

ANTIBE THERAPEUTICS INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2015
(expressed in Canadian dollars, UNAUDITED)

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 and six months ended September 30, 2015 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)

	<u>A S S E T S</u>		
	September	March	
	30, 2015	31, 2015	
<u>CURRENT</u>			
Cash	472,037	397,086	
Term deposits	25,000	25,000	
Harmonized sales tax recoverable	58,444	50,577	
Due from Antibe Holdings Inc. (note 3b)	221,393	213,073	
Prepaid expenses	67,507	42,898	
	844,381	728,634	
<u>OTHER</u>			
Deferred share issuance	15,489	60,689	
TOTAL ASSETS	859,870	789,323	
<u>L I A B I L I T I E S</u>			
<u>CURRENT</u>			
Accounts payable and accrued liabilities	388,415	427,132	
Deposit received	-	25,000	
TOTAL LIABILITIES	388,415	452,132	
<u>S H A R E H O L D E R S ' E Q U I T Y</u>			
SHARE CAPITAL (note 4b)	8,739,853	8,237,721	
COMMON SHARE PURCHASE WARRANTS (note 4d)	1,364,198	826,148	
CONTRIBUTED SURPLUS	2,476,615	2,248,471	
ACCUMULATED DEFICIT	(12,109,211)	(10,975,149)	
TOTAL SHAREHOLDERS' EQUITY / DEFICIENCY	471,455	337,191	
	859,870	789,323	

COMMITMENTS (note 6)

Approved and authorized for issue by the Company's Board of Directors on November 17, 2015.





Daniel Legault, Director

John Wallace, Director

ANTIBE THERAPEUTICS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2015 AND 2014
(expressed in Canadian dollars)
(UNAUDITED)

	For the Three months ended Sep 30, <u>2015</u>	For the Three months ended Sep 30, <u>2014</u>	For the Six months ended Sep 30, <u>2015</u>	For the Six months ended Sep 30, <u>2014</u>
EXPENSES				
Research and development	290,633	761,208	413,806	1,742,085
Salaries and wages (note 3c)	77,444	161,861	189,548	310,856
Stock-based compensation (note 5c)	73,723	117,152	115,133	184,513
Consulting fees	52,278	60,748	87,411	111,148
Professional fees	209,340	51,862	228,923	167,289
Rent	9,525	15,750	23,012	31,500
Dues and subscriptions	15,854	28,836	28,745	32,586
Office and sundry	15,487	39,667	23,826	58,646
Advertising and promotion	914	20,027	6,347	47,406
Travel	5,334	6,802	9,728	28,210
Telephone	2,516	4,224	5,227	7,348
Insurance	4,050	14,919	5,750	17,259
Licensing fees (note 3b)	-	-	-	150,000
	<u>757,098</u>	<u>1,283,055</u>	<u>1,137,456</u>	<u>2,888,847</u>
LOSS FROM OPERATIONS	(757,098)	(1,283,055)	(1,137,456)	(2,888,847)
INTEREST INCOME	1,941	7,517	3,394	13,205
NET LOSS AND COMPREHENSIVE LOSS	(755,157)	(1,275,538)	(1,134,062)	(2,875,642)
Loss per share:				
Basic and diluted	<u>(0.02)</u>	<u>(0.03)</u>	<u>(0.02)</u>	<u>(0.08)</u>
Weighted average number of common shares outstanding:				
Basic and diluted	<u>49,677,994</u>	<u>37,005,858</u>	<u>49,366,825</u>	<u>36,862,520</u>

See accompanying notes to the condensed interim consolidated financial statements.

