FORM 51-102F4
BUSINESS ACQUISITION REPORT

1. IDENTITY OF COMPANY

1.1 **Name and Address of Company**

Antibe Therapeutics Inc. (the “**Company**”)
15 Prince Arthur Avenue
Toronto, Ontario
M5R 1B2

1.2 **Executive Officer**

Mr. Dan Legault, the President, Chief Executive Officer and Director of the Company, is knowledgeable about the significant acquisition to which this business acquisition report relates (the “**Report**”) and may be contacted at (416) 473-4095.

2. DETAILS OF ACQUISITION

2.1 **Nature of Acquisition**

Further to its press release dated October 6, 2015 and October 16, 2015, the Company completed an acquisition of an 85% interest in Citagenix Inc. (“**Citagenix**”), a Montreal-based sales and distribution company with a focus on regenerative medicine (the “**Acquisition**”).

2.2 **Acquisition Date**

The closing date for the Acquisition was October 15, 2015.

2.3 **Consideration**

The Acquisition involved the purchase by the Company of 85% of the outstanding common shares of Citagenix as well as 100% of the outstanding preference shares of Citagenix, by paying $400,000 in cash and issuing a total of 25,876,421 Company common shares at a deemed price of $0.15375 per common share. The Citagenix vendors also agreed to a lock-up of the Company common shares they received as consideration, with 25% of such shares released on the closing date, and an additional 25% to be released on each of the 6 month, 9 month and 12 month anniversary of the closing date. The Company also agreed to purchase the remaining common shares of Citagenix by issuing 2,857,500 Company common shares at a deemed price of $0.20 per common share, subject to the vendor clearing a personal information form with the TSX Venture Exchange.

2.4 **Effect on Financial Position**

The Acquisition provides the Company with Citagenix’ portfolio and its large existing customer base which provides the Company with a platform to grow its business. The Company expects sustained growth of these revenues over time by selectively adding class-leading and innovative products to the Company's product line. The Company believes there is opportunity for organic growth of the existing Citagenix product portfolio, addition of new products and expansion into the U.S., Europe, Middle East and Asian markets in the near term. The Company has agreed to further develop the sales capacity of Citagenix by investing an additional $2.25 million in Citagenix over the next year.

Except as otherwise publicly disclosed and in the conduct of business by the Company in the ordinary course, the Company does not currently have any plans or proposals for material changes in the business acquired pursuant to the Acquisition which may have a significant effect on the financial performance and financial position of the Company, including any proposal to sell, lease or exchange all or a substantial part of the business acquired pursuant to the Acquisition or to make any material changes to the Company's business.

For further information regarding the business affairs, financial performance and financial position of the Company generally, please refer to the Company's interim unaudited consolidated financial statements for the three and six months ended September 30, 2015 and associated management's discussion & analysis which are available under the Company's SEDAR profile at www.sedar.com.

2.5 **Prior Valuations**

Not applicable.

2.6 **Parties to Transaction**

The Acquisition was not with an "informed person" (as such term is defined in National Instrument 51-102 *Continuous Disclosure* Obligations ("**NI 51-102**")), or an associate or affiliate of the Company.

2.4 **Date of Report**

This Report is dated December 23, 2015.

3. FINANCIAL STATEMENTS

For the purposes of this Report, in accordance with Section 8.4 of NI 51-102, the following financial statements are attached hereto as Schedule "A" (collectively, the "**Financial Statements**"):

- Audited consolidated financial statements of Citagenix for the year ended December 2014 and comparative consolidated financial statements for the year ended December 31, 2013.
- Unaudited interim consolidated financial statements of Citagenix for the period ended October 15, 2015.

The Financial Statements were prepared in accordance with Canadian GAAP applicable to private enterprises, which are Canadian accounting standards for private enterprises in Part II of the Handbook of the Canadian Institute of Chartered Accountants, as amended from time to time (the "**Handbook**"). The recognition, measurement and disclosure requirements of Canadian GAAP applicable to private enterprises differ from those of Canadian GAAP applicable to publicly accountable enterprises, which are International Financial Reporting Standards incorporated into the Handbook.

Schedule "A"

(Begins on following page)

CITAGENIX INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014

CITAGENIX INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014

C O N T E N T S

NEXIA FRIEDMAN
Comptables professionnels agréés
Chartered Professional Accountants

NEXIA INTERNATIONAL

8000 boul. Décarie, suite 500
Montréal (Québec) H4P 2S4
TÉLÉPHONE : 514.731.7901
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INDEPENDENT AUDITORS' REPORT

To the shareholders of
Citagenix Inc.

We have audited the accompanying consolidated financial statements of Citagenix Inc., which comprise the consolidated balance sheet as at December 31, 2014 and the consolidated statements of earnings, deficit and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion
We were appointed as auditors of the company on November 19, 2015 and thus did not observe the counting of the physical inventories at the beginning of the year. We were unable to satisfy ourselves by alternative means concerning inventory quantities held as at December 31, 2013. Since opening inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the profit for the year reported in the statement of earnings and the net cash flows from operating activities reported in the statement of cash flows.

