
Unallocated Proceeds	180	315	720	
Total	**1,699**	**2,599**	**3,004**	**2,495**

Following the IPO, the over-allotment option was not exercised. The expenses shown in the actual column include those expenses that are included in the 2014 Statement of Losses but exclude the Stock-based compensation expense as it was non-cash. Additionally, the actual column includes overhead expenses incurred from April 1, 2013 to June 18, 2013; the period during 2014 in which the company had not yet completed its IPO. The actual column includes some expenses (included in the 'Other' category) that are related to preparation for the ATB-346 Phase I development program. Finally, the actual column does not include cash expenses related to the share issuance costs associated with the IPO and subsequent non-brokered private placements, and does not include funds that were used to satisfy liabilities on the Company's balance sheet as at the date of the IPO. Expenses in the Research and Development category are expected to rise significantly in the future as ATB-346 begins its clinical development program.

On December 1, 2013, the Company entered into a lease agreement with MaRS Discovery District committing the Company to monthly gross rent payments of approximately $2,028 for the twelve-month period ending November 30, 2014. The lab space is being used by Dr. Wallace to undertake various research projects.

Salaries and Wages

Salary and wage expenses increased by $314,072 in 2014 over 2013. The increase is driven by the re-categorization of expenses and the prorating of expenses, not by an increase in the number of employees or in the salaries of those employees. The 2013 salary and wage expenses only included compensation and benefit expenses for the CFO for four months. In 2014, salary and wage expenses included compensation and benefit expenses for the CFO for twelve months, for the CEO for seven months, and for the EVP, Strategic Development for four months on a part-time basis. This expense category is expected to rise in 2015 due to the

continued proration of expenses. All employees were awarded a 5% increase by the board as announced on March 4, 2014.

Professional Fees

Professional fees increased by $92,013 in 2014 over 2013. The increase was driven by an increase in audit fees of $32,600, an increase in financial consulting fees of $86,250, and an increase in paralegal fees of $21,650, all partially offset by a reduction of external legal fees of $50,987. The current elements of professional fees are expected to remain relatively stable in the near term.

Consulting Fees

Consulting fees increased in 2014 by $46,192 over 2013. Similar to the increase in the salary and wage expenses in 2014, the increase was driven by the re-categorization of expenses and the prorating of expenses, not by an increase of in the number of consultants or in the fees paid to them. 2013 included twelve months of fees paid to Schmed Enterprises Inc. and one month of fees paid to Dr. David Vaughan. 2014 included five months of fees paid to Schmed Enterprises Inc. and twelve months of fees paid to Dr. David Vaughan. As 2015 will not include any fees paid to Schmed Enterprises Inc., the total of the current elements of consulting fees are expected to drop in the near term.

Stock-based compensation

Stock-based compensation expenses (non-cash) increased in 2014 by $60,823. The Black-Scholes-Merton ("BSM") value of the stock options that vested in 2014 (i.e. those options that were granted to employees and directors in 2014 - see Related Party note below) exceeded the BSM value of the stock options that vested in 2013.

Advertising and Promotion

The 2013 advertising and promotion expense category represented only website related costs. In 2014 expenses in this category increased by $61,453 as the company engaged in the sponsorship of certain organizations deemed important to the Company's long-term objectives.

Office and Sundry

2014 office and sundry expenses increased by $40,527 over 2013. The significant driver was the increase in bookkeeping expenses of $20,650 as bookkeeping expenses were not incurred in 2013. Printing, office supplies, and courier expenses related to being a public company increased by $5,329. Market research expense, not incurred in 2013, increased by $3,872. These expenses are expected to remain stable for the near future.

Rent

The Company's 2014 rent expenses increased by $13,450 over 2013. The increase was due to an increase in the rate charged for the original space rented plus an increase in the space rented to provide the Company's CDO, CSO, paralegal, and bookkeeper with some shared office space. No additional office space requirements are currently anticipated.

Travel

Travel expenses increased in 2014 by $27,584 over 2013. This increase was driven by the quarterly costs of travel related to board meetings, and the increased travel costs related to investor relations and business development activities. It is anticipated that board related travel expenses will remain stable in 2015 and travel costs related to investor relations and business development will continue to rise.

Dues and Subscriptions

The Company classifies all administrative costs related to being a public company as dues and subscriptions. These expenses include all TSX fees, Transfer Agent costs, and Press Releases. In 2013 the Company did not incur any such costs. In 2014 these costs totaled $29,139. These dues and subscription cost elements are expected to remain stable in the near term.

Accretion / Interest on Debentures

This expense category represents accretion and interest expenses incurred on the convertible debentures issued in 2013. On the date of the Company's successful IPO, June 18, 2013, all debentures and related accumulated unpaid interest was converted into common shares. These expenses fell by $11,194 in 2014 vs 2013 reflecting the fact that the convertible debentures remained unconverted for only a short period in 2014.

Telephone

Telephone expenses remained relatively stable over the periods of interest and are expected to rise somewhat in the near future although not significantly.

Insurance

Insurance expenses in 2014 increased by $3,259 over 2013 representing the increased costs of insuring a public company. A small increase in the rate paid for general liability insurance was incurred as a result of including the Company's lab space in the policy. In 2015, insurance expenses are expected to rise further reflecting the cost of insuring the Company as it enters clinical trials.

Interest Income

In 2014 the Company earned interest on its cash and cash equivalents, most significantly on funds held in the form of GICs. In 2013, no such interest income was earned. In 2015 the Company expects to earn additional interest income on any funds held that exceed its current needs.

Overall, the Company expects its net losses to continue as the development of ATB-346 advances and enters the regulated clinical phases of its development program that will represent a significant increase in expenses. In addition, the Company will continue to require the necessary infrastructure to manage the development of its assets and to operate as a public company, which will result in increased expenses in the general and administrative expense category.

Operating Expenses - Quarterly

	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Net revenue	0	0	0	0	0	0	0	0
Net loss and comprehensive loss (before discontinued operations and extra-ordinary items)	(185,158)	(229,861)	(353,635)	(276,448)	(310,825)	(544,143)	(949,044)	(876,049)
Per share	(0.01)	(0.01)	(0.02)	(0.01)	(0.02)	(0.02)	(0.03)	(0.03)
Net loss and comprehensive loss	(185,158)	(229,861)	(353,635)	(276,448)	(310,825)	(544,143)	(949,044)	(876,049)

Per share	(0.01)	(0.01)	(0.02)	(0.01)	(0.02)	(0.02)	(0.03)	(0.03)

Quarterly losses continue to rise reflecting the company's increasing investments in ATB-346's development program. Overall expenses for Q4 2014 were $599,601 greater than in Q4 2013 driven largely by the increased expenditure on the research and development work performed to advance ATB-346 through its development program and also the costs of operating as a public company. Research and development expenses were $356,702 higher than the Q4 2013. In Q4 2014, salaries and wages included the expenses of two members of management that were not included in the Q4 2013 figure resulting in the $68,244 increase. Professional fees increased $29,116 over Q4 2013 driven by an increase in audit fees, financial consulting fees, and paralegal fees. These activities were increased due to the company becoming publically listed and were partially offset by a reduction of external legal fees incurred. The Q4 2014 drop in consulting fees of ($24,700) vs Q4 2013 was driven by a member of management's compensation, classified as consulting fees in Q4 2013 being classified as salaries and wages in Q4 2014. As no options vested in Q4 2013, there was an of increase in $145,580 in stock-based compensation representing only the vesting of employee stock options in Q4 2014.