ANTIBE THERAPEUTICS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2015 AND 2014
(expressed in Canadian dollars)
(UNAUDITED)

	For the Three months ended Sep 30, 2015	For the Three months ended Sep 30, 2014	For the Six months ended Sep 30, 2015	For the Six months ended Sep 30, 2014
CASH FLOWS FROM OPERATIONS				
Net loss and comprehensive loss	(755,157)	(1,275,538)	(1,134,062)	(2,875,642)
Income statement items not affecting cash:				
Stock-based compensation (note 4c)	73,723	117,152	115,133	184,513
	<u>(681,434)</u>	<u>(1,158,386)</u>	<u>(1,018,929)</u>	<u>(2,691,128)</u>
Net changes in non-cash working capital items:				
Net changes to prepaid expenses	(14,795)	(25,889)	(24,609)	(1,969)
Net changes to harmonized sales tax recoverable	(19,757)	24,787	(7,867)	213,584
Net changes to A/P and accrued liabilities	(2,168)	157,073	(38,717)	(145,882)
	<u>(36,720)</u>	<u>155,971</u>	<u>(71,193)</u>	<u>65,733</u>
Cash flows from operating activities	<u>(718,154)</u>	<u>(1,002,415)</u>	<u>(1,090,122)</u>	<u>(2,625,395)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Net changes to Due from Antibe Holdings Inc.	(6,364)	(170,027)	(8,320)	(17,297)
Net changes to long term liabilities	-	-	-	-
Conversion of debt (A/P) to equity (note 4b)	-	-	35,000	-
Issuances:				
Gross proceeds from shares / warrants (note 4b)	-	-	1,250,000	1,019,560
Proceeds from exercised warrants	4,640	-	4,640	-
Finder fees	-	-	(78,480)	(113,856)
Other cash issuance expenses	-	-	(57,967)	(2,876)
Deferred expenses	-	(20,414)	45,200	(20,414)
Prepaid proceeds	-	-	(25,000)	-
Cash flows from financing activities	<u>(1,724)</u>	<u>(190,441)</u>	<u>1,165,073</u>	<u>865,117</u>
NET INCREASE (DECREASE) IN CASH FOR THE PERIOD	(719,878)	(1,192,856)	74,951	(1,760,278)
CASH, BEGINNING OF THE PERIOD	1,216,915	3,187,440	422,086	3,754,862
CASH, END OF THE PERIOD	497,037	1,994,584	497,037	1,994,584

See accompanying notes to the condensed interim consolidated financial statements.

ANTIBE THERAPEUTICS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2015 AND 2014
(expressed in Canadian dollars)
(UNAUDITED)

	Number of common shares	Share capital	Common share purchase warrants	Contributed surplus	Deficit	Total
Balance, March 31, 2014	34,931,591	7,205,614	826,148	1,860,857	(6,573,979)	3,318,640
Shares and warrants issued from private placements	2,074,267	1,244,560	-	-	-	1,244,560
Share issuance costs from private placements	-	(212,453)	-	95,721	-	(116,731)
Stock-based compensation	-	-	-	184,513	-	184,513
Net loss and comprehensive loss	-	-	-	-	(2,875,642)	(2,875,642)
Balance, September 30, 2014	<u>37,005,858</u>	<u>8,237,721</u>	<u>826,148</u>	<u>2,141,092</u>	<u>(9,449,620)</u>	<u>1,755,340</u>
Balance, March 31, 2015	<u>37,005,858</u>	<u>8,237,721</u>	<u>826,148</u>	<u>2,248,471</u>	<u>(10,975,149)</u>	<u>337,191</u>
Shares and warrants issued from private placements	12,500,000	711,950	538,050	-	-	1,250,000
Share issuance costs from private placements	-	(249,458)	-	113,011	-	(136,447)
Shares issued for debt	148,936	35,000	-	-	-	35,000
Shares issued for exercised warrants	46,400	4,640	-	-	-	4,460
Stock-based compensation	-	-	-	115,133	-	115,133
Net loss and comprehensive loss	-	-	-	-	(1,134,062)	(1,134,062)
Balance, September 30, 2015	<u>49,701,194</u>	<u>8,739,853</u>	<u>1,364,198</u>	<u>2,476,615</u>	<u>(12,109,211)</u>	<u>471,455</u>

See accompanying notes to the condensed interim consolidated financial statements.

ANTIBE THERAPEUTICS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2015
(expressed in Canadian dollars)
(UNAUDITED)

1. **NATURE OF OPERATIONS**

Antibe Therapeutics Inc. (the "Company") was incorporated under the Business Corporation Act (Ontario) on May 5, 2009 as a private company. 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. On June 18, 2013, the Company completed its initial public offering ("IPO") and was listed on the TSX Venture Exchange.