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Qualified Opinion
In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Citagenix Inc. as at December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Other Matters
The comparative figures of December 31, 2013 are based upon financial statements of the parent company that were reviewed by another accountant and the subsidiary's financial statements which were compiled by another accountant.

Nexia Friedman LLP[1]

Chartered Professional Accountants

Montreal, Quebec
December 11, 2015

[1] CPA auditor, CA, public accountancy permit No. A124456

CITAGENIX INC.

CONSOLIDATED BALANCE SHEET

As at December 31	**2014**	2013
		(Unaudited)
Assets		
Current		
Accounts receivable (note 3)	**$ 1,088,862**	$ 906,002
Inventory	**2,284,674**	2,391,296
Income taxes receivable	**42,985**	48,520
Prepaid expenses	**133,102**	104,826
Loan receivable	**-**	204,848
	3,549,623	3,655,492
Deposits	**5,400**	5,400
Property, plant and equipment (note 4)	**44,370**	56,242
Intangible assets (note 5)	**28,094**	38,704
Future income taxes	**28,600**	29,600
	$ 3,656,087	$ 3,785,438
Liabilities		
Current		
Bank indebtedness (note 6)	**$ 460,598**	$ 373,143
Accounts payable and accrued liabilities (note 7)	**1,391,558**	919,689
Deferred revenue	**23,864**	432
Balance payable on redemption of shares	**-**	50,000
Current portion of long-term debt (note 8)	**116,149**	116,149
Long-term debt with demand features (note 8)	**153,479**	36,458
	2,145,648	1,495,871
Long-term debt (note 8)	**-**	233,170
Retractable preferred shares (note 9)	**1,140,000**	1,140,000
	3,285,648	2,869,041
Shareholders' equity		
Capital stock (note 9)	**900,060**	900,060
Contributed surplus (note 10)	**323,161**	323,161
Deficit	**(852,782)**	(306,824)
	370,439	916,397
	$ 3,656,087	$ 3,785,438

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

Approved on behalf of the Board:

______________________________ Director   ___________________________ Director

CITAGENIX INC.

CONSOLIDATED STATEMENT OF DEFICIT

For the year ended December 31	**2014**	2013
		(Unaudited)
Balance, beginning of year	**$ (306,824)**	$ (215,440)
Net loss	**(545,958)**	(91,254)
Refundable income taxes	**-**	(130)
Balance, end of year	**$ (852,782)**	$ (306,824)

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

CITAGENIX INC.

CONSOLIDATED STATEMENT OF EARNINGS

For the year ended December 31	**2014**	2013
		(Unaudited)
Sales	**$ 9,030,949**	$ 8,661,201
Cost of goods sold (Schedule A)	**4,690,036**	4,581,058
Gross margin	**4,340,913**	4,080,143
Expenses		
Selling expenses (Schedule B)	**2,651,104**	2,556,970
Administrative expenses (Schedule C)	**1,935,399**	1,642,950
Financial expenses (income) (Schedule D)	**102,682**	(45,023)
	4,689,185	4,154,897
Loss from operations	**(348,272)**	(74,754)
Write-down of loan receivable	**(208,886)**	-
Loss before income taxes	**(557,158)**	(74,754)
Income taxes (recovered)		
Current	**(12,200)**	13,000
Future	**1,000**	3,500
	(11,200)	16,500
Net loss	**$ (545,958)**	$ (91,254)

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

CITAGENIX INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31	**2014**	2013
		(Unaudited)
Operations		
Net loss	**$ (545,958)**	$ (91,254)
Items not affecting cash:		
Amortization of property, plant and equipment	**21,746**	21,812
Amortization of intangible assets	**11,197**	11,935
Amortization of deferred finance charges	**7,471**	7,472
Write-down of loan receivable	**204,848**	-
Future income taxes	**1,000**	3,500
	(299,696)	(46,535)
Net change in non-cash working capital items (note 11)	**396,322**	(615,511)
	96,626	(662,046)
Investing activities		
Decrease in loan receivable	**-**	384,120
Acquisition of property, plant and equipment	**(9,874)**	(6,067)
Acquisition of intangible assets	**(587)**	-
	(10,461)	378,053
Financing activities		
Proceeds from long-term debt	**-**	50,000
Repayment of long-term debt	**(123,620)**	(112,162)
Balance payable on redemption of preferred shares	**(50,000)**	(49,921)
Refundable income taxes	**-**	(130)
	(173,620)	(112,213)
Decrease in cash and cash equivalents	**(87,455)**	(396,206)
Cash and cash equivalents, beginning of year	**(373,143)**	23,063
Cash and cash equivalents, end of year	**$ (460,598)**	$ (373,143)

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

1. Nature of business

The Company, incorporated on December 8, 1997 under the Canada Business Corporations Act, manufactures and distributes medical equipment in the dental, maxillofacial and orthopedic markets. Its sales are to a diverse customer base.