Capital Requirements and Financings

The Company is a drug development company, does not generate revenue, and will continue to operate at a loss for the foreseeable future. The Company is dependent on continued access to capital markets to acquire the resources it needs to achieve its short and long-term business objectives.

During 2013, after having conducted several years of animal proof-of-concept studies that yielded encouraging results, the Company determined that it would pursue the development of its lead asset, ATB-346. The Company made the decision to seek a listing on the Toronto Stock Exchange's Venture Exchange in order to raise sufficient funds to develop its lead asset. During the third and fourth quarters of the 2013 fiscal year, the Company raised $790,000 through the issuance of convertible debentures in order to undertake the process of listing on the exchange.

During 2014, the Company completed an initial public offering (IPO) that yielded gross proceeds of $3,155,100, the maximum targeted. Subsequent to its IPO, the Company raised additional capital through multiple non-brokered private placements yielding gross proceeds of $4,262,822 prior to the end of fiscal year 2014. These financings significantly strengthened the Company financial position over the course of the year.

In fiscal Q1 2014, the successful completion of the IPO was the primary focus of management's attention. On June 18, 2013, the Company successfully closed on its Initial Public Offering (the **"IPO"**), raising, under the Final Prospectus and through two affiliated private placements, gross proceeds of $2,282,500.

In fiscal Q2 2014, the Company raised additional funds pursuant to the Company's filed final prospectus bringing the gross proceeds raised to the maximum allowed, $3,000,000. Including the two affiliated private placements, gross proceeds from the IPO totaled $3,155,100. The Company began to heavily invest in the development research required to obtain a CTA to begin testing ATB-346 in Phase I human clinical trials.

In fiscal Q3 2014, the Company raised additional gross proceeds, pursuant to a non-brokered private placement, of $899,445. The Company continued to focus on performing the development research required to obtain a CTA to begin testing ATB-346 in Phase I human clinical trials.

In fiscal Q4 2014, the Company raised additional gross proceeds, pursuant to non-brokered private placements, of $3,363,377. The Company continued to focus on performing the development research required to obtain a CTA to begin testing ATB-346 in Phase I human clinical trials, and began to undertake the work required to plan for and execute successful Phase I clinical trials.

The following table summarizes the Company's Consolidated Statement of Financial Position as at March 31, 2014 and March 31, 2013. The details of the Statement of Financial Position follow the table.

	March 31, 2014	March 31, 2013	March 31, 2012
ASSETS			
CURRENT			
Cash and Cash Equivalents	**$ 3,754,862**	$ 194,301	$ 93,386
Harmonized sales tax recoverable	**330,344**	130,767	-
Due from Antibe Holdings Inc.	**142,752**	85,941	18,072
Prepaid expenses	**123,548**	46,125	3,390
	4,351,506	457,134	114,848
OTHER			
Deferred share issuance costs	**-**	280,891	56,000
TOTAL ASSETS	**4,351,506**	738,025	170,848
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	**473,826**	536,988	136,034
Deposit received	**225,000**	-	-
Payable to Schmed Enterprises Inc.	**121,734**	-	130,650
Payable to AltaPharm International Ltd.	**212,306**	-	129,920
Convertible debentures	**-**	761,876	-
	1,032,866	1,298,864	396,604
LONG TERM			
Payable to Schmed Enterprises Inc.	**-**	162,550	-
Payable to AltaPharm International Ltd.	**-**	283,490	-
	-	446,040	-
TOTAL LIABILITIES	**1,032,866**	1,744,904	396,604
SHAREHOLDERS' EQUITY / DEFICIENCY			
SHARE CAPITAL	**7,205,614**	1,372,233	1,320,345
COMMON SHARE PURCHASE WARRANTS	**826,148**	449,067	415,955
CONTRIBUTED SURPLUS	**1,860,857**	1,065,739	886,759
ACCUMULATED DEFICIT	**(6,573,979)**	(3,893,918)	(2,848,815)
TOTAL SHAREHOLDERS' EQUITY / DEFICIENCY	**3,318,640**	(1,006,879)	(225,756)
	$ 4,351,506	$ 738,025	$ 170,848

Cash and Cash Equivalents

Details of the increase in the Company's cash and cash equivalents position are fully described on the Company's statement of cash flows elsewhere in this MD&A. The Company holds its cash in a current account and in term deposits that are transferred to the current account on a monthly basis and only as needed.

Harmonized Sales Tax Recoverable

In 2014, the Company requested approval from the Canadian Revenue Agency to move to quarterly reporting of its HST position. This approval has been received and the Company anticipates that, while the HST recoverable will continue to rise as eligible expenses rise, the rise will be offset by the increased frequency of recovery. The Company has thus far been successful in recovering all of its HST claims submitted.

Due From Antibe Holdings Inc.

Antibe Holdings Inc. ("Holdings") continues to be the Company's largest shareholder, holding 42.9% of the Company's outstanding shares. Holdings has been permitted to draw down funds against future milestone payments and such payments are detailed in the licensing agreement between the Company and Holdings. On June 26, 2014, the 'First in-Human Dose' milestone was achieved and an invoice has been issued by Holdings. The payment of the milestone will significantly reduce the current balance of this account. It is anticipated that the Due From Antibe Holdings Inc. account balance will again build as the next development milestone is approached.

Prepaid Expenses

The prepaid expense asset account predominantly represents cash provided to our patent legal counsel and held in escrow by them in anticipation of paying fees required in multiple jurisdictions to maintain the Company's patents. The balance of this account fluctuates based on the timing of the fees being paid and is anticipated to remain within the current boundaries in the future.

Deferred Share Issuance costs

Deferred Share Issuance costs were incurred in 2013 in anticipation of the Company's IPO. As the IPO had not been completed as at March 31, 2013, the related expenses remained in this account at the 2013 fiscal year end. In 2014 the Company's IPO was completed and these expenses were charged against share capital along with other IPO issuance related costs incurred in 2014. As at March 31, 2014, no deferred share issuance costs exist.

Accounts Payable and Accrued Liabilities

The Company's accounts payable and accrued liability accounts fell from their 2013 fiscal year end level by $63,162. A large part of the 2013 balance represented costs incurred in preparation for the Company's IPO. In 2014 these liabilities were retired but replaced by costs incurred to advance ATB-346 through its pre-clinical development program. All of the accounts payable included in the March 31, 2014 balance ($318,581) are current. The Company pays all invoices as they become due and has no payables in arrears. As direct development expenses continue to rise, the average balance of the accounts payable and accrued liabilities account is expected to rise.

Deposit Received

As at March 31, 2014, the Company held funds in escrow on behalf of a prospective participant in the Company's second closing of its second non-brokered private placement ("PP2b"). PP2b closed on April 7, 2014 and the funds held in escrow were moved from this account to the Company's cash account in exchange for share capital being issued.