The Company originates, develops, and out-licenses patent-protected new pharmaceuticals that are improved versions of existing drugs. Antibe's lead compound, ATB-346, combines hydrogen sulfide with naproxen, an approved, marketed and off-patent non-steroidal anti-inflammatory drug. 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 relevant 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. The Company intends to move through this development program quickly and efficiently, while continuing to investigate the other assets in its pipeline. ATB-352 targets the urgent global need for a safer analgesic for treating severe acute pain, while ATB-340 is a GI-safe derivative of aspirin. The Company continues to investigate additional development opportunities to which it has access.

The address of the Company's registered office and principal place of business is 15 Prince Arthur Avenue, Toronto, Ontario, Canada, M5R 1B2.

Approximately 30.2% of the Company's common shares are held by Antibe Holdings Inc. ("AHI").

2. **BASIS OF PRESENTATION**

(a) **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, 2015.

(b) **Consolidation**

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

(c) **Going concern**

These condensed interim consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As at September 30, 2015, the Company had a working capital surplus of \$455,965 (\$1,734,926 as at September 30, 2014). The Company incurred losses of \$755,157 for the three months and \$1,134,062 for the six months ended September 30, 2015 and had negative cash flows from operations of \$718,154 and \$1,090,122 for the same respective periods.

All of the factors above raise substantial 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 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 sale, the Company's liquidity requirements are dependent on its ability to raise additional capital by selling additional equity, 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 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 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. These 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.

The significant estimates in these condensed interim consolidated financial statements include deferred income tax valuations, determination of eligible expenditures for investment tax credits ("ITC") purposes, and inputs related to the calculation of the fair value of stock-based compensation and warrants.

(f) **Cash and Cash Equivalents**

All references to cash and cash equivalents in these financial statements refer to the Canadian dollar equivalents of any unrestricted bank account balances and any unrestricted funds invested in short term investment vehicles, including but not limited to Guaranteed Investment Certificates, with terms to maturity of 90 days or less when acquired.

(g) **New IFRS standards and interpretations not applied**

At the date of approval of these financial statements, the following standards and interpretations which may be applicable to the Company, but have not yet been applied in these financial statements, were in issue but not yet effective:

(i) **Financial Instruments**

IFRS 9, Financial Instruments ("IFRS 9") was issued in 2010 and is to replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics

of the financial assets. In addition, under IFRS 9 the same impairment model is applied to all financial instruments that are subject to impairment accounting. The current impairment model is replaced with an expected credit loss model, which means that a loss event will no longer need to occur before an impairment allowance is recognized. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Management is currently evaluating the impact of IFRS 9 on its financial statements.

(ii) Revenue

IFRS 15, Revenue from Contracts with Customers provides a single, principles-based, five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

1. Identify the contract with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. This standard is effective for annual periods beginning on or after January 1, 2017. Management is currently evaluating the impact of IFRS 15 on its financial statements.

3. **RELATED PARTIES**

Transactions and balances with related parties

- (a) On June 26, 2014, with the enrolment of the first patient in a Phase I clinical trial, the Company triggered a milestone payment of \$150,000 to AHI as detailed in a Licensing Agreement between the two companies entered into on December 22, 2009 (see Note 6a).

During the three and six months ended September 30, 2015, the Company advanced a net of \$6,364 and \$8,320 respectively to AHI (\$170,027 and \$174,797 respectively during the three and six months ended September 30, 2014, which included the above-mentioned milestone payment). As at September 30, 2015, \$221,393 was receivable from AHI (\$160,049 payable to AHI as at September 30, 2014). This balance bears no interest and is payable on demand.

- (b) The aggregate compensation of the directors and officers of the Company paid directly or indirectly for the three and six months ended September 30, 2015 was \$170,870 and \$376,040 respectively (\$276,900 and \$540,363 respectively during the three and six months ended September 30, 2014). On July 3, 2015, the Company announced that its CFO had resigned and would be replaced by Samira Sakhia, a member of the Company's board of directors, on an interim basis.

4. **SHARE CAPITAL**

(a) **Authorized**

The Company has an unlimited number of authorized common shares.

