ANTIBE THERAPEUTICS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three and nine months ended December 31, 2014

Dated: February 24, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following management's discussion and analysis (this "MD&A") of the operating results and financial position of Antibe Therapeutics Inc. ("Antibe" or the "Company") is for the three and nine month periods ended December 31, 2014 ("Q3 2015", and "Q3 2015 YTD" respectively) and for the comparator periods, the three and nine month periods ended December 31, 2013 ("Q3 2014" and "Q3 2014 YTD" respectively) and should be read in conjunction with the Company's most recent audited consolidated financial statements (the "2014 Audited FS"), the notes thereto, and to the Company's condensed interim consolidated financial statements for the three and nine month periods ended December 31, 2014 (the "Q3 2015 FS"). The Company's accounting policies and estimates used in the preparation of the Q3 2015 FS are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

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

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

This MD&A was approved by the Company's Board of Directors on February 24, 2015.

COMPANY OVERVIEW

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

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

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

FORWARD-LOOKING STATEMENTS

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

Many factors could cause the Company's actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements. The purpose of

the forward-looking statements is to provide readers with a description of management's expectations regarding, among other things, the Company's financial performance and research and development plans and may not be appropriate for other purposes. Readers should not place undue reliance on forward-looking statements.

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

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

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

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

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

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

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

- the Company's ability to secure and maintain adequate protection for its intellectual property;
- the Company's ability (or the ability of the Company's partners) to obtain regulatory approvals for the Company's products; and
- the Company's ability to attract and retain key personnel.

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

OVERALL PERFORMANCE

On September 15, 2014, the Company announced that it had begun trading in the United States on the OTCQX exchange under the ticker symbol "ATBPF". OTCQX is the premier tier of the US OTC markets and will offer US based investors the opportunity to efficiently trade the Company's stock.

On October 1, 2014, the Company held its AGM at which each of the six nominees proposed by management was elected to serve as a director of the Corporation and to hold office for the ensuing year; Zeifmans LLP, Chartered Accountants, was appointed the auditors of the Company for the ensuing year; and, on a vote by disinterested shareholders, the amended and restated Stock Option Plan of the Corporation as described in the Company's management information circular distributed in advance of the AGM was approved.

In Q3 2015, the Company focused its efforts on the ongoing ATB-346 Phase I clinical study and on planning the next steps of its clinical development. The first stage of the Phase I study, the prescheduled SAD (single ascending dose) stage, was completed in Q2 2015 and was announced on October 6, 2014. The results met the Company's expectations based on extensive pre-clinical studies, and supported the continuation of the Phase I program into the MAD (multiple ascending dose) and food-effect stages.

On January 16, 2015, the Company announced that it had suspended development of its lead drug, ATB-346, due to safety concerns encountered in its Phase I clinical trial. Safety concerns centered on the finding of significant liver enzyme elevations in one subject in the highest dose cohort. Additional liver enzyme elevations were observed in other subjects in the higher dose cohorts. The Company is concerned that, when assessed together, these liver enzyme elevations are indicative of potential hepatotoxicity. Pre-clinical studies on ATB-346 had provided no indication of potential hepatotoxicity. The company continues to collect and assess data and will report back to the scientific community and the market with further details on its data review and corporate strategy as appropriate.

The Company continues to engage in discussions with potential development partners, and to execute its development financing strategy.

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

	For the Three months ended Dec 31, 2014	For the Three months ended Dec 31, 2013	For the Nine months ended Dec 31, 2014	For the Nine months ended Dec 31, 2013
EXPENSES				
Research and development	**282,271**	553,643	**2,024,356**	803,070
Salaries and wages	**163,129**	108,748	**473,985**	245,828
Stock-based compensation	**65,484**	39,740	**249,997**	39,740
Consulting fees	**50,400**	48,000	**161,548**	244,605
Professional fees	**122,701**	106,432	**289,989**	267,857
Office and sundry	**35,892**	10,632	**85,076**	26,110
Dues and subscriptions	**41,230**	8,386	**73,816**	16,039
Advertising and promotion	**47,167**	41,800	**94,573**	58,913
Rent	**15,750**	14,500	**47,250**	35,700
Insurance	**2,356**	2,157	**19,615**	5,457
Travel	**50,477**	15,188	**88,149**	41,276
Telephone	**3,912**	2,288	**11,260**	7,838
Licensing fees	**-**	-	**150,000**	-
Int / accretion on debentures	**-**	-	**-**	15,165
	880,768	951,514	**3,769,615**	1,807,597
LOSS FROM OPERATIONS	**(880,768)**	(951,514)	**(3,769,615)**	(1,807,597)
INTEREST INCOME	**4,034**	2,470	**17,239**	3,586
NET LOSS AND COMPREHENSIVE LOSS	**(876,734)**	(949,044)	**(3,752,376)**	(1,804,011)
Loss per share:				
Basic and diluted	**(0.02)**	(0.03)	**(0.10)**	(0.07)
Weighted average number of common shares outstanding:				
Basic and diluted	**37,005,858**	27,655,660	**36,910,473**	25,016,353