Payable to Schmed Enterprises Inc.

Subject to a forbearance agreement dated March 26, 2013, the Company's liability with Schmed Enterprises Inc. was held in the long-term liability account 'Due to Schmed Enterprises Inc.'. On March 31, 2014 the forbearance agreement was terminated as the conditions to do so had been met. The liability was moved to the current liability account 'Payable to Schmed Enterprises Inc.'.

Payable to AltaPharm International Ltd.

Subject to a forbearance agreement dated March 26, 2013, the Company's liability with AltaPharm International Ltd. was held in the long-term liability account 'Due to AltaPharm International Ltd.'. On March 31, 2014 the forbearance agreement was terminated as the conditions to do so had been met. The liability was moved to the current liability account 'Payable to AltaPharm International Ltd.'.

Convertible Debentures

In 2013, the debt component of the convertible debentures, plus accrued interest and accretion expenses were held in this liability account. When the debentures converted in 2014, this amount plus any additional interest and accretion that had accrued in 2014 was converted to share capital. For more details see note 6 in the audited 2014 annual financial statements.

Share Capital

The Company's share capital account increased significantly as at the 2014 fiscal year end over its 2013 fiscal year balance. The $5,833,381 rise is made up of the share capital raised from the IPO, from the first close of the second non-brokered private placement (PP2a), and from the share capital component of the PP1 units issued (the remainder of the PP1 unit value was allocated to common share purchase warrants, see below). Offsetting this increase were the share issuance costs associated with the IPO, PP1, and PP2a. These costs totaling $2,038,984 include the agent and finder fees paid ($714,492), the BSM value of the agent options and finder warrants issued ($664,281), and the direct costs incurred by the Company in conducting the issuances including money deferred as at the end of the 2013 fiscal year. Finally, the convertible debentures and associated accrued interest and accretion expense was converted into share capital.

Common Share Purchase Warrants

Common share purchase warrants increased in 2014 as a result of the Company offering investors ½ warrant per unit under the subscription agreement for its first non-brokered private placement (PP1). A total of 1,134,020 warrants were issued pursuant to the two PP1 closes (December 30, 2013 and January 28, 2014). The value of the units offered under PP1 was allocated between share capital and common share purchase warrants based on the ratio between the fair value of the share part of the unit (calculated as the price paid per unit), and the fair value of the warrant part of the unit (calculated using the BSM model on ½ warrant). Using this calculation, $377,081, roughly 30% of the unit value, was allocated to common share purchase warrants.

Contributed Surplus

In 2014, the contributed surplus account increased reflecting the Company's issuance of Agent Options (associated with the IPO) and Finder Warrants (associated with subsequent non-brokered private placements). In addition, the value of employee stock options that vested during the year contributed to the increase in the Company's contributed surplus account. The value of all of these securities was determined using the BSM valuation model. In 2013, the equity portion of the convertible debentures was included in the contributed surplus account. This amount, $54,483, was removed from the account in 2014 when the debentures converted at the time of completion of the IPO.

Accumulated Deficit

The details of the drivers of the Company's accumulated deficit can be found in the Operating Expenses section above.

The Company's future capital requirements will depend on many factors including, without limitation, the scope of the Company's research and development efforts, the results of the studies that comprise those efforts, and the Company's ability to successfully manage its development partners. If the development of ATB-346 proceeds as planned, and the scientific results of the planned development work are positive, the Company expects to be in a strong position to attract new investment and/or obtain additional financing at attractive rates. However, financial market and other conditions may result in the Company not being able to secure the additional financing needed to complete the development of any of its assets on terms acceptable to the Company, or at all.

As at March 31, 2014, the Company had no unused pre-arranged financing, no capital commitments, and no long-term debt. The Company had no capital lease obligations, no operating leases other than for the use of its office space and lab space as detailed below, no purchase obligations, no off-balance sheet arrangements, and negligible tangible assets as at March 31, 2014.

The Company renewed its twelve-month lease for the use of its 15 Prince Arthur Ave. office space effective March 1, 2014. The lease carries a two-month notice period. On December 1, 2013, the Company entered into a lease agreement with MaRS Discovery District committing the Company to monthly gross rent payments of approximately $2,028 for the twelve-month period ending November 30, 2014.

The Company may be eligible for Scientific Research and Experimental Development ("SR&ED") tax credits on research and development expenses incurred since its formation. No provision for these tax credits has been made in the Company's financial statements. On January 6, 2014, the Company received reimbursement for its eligible SR&ED expenses incurred up to March 31, 2012 of $104,876. As a publicly listed company, future SR&ED tax credits, if awarded at all, may be received only in the form of non-refundable tax credits.

Liquidity and Off-Balance Sheet Arrangements

Since the Company's incorporation in May 2009, it has financed its operations primarily through the issuance and sale of equity securities. The Company is a development stage company and has no current sources of revenue. The continuation of the Company's research and development activities is dependent on its ability to successfully finance and complete its research and development programs through a combination of equity financing, research and development grant awards, out-licensing revenues, and development and co-development funding provided by the Company's strategic partners.

Capital Resources

As at March 31, 2014, the Company had no commitments for capital expenditures and no sources of financing arranged-but-not-used.

Corporate credit card

In 2014 the Company applied for and was issued a corporate credit card, administered by the Royal Bank. In January 2014, the Company requested to raise the credit limit of the card to $25,000 to enable the purchase of one-time pre-approved expenses that were previously being expensed to the personal credit cards of the Company's managers. The request was approved and the Company's bank will hold $25,000 of funds in-trust as collateral. The Company will continue its practice of paying all outstanding balances on the card in full at each month end.

Cash and Cash Equivalents

The following table summarizes the Company's cash flows for the relevant periods:

	For the Three months ended Mar 31, 2014	For the Three months ended Mar 31, 2013	**For the Year ended Mar 31, 2014**	For the Year ended Mar 31, 2013
CASH FLOWS FROM OPERATIONS				
Net Loss and Comprehensive Loss	**(876,049)**	(276,448)	**(2,680,061)**	(1,045,103)
Income Statement items not affecting cash:				
Stock based compensation	**145,580**	-	**185,320**	124,497
Interest / accretion on debentures	**-**	21,096	**15,165**	26,359
	(730,469)	(255,352)	**(2,479,576)**	(894,247)
Net changes in non-cash working capital items:				
Prepaid expenses	**6,945**	(9,949)	**(77,424)**	(42,735)
Property, plant, and equipment	**265**	-	**-**	-
Harmonized sales tax recoverable	**(80,852)**	(43,554)	**(199,577)**	(130,767)
Accounts payable and accrued liabilities	**(130,939)**	200,632	**(175,161)**	586,424
	(204,581)	147,129	**(452,162)**	412,922
	(935,050)	(108,223)	**(2,931,738)**	(481,325)