(b) **Common shares**

(i) **Summary of common shares outstanding**

	Six months ended September 30, 2015	Year ended March 31, 2015
	Common Shares	Common Shares
Balance, beginning of the period	37,005,858	34,931,591
Issued during the period	12,695,336	2,074,267
Balance, end of the period	49,701,194	37,005,858

(ii) Summary of share capital issued from private placements, shares issued for debt and exercised warrants during the six months ended September 30, 2015

<u>Raise</u>	<u>Date</u>	<u># of Shares</u>	<u># of Warrants</u>	<u>Gross Proceeds</u>	<u>Finder Fees</u>	<u>Net Proceeds</u>	<u>Agent Options / Finder Warrants</u>
PP3a	April 1, 2015	7,860,000	3,930,000	\$ 786,000	\$ 57,680	\$ 728,320	576,800
PP3b	April 9, 2015	4,640,000	2,320,000	\$ 464,000	\$ 20,800	\$ 443,200	208,000
Shares issued for debt	May 5, 2015	148,936	-	\$ 35,000	-	\$ 35,000	-
Exercised warrants	August 13, 2015	46,400	-	\$ 4,640	-	\$ 4,640	(46,400)
Q1 + Q2 2016 Total		12,695,336	6,250,000	\$ 1,289,640	\$ 78,480	\$ 1,211,160	738,400

(iii) Non-brokered private placements

On April 7, 2014 (the “PP2b Closing Date”), the Company successfully completed the second closing (the “PP2b”) of the non-brokered private placement that first closed on March 31, 2014. Pursuant to the PP2b, the Company sold 1,516,600 Common Shares of the 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 \$828,564.

On April 28, 2014 (the “PP2c Closing Date”), the Company successfully completed the second closing (the “PP2c”) of the non-brokered private placement that first closed on March 31, 2014. Pursuant to the PP2c, the Company sold 557,667 Common Shares of the Corporation resulting in raising gross proceeds of \$334,600. As at March 31, 2014, \$225,000 of these proceeds were held in escrow pending the successful closing of PP2c. After the Company incurred and paid \$32,460 in finder fees, the net proceeds of PP2b were \$302,140.

Issuance expenses incurred for PP2b and PP2c (including \$113,856 of finders’ fees) totaled \$212,453 of which \$95,721 was a non-cash expense resulting from the issuance of finder warrants. All issuance expenses were offset against share capital at the PP2b and PP2c Closing Dates.

On April 1, 2015 (the “PP3a Closing Date”), the Company successfully completed a non-brokered private placement (the “PP3a”). Pursuant to the PP3a, the Company sold 7,860,000 units (the “Units”) at a price of \$0.10 per Unit wherein each Unit comprised one common share and one-half common share purchase warrant. Each full common share purchase warrant (“PP3a Warrants”) entitles the bearer to purchase one common share for a price of \$0.15 and expires three years from the date of issuance, i.e. the PP3a Warrants expire on April 1, 2018. The PP3a resulted in gross proceeds of \$786,000. After the company incurred and paid \$57,680 in finder fees, the net proceeds of the PP3a were \$728,320.

The \$786,000 gross proceeds were allocated into share capital and PP3a Warrants using the residual method. The 3,930,000 PP3a Warrants were valued using the Black-Scholes Options Pricing Model

("BSOPM"), which resulted in allocating \$338,313 to PP3a Warrants and \$447,687 to share capital.

On April 9, 2015 (the "PP3b Closing Date"), the Company successfully completed a non-brokered private placement (the "PP3b"). Pursuant to the PP3b, the Company sold 4,640,000 units (the "Units") at a price of \$0.10 per Unit wherein each Unit comprised one common share and one-half common share purchase warrant. Each full common share purchase warrant ("PP3b Warrants") entitles the bearer to purchase one common share for a price of \$0.15 and expires three years from the date of issuance, i.e. the PP3b Warrants expire on April 9, 2018. The PP3b resulted in gross proceeds of \$464,000. After the company incurred and paid \$20,800 in finder fees, the net proceeds of the PP3a were \$443,200.

