ANTIBE THERAPEUTICS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2013

(expressed in Canadian dollars)

NOTE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of Antibe Therapeutics Inc. for the three months ended June 30, 2013 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

ANTIBE THERAPEUTICS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(expressed in Canadian dollars)
(UNAUDITED)

	June 30, 2013	March 31, 2013
A S S E T S		
CURRENT		
Cash	**$ 1,686,590**	$ 194,301
Due from Antibe Holdings Inc. (note 3)	**94,150**	85,941
Harmonized sales tax recoverable	**184,778**	130,767
Prepaid expenses	**69,961**	46,125
	2,035,478	457,134
OTHER CURRENT		
Deferred share issuance costs (note 5)	**-**	280,891
TOTAL ASSETS	**$ 2,035,478**	$ 738,025
L I A B I L I T I E S		
CURRENT		
Accounts payable and accrued liabilities	**$ 602,822**	$ 536,987
OTHER		
Convertible debentures (note 4)	**-**	761,876
LONG TERM		
Due to Schmed Enterprises Inc. (note 3)	**162,550**	162,550
Due to AltaPharm International Ltd. (note 3)	**283,490**	283,490
	446,040	446,040
TOTAL LIABILITIES	**1,048,862**	1,744,903
S H A R E H O L D E R S' E Q U I T Y (D E F I C I E N C Y)		
SHARE CAPITAL (notes 4 and 5)	**3,552,834**	1,372,233
COMMON SHARE PURCHASE WARRANTS (note 5)	**449,067**	449,067
CONTRIBUTED SURPLUS (notes 4 and 5)	**1,189,456**	1,065,739
ACCUMULATED DEFICIT	**(4,204,741)**	(3,893,916)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)	**986,616**	(1,006,877)
	$ 2,035,478	$ 738,025

COMMITMENTS (note 6)

Approved and authorized for issue by the Company's Board of Directors on August 27, 2013

(Signed) Daniel Legault Daniel Legault,
(Signed) John Wallace John Wallace,

See accompanying notes to condensed interim consolidated financial statements.

ANTIBE THERAPEUTICS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED JUNE 30, 2013 AND 2012
(expressed in Canadian dollars)
(UNAUDITED)

	For the three months ended June 30, 2013	For the three months ended **June 30, 2012**
REVENUES	**$ -**	$ -
EXPENSES		
Consulting fees	**124,022**	42,400
Research and development	**80,000**	65,000
Salaries (note 3)	**50,100**	-
Interest / accretion (note 4)	**15,165**	-
Office and sundry	**13,391**	11,731
Travel	**9,362**	5,121
Rent (note 6)	**7,700**	9,319
Professional Fees	**6,992**	47,021
Telephone	**2,777**	3,405
Insurance	**1,316**	1,161
	310,825	185,158
NET LOSS AND COMPREHENSIVE LOSS	**$ (310,825)**	$ (185,158)
Loss per share:		
Basic and diluted	**$ (0.02)**	$ (0.01)
Weighted average number of common shares outstanding:		
Basic and diluted	**20,534,712**	19,654,000

See accompanying notes to condensed interim consolidated financial statements.

ANTIBE THERAPEUTICS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED JUNE 30, 2013 AND 2012
(expressed in Canadian dollars)
(UNAUDITED)

	For the three months ended June 30, 2013	For the three months ended June 30, 2012
CASH FLOWS FROM OPERATIONS		
Net loss for the period	**$ (310,825)**	$ (185,158)
Items not affecting cash:		
Accretion expense (note 4)	**7,021**	-
Accrued interest not paid (note 4)	**(14,156)**	-
Converted accrued interest (note 4)	**22,300**	-
Net changes in non-cash working capital items:		
Prepaid expenses	**(23,836)**	(3,483)
Harmonized sales tax recoverable	**(54,011)**	(20,406)
Accounts payable and accrued liabilities	**65,835**	74,165
	(307,671)	(134,882)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net changes to Due from Antibe Holdings Inc. (note 3)	**(8,208)**	-
Proceeds on issuance of shares and warrants net of Agent's fees (note 5)	**2,057,000**	85,000
Share issuance costs (note 5)	**(248,832)**	-
	1,799,959	85,000
NET INCREASE (DECREASE) IN CASH FOR THE PERIOD	**1,492,288**	(49,882)
CASH, BEGINNING OF THE PERIOD	**194,301**	93,386
CASH, END OF THE PERIOD	**$ 1,686,590**	$ 43,504

See accompanying notes to condensed interim consolidated financial statements.