Revenue

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

Operating Expenses – Q3 2015

Total net expenses in Q3 2015 decreased by $70,646 over Q3 2014 driven largely by a decrease in research and development expenditures and offset by expenses incurred related to the Company's OTCQX listing. The details of the Statement of Losses are as follows:

Research and Development

In Q3 2015, the Company decreased its R&D expenditures by $226,908 vs Q3 2014. In Q3 2014, preclinical studies on ATB-346 were underway and manufacturing costs of the drug required for those studies were incurred. Q3 2014 expenses totaled $553,643. In Q3 2015, although the more expensive Phase I clinical trials of ATB-346 were underway, the milestone payments laid out by the contract drove the drop of in R&D expenses vs Q2 2014 ($478,937) and vs Q1 ($698,606).

On May 21, 2014, the Company completed its application submission to Health Canada requesting approval to begin human testing of its lead drug, ATB-346. On June 18, 2014, Health Canada provided the Company with a 'no objection letter' allowing the company to begin human testing of ATB-346. On June 26, 2014, Phase I human testing of ATB- 346 began with the first human dose administered.

On January 16, 2014, the Company announced that it had suspended development of its lead drug, ATB-346, due to safety concerns encountered in its Phase I clinical trial and continues to collect and assess data.

Licensing Fees

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 Antibe Holdings Inc. ("Holdings") as detailed in a Licensing Agreement between the two companies entered into on December 22, 2009. This payment occurred in Q1 2015 impacting the Q3 2015 YTD expenses only.

Salaries and Wages

Salary and wage expenses increased by $54,381 in Q3 2015 over Q3 2014, and by $1,268 over Q2 2015. The increase vs Q3 2014 was driven largely by compensation and benefit expenses for an additional headcount not incurred in Q3 2014. Salaries and wages expenses will rise in fiscal 2015 vs. fiscal 2014 reflecting the full year effect of a 2014 salary increase and headcount addition noted above, but will remain relatively stable on a quarter by quarter basis in the near future.

Professional Fees

Professional fees increased by $16,269 in Q3 2015 vs Q3 2014, and by $70,839 vs Q2 2015. These increases are driven by timing related decreases in patent related legal fees versus the comparator periods. The current elements of professional fees are expected to remain relatively stable in the near term despite timing fluctuations as seen this quarter.

Stock-based compensation

Stock-based compensation expenses (non-cash) increased in Q3 2015 by $25,744 over Q3 2014 representing the increase in the Black-Scholes-Merton Option Pricing Model ("BSM") value of employee stock options that vested in Q3 2015 vs those that vested in Q3 2014.

Consulting Fees

Consulting fees increased in Q3 2015 by $2,400 versus Q3 2014. Consulting fee expenses are expected to remain relatively stable for the near future.

Advertising and Promotion

In Q3 2015, advertising and promotion expenses increased by $5,367 over Q3 2014. Expenses in this category include the costs of maintaining the Company's website and the cost of sponsorship of certain organizations deemed important to the Company's long-term objectives. It is expected that advertising and promotion expenses will decrease in the coming quarters.

Travel

Travel expenses increased in Q3 2015 by $35,289 from Q3 2014, and by $43,675 from Q2 2015. This increase in travel expenses reflects the Company's decision to increase its focus on investor relations and business development related activities during Q3 2015 (and the first part of Q4 2015). It is anticipated that travel expenses related to investor relations and business development activities will fall somewhat in coming quarters but continue to reflect the priority the Company places on these activities.

Office and Sundry

The Q3 2015 office and sundry expenses of $35,892 were $25,260 over Q3 2014, and $3,775 under Q2 2015. A significant contributor to the Q3 2015 expense was $18,006 incurred to conduct market research in the form of a payer study. Office and sundry expenses are expected to remain stable for the near future and any future significant costs incurred on market research will be categorized separately.

Rent

The Company's rent expenses increased by $1,250 in Q3 2015 over Q3 2014. The increase was due to an increase in the rate charged for the space. No additional office space requirements are currently anticipated.

Dues and Subscriptions

The Company classifies all administrative costs related to being a public company as dues and subscriptions. These expenses include all TSX fees, Transfer Agent costs, and Press Releases. In Q3 2015 the Company incurred $12,394 more public company expenses than in Q2 2015. This increase continues to reflect the one-time administrative costs of listing on the US OTCQX exchange.

Telephone

Telephone expenses remained relatively stable over the periods of interest.

Insurance

Insurance expenses in Q3 2015 decreased by $12,563 over Q2 2015 representing the increased costs of insurance required for the Phase I clinical trial, booked in Q2 2015.