2. Significant accounting policies

The consolidated financial statements were prepared in accordance with Canadian accounting standards for private enterprises, hereinafter referred to as “ASPE”, and include the following significant accounting policies:

Basis of consolidation

The Company’s consolidated financial statements have been prepared in accordance with Canadian accounting standards for private enterprises and include the accounts of the Company and its wholly-owned subsidiary, BMT Medizintechnik GmbH Surgical Instruments. All significant inter-company balances and transactions have been eliminated on consolidation.

Use of estimates

The preparation of financial statements in conformity with Canadian ASPE requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates and assumptions also affect revenues and expenses during the period reported. Actual results could differ from these estimates.

Revenue recognition

Sales revenues are recognized when pervasive evidence of an arrangement exists, title has passed, the price is fixed or determinable, and the collection is reasonably assured.

Cash and cash equivalents

The cash and cash equivalents consist of bank accounts and short-term investments with maturity dates of three months or less.

Inventory

Inventory is valued at the lower of cost and net realized value. Cost is determined based on the average cost. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale.

(Continued)

2. Significant accounting policies…cont'd.

Property, plant and equipment

Property, plant and equipment are accounted for at cost. Amortization is calculated on their respective estimated useful life using the following methods and rates:

Furniture and office equipment	declining balance	20%
Computer hardware	straight line	33%
Vehicles	straight line	20%

Intangible assets

Intangible assets are accounted for at cost. Amortization is calculated on their respective estimated useful life using the straight-line method at the following rates:

Software	3 years
Patents (from the beginning of distribution of the medical products)	17 years

Impairment of long-lived assets

Long-lived assets, which comprise property, plant and equipment and intangible assets, are reviewed for impairment when certain events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment is recognized when the carrying amount of an asset to be held and used exceeds the undiscounted future net cash flows expected from its use and disposal. If there is an impairment, the impairment amount is measured as the amount by which the carrying amount of the asset exceeds its fair value, calculated using discounted cash flows when quoted market prices are not available.

Deferred revenue

Deferred revenue represents the difference between the amount received in advance of revenue recognized.

Deferred financing costs

Deferred financing costs consist of transaction fees related to the long-term debt financing. These fees are recorded at cost and amortized over 60 months.

(Continued)

2. Significant accounting policies…cont'd.

Income taxes

The Company follows the liability method with respect to accounting for income taxes. Future tax assets and liabilities are determined based on differences between the carrying amount and the tax basis of assets and liabilities. Future income tax assets and liabilities are measured using the enacted income tax rates that will be in effect when these differences are expected to reverse. Future income tax assets, if any, are recognized only to the extent that, in the opinion of management, it is more likely than not the assets will be realized.

Foreign exchange

The Company follows the temporal method to translate its foreign currency balances and transactions into Canadian dollars. Under this method, monetary assets and liabilities are translated at the rates of exchange in effect at year-end and the other balance sheet items and income statement items are translated at the monthly average exchange rates. Exchange gains and losses are included in net earnings for the period.

Financial instruments

Measurement of financial instruments:

The company initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Company subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net earnings.

Financial assets measured at amortized cost include accounts receivable.

Financial liabilities measured at amortized cost include bank indebtedness, accounts payable and accrued liabilities, long-term debt and long-term debt with demand features.

Impairment:

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net earnings. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversals is recognized in net earnings.

(Continued)

3. Accounts receivable

	2014	2013
		(Unaudited)
Trade	**$ 1,121,714**	$ 894,119
Allowance for doubtful accounts	**(75,300)**	(31,523)
	1,046,414	862,596
Sales and payroll taxes	**10,432**	9,070
Employees advances	**32,016**	34,336
	$ 1,088,862	$ 906,002

4. Property, plant and equipment

December 31, 2014	**Cost**	**Accumulated Amortization**	**Net value**
Furniture and office equipment	**$ 82,730**	**$ 45,366**	**$ 37,364**
Computer hardware	**22,170**	**19,354**	**2,816**
Vehicles	**10,362**	**6,172**	**4,190**
	$ 115,262	**$ 70,892**	**$ 44,370**

December 31, 2013	Cost	Accumulated Amortization	Net value
(Unaudited)			
Furniture and office equipment	$ 72,856	$ 30,950	$ 41,906
Computer hardware	22,170	14,342	7,828
Vehicles	10,362	3,854	6,508
	$ 105,388	$ 49,146	$ 56,242

(Continued)

5. Intangible assets

December 31, 2014	**Cost**	**Accumulated Amortization**	**Net value**
Software	**$ 587**	**$ 103**	**$ 484**
Patents	**188,606**	**160,996**	**27,610**
	$ 189,193	**$ 161,099**	**$ 28,094**

December 31, 2013 (Unaudited)	Cost	Accumulated Amortization	Net value
Patents	$ 188,606	$ 149,902	$ 38,704

6. Bank indebtedness

The Company has a line of credit of $750,000 which is reviewed annually with the bank.