CASH FLOWS FROM FINANCING				
Net changes to Due from Antibe Holdings Inc.	**(39,875)**	(76,565)	**(56,811)**	(67,869)
Issuances - gross proceeds for shares and warrants	**3,363,377**		**7,417,923**	85,000
Issuances - gross proceeds for conv. debentures		465,000		790,000
Issuances - finder fees	**(325,037)**	-	**(714,492)**	-
Issuances - other expenses	**(32,976)**		**(379,321)**	
Issuances - deferred cash expenses		(195,972)		(224,891)
Proceeds from deposit received	**225,000**	-	**225,000**	-
	3,190,489	192,463	**6,492,299**	582,240
NET CHANGE IN CASH	**2,255,439**	84,240	**3,560,561**	100,915
CASH, BEGINNING OF THE PERIOD	**1,499,424**	110,061	**194,301**	93,386
CASH, END OF THE PERIOD	**3,754,862**	194,301	**3,754,862**	194,301

Net cash outflows from operations increased by $2,450,413 in 2014 from 2013. The increased expenses incurred under the Company's ATB-346 development program drove this increased outflow. The cash flow impact of a similar increase in development program expenses incurred in Q4 2014 over Q4 2013 was offset by an increase in the accounts payable balance in 2014 vs the balance at the 2013 fiscal year end.

Net cash inflows from financing activities in 2014 increased by $5,910,059 from 2013. This increase was driven by the gross proceeds of the IPO and subsequent non-brokered private placements. In Q4 2014, net cash flows from financing exceeded those of Q4 2013 by $2,998,026 reflecting the PP1b and PP2a closings.

Related Party Transactions

(i) The Company used AltaPharm International Inc. ("AltaPharm"), a company controlled by the Company's Chief Scientific Officer ("CSO"), for research and development pursuant to a CSO agreement and for bookkeeping services. During 2014, the Company incurred costs of $238,875 included in research and development expenses (2013 - $260,000) and $20,650 included in office and sundry expenses (2013 - $2,500) related to these services. As at March 31, 2014, $212,306 (2013 - $283,490) was outstanding.

The Company used Schmed Enterprises Inc. ("Schmed"), a company controlled by the Company's Chief Executive Officer ("CEO"), for consulting services pursuant to a CEO agreement. During 2014, the Company incurred costs of $108,333 (2013 - $260,000) related to these services and as at March 31, 2014, $121,734 (2013 - $162,550) was outstanding.

The outstanding balances on both the AltaPharm and Schmed liabilities bear no interest. Prior to March 26, 2013 (the "Effective Date"), the balances were payable on demand and subsequent to the Effective Date, the balances were payable in accordance with the terms of a forbearance agreement described below.

(ii) On the Effective Date, the Company entered into forbearance agreements with Schmed and AltaPharm whereby the related parties agreed not to enforce, for a period of 24 months from the date thereof, their rights to receive earned but unpaid compensation of $283,490 in the case of AltaPharm and $162,550 in the case of Schmed pursuant to the terms of their consulting agreements with the Company. These forbearance agreements terminate in the event that the Company completes a debt or equity financing for gross proceeds of not less than $5,000,000. On March 31, 2014, the Company completed cumulative equity financing in excess of $5,000,000 thus terminating the forbearance agreements. Accordingly, the balances have been reclassified as current liabilities on the balance sheet as at March 31, 2014.

(iii) On March 1, 2014 and September 1, 2013, the Company terminated its consulting agreements with AltaPharm and Schmed and entered into employment agreements with Dr. John Wallace and Dan Legault respectively. The terms and conditions of these employment agreements reflect, where applicable, the

terms and conditions of the terminated consulting agreements. These changes, discussed and supported by the board, were undertaken to make the CSO and CEO employees of the Company.

(iv) During 2014, the Company advanced $56,811 (2013 - $106,564) to AHI and in turn received $nil (2013 - $38,695) from AHI. As at March 31, 2014, $142,752 was receivable (2013 - $85,941). These balances bear no interest and are payable on demand.

(v) In association with the initial IPO offering, on June 18, 2013 two private placement offerings totaling gross proceeds of $155,100 were closed. One of these private placements totaling gross proceeds of $100,100 and the issuance of 182,000 shares was made to a company beneficially owned by one of the Company's directors. The shares issued were subject to all of the conditions typically applied to common shares issued under a private placement including a four-month hold period on their trading.

(vi) The aggregate compensation of officers of the Company paid directly or indirectly in 2014 was $906,228 (2013 - $605,583).

(vii) On October 22, 2013, the Company granted its independent directors options to purchase a total of 225,000 common shares of Antibe pursuant to the Company's stock option plan; appointed Jeremy Grushcow, Ph.D., J.D. to the part-time role of VP Legal and Strategy; and pursuant to Dr. Grushcow's appointment, granted him 25,000 options pursuant to the Company's stock option plan. Twenty-five percent of these options vested on the grant date and 1/36th of the remaining options will vest in each of the subsequent 36 months.

(viii) On March 4, 2014, the Company granted its managers and employees options to purchase a total of 1,025,000 common shares of Antibe pursuant to the Company's stock option plan. Of these options, 415,000 are considered Base Options and 585,000 are considered Bonus Options. Twenty-five percent of the Base Options vest on the grant date and 1/36th of the remaining Base Options will vest in each of the subsequent 36 months. Bonus Options do not begin to vest for individual managers until they meet a set of specified objectives. Twenty-five percent of the Bonus Options vest on the date that these specified performance objectives are met and 1/36th of the remaining Bonus Options will vest in each of the subsequent 36 months.

Critical Accounting Estimates

The Company's financial statements have been prepared assuming that it will continue as a going concern. In addition, they have been prepared on a historical cost basis, except for financial instruments and stock-based compensation that are measured on a fair value basis. Significant estimates have been made in order to calculate the value of deferred income tax and the fair value of outstanding prior options and Common Share purchase warrants.

As disclosed in the 2014 Audited Consolidated Financial Statements, the Company used the Black-Scholes-Merton pricing model to determine the fair value of its options and warrants. The Company made the following significant assumptions in determining the fair value of such options and warrants:

	2014	2013
Risk free interest rate	0.98% - 2.56%	1.67 – 1.86%
Expected volatility	180%	180%
Expected dividend yield	0.00%	0.00%
Expected life of warrants and stock options	2 - 10 years	7 - 10 years

The Company determined the forfeiture rate to be nil and volatility was determined by reference to similar-sized listed issuers.

Outstanding Share Data

The following table details the Company's share capital structure as at March 31, 2014 and July 22, 2014.