ANTIBE THERAPEUTICS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED JUNE 30, 2013 AND 2012
(expressed in Canadian dollars)
(UNAUDITED)

	Number of common shares	Share capital	Common share purchase warrants	Contributed surplus	Deficit	Total
Balance, March 31, 2012	**19,482,000**	**$ 1,320,345**	**$ 415,955**	**$ 886,759**	**($2,848,813)**	**($225,754)**
Shares and warrants issued	204,000	57,074	27,926			85,000
Net loss and comprehensive loss	-	-	-	-	(185,158)	(185,158)
Balance, June 30, 2012	**19,686,000**	**$ 1,377,419**	**$ 443,881**	**$ 886,759**	**($3,033,971)**	**($325,912)**
Balance, March 31, 2013	**19,686,000**	**$ 1,372,233**	**$ 449,067**	**$ 1,065,739**	**($3,893,916)**	**($1,006,877)**
IPO proceeds (note 5)	4,150,000	2,282,500				2,282,500
Agent's options issued		(178,200)		178,200		-
Debentures and accumulated interest conversion (note 4)	2,215,339	831,524		(54,483)		777,041
Issuance costs including agent's fees (note 5)		(755,223)				(755,223)
Net loss and comprehensive loss	-	-	-	-	(310,825)	(310,725)
Balance, June 30, 2013	**26,051,339**	**$ 3,552,834**	**$ 449,067**	**$ 1,189,456**	**($4,204,741)**	**$ 986,616**

See accompanying notes to condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS

Antibe Therapeutics Inc. (the "Company") was incorporated on May 5, 2009 under the Business Corporation Act (Ontario). The Company was originally established under the legal name 2205405 Ontario Inc. On December 16, 2009, the Company changed its name to Antibe Therapeutics Inc. The Company is engaged in the development of patents and out-licensing of improved compounds of existing drugs to large pharmaceutical and biotechnology companies. The address of the Company's registered office and principal place of business is 15 Prince Arthur Avenue, Toronto, Ontario, Canada, M5R 1B2.

Antibe Holdings Inc. ("AHI") is the Company's parent company.

2. BASIS OF PRESENTATION

(a) **Consolidation –**

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Antibe Terapiya RUS LLP, which was incorporated by the Company on April 24, 2012. All significant intercompany accounts and transactions have been eliminated on consolidation.

(b) **General –**

The Company adopted International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") upon incorporation on May 5, 2009. These condensed interim consolidated financial statements were prepared in accordance with IAS 34, "Interim Financial Reporting". The accounting policies used in these condensed interim consolidated financial statements are the same policies that were adopted in the most recent annual financial statements. The notes presented in these condensed interim consolidated financial statements include only significant changes and transactions occurring since the Company's last year-end and are not fully inclusive of all disclosures required by IFRS for annual financial statements. These condensed interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements, including the notes thereto, for the year ended March 31, 2013.

(c) **Going concern –**

The condensed interim consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As at June 30, 2013, the Company had a working capital surplus of $1,432,656. The Company incurred a loss of $310,825 for the fiscal quarter ended June 30, 2013, and had negative cash flow from operations of $307,671 for the same period.

The Company's ability to continue as a going concern is dependent on its ability to continue to meet its projected development milestones and its related ability to continue to raise capital. Management plans to continue to actively seek capital investment and to generate 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 and financial performance.

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 debt, or from proceeds from the exercise of stock options and common share warrants, or by obtaining credit facilities. The Company's future capital requirements will depend on many factors, including, but not limited to, the cost of developing its products, and the market's 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 was not appropriate for these condensed interim consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses, and the classifications used in the statement of financial position. The condensed interim consolidated financial statements do not include adjustments that would be necessary if the going concern assumption was not appropriate.