Bank indebtedness, outstanding at any time, is due on demand and bears interest at 1% above the bank's prime lending rate. The following have been provided as security:

a) A moveable hypothec in the amount of $1,200,000 covering the following universality of properties, present and future:
   1) Claims, accounts receivable and book debts
   2) Inventory
   3) All moveable property, corporeal and incorporeal
   4) All intellectual property.

b) Assignment of inventory, in virtue of Section 427 of the Bank Act.

c) Subrogation of the preferred shares.

The Company is subject to certain financial covenants with its banker. The Company is not in compliance with debt service coverage ratio as contained in the agreement with its banker as at December 31, 2014.

(Continued)

7. Accounts payable and accrued liabilities	**2014**	2013
		(Unaudited)
Trade and accrued liabilities	**$ 1,315,412**	$ 865,452
Salaries payable	**59,178**	36,724
Government remittances	**16,968**	17,513
	$ 1,391,558	$ 919,689

8. Long-term debt	**2014**	2013
		(Unaudited)
a) Term loan, due March 2017, bearing interest at the greater of 10% or the Bank's prime rate plus 3% and repayable by monthly capital instalments of $4,630 plus interest. A moveable hypothec covering the universality of all property, present and future has been provided as security.	**$ 124,990**	$ 180,550
b) Term loan, due March 2017, bearing interest at the greater of 10% or the Bank's prime rate plus 3% and repayable by monthly capital instalments of $4,630 plus interest. A moveable hypothec covering the universality of all property, present and future has been provided as security.	**124,990**	180,550
c) Term loan, due November 2017, bearing interest at the bank's prime rate plus 1% and repayable by monthly instalments of $1,042 plus interest. Security as described in note 6 has been provided.	**36,458**	48,958
Finance charges amortized over five years	**(16,810)**	(24,281)
	269,628	385,777
Current portion of long-term debt	**116,149**	116,149
Long-term debt with demand features	**153,479**	36,458
	$ -	$ 233,170

(Continued)

8. Long-term debt…cont'd.

The Company is subject to certain financial covenants as at December 31, 2014. The Company was not in compliance with the working capital ratio contained in the agreements with the lenders in notes 8 a) and b) nor with the debt service coverage ratio contained in the agreement with the lender in note 8 c). As such, the portion of the debt which would normally be presented as long-term has been presented as current.

Principal payments required on the long-term debt for the next three years are due as follows:

	Capital	Amortization of finance charges	Net
2015	$ 123,620	$ (7,471)	$ 116,149
2016	123,620	(7,471)	116,149
2017	39,198	(1,868)	37,330
			$ 269,628

9. Capital stock

Authorized:
(Unlimited as to capital contribution and the number of shares without par value)

1% monthly, non-cumulative, non-voting, non-participating preferred shares, redeemable and retractable at their paid-in value.

Common shares.

Issued

		2014 $	2013 $
			(Unaudited)
Presented as part of liabilities:			
1,140,000	Preferred shares	**1,140,000**	1,140,000
Presented as part of shareholders' equity:			
600	Common shares	**900,060**	900,060

(Continued)

9. Capital stock…cont'd.

No preferred shares are expected to be redeemed within the next fiscal year.

The preferred shares have been subrogated in favour of the Company's banker.

10. Contributed surplus

	2014	2013
		(Unaudited)
Contributed surplus, beginning of year	**$ 323,161**	$ 138,082
Discount on redemption of 285,000 preferred shares	**-**	185,079
Contributed surplus, end of year	**$ 323,161**	$ 323,161

11. Cash flows

	2014	2013
		(Unaudited)

Net change in non-cash working capital items is comprised of the following:

Accounts receivable	**$ (182,860)**	$ 1,236,903
Income taxes receivable	**5,535**	(23,191)
Inventory	**106,622**	(339,194)
Prepaid expenses	**(28,276)**	(26,013)
Accounts payable and accrued liabilities	**471,869**	(1,461,756)
Deferred revenue	**23,432**	(2,260)
	$ 396,322	$ (615,511)

(Continued)

12. Commitments

The minimum rentals payable under long-term operating leases, exclusive of certain operating costs for which the Company is responsible are approximately as follows:

2015	$ 142,000
2016	98,000
2017	95,000
2018	85,000
2019	83,000
Thereafter	69,000
	$ 572,000

13. Contingencies

The Company has been named defendant in two lawsuits with suppliers. The amounts of the claims are not yet determined, however, in the opinion of management, these claims are without merit and as such, no provision for them has been made in the financial statements.

14. Financial instruments

Credit risk

The Company, in the normal course of business, monitors the financial condition of its customers and reviews the credit history of each new customer. The Company does not have a significant exposure to any individual customer or counter-party. The Company establishes an allowance for doubtful accounts that corresponds to the credit risks of its specific customers, historical trends and economic circumstances.

Interest rate risk

The Company has a line of credit and long-term debt at variable interest rates. Consequently, the Company is exposed to interest rate risk as a result of potential interest rate fluctuations.