The \$464,000 gross proceeds were allocated into share capital and PP3b Warrants using the residual method. The 2,320,000 PP3b Warrants were valued using the Black-Scholes Options Pricing Model ("BSOPM"), which resulted in allocating \$199,737 to PP3b Warrants and \$264,263 to share capital.

Issuance expenses incurred for PP3a and PP3b (including \$78,480 of finders' fees) totaled \$249,458 of which \$113,011 was a non-cash expense resulting from the issuance of finder warrants. All issuance expenses were offset against share capital at the PP3a and PP3b Closing Dates.

On August 13, 2015, 46,400 PP3a Finders Warrants were exercised and the Company issued 46,400 common shares for gross proceeds of \$4,640. Each of the PP3a Finders Warrants entitled the bearer to purchase one share in the capital stock of the Company at an exercise price of \$0.10.

(iv) Settlement

On May 5, 2015, the Company granted a previous officer 148,936 common shares at the May 4, 2015 closing market price of \$0.235 per common share for a total value of \$35,000. The grant was made in exchange for the officer waiving a portion of the cash component of the officer's severance package.

(c) Stock options

The Company has established a stock option plan that provides a limited issuance of options, capped at 5,527,576 common shares. The plan is to encourage ownership of common shares by its directors, senior officers, other employees, and consultants. The fair value of the options is measured as of the grant date, using the Black-Scholes-Merton Options Pricing Model (BSM), and is recognized over the vesting period. The fair value is recognized as an expense or netted against share capital with a corresponding increase in contributed surplus. The amount recognized as expense reflects the number of share options that vest or are expected to vest in each period.

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.

(i) Share options granted in the six months ended September 30, 2015

On May 5, 2015, the Company granted Hamza Thindal Capital Corporation ("HTCC") options in exchange for consulting services to be provided by HTCC under the terms of a consulting agreement. The options give HTCC the right to purchase a total of 300,000 common shares pursuant to the Company's stock option plan. These options bear an exercise price of \$0.235, the closing price of the Company's shares on May 4, 2014, and an expiry date of May 5, 2018. The fair value of these options was determined to be, as at the grant date and using the BSM, \$62,417. These options will be expensed to stock-based compensation evenly over four quarters starting in fiscal Q1 2016.

On July 3, 2015, the Company granted its management team options to purchase a total of 610,000 common shares pursuant to the Corporation's stock option plan. Each option bears an exercise price of \$0.14, being the closing price of Antibe shares on July 10, 2015, and an expiry date of July 13, 2025. Twenty-five percent of the granted options vest on the grant date and 1/36th of the remaining options vest in each of the subsequent 36 months. The fair value of these options was determined to be, as at the grant date and using the BSM, \$85,031. \$38,358 of this amount was expensed in Q2 2016.

(ii) Summary of options outstanding

The changes to the number of options granted by the Company during the six months ended September 30, 2015 and year ended March 31, 2015, and their weighted average exercise price are as follows:

	<u>Six months ended</u> <u>September 30, 2015</u>		<u>Year ended</u> <u>March 31, 2015</u>	
	<u>Options</u>	<u>Weighted average exercise price</u>	<u>Options</u>	<u>Weighted average exercise price</u>
Balance, beginning of the period	4,802,654	\$ 0.44	4,838,654	\$ 0.44
Granted during the period	910,000	0.17	274,000	0.57
Expired during the period	(563,654)	0.55	(310,000)	0.58
Balance, end of the period	5,149,000	\$ 0.38	4,802,654	\$ 0.44

(iii) Details of options issued and outstanding as at September 30, 2015

<u>Number of Options</u>	<u>Exercise Price</u>	<u>Expiry date</u>
24,000	\$0.52	October 31, 2017
300,000	\$0.24	May 5, 2018
2,700,000	\$0.33	January 25, 2020
300,000	\$0.42	December 1, 2022
150,000	\$0.55	October 22, 2023
990,000	\$0.66	March 4, 2024
75,000	\$0.54	May 9, 2024
610,000	\$0.14	July 13, 2025
5,149,000	\$0.38	

(iv) BSM assumptions – options

The assumptions used in the BSM to determine the fair value of options are summarized in the table below.