(d) **Basis of measurement -**

These condensed interim consolidated financial statements are prepared on a historical cost basis, except for certain financial instruments and stock-based compensation that are measured on a fair value basis.

(e) **Use of estimates -**

The preparation of condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the condensed interim consolidated financial statements, and the reported amount of revenue and expenses during the period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which such adjustments become known. Significant estimates in these condensed interim consolidated financial statements include deferred income tax valuations, valuation of convertible debentures, determination of eligible expenditures for investment tax credits ("ITC") purposes, and inputs related to the calculation of fair value of stock-based compensation and warrants.

(f) **New IFRS standards and interpretations not applied -**

(i) Financial instruments -

The IASB intends to replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"), in its entirety with IFRS 9, Financial Instruments: Classification and Measurement, ("IFRS 9"), in three main phases. IFRS 9 will then be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39. In November 2009 and October 2010, phase 1 of IFRS 9 was issued and amended, respectively, which addressed the classification and measurement of financial assets and financial liabilities. IFRS 9 requires that all financial assets be classified as subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified as subsequently measured at amortized cost except for financial liabilities classified as FVTPL, financial guarantees and certain other exceptions. In response to delays to the completion of the remaining phases of the project, on December 16, 2011, the IASB issued amendments to IFRS 9 that deferred the mandatory effective date of IFRS 9 from January 1, 2013, to annual periods beginning on or after January 1, 2015. The amendments also provided relief from the requirement to restate comparative financial statements for the effects of applying IFRS 9.

Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning April 1, 2015, and has not yet considered the potential impact of the adoption of IFRS 9.

(ii) Asset and liability offsetting -

In December 2011, the IASB amended IAS 32 – Financial Instruments: Presentation, to clarify certain requirements for offsetting financial assets and liabilities. This amendment is required for accounting periods beginning on or after January 1, 2014.

The company does not anticipate this amendment to have a significant impact on its financial statements.

3. RELATED PARTIES

(a) Transactions and balances with related parties –

(i) The Company uses 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 bookkeeping services. During the three months ended June 30, 2013, the Company incurred costs of $65,000 plus HST related to research and development ($65,000 during the three months ended June 30, 2012), and $3,500 plus HST related to bookkeeping ($nil during the three months ended June 30, 2012), through AltaPharm. As at June 30, 2013, $283,490 was outstanding ($283,490 as at March 31, 2013).

The Company uses Schmed Enterprises Inc. ("Schmed"), a company controlled by the Company's Chief Executive Officer ("CEO"), for consulting services pursuant to a CEO agreement. During the fiscal quarter ended June 30, 2013, the Company incurred costs of $65,000 plus HST related to these services ($65,000 during the three months ended June 30, 2012). As at June 30, 2013, $162,550 was outstanding ($162,550 as at March 31, 2013).

These balances bear no interest. Prior to March 26, 2013 (the "Effective Date"), these balances were payable on demand. Subsequent to the Effective Date the balances are payable in accordance with the terms of forbearance agreements. See note 5(a)(ii) 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 $162,550 in the case of Schmed and $283,490 in the case of AltaPharm, pursuant to the terms of their consulting agreements with the Company. The Forbearance Agreements will terminate in the event that the Company completes a debt or equity financing for gross proceeds of not less than $5,000,000.

On May 21, 2013, the CSO and CEO agreements were amended such that, upon the completion of the Initial Public Offering, (the "IPO"), the annual fees to AltaPharm and Schmed be individually reduced by $116,000 per annum until the Company raises aggregate gross proceeds (inclusive of the proceeds of the IPO) of $2,500,000, at which time the reduction shall be decreased by 1/5 for each additional $100,000 raised. This reduction shall remain in effect until the earlier of (i) the date of the Company completes all of the relevant pre-clinical studies and (ii) the date the Company successfully completes a financing, the gross proceeds of which, when aggregated with the proceeds of the IPO and any arm's length post-IPO financings, total not less than $3,000,000, at which time the annual fees shall be $260,000.