(Continued)

14. Financial instruments…cont'd.

Foreign currency risk

The Company realizes some of its sales and purchases in foreign currencies. Consequently, it is exposed to fluctuations of these currencies. Assets and liabilities in foreign currencies are the following:

	U.S. dollars $	Euro €	Swiss francs CHF
Cash, included as a reduction of bank indebtedness	45,127	-	-
Accounts receivable	319,663	17,698	-
Bank indebtedness	-	3,889	-
Accounts payable and accrued liabilities	659,369	208,795	1,366
Deferred revenue	-	17,000	-

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by forecasting cash flows to identify financing requirements by maintaining committed and demand credit facilities and by maintaining access to additional financing from its shareholders.

(Continued)

15. Subsequent event

a) Subsequent to December 31, 2014, the Company changed financial institutions and renegotiated its credit facilities. The Company's maximum line of credit was increased to $2,000,000 and bears interest at 1% above the bank's prime lending rate. The following have been provided as security:

1) A moveable hypothec in the amount of $10,000,000 covering the following universality of properties, present and future:
    a) Claims, accounts receivable and book debts;
    b) Inventory;
    c) All moveable property, corporeal and incorporeal;
    d) All interval property.

2) Assignment of inventory, in virtue of Section 427 of the Bank Act.

The Company is subject to minimum debt to tangible net worth and minimum debt service ratios with its banker.

b) On October 15, 2015, 85% of the issued and outstanding common shares and 100% of the issued and outstanding preferred shares of the Company were purchased by Antibe Therapeutics Inc., a company traded on the TSX Venture Exchange.

16. Comparative figures

Certain figures in the 2013 financial statements have been reclassified to conform with the presentation in the current year.

CITAGENIX INC.

ADDITIONAL INFORMATION

December 31, 2014

	2014	2013
		(Unaudited)
Schedule A – Cost of goods sold		
Inventory, beginning of year	**$ 2,391,297**	$ 2,052,101
Purchases	**4,186,819**	4,631,043
Duty and transport	**298,164**	289,210
	6,876,280	6,972,354
Inventory, end of year	**2,186,244**	2,391,296
	$ 4,690,036	$ 4,581,058
Schedule B – Selling expenses		
Salaries	**$ 1,295,888**	$ 1,210,685
Commissions	**645,819**	602,862
Credit card fees	**95,499**	90,683
Shipping supplies	**8,272**	8,607
Advertising and promotion	**365,365**	384,020
Travel	**209,508**	215,959
Entertainment	**30,753**	44,154
	$ 2,651,104	$ 2,556,970
Schedule C – Administrative expenses		
Salaries	**$ 1,089,524**	$ 1,017,191
Tax and licences	**21,172**	19,787
Insurance	**51,119**	53,221
Occupancy costs	**244,536**	230,411
Professional fees	**170,340**	99,564
Telecommunications	**38,010**	39,585
Training and consulting fees	**10,342**	23,955
Travel	**106,728**	88,595
Entertainment	**12,125**	19,417
Office supplies and general	**43,539**	34,568
Maintenance and repairs	**16,010**	14,137
Bad debts (recovered)	**77,750**	(36,601)
Research expenses	**21,261**	5,373
Amortization of property, plant and equipment	**21,746**	21,812
Amortization of intangible assets	**11,197**	11,935
	$ 1,935,399	$ 1,642,950

(Continued)

ADDITIONAL INFORMATION…cont'd.

December 31, 2014

	2014	2013
		(Unaudited)
Schedule D – Financial expenses		
Interest and bank charges (recovered)	**$ 28,899**	$ (97,099)
Interest on long-term debt	**40,208**	49,758
Loss on foreign exchange	**33,944**	2,804
Interest revenue earned	**(369)**	(486)
	$ 102,682	$ (45,023)

CITAGENIX INC.

Interim Consolidated Financial Statements

October 15, 2015

CITAGENIX INC.

Interim Consolidated Balance Sheet

As at October 15, 2015

(Expressed in Canadian Dollars)

	October 15, 2015 *Unaudited*	December 31, 2014 *Audited*
ASSETS		
CURRENT		
Accounts receivable *(note 3)*	**$ 1,146,098**	$ 1,078,390
Inventory	**2,840,386**	2,284,676
Income taxes recoverable	**59,582**	42,985
Value-added taxes	**6,050**	10,472
Government remittances recoverable	**13,607**	-
Prepaid expenses	**136,460**	133,101
	4,202,183	3,549,624
OTHER		
Property and equipment *(note 4)*	**55,244**	44,369
Intangible assets *(note 5)*	**18,871**	28,094
Future income taxes	**28,600**	28,600
Deposits	**55,400**	5,400
	158,115	106,463
TOTAL ASSETS	**$ 4,360,298**	$ 3,656,087

See accompanying notes to financial statements

CITAGENIX INC.