	<u>3 months</u> <u>ended</u> <u>September 30,</u> <u>2015</u>	<u>3 months</u> <u>ended</u> <u>September 30,</u> <u>2014</u>	<u>6 months</u> <u>ended</u> <u>September 30,</u> <u>2015</u>	<u>6 months</u> <u>ended</u> <u>September 30,</u> <u>2014</u>
Risk free interest rate	1.59%	2.49%	0.47%-2.49%	2.49%
Expected volatility	180%	180%	180%	180%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Expected life of stock options	10 years	10 years	2–10 years	10 years

The Company has determined the forfeiture rate to be nil. The expected volatility was determined in reference to other similar listed entities. The Government of Canada's zero-coupon bond yield was used as the risk free interest rate.

(d) Common share purchase warrants

(i) Warrants issued in connection with non-brokered private placements

In connection with PP3a, the Company granted 576,800 common share purchase warrants to finders (the "PP3a Finder Warrants"). Each PP3a Finder Warrant entitles the bearer to purchase one common share for a price of \$0.10 and expires two years from the date of issuance. Using the BSOPM, these PP3a Finder Warrants were valued at \$83,059, recognized as share issuance costs in the current fiscal quarter (Q1 2016), and netted against share capital.

In connection with PP3b, the Company granted 208,000 common share purchase warrants to finders (the “PP3b Finder Warrants”). Each PP3b Finder Warrant entitles the bearer to purchase one common share for a price of \$0.10 and expires two years from the date of issuance. Using the BSOPM, these PP3b Finder Warrants were valued at \$29,952, recognized as share issuance costs in the current fiscal quarter (Q1 2016), 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 issuing these warrants.

The following is a summary of the common share purchase warrants outstanding as at September 30, 2015 as well as details on exercise prices and expiry dates:

(ii) Summary of common share purchase warrants outstanding

The changes to the number of warrants granted by the Company during six months ended September 30, 2015 and year ended March 31, 2015, and their weighted average exercise price are as follows:

	Six months ended September 30, 2015		Year ended March 31, 2015	
	Warrants	Weighted average exercise price	Warrants	Weighted average exercise price
Balance, beginning of the period	3,872,239	\$ 0.73	3,682,479	\$ 0.74
Issued during the period	7,034,800	0.14	189,760	0.60
Exercised during the period	(46,400)	0.10	-	-
Balance, end of the period	10,860,639	\$ 0.35	3,872,239	\$ 0.73

(iii) Details of common share purchase warrants issued and outstanding as at September 30, 2015

Number of warrants	Exercise Price	Expiry date
139,444	\$0.55	December 30, 2015
51,450	\$0.55	January 28, 2016
494,565	\$0.60	March 31, 2016
135,660	\$0.60	April 4, 2016
54,100	\$0.60	April 28, 2016
817,676	\$0.80	December 30, 2016
316,344	\$0.80	January 28, 2017
530,400	\$0.10	April 1, 2017
208,000	\$0.10	April 9, 2017
787,500	\$0.67	December 1, 2017
3,930,000	\$0.15	April 1, 2018
2,320,000	\$0.15	April 9, 2018
168,000	\$0.83	December 1, 2018
907,500	\$0.83	June 1, 2019
10,860,639	\$0.35	

(iv) BSM assumptions - warrants

The assumptions used in the BSM to determine the fair value of finder warrants are summarized in the table below.

	<u>3 months ended September 30, 2015</u>	<u>3 months ended September 30, 2014</u>	<u>6 months ended September 2015</u>	<u>6 months ended September 30, 2014</u>
Risk free interest rate	N/A	N/A	0.47%	1.97%
Expected volatility	N/A	N/A	180%	180%
Expected dividend yield	N/A	N/A	0.00%	0.00%
Expected life of warrants	N/A	N/A	2-3 years	2 years

The Company has determined the forfeiture rate to be nil. The expected volatility was determined in reference to other similar listed entities. The Government of Canada's zero coupon bond yield was used as the risk free interest rate.