	Number of Common Shares Issued or Issuable
Common Shares (March 31, 2013)	**19,686,000**
Issued under IPO (first, second, and third closings)	5,736,545
Issued from conversion of the Convertible Debentures	2,215,339
Issued under PP1a&b: first Non-Brokered PP (first and second closings)	2,268,043
Issued under PP2a: second Non-Brokered PP (first closing)	5,025,664
Total Common Shares (March 31, 2014)	**34,931,591**
Issued under PP2b&c: second Non-Brokered PP (second and third closings)	2,074,267
Total Common Shares (July 24, 2014)	**37,005,858**
Common Share Purchase Warrants (March 31, 2013)	**1,863,000**
Investor warrants issued under PP1	1,134,020
Finder warrants issued under PP1	190,894
Finder warrants issued under PP2a	494,565
Total Common Share Purchase Warrants (March 31, 2014)	**3,682,479**
Finder warrants issued under PP2b&c	189,760
Total Common Share Purchase Warrants (July 24, 2014)	**3,872,239**
Options pre-IPO	**3,000,000**
Agent's options issued under IPO	563,654
Employee / Director Options awarded fiscal Q3 2014	250,000
Employee / Director Options awarded fiscal Q4 2014	1,025,000
Total Options (March 31, 2014)	**4,838,654**
Employee / Director Options awarded fiscal Q1 2015	100,000
Employee / Director Options awarded fiscal Q2 2015	150,000
Total Options (July 24, 2014)	**5,088,654**
Total number of fully diluted Common Shares	**45,966,751**

Note that upon the successful completion of the IPO on June 18, 2013, all of the Company's issued and outstanding Convertible Debentures (and accumulated interest and accretion expenses) were converted into Common Shares, eliminating both the principal amount of the Convertible Debentures ($790,000) and the associated accrued interest payable ($22,300) from the Company's balance sheet.

Summary of Significant Accounting Policies

A summary of the Company's significant accounting policies is provided in the notes to the 2014 fiscal year audited financial statements (note 3).

Financial Instruments

A summary of the Company's financial instruments is provided in the notes to the 2014 fiscal year audited financial statements (note 12).

Capital and Financial Risk Management

An overview of the Company's capital and financial risk management issues and strategies is provided in the notes to the 2014 fiscal year audited financial statements (notes 13 and 14).

Subsequent Events from March 31, 2014

Private Placement 2b

On April 7, 2014, the Company successfully completed the second closing ("PP2b") of the non-brokered private placement that first closed on March 31, 2014. Pursuant to the PP2b, the Company sold 1,519,600 Common Shares of Corporation resulting in raising gross proceeds of $909,960. After the company incurred and paid $81,396 in finder fees, the net proceeds of PP2b were $825,564.

In connection with PP2b, the Company granted 135,660 Common Share purchase warrants to finders. Each of these Finder Warrants entitles the bearer to purchase one common share for a price of $0.60 and expires two years from the date of issuance (April 7, 2016).

Prior to the 2014 fiscal year end, the Company received $225,000 from a prospective PP2b investor and held such funds in escrow ('deposits received') on the condition that the funds would be returned if PP2b did not close.

Outstanding Liabilities

On April 10, 2014, the Company settled its outstanding liabilities with AltaPharm and Schmed, previously the subject of the Forbearance Agreements.

Private Placement 2c

On April 28, 2014 the Company successfully completed the third and final closing ("PP2c") of the non-brokered private placement that first closed on March 31, 2014. Pursuant to PP2c, the Company sold 557,667 Common Shares of Corporation resulting in raising gross proceeds of $334,600. After the company incurred and paid $32,460 in finder fees, the net proceeds of PP2c were $302,140.

In connection with PP2c, the Company granted 54,100 Common Share purchase warrants to finders. Each of these Finder Warrants entitles the bearer to purchase one common share for a price of $0.60 and expires two years from the date of issuance (April 28, 2016).

Partnering Talks Discontinued

On April 1, 2014, the Company announced that discussions with a potential Latin American partner, with which it had executed an LOI in 2012 and which it had included in its final prospectus, had been discontinued due to a recent change in the potential partner's management and corporate strategy. The Company was disappointed to terminate this potential partnership but was encouraged by the potential partner's ability to successfully replicate the Company's positive animal proof of concept results.

Option Grant I

On May 12, 2014, in conjunction with appointing a new board member and with expanding the role of one of its officers, the Company granted options to purchase a total of 100,000 common shares of Antibe pursuant to its stock option plan. Each option bears an exercise price of $0.54, and an expiry date of May 9, 2024. Twenty-five percent of the options vested on the grant date and 1/36th of the remaining options will vest in each of the subsequent 36 months.

CTA Submission, Approval, and First Human Dose

On May 21, 2014, the Company completed its application submission to Health Canada requesting approval to begin human testing of its lead drug, ATB-346. On June 18, 2014, Health Canada provided the Company with a 'no objection

letter' allowing the company to begin human testing of ATB-346. On June 26, 2014, Phase I human testing of ATB-346 began with the first human dose administered. As provided for in the licensing agreement between the Company and Antibe Holdings, the Company is required to pay a milestone payment of $150,000 to Antibe Holdings having met the first human dose milestone.

Option Grant II

On July 17, 2014, in conjunction with expanding the role of one of its officers, the Company granted options to purchase a total of 150,000 common shares of Antibe pursuant to its stock option plan. Each option bears an exercise price of $0.59, and an expiry date of July 16, 2024. Twenty-five percent of the options vested on the grant date and 1/36th of the remaining options will vest in each of the subsequent 36 months.

Changes in Accounting Policies

The Company adopted IFRS on incorporation on May 5, 2009.

RISK FACTORS

Any investment in the Company involves a number of risks. In addition to the information contained elsewhere in this MD&A and in the referenced 2014 Audited Financial Statements and related notes, investors and prospective investors should give careful consideration to the following risk factors. If any of the following events described as risks or uncertainties actually occurs, the Company's business, prospects, financial condition and operating results would likely suffer, possibly materially. In that event, the market price of the Common Shares could decline and investors could lose part or all of their investments. Additional risks and uncertainties presently unknown to the Company, or that the Company believes not to be material at this time, may also impair or have a material adverse effect on the Company's operations.

Start-up and Basis of Presentation

In January 2010, the Company commenced operations after having acquired from Antibe Holdings Inc. ("Antibe Holdings") an exclusive worldwide license to use Antibe Holdings' intellectual property to develop, clinically study and market new human pharmaceutical products based on H_2S linked to NSAIDs and statins.

Operations currently consist of the conduct of regulated clinical research studies on animals with the objective of receiving regulatory approval to initiate human clinical studies. The Company is considered a development stage enterprise. Almost all research and development, administration and capital expenditures incurred by the Company since the commencement of operations are associated with the development described above.

The Company is subject to a number of risks and material uncertainty associated with the successful development of new products and their marketing, the conduct of its clinical studies and their results, and the establishment of strategic alliances as needed. The Company will have to finance its research and development activities and its clinical studies. To achieve the objectives of its business plan, the Company plans to raise capital and enter into development partnerships as needed. It is anticipated that the products developed by the Company will require approval from the FDA and similar organizations in other countries before their sale can be authorized.

Risks Related to the Company's Business

Ability to Continue as a Going Concern

The Company's audited annual 2013 financial statements herein were prepared assuming that the Company will continue as a going concern. As at March 31, 2014, the Company had a working capital surplus of $3,318,640, incurred losses of $876,049 and $2,680,061 for the three and twelve months ended March 31, 2014 respectively, and had negative cash flow from operations of $935,050 and $2,931,738 for the same periods.