Interim Consolidated Balance Sheet

As at October 15, 2015

	October 15, 2015 *Unaudited*	December 31, 2014 *Audited*
LIABILITIES		
CURRENT		
Bank indebtedness *(note 6)*	**$ 1,477,751**	$ 460,598
Accounts payable and accrued liabilities	**1,434,710**	1,374,586
Government remittances payable	**-**	16,969
Deferred revenue	**-**	23,865
Current portion of long-term debt *(note 7)*	**103,649**	108,678
Long-term debt with demand features *(note 7)*	**43,147**	160,950
	3,059,257	2,145,646
LONG-TERM		
Retractable preferred shares *(note 8)*	**1,140,000**	1,140,000
TOTAL LIABILITIES	**4,199,257**	3,285,646
SHAREHOLDERS' EQUITY		
Common shares *(note 8)*	**900,060**	900,060
Contributed surplus	**323,161**	323,161
Deficit	**(1,062,180)**	(852,780)
TOTAL SHAREHOLDERS' EQUITY	**161,041**	370,441
	$ 4,360,298	$ 3,656,087

CONTINGENCIES *(note 9)*

LEASE COMMITMENTS *(note 10)*

ON BEHALF OF THE BOARD

__________________________________ *Director*

__________________________________ *Director*

See accompanying notes to financial statements

CITAGENIX INC.

Interim Consolidated Statement of Deficit

For the Period Ended October 15, 2015

(with comparative figures for the period from January 1, 2014 to October 15, 2014)

(Expressed in Canadian Dollars)

		January 1, 2015 to October 15, 2015 *Unaudited*		January 1, 2014 to October 15, 2014 *Unaudited*
BALANCE - BEGINNING OF PERIOD	**$**	**(852,782)**	$	(306,824)
NET LOSS FOR THE PERIOD		**(209,398)**		(335,695)
BALANCE - END OF PERIOD	**$**	**(1,062,180)**	$	(642,519)

See accompanying notes to financial statements

CITAGENIX INC.

Interim Consolidated Statement of Operations

For the Period Ended October 15, 2015

(with comparative figures for the period from January 1, 2014 to October 15, 2014)

(Expressed in Canadian Dollars)

	January 1, 2015 to October 15, 2015 *Unaudited*	January 1, 2014 to October 15, 2014 *Unaudited*
REVENUE	**$ 7,901,441**	$ 7,055,319
COST OF SALES	**4,214,172**	3,541,420
GROSS PROFIT	**3,687,269**	3,513,899
EXPENSES		
Salaries	**1,180,719**	1,001,525
Administrative salary	**910,917**	820,425
Commissions	**527,348**	447,314
Advertising and promotion	**361,910**	301,486
Travel	**299,218**	265,644
Rental	**190,776**	181,635
Professional fees	**152,738**	186,488
Merchant fees	**76,087**	71,444
Insurance	**43,915**	41,799
Meals and entertainment	**39,495**	34,744
Office and sundry	**37,544**	45,093
Interest and bank charges	**30,365**	5,532
Telephone	**25,263**	22,845
Interest on long-term debt	**23,648**	33,507
Utilities	**18,619**	11,902
Amortization	**15,122**	16,209
Training	**14,636**	13,233
Dues and subscriptions	**13,486**	12,524
Amortization of intangible assets	**9,958**	8,798
Repairs and maintenance	**7,824**	5,221
Research and development	**7,504**	19,999
Supplies	**3,270**	2,774
Write-down of loan receivable	**-**	208,885
Foreign currency translation loss (gain)	**(5,640)**	65,875
Bad debts (recovery)	**(74,038)**	4,327
	3,910,684	3,829,228
LOSS BEFORE INCOME TAXES	**(223,415)**	(315,329)
PROVISION FOR (RECOVERY OF) INCOME TAXES	**(14,017)**	20,366
NET LOSS	**$ (209,398)**	$ (335,695)

See accompanying notes to financial statements

CITAGENIX INC.

Interim Consolidated Statement of Cash Flows

For the Period Ended October 15, 2015

(with comparative figures for the period from January 1, 2014 to October 15, 2014)

(Expressed in Canadian Dollars)

	January 1, 2015 to October 15, 2015 *Unaudited*	January 1, 2014 to October 15, 2014 *Unaudited*
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	**$ (209,398)**	$ (335,695)
Items not affecting cash:		
Amortization of equipment	**15,122**	16,209
Amortization of intangible assets	**9,958**	8,798
Amortization of deferred finance charges	**6,226**	6,226
Write-down of loan receivable	**-**	204,848
	(178,092)	(99,614)
Changes in non-cash working capital:		
Accounts receivable	**(67,708)**	(136,594)
Inventory	**(555,710)**	233,290
Income taxes recoverable	**(16,597)**	45,922
Value-added taxes	**4,422**	(6,944)
Prepaids	**(3,359)**	(23,892)
Government remittances	**(30,576)**	(15,043)
Deposits	**(50,000)**	5,400
Accounts payable and accrued liabilities	**60,123**	(47,251)
Deferred revenue	**(23,865)**	-
	(683,270)	54,888
Cash flow from operating activities	**(861,362)**	(44,726)
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of equipment	**(26,733)**	(1,514)
CASH FLOWS FROM FINANCING ACTIVITY		
Repayment of long-term debt	**(129,058)**	(75,736)
NET DECREASE IN CASH FOR THE PERIOD	**(1,017,153)**	(121,976)
BANK INDEBTEDNESS, BEGINNING OF PERIOD	**(460,598)**	(373,143)
BANK INDEBTEDNESS, END OF PERIOD	**$ (1,477,751)**	$ (495,119)

See accompanying notes to financial statements

1. DESCRIPTION OF PRESENTATION

Operations -

Citagenix Inc. (the "Company") is incorporated under the Business Corporations Act. The Company manufactures and distributes medical equipment in the dental, maxillofacial and orthopedic markets. Its sales are to a diverse customer base.