(iii) During the three months ended ending June 30, 2013, the Company advanced $8,208 net to AHI ($nil during the three months ended June 30, 2012). As at June 30, 2013, $94,150 was receivable from AHI ($85,941 as at March 31, 2013). This balance bears no interest and is payable on demand.

(iv) In association with the initial IPO offering, 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, Mr. Jonathan Goodman. The shares issued are 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.

(v) The aggregate compensation of officers of the Company for the three months ended June 30, 2013 was $50,100 ($nil during the three months ended June 30, 2012).

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(b) **Economic dependence –**

The Company has been reliant on Schmed and AltaPharm to provide consulting and research and development services to assist with the operations of the business.

4. CONVERTIBLE DEBENTURES

During the period from November 11, 2012 to February 27, 2013, the Company issued unsecured convertible debentures (for $760,000 cash and in exchange for retiring $30,000 of accounts receivable debt) totaling $790,000. The debentures were to bear interest at 8% per annum and to mature one year from the date of their issue, and automatically convert upon a liquidity event defined as the completion of a public offering of common shares by the Company and listing of same on a Canadian or US stock exchange; the sale for cash proceeds of all of the issued and outstanding shares in the capital stock of the Company or the amalgamation, or any other corporate transaction involving the Company with or into another entity pursuant to which the common shares of the resulting issuer from such transaction are listed on a Canadian or US stock exchange. As a result of the Company's successful IPO, the debentures automatically converted into common shares of the Company at a one-third discount to $0.55 offering price, i.e. at $0.3667 per share

The convertible debentures contained both a liability and an equity element represented by the option to convert to common shares. As a result, these two elements were split and classified separately as debt and equity. The Company allocated the amount relating to the issuance of the convertible debentures to those elements based on the residual method. The fair value of the liability component was estimated by calculating the present value of the debentures at a discount rate of 16%, the estimated borrowing rate available for the Company for similar debentures having no conversion rights. The residual value was allocated to the equity component.

The allocation of the $790,000 convertible debentures based on the residual method resulted in an allocation of $735,517 to convertible debentures and $54,483 to equity. The carrying value of the convertible debentures was accreted over its life through interest charges to the statement of loss and comprehensive loss being amortized on the effective yield basis using a discount rate of 16% so that the carrying value of the debt instrument at maturity will equal the face value of the outstanding convertible debentures plus accrued and unpaid interest.

The following is a summary of changes in the Company's convertible debentures for the period:

	Three months ended June 30, 2013	Twelve months ended March 31, 2013
Balance, Beginning of the Period	**$ 761,876**	$ -
Issuance of convertible debenture at face value	**-**	790,000
Less: Equity component of convertible debentures	**-**	(54,483)
Add: Accretion	**7,021**	12,203
Add: Accrued interest	**8,144**	14,156
Balance at June 18, 2013	**777,041**	
Conversion	**(777,041)**	-
Balance, End of the Period	**$ -**	$ 761,876

On the closing date of the IPO, June 18, 2013, the face value of the convertible debentures plus the accrued but unpaid interest ($790,000 face value plus $22,300 accrued unpaid interest totaling $812,300) was converted into 2,215,339 common shares. This amount plus accrued accretion expenses to June 18, 2013 of $19,224, totaling $831,524, was converted to share capital as part of the convertible debenture conversion. As a result, $54,583, recorded at the inception of the convertible debentures as an equity component, was reclassified from contributed surplus to share capital. The overall impact on shareholders' equity of the conversion of the convertible debentures was therefore an increase of $777,041.

5. **SHARE CAPITAL**

(a) **Authorized –**

The Company has an unlimited number of authorized common shares.

(b) **Initial public offering –**

On June 18, 2013 (the "Closing Date"), the Company successfully completed an initial public offering (the "IPO") of common shares and listed such shares on the TSX venture exchange. Pursuant to the offering, the Company issued 3,868,000 common shares at a price of $0.55 per common share, for gross proceeds of $2,127,400.