Some of these factors may raise doubt about the Company's ability to continue as a going concern. Management's plans to address these issues involve actively seeking capital investment and generating revenue and profit from the commercialization of its products. The Company's ability to continue as a going concern is subject to management's ability to successfully implement this plan. Failure to implement this plan could have a material adverse effect on the Company's financial condition, results of operations and/or cash flow.

Until such time as the Company's products are patented and approved for sales, the Company's liquidity requirements are dependent on its ability to raise additional capital by selling additional equity or from proceeds from the exercise of stock options and Common Share purchase warrants or by obtaining credit facilities. The Company's future capital requirements will depend on many factors, including, but not limited to, the market acceptance of its products and services. No assurance can be given that any such additional funding will be available or that, if available, it can be obtained on terms favourable to the Company.

If the going concern assumption is not appropriate, adjustments to the carrying value of assets and liabilities, the reported revenue and expenses, and the classifications used in the statement of financial position in these audited 2013 annual financial statements would be necessary. These audited 2013 annual financial statements do not include such adjustments.

Lack of Supporting Clinical Data

The clinical effectiveness and safety of any of the Company's current or future products is not yet supported by clinical data and the medical community has not yet developed a large body of peer-reviewed literature that supports the safety and efficacy of the Company's products. If future studies call into question the safety or efficacy of the Company's products, the Company's business, financial condition or results of operations could be adversely affected.

Research and Development Risk

A principal component of the Company's business strategy is to expand its product offering to fully exploit the core technologies that have been licensed from Antibe Holdings. As such, the Company's organic growth and long-term success is primarily dependent on its ability to successfully develop new and current products and it will likely incur significant research and development expenditures. The Company cannot be certain that any investment in research and development will yield technically feasible or commercially viable products. Furthermore, its ability to discover and develop products will depend on its ability to:

- retain key scientists as employees or partners;
- identify high quality therapeutic targets;
- identify potential drug candidates;
- develop products internally;
- successfully complete laboratory testing and clinical trials on humans;
- obtain and maintain necessary intellectual property rights to the Company's products;
- obtain and maintain necessary U.S. and other regulatory approvals for its products;
- collaborate with third parties to assist in the development of its products; and
- enter into arrangements with third parties to co-develop, license, and commercialize its products.

The Company may not be successful in discovering and developing drug products. Failure to so introduce and advance new and current products could materially and adversely affect the Company's operations and financial condition.

Clinical Development Risks

The Company must demonstrate the safety and efficacy of ATB-346 (and any other products it develops) through, among other things, extensive clinical testing. The Company's research and development programs are at an early stage of development. Numerous unforeseen events during, or as a result of, the testing process could delay or prevent commercialization of any products the Company develops, including the following:

- the results of early clinical studies may be inconclusive, may demonstrate potentially unsafe drug characteristics, or may not be indicative of results that will be obtained in later human clinical trials;

- the safety and efficacy results attained in the early clinical studies may not be indicative of results that are obtained in later clinical trials; and

- after reviewing early clinical study results, the Company or its partners or collaborators may abandon projects that were previously thought to be promising.

Clinical studies are very expensive, can run into unexpected difficulties and the outcomes are uncertain. The Company's Phase I clinical study for ATB-346 is expected to take 6 - 9 months to complete from its start date. The data collected from the Company's Phase I clinical studies for ATB-346 (or any other products the Company develops) may not be sufficient to support the regulatory approval of additional human testing of such product(s). Clinical studies of the Company's products may not be completed on schedule or on budget. The Company's failure to complete any of its clinical studies on schedule or on budget, or its failure to adequately demonstrate the safety and efficacy of any of the products it develops, could delay or prevent regulatory approval of such products, which could adversely affect the Company's business, financial condition or results of operations.

Negative Cash Flow from Operating Activities

The Company reported negative cash flow from operating activities for 2014 and expects to experience negative operating cash flows for the foreseeable future. Until such time as the Company's products are approved for sale, the Company's working capital requirements are dependent on the Company's ability to raise capital by selling additional equity or from proceeds from the exercise of stock options and Common Share purchase warrants, by obtaining business development revenue (milestone payments for licensing agreements) or by obtaining credit facilities. No assurance can be given that any such additional funding or revenue will be available or that, if additional funding is available, it can be obtained on terms favourable to the Company.

Dependence on Key Personnel

Antibe's success is dependent on certain key management personnel, primarily its executives, which are key to the existence and continuity of Antibe. Furthermore, competition for qualified employees among biotechnology industry companies is intense, and the loss of key personnel or inability to attract and retain the additional highly skilled employees required for the expansion of activities could adversely affect Antibe's business. There can be no assurance that these persons will remain available to Antibe, forcing Antibe to attract and retain additional qualified employees and key executives for the achievement of Antibe's business goals.

Protection of Intellectual Property

The Company's success depends in part on its ability to maintain or obtain and enforce patent and other intellectual property protections for its processes and technologies and to operate without infringing upon the proprietary rights of third parties or having third parties circumvent the rights that the Company owns or licenses. The Company has filed applications in the United States, Canada, and other jurisdictions, has received some patents and expects others, and may, in the future, seek additional patents or file patent applications.

Patents may provide some degree of protection for intellectual property; however, patent protection involves complex legal and factual determinations and is therefore uncertain. The Company cannot be assured that its patents or patent applications will be valid or will issue over prior art, or that patents will issue from the patent applications it has filed or will file. Additionally, the Company cannot be assured that the scope of any claims granted in any patent will be commercially useful or will provide adequate protection for the technology used currently or in the future. The Company cannot be certain that the creators of its technology were the first inventors of inventions and processes covered by its patents and patent applications or that they were the first to file. Accordingly, it cannot be assured that its patents will be valid or will afford protection against competitors with similar technology or processes. Despite its efforts to protect its proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use its proprietary information. Monitoring unauthorized use of confidential information is difficult and the Company cannot be certain that the steps taken to prevent unauthorized use of confidential information will be effective. In addition, the laws governing patent protection continue to evolve and are different from one country to the next, all of which causes further uncertainty in the usefulness of a patent. In addition, issued patents or patents licensed to the Company may be successfully challenged, invalidated, circumvented or may be unenforceable so that the Company's patent rights would not create an effective competitive barrier.

Moreover, the laws of some countries may not protect the Company's proprietary rights to the same extent as do the laws of the United States and Canada. There are also countries in which the Company intends to sell its products, but has no patents or pending patent applications. The Company's ability to prevent others from making or selling duplicate or similar technologies will be impaired in those countries in which there is no patent protection. If the Company is not able to adequately protect its intellectual property and proprietary technology, its competitive position, future business prospects and financial performance will be adversely affected.

Unpatented trade secrets, technological innovation and confidential know-how are also important to the Company's success. Although protection is sought for proprietary information through confidentiality agreements and other appropriate means, these measures may not effectively prevent disclosure of proprietary information, and, in any event, it cannot be assured that others will not independently develop the same or similar information or gain access to the same or similar information. In view of these factors, the Company's intellectual property positions have a degree of uncertainty.

Setbacks in these areas could negatively affect the Company's ability to compete and materially and adversely affect its business, financial condition and results of operations.