Consolidation -

These interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, BMT Medizintechnik GmbH Surgical Instruments. All significant intercompany accounts and transactions have been eliminated on consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation -

The Company's accounting policies are in accordance with Canadian accounting standards for private enterprises ("ASPE") and are applied consistently.

Cash and cash equivalents -

Cash and cash equivalents consist of bank accounts and short-term investments with maturity dates of three months or less.

Inventory -

Inventory is valued at the lower of cost and net realizable value. Cost is determined based on the average cost. Net realizable value is the estimated of selling price less the estimated costs necessary to make the sale.

Property and equipment -

Property and equipment are stated at cost and amortization. Amortization is calculated on their respective estimated useful life using the following methods and rates:

Furniture and fixtures	20%	declining balance method
Computer hardware	3 years	straight-line method
Vehicles	5 years	straight-line method

The Company prorates amortization for acquisitions made during the year.

In accordance with Section 3063 of the CPA Canada Handbook - Part II, "Impairment of long-lived assets", the company tests for impairment loss of long-lived assets whenever events or changes in circumstances occur, which may cause their carrying value to exceed the total undiscounted cash flows expected from their use and eventual disposition. An impairment loss, if any, is determined as the excess of carrying value of the asset over its fair value and, if identified, is to be recognized as an expense in the impairment period. In the current year, no events or circumstances occurred that warranted testing for impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets -

The patents and software are amortized on a straight-line basis over their estimated useful lives of 17 years and 3 years, respectively.

In accordance with Section 3064 of the CPA Canada Handbook – Part II, “Goodwill and intangible assets”, for an intangible asset that is not subject to amortization, the Company tests for impairment whenever events or changes in circumstances indicate that its carrying amount may exceed its fair value. An impairment loss, if any, is determined as the excess of the carrying value of the asset over its fair value and, if identified, is to be recognized as an expense in the impairment period. In the current year, no events or circumstances occurred that warranted testing for impairment.

Deferred revenue -

Deferred revenue represents the difference between the amount received in advance of revenue recognized.

Deferred financing costs -

Deferred financing costs consist of transaction fees related to the long-term debt financing. These fees are recorded at cost and amortized over 60 months.

Future income taxes -

The Company follows the liability method with respect to accounting for income taxes. Future tax assets and liabilities are determined based on differences between the carrying amount and the tax basis of assets and liabilities. Future income tax assets and liabilities are measured using the enacted income tax rates that will be in effect when these differences are expected to reverse. Future income tax assets, if any, are recognized only to the extent that, in the opinion of management, it is more likely than not the assets will be realized.

Foreign currency translation -

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year, except for amortization, which has been translated at the same rate as the related assets.

Foreign currency translation gains and losses on monetary assets and liabilities are included in the determination of earnings.

Revenue recognition -

Sales are recognized when pervasive evidence of an arrangement exists, title has passed, the price is fixed or determinable, and the collection is reasonably assured.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty -

The preparation of financial statements in conformity with ASPE requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Significant estimates in these financial statements include the useful lives of equipment, inventory valuation and allowance for doubtful accounts.

3. ACCOUNTS RECEIVABLE

	October 15, 2015	**December 31, 2014**
Trade	**$ 1,110,706**	$ 1,121,674
Less allowance for doubtful accounts	**(1,427)**	(75,300)
Subtotal	**1,109,279**	1,046,374
Employee advances	**36,819**	32,016
	$ 1,146,098	$ 1,078,390

4. PROPERTY AND EQUIPMENT

	October 15, 2015			**December 31, 2014**
	Cost	**Accumulated amortization**	**Net book value**	**Net book value**
Furniture and fixtures	$ 87,523	$ 55,185	**$ 32,338**	$ 37,364
Computer hardware	43,229	22,660	**20,569**	2,816
Vehicles	10,362	8,025	**2,337**	4,189
	$ 141,114	$ 85,870	**$ 55,244**	$ 44,369

5. INTANGIBLE ASSETS

	October 15, 2015	**December 31, 2014**
Patents	**$ 188,606**	$ 188,606
Software	**1,323**	587
	189,929	189,193
Less: Accumulated amortization	**171,058**	161,099
Net book value	**$ 18,871**	$ 28,094

6. BANK INDEBTEDNESS

In 2014, The Company had an operating line of credit with the Bank of Montreal ("BMO") to a maximum of $750,000. The outstanding line of credit balance is due upon demand and bears interest at the BMO's prime lending rate plus 1.00% per annum.