In addition the company completed private placements to two investors pursuant to which it issued an aggregate of 282,000 common shares at a price of $0.55 per common share, for gross proceeds of $155,100. The shares issued pursuant to this private placement are subject to a hold period that expires on October 19, 2013.

Thus the total gross proceeds from the IPO and private placements totaled $2,282,500 and resulted in the issuance of a total of 4,150,000 common shares.

Burgeonvest Bick Securities Limited and Euro Pacific Canada Inc. (together the "Agents") acted as the Company's agents during the offering process. The company incurred and paid $225,500 in agent fees pursuant to the offering and private placements and granted the Agents an aggregate of 405,000 options entitling them to purchase common shares, at the Offering Price of $0.55 per common share, with an expiry period of 24 months from the Closing Date. In addition, the Agents were granted an over-allotment option to purchase up to an additional number of common shares equal to 15% of the number of common shares sold under the IPO. The exercise price of such options was equal to the offering price and the options expired 30 days after the closing of the offering. The Agents did not purchase additional shares under this over-allotment option.

Agent's fees of $225,500 were deducted from the gross proceeds resulting in net proceeds to the Company of $2,057,000. Issuance costs up to the Closing Date totaled $707,923 ($280,891 as at March 31, 2013) made up of agent related expenses (including the calculated value of the Agent's options, plus Agent's disbursements and Agent's legal fees) of $386,298 ($68,122 as at March 31, 2013), legal fees of $209,534 ($165,075 as at March 31, 2013), audit fees of $48,250 ($25,000 as at March 31, 2013), and regulatory related expenses of $63,841 ($22,694 as at March 31, 2013). $234,200 of the agent related expenses were non-cash; $473,723 of all issuance costs deducted from the net proceeds were cash related. All issuance costs were offset against share capital at the closing date.

Immediately following the closing of the IPO, all outstanding convertible debentures totaling $790,000 together with accrued but unpaid interest totaling $22,300, were converted into common shares at a one-third discount to the offering price of $0.55 per common share. The conversion calculation was performed at the individual debenture holder level and resulted in the issuance of 2,215,339 common shares.

(c) **Stock options –**

The Company established a stock option plan that provides an unlimited issuance of options. The Board grants such options for a term of up to ten years, with vesting periods and prices determined at its sole discretion. The fair value of the options is measured as of the grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period. The fair value is recognized as an expense with a corresponding increase in contributed surplus. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

In connection with its proposed IPO and Exchange Listing, on February 27, 2013, the Company adopted a New Option Plan in accordance with the rules and policies of the Exchange. Pursuant to the New Option Plan, the Company has authorized, subject to any regulatory approvals, the reservation of twenty percent (20%) of the Company's estimated issued and outstanding Common Shares immediately following the completion of the IPO and the conversion of the Debentures, for the grant of Options from time to time. Under the New Option Plan, the Board may from time to time grant to Eligible Persons Options to purchase from the Company such number of its Common Shares as the Board shall designate.

In connection with the IPO, the Company granted the Agent 405,000 options to purchase common shares with an exercise price of $0.55 and an expiry date of June 18, 2015. The fair value of the options was assessed to be, as at the grant date using the Black-Scholes options pricing model, $178,200. These options were recognized as share issuance costs in the period and netted against share capital.

Option pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock and the expected life of the option. Changes in the subjective input assumptions can materially affect the fair value estimate. There is no cash cost to the Company related to these options.