Inability to Implement the Business Strategy

The growth and expansion of the Company's business is heavily dependent upon the successful implementation of the Company's business strategy. There can be no assurance that Antibe will be successful in the implementation of its business strategy.

Reliance on Partners

Antibe works with a number of third parties to develop its products (and finance such development) and it expects its reliance on third party partnerships to increase in the future. If the Company's current or future strategic partners do not devote adequate resources to product development, or if they experience financial difficulties, change their business strategy or undergo a business combination that affects their willingness or ability to fulfill their obligations to the Company, the result could be a material adverse effect on the Company's financial condition, results of operations and/or cash flow. Furthermore, if the Company is unable to enter into additional partnerships in the future, or if the current or future partnerships fail, the Company's ability to develop products could be impacted negatively and the Company's business could be adversely affected. There can be no assurances that the Company will be able to establish these future strategic relationships, or, if established, that the relationships will be maintained.

Large Accumulated Deficit

Antibe has a large accumulated deficit, expects future losses, and may never achieve or maintain profitability. It has incurred substantial losses since inception and expects to incur additional operating losses in the future as a result of research and development costs and ongoing operating costs including the additional costs of operating as a public company. The extent of the Company's future losses is highly uncertain, and its prospects must be considered in light of the risks and uncertainties encountered by an early-stage company in the continuously-evolving human pharmaceutical market, including the risks described throughout this MD&A. If the Company cannot successfully address these risks, its business and financial condition would suffer.

Lack of Diversity

Larger companies have the ability to manage their risk through diversification. However, Antibe currently lacks diversification, in terms of the nature of its business. As a result, the Company could potentially be more impacted by factors affecting the pharmaceutical development industry in general and Antibe in particular than would be the case if the business was more diversified. Currently, the Company's primary focus is the development of its NSAID portfolio, primarily ATB-346. Accordingly, the Company is dependent on its ability to develop and commercialize ATB-346 and any factor that materially adversely affects its ability to do so may have a material adverse effect on the Company's financial condition and results of operations.

Competitive Market for Antibe's Products

The pharmaceutical and biotechnology industries are highly competitive. Overall, most of Antibe's competitors in the pharmaceutical and biotechnology industries are larger and have greater financial and other resources, which enables them to invest significant amounts of capital and other resources in their businesses, including expenditures for research and development. If one of Antibe's current or future competitors develops innovative proprietary products, some or all of Antibe's products could be rendered obsolete.

Intellectual Property Litigation

Patents issued or licensed to the Company may be infringed upon by the products or processes of others. The cost of enforcing patent rights against infringers, if such enforcement is required, could be significant, and the time demands could interfere with normal operations. There has been substantial litigation and other proceedings regarding patent and other intellectual property rights in the pharmaceutical industry. Antibe may become a party to patent litigation and other proceedings. The cost of any patent litigation, even if resolved in the Company's favour, could be substantial. Some of the Company's competitors may be able to sustain the costs of such litigation more effectively than the Company can because of their substantially greater financial resources. Litigation may also absorb significant time and could divert management's attention from Antibe's core business. Litigation also puts the Company's patents at risk of being invalidated or interpreted narrowly, and puts patent applications at risk of not being issued.

Additionally, it is possible that patents issued or licensed to Antibe may be challenged successfully by third parties in patent litigation. Patent applications which relate to or affect the business may have been filed by others and may conflict with the Company's technologies or patent applications; this could reduce the scope of patent protection which could otherwise be obtained or even lead to refusal of patent applications. It is also possible for others, on an independent basis, to develop products which have the same effect as the Company's products or to design around the technology protected by the Company's patents. In any event, if the Company is unable to secure or to continue to maintain a preferred position, its products could become subject to competition from the sale of generic or equivalent products. Antibe could also become involved in interference proceedings in connection with one or more of its patents or patent applications to determine priority of invention.

Antibe cannot be certain that it is the creator of inventions covered by pending patent applications or that it was the first to file patent applications for any such inventions. It cannot be assured that the Company's patents, once issued, would be declared by a court to be valid or enforceable, or that a competitor's technology or product would be found to infringe upon the Company's products. In the event that a court were to find that the Company was infringing upon a valid patent of a third party, it could be required to pay a substantial damage award, develop non-infringing technology, enter into royalty-bearing licensing agreements or stop selling its products. It cannot be assured that the Company could enter into licensing arrangements at a reasonable cost, or at all. Any inability to secure licenses could result in delays in the introduction of some of the Company's products or even lead to prohibition of the development, manufacture or sale of certain of its products.

Although no claims against the Company are, to its knowledge, currently pending, it may be subject to claims. Litigation may be necessary to defend against these claims. Even if the Company is successful in defending against these claims, litigation could result in substantial costs and be a distraction to management.

Non-IP Litigation

Any unfavourable court judgment or other cases could affect Antibe's cash flow. As of the date hereof, Antibe has no material legal matters pending.

Regulatory Risk

Antibe will require approval from the FDA to conduct human clinical studies in the US and will require approval from the FDA and equivalent organizations in other countries before any of its products can be marketed. There is no assurance that such approvals will be forthcoming. Furthermore, the exact nature of the studies these regulatory agencies will require is not known and can be changed at any time by the regulatory agencies, increasing the financing risk and potentially increasing the time to market the Company faces, which could adversely affect the Company's business, financial condition or results of operations.

Regulatory Compliance

In both domestic and foreign markets, the development, formulation, manufacturing, packaging, labeling, handling, distribution, import, export, licensing, sale and storage of pharmaceuticals are affected by a body of laws, governmental regulations, administrative determinations, including those by the Canada Food Inspection Agency and the FDA, court decisions and similar constraints. Such laws, regulations and other constraints can exist at the federal, provincial or local levels in Canada and at all levels of government in foreign jurisdictions. There can be no assurance that Antibe and Antibe's partners are in compliance with all of these laws, regulations and other constraints. Antibe and its partners may be required to incur significant costs to comply with such laws and regulations in the future, and such laws and regulations may have an adverse effect on the business. The failure of the Company or its partners to comply with current or future regulatory requirements could lead to the imposition of significant penalties or claims and may have a material adverse effect on the business. In addition, the adoption of new laws, regulations or other constraints or changes in the interpretations of such requirements might result in significant compliance costs or lead Antibe and its partners to discontinue product development and could have an adverse effect on the business.

International Operations

Antibe's international operations expose it and its representatives, agents and distributors to risks inherent to operating in foreign jurisdictions that could materially adversely affect its operations and financial position. These risks include:

- Country-specific taxation policies;
- Imposition of additional foreign governmental controls or regulations;
- Export license requirements;
- Changes in tariffs and other trade restrictions; and
- Complexity of collecting receivables in a foreign jurisdiction.

Moreover, applicable agreements relating to business in foreign jurisdictions are governed by foreign laws and are subject to dispute resolution in the courts of, or through arbitration proceedings in, the country or region in which the parties are located or another jurisdiction agreed upon by the parties. Antibe cannot accurately predict whether such jurisdictions will provide an effective and efficient means of resolving disputes that may arise in the future. Even if it obtains a satisfactory decision through arbitration or a court proceeding, Antibe could have difficulty in enforcing any award or judgment on a timely basis or at all.