In 2015, the Company changed its financial institution and renegotiated its credit facilities. The Company has a new operating line of credit with the Laurentian Bank of Canada ("Laurentian") to a maximum of $2,000,000. The outstanding line of credit balance is due upon demand and bears interest at Laurentian's prime lending rate plus 1.00% per annum. The following have been provided as security:

1) A moveable hypothec in the amount of $10,000,000 covering the following universality of properties, present and future:
a) Claims, account receivables and book debts;
b) Inventory;
c) All movable property, corporeal and incorporeal;
d) All interval property.

2) Assignment of inventory, in virtue of Section 427 of the Bank Act.

The Company is subject to minimum debt to tangible net worth and minimum debt service ratios with its banker. As at October 15, 2015, the Company is not in compliance with its covenants.

7. LONG-TERM DEBT

	October 15, 2015	December 31, 2014
Term loan, due March 2017, bearing interest at the greater of 10% or the prime rate plus 3% and repayable by monthly capital installments of $4,630 plus interest. A moveable hypothec covering the universality of all property, present and future has been provided as security	**$ 78,690**	$ 124,990
Term loan, due March 2017, bearing interest at the greater of 10% or the prime rate plus 3% and repayable by monthly capital installments of $4,630 plus interest. A moveable hypothec covering the universality of all property, present and future has been provided as security	**78,690**	124,990
Term loan, due March 2017, bearing interest at prime rate plus 1% and repayable by monthly capital installments of $1.042 plus interest. A moveable hypothec covering the universality of all property, present and future has been provided as security	**-**	36,458
Finance charges amortized over five years	**(10,584)**	(16,810)
	146,796	269,628
Less: Current portion	**(103,649)**	(108,678)
	$ 43,147	$ 160,950

The Company is subject to certain financial covenants as at October 15, 2015 and December 31, 2014. The Company was in violation of its covenants, namely its working capital and debt service coverage ratio. As a result, the portion of the debt which would normally be presented as long-term has been presented as current.

Principal payments required on the long-term debt are as follows:

	Capital	Amortization of finance charges	Net
In the period ending October 15, 2016	$ 111,120	$ (7,471)	**$ 103,649**
2017	46,260	(3,113)	**43,147**
	$ 157,380	$ (10,584)	**$ 146,796**

8. SHARE CAPITAL

Authorized:

Unlimited	1% monthly, non-cumulative, non-voting, non-participating preferred shares, redeemable and retractable at their paid-in value.
Unlimited	Common voting shares

		October 15, 2015	December 31, 2014
Issued:			
1,140,000	Preferred shares	**$ 1,140,000**	$ 1,140,000
600	Common shares	**900,060**	900,060
		$ 2,040,060	$ 2,040,060

No preferred shares are expected to be redeemed within the next five years. The preferred shares have been subrogated in favour of the Company's banker.

On October 15, 2015, 85% of the common shares and 100% of the preferred shares were purchased by Antibe Therapeutics Inc., a company traded on the TSX Venture Exchange.

9. CONTINGENCIES

The Company has been named defendant in two lawsuits with suppliers. The amounts of the claims are unknown, however, in the opinion of management, these claims are without merit and as such, no provision for them has been made in the financial statements.

10. LEASE COMMITMENTS

The Company has long-term leases with respect to its premises. Future minimum lease payments are as follows:

For the year ending October 15, 2016	$ 105,333
2017	95,500
2018	86,667
2019	83,333
2020	71,333
Thereafter	11,500
	$ 453,666

In addition, the Company is obligated to pay for its proportionate share of maintenance and other related costs for the leased premises.

11. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of accounts receivable, accounts payable and accrued liabilities, bank indebtedness and long-term debt.

The carrying amount of financial assets measured at fair value total $nil (December 31, 2014 - $nil). The carrying amount of financial assets measured at amortized cost total $1,146,098 (December 31, 2014 - $1,078,390).

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Company is exposed to credit risk from customers and related parties. In order to reduce its credit risk, the Company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, term loans, and accounts payable. The Company manages liquidity risk primarily by maintaining sufficient unused capacity within its credit facilities. The unused capacity at October 15, 2015 was $860,000.

Currency risk

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is exposed to foreign currency exchange risk on bank indebtedness of US$240,903 (December 31, 2014 - Cash of 45,127) and EUR 7,852 (December 31, 2014 - EUR 3,889), accounts receivable of US$247,301 (December 31, 2014 - $319,663) and EUR 50,925 (December 31, 2014 - EUR 17,698), accounts payable of US$711,278 (December 31, 2014 - $659,369) and EUR 150,224 (December 31, 2014 - EUR 208,795) and deferred revenue of EUR $nil (December 31, 2014 - EUR 17,000). The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities. The Company is exposed to interest rate risk primarily through its floating interest rate credit facility.