	June 30, 2013			**March 31, 2013**		
	Options		**Weighted average exercise price**	**Options**		**Weighted average exercise price**
Balance, beginning of the period	**3,000,000**	**$**	**0.34**	2,700,000	$	0.33
Granted during the period	**405,000**		**0.55**	300,000		0.42
Balance, end of the period	**3,405,000**	**$**	**0.37**	3,000,000	$	0.34

Number of options	**Exercise Price**	**Expiry date**
2,700,000	$0.33	January 25, 2020
300,000	$0.42	December 1, 2022
405,000	$0.55	June 18, 2015
3,405,000		

(d) **Common share purchase warrants –**

The following is a summary of warrants to purchase common shares that are outstanding at June 30, 2013 as well as details on exercise prices and expiry dates:

	June 30, 2013			**March 31, 2013**		
	Warrants		**Weighted average exercise price**	**Options**		**Weighted average exercise price**
Balance, beginning of the period	**1,863,000**	**$**	**0.76**	1,761,000	$	0.76
Issued during the period				102,000		0.83
Balance, end of the period	**1,863,000**	**$**	**0.76**	1,863,000	$	0.76

Number of warrants	**Exercise Price**	**Expiry date**
787,500	$0.67	December 1, 2016
168,000	$0.83	December 1, 2018
907,500	$0.83	June 1, 2019
1,863,000		

The following assumptions were used in the Black-Scholes options pricing model to determine the fair value of the Agent options granted in the period:

	For the three months ended June 30, 2013
Risk free interest rate	**1.76%**
Expected volatility	**180%**
Expected dividend yield	**0.0%**
Expected life of warrants and stock options	**2 years**

The Company has determined the forfeiture rate to be nil and volatility was determined in reference to other similar listed entities.

6. COMMITMENTS

(a) **Royalty and milestone commitment –**

On December 22, 2009, the Company entered into a license agreement with AHI that provided for the exclusive right and license to research, develop, and commercialize various patents. Pursuant to the agreement, the Company paid an upfront non-refundable license fee of $157,500 to obtain exclusive right to the patents. The agreement requires the Company to pay royalties of 4% of all net sales upon the first commercial sale or if the Company sublicenses the patents, the Company will pay a 15% royalty on royalty revenue earned. Additionally, the Company is required to make milestone payments to AHI at various stages of development, namely the greater of a $150,000 payment upon enrolment of the first patient in Phase I clinical trial or 10% of any milestone payment received from sublicense relation thereto; the greater of a $150,000 payment upon enrolment of the first patient in the first Phase II clinical trial or 10% of any milestone payment received from sublicense relation thereto; the greater of a $150,000 payment upon enrolment of the first patient in the first Phase III clinical trial or 10% of any milestone payment received from sublicense relation thereto; the greater of a $250,000 payment upon the first filing of a new drug application or 10% of any milestone payment received from sublicense relation thereto; and the greater of a $750,000 payment upon receipt of the first regulatory approval from any relevant registration authority or 10% of any milestone payment received from sublicense relation thereto. To date, other than the upfront non-refundable license fee, no royalties or milestone payments have been incurred or paid to AHI.

(b) **Lease commitment –**

The Company entered into an office lease agreement on March 1, 2012 with Fifteen Prince Arthur Corp. and is committed to monthly gross rent payments of $3,000 plus HST until February 28, 2013. The gross rent payment includes taxes, maintenance and insurance.

The lease has been renewed for an additional term of one year subject to the same conditions as the original lease agreement and allow for an increased leased space whereby the monthly gross rent payments will increase to $5,000 per month plus HST.

7. SUBSEQUENT EVENTS UP TO AUGUST 26, 2013

The Company completed two additional closings on the offering bringing the gross proceeds of the offering to the maximum allowed under the filed final prospectus, $3,000,000.

(a) The first of these closings was completed August 14, 2013 and yielded gross proceeds of $602,800 for the purchase of 1,096,000 common shares at the price of $0.55 per share. Under the Agency agreement, the Agent was granted an additional 109,600 options to purchase common shares with an exercise price of $0.55 and an expiry date of August 14, 2015. Agent's fees and expenses of $66,605 were incurred. The net proceeds of this first of the two additional closings was $536,195.

(b) The second of these closings was completed August 22, 2013 and yielded gross proceeds of $269,800 for the purchase of 490,545 common shares at the price of $0.55 per share. Under the Agency agreement, the Agent was granted an additional 49,054 options to purchase common shares with an exercise price of $0.55

and an expiry date of August 22, 2015. Agent's fees and expenses of $29,738 were incurred. The net proceeds of this second of the two additional closings was $240,062.