Financial Instruments

Presented below are disclosures relating to the nature and extent of Antibe's exposure to risks arising from financial instruments, including credit risk, interest rate risk and liquidity risk, and how Antibe manages those risks.

Credit risk: Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Financial instruments that potentially subject Antibe to significant concentration of credit risk consist primarily of cash. Antibe invests cash with financial institutions that have high credit ratings. As at March 31, 2014 Antibe's maximum credit exposure corresponded to the carrying amount of these financial assets.

Interest rate risk: Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. The capacity of Antibe to reinvest the short-term amounts with equivalent return will be impacted by variations in short-term fixed interest rates available on the market. At the current time these risks are not material, but could be in the future.

Liquidity risk: Liquidity risk is the risk that Antibe will not be able to meet its financial obligations as they fall due. Antibe manages liquidity risk through the management of its capital structure and financial leverage. It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board reviews and approves Antibe's operating budgets, and reviews the most important material transactions outside the normal course of business. Antibe's liquidity risk is subject to material uncertainty.

Risks Related to Financing

Volatility of Share Price

Market prices for shares of companies such as Antibe are often volatile. Factors that could have a significant effect on the share price of the Common Shares include, but are not limited to, the results of animal and human clinical studies, regulatory responses or developments regarding the Company's products or processes, developments regarding current or future third-party strategic partners, announcements of technological innovations, new commercial products, patents, the development of proprietary rights by the Company or by others or any litigation relating to these rights, regulatory actions, general conditions in the pharmaceutical industry, the Company's failure to meet analysts' expectations, the Company's financial results, general economic conditions in the United States, Canada or abroad and terrorism. In recent years, the shares of other companies in the pharmaceutical industry have experienced extreme price fluctuations that have been both related and unrelated to the operating performance of the affected companies. It cannot be assured that the market price of the Common Shares will not experience significant fluctuations in the future.

Influence of Significant Shareholder

As at March 31, 2014, Antibe Holdings Inc. beneficially owned and/or exercised control or direction over 15,000,000 Common Shares, or approximately 42.9% of the issued and outstanding Common Shares.

As a result, Antibe Holdings has, and is expected to retain, significant control over the Company, giving it the ability, among other things, to elect a majority of the Company's board of directors, approve significant corporate transactions and delay or prevent a change of control of the Company that could be otherwise beneficial to minority shareholders. Antibe Holdings generally will have the ability to control the outcome of any matter submitted for the vote or consent of the Company's shareholders other than matters, if any, which require the approval of the Company's minority shareholders. In some cases, the interests of Antibe Holdings may not be the same as those of the Company's other shareholders, and conflicts of interest may arise from time to time that may be resolved in a manner detrimental to Antibe Holdings or its minority shareholders.

Future Sales of Common Shares

The market price of the Common Shares could decline as a result of issuances by the Company or sales by existing shareholders of Common Shares in the market, or the perception that these sales could occur. Sales by shareholders might also make it more difficult for the Company to sell equity securities at a time and price deemed appropriate.

Dividends

Antibe has not paid dividends on the Common Shares in the past and has no plans to pay dividends on the Common Shares for the foreseeable future. The Company's current intention is to retain earnings to fund the development and growth of the business and it does not anticipate declaring or paying any cash dividends in the near to medium term. The Board will determine if and when dividends should be paid in the future based on all relevant circumstances, including the desirability of financing future growth and the financial position at the relevant time.

Internal Controls over Financial Reporting

Upon completion of the Offering, Antibe is required to comply with the internal control evaluation and certification requirements under Canadian securities laws. The Company has brought its existing internal controls over financial reporting systems into compliance with those requirements. This process has diverted internal resources and has taken a significant amount of time and effort to complete. Ensuring compliance with reporting and other obligations also places significant demands on management, administrative, operational and accounting resources and will result in increased independent auditor fees. The Company anticipates that it will need to continue to upgrade systems, implement additional financial and management controls, reporting systems and procedures. If it is unable to accomplish these objectives in a timely and effective fashion, its ability to continue to comply with the financial reporting requirements and other rules that apply to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls, including a failure to implement new or improved controls in response to identified weaknesses in its system of internal controls, could cause it to fail to meet the Company's reporting obligations or result in material

misstatements in its financial statements. If the Company cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially harmed which could also cause purchasers to lose confidence in the reported financial information, which could result in a lower trading price of the Common Shares.

Prior Losses

Antibe has had no product sales to date. It is expected that Antibe will continue to experience operating losses until product sales and/or licensing rights income generate sufficient revenues to fund its continuing operations, including research and product development. There is no assurance that Antibe will be able to realize such revenues.

Antibe has incurred net losses from operations since inception. If, in the future, Antibe needs but cannot raise additional funds, it may not be able to continue as a going concern and realize its assets and pay its liabilities as they fall due. The financial statements have been prepared on a going concern basis, which assumes Antibe will continue its operations in the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business.

No History of Earnings or Revenue

Antibe has no history of earnings or revenue with respect to its activities, and there is no assurance that any of its assets will enable it to generate earnings or revenue, operate profitably or provide a return on investment in the future.

Ability to Secure Additional Financing & Dilution of Common Shares

Antibe expects that the net proceeds from the Offering, together with its cash reserves and cash from operations, will be sufficient to meet anticipated needs for working capital and capital expenditures for the near future. If estimates of revenue, expenses, or capital or liquidity requirements change or are inaccurate, or if cash generated from operations is insufficient to satisfy liquidity requirements, the Company may arrange additional financings. In the future, it may also arrange financings to give financial flexibility to pursue attractive acquisition or investment opportunities that may arise, although currently there are no such acquisitions or investments planned. The Company may pursue future financings through various means, including equity investments, issuance of debt, joint venture projects, licensing arrangements or other means. The Company cannot be certain that it will be able to obtain additional financing on commercially reasonable terms or at all. The Company's ability to obtain additional financing may be impaired by such factors as the capital markets, both generally and specifically in the pharmaceutical industry and the fact that it is a new enterprise without a proven operating history. If the amount of capital able to be raised from financing activities, together with revenues from operations (if any), is not sufficient to satisfy the Company's capital needs, it may not be able to develop or advance its products, execute its business and growth plans, take advantage of future opportunities, or respond to competitive pressures or unanticipated customer or partner requirements. If any of these events occurs, it could adversely affect the Company's business, financial condition and results of operations. Any future equity financings undertaken are likely to be dilutive to existing shareholders. Also, the terms of securities issued in future capital transactions may include preferences that are more favourable for new investors.

ANTIBE THERAPEUTICS INC.

LISTING: TORONTO STOCK EXCHANGE – VENTURE EXCHANGE
STOCK SYMBOL “ATE”

TRANSFER AGENT:

OLYMPIA CORPORATE & SHAREHOLDER SERVICES
A DIVISION OF COMPUTERSHARE
100 UNIVERSITY AVENUE, SUITE 800
TORONTO, ONTARIO M5J 2Y1

REGISTERED ADDRESS:

15 PRINCE ARTHUR AVE.
TORONTO, ONTARIO
M5R 1B2