5. **BANK FACILITY**

The Company holds a corporate credit card facility, administered by the Royal Bank. The facility has a \$25,000 limit and the bank holds \$25,000 of funds in-trust as collateral. The Company will continue its practice of paying all outstanding balances on the corporate credit card in full monthly.

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 a Phase I clinical trial or 10% of any milestone payment received from a 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 a 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 a 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 a 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 a sublicense relation thereto.

(b) **Office lease commitment**

The Company renewed its office lease agreement with 15 Prince Arthur Corp. on March 1, 2015 committing the Company to monthly rent payments of \$3,858 until February 28, 2016. The rent payment includes utilities, taxes, maintenance and insurance. Termination requires six month's notice.

7. **SUBSEQUENT EVENTS**

(a) On October 13, 2015, 60,000 PP3a Finders Warrants were exercised and the Company issued 60,000 common shares for gross proceeds of \$6,000. Each of the PP3a Finders Warrants entitled the bearer to purchase one share in the capital stock of the Company at an exercise price of \$0.10.

(b) On October 6, 2015, the Company entered into share purchase agreements to acquire 85% of Citagenix, a privately held, Montreal-based regenerative medicine company which specializes in bone grafting and related procedures. On October 15, 2015 these agreements closed and the Company agreed to purchase 85% of the common shares and 100% of the preference shares of Citagenix, by paying \$400,000 in cash and issuing 25,876,421 of the Company's common shares at a deemed price of \$0.15375 per common

share. The Citagenix vendors agreed to a lock-up of the Company's common shares they will receive as consideration, with 25% of such shares to be 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 purchase price of Citagenix represents approximately 0.5x the current unaudited annual revenue of Citagenix. The Company has agreed to purchase the remaining common shares of Citagenix by issuing 2,857,500 Antibe common shares at a deemed price of \$0.20 per common share subject to the vendor clearing a Personal Information Form ("PIF") with the TSX Venture Exchange. Citagenix will operate as a subsidiary of the Company and its financial statements will be consolidated with those of the Company.

- (c) On October 15, 2015, in connection with the above transaction, the Company completed a non-brokered private placement of senior secured convertible debentures (the "Debentures") and warrants (the "Warrants") for gross proceeds of \$1.8 million. The Debentures will have a term of three years from the date of their issuance, bear interest at a rate of 10% per year, be convertible at the option of the holder into common shares of the Company at a price of \$0.22 per share and be secured by the assets of the Company. Purchasers of the Debentures will be issued an aggregate of up to 5,500,000 Warrants to purchase common shares of the Company. The Warrants will be each exercisable for the purchase of one common share of the Company at a price of \$0.31 for a period of 3 years.
- (d) On October 19, 2015, 65,000 PP3a Investor Warrants were exercised and the Company issued 65,000 common shares for gross proceeds of \$9,750. Each of the PP3a Investor Warrants entitled the bearer to purchase one share in the capital stock of the Company at an exercise price of \$0.15.
- (e) On November 16, 2015 the Company announced the signing of an exclusive long-term license and distribution agreement with Knight Therapeutics Inc. (TSX: GUD) ("Knight"), a leading Canadian specialty pharmaceutical company, for Antibe's anti-inflammatory and pain drugs, ATB-346, ATB-352 and ATB-340, as well as the rights to other, future Antibe prescription drugs. Under the terms of the license agreement, Antibe has granted Knight the exclusive commercial rights for Antibe's drug candidates and other future prescription drugs in Canada, Israel, Romania, Russia and sub-Saharan Africa. Antibe is entitled to royalties on annual sales, along with the potential for \$10 million in payments for sales-based milestones. Antibe considers this a favourable royalty scenario given its competitive anticipated cost-of-goods structure.
- (f) On November 16, 2015, the Company also announced a second closing of the non-brokered private placement of convertible debentures ("Debentures") announced October 16, 2015, bringing the total proceeds to \$2.6M. The Debentures will mature on October 15, 2018, bear interest at a rate of 10% per year, and are convertible at the holder's option into common shares of Antibe at a price of \$0.22 per share. In addition, the new holders received an aggregate of 1.6 million warrants to purchase common shares of Antibe at a price of \$0.31, which are exercisable until October 15, 2018. The Private Placement remains subject to TSXV final approval.