Accretion / Interest on Debentures

This expense category represents accretion and interest expenses incurred on the convertible debentures issued in 2013. On the date of the Company's successful IPO, June 18, 2013, all debentures and related accumulated unpaid interest was converted into common shares. These expenses fell by $15,165 in Q3 2015 YTD vs. Q3 2014 YTD as they have not been incurred in fiscal 2015.

Interest Income

In Q3 2015 the Company earned interest on its cash and cash equivalents. In Q3 2014, interest income from the same source was earned. In 2015 the Company expects to continue to earn interest income on any funds held that exceed its current needs.

Overall, the Company expects its net losses to continue to grow as ATB-346 advances through the regulated clinical phases of its development program. In addition, the Company will continue to require the Q3 2015 infrastructure to manage the development of its assets and to operate as a public company, which will result in increased expenses in the 'general and administrative expense' category.

Operating Expenses - Quarterly

	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Net revenue	-	-	-	-	-	-	-	-
Net loss and comprehensive loss before discontinued operations and extra-ordinary items	(876,734)	(1,275,538)	(1,600,104)	(876,050)	(949,044)	(544,143)	(310,825)	(276,448)
Per share	(0.02)	(0.03)	(0.04)	(0.03)	(0.03)	(0.02)	(0.02)	(0.01)
Net loss and comprehensive loss	(876,734)	(1,275,538)	(1,600,104)	(876,050)	(949,044)	(544,143)	(310,825)	(276,448)
Per share	(0.02)	(0.03)	(0.04)	(0.03)	(0.03)	(0.02)	(0.02)	(0.01)

Quarterly losses fell $398,804 in Q3 2015 from Q2 2015 due to a timing-related decrease in the company's costs of advancing its ATB-346 development program. Research and development expenses were $478,937 lower than in Q2 2015, driven by a decreased expenditure on direct Phase I clinical trial costs ($364,864 lower than in Q2 2015), reduced expenditure on manufacturing of clinical trial materials ($34,595 drop from Q2 2015), and receipt of SR&ED credits for research and development work performed prior to becoming a public company in June 2013, of $84,162. Q1 2015 research and development expenses included a $150,000 licensing milestone paid to Antibe Holdings Inc.; an expense not incurred in Q2 or Q3 2015.

Capital Requirements and Financings

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

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

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

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

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

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

Fiscal Q1 2015

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

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. In connection with PP2b, the Company granted 135,660 Common Share purchase warrants to the finders. Each of the PP2b finder warrants entitles the bearer to purchase one common share for a price of $0.60 and expires two years from the date of issuance. Using the BSM, the PP2b finder warrants were valued at $70,179, recognized as a share issuance cost, and charged to contributed surplus.

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 was 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. In connection with PP2c, the Company granted 54,100 Common Share purchase warrants to the finders. Each of the PP2c finder warrants entitles the bearer to purchase one common share for a price of $0.60 and expires two years from the date of issuance. Using the BSM, the PP2c finder warrants were valued at $25,543, recognized as a share issuance cost, and charged to contributed surplus.

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.

Fiscal Q2 and Q3 2015

The Company did not seek to raise funds in fiscal Q2 and Q3 2015.

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

	December 31, 2014	March 31, 2014
ASSETS		
CURRENT		
Cash and cash equivalents	**906,190**	3,754,862
Harmonized sales tax recoverable	**57,776**	330,344
Due from Antibe Holdings Inc.	**190,606**	142,752
Prepaid expenses	**44,319**	123,548
	1,198,891	4,351,506
OTHER		
Deferred share issuance	**42,564**	-
TOTAL ASSETS	**1,241,455**	4,351,506
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**297,366**	473,826
Deposit received	**-**	225,000
Payable to Schmed	**-**	121,734
Payable to AltaPharm	**-**	212,306
TOTAL LIABILITIES	**297,366**	1,032,866
SHAREHOLDERS' EQUITY		
SHARE CAPITAL	**8,237,721**	7,205,614
COMMON SHARE PURCHASE WARRANTS	**826,148**	826,148
CONTRIBUTED SURPLUS	**2,206,576**	1,860,857
ACCUMULATED DEFICIT	**(10,326,354)**	(6,573,979)
TOTAL SHAREHOLDERS' EQUITY / DEFICIENCY	**944,090**	3,318,640
	1,241,455	4,351,506

Cash and Cash Equivalents

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

Harmonized Sales Tax Recoverable

In 2014, the Company requested approval from the Canadian Revenue Agency to move to quarterly reporting of its HST position. This approval has been received and the Company anticipates that, while the HST

recoverable will continue to rise as eligible expenses rise, the rise will be offset by the increased frequency of recovery. The Company has thus far been successful in recovering all of its HST claims submitted.

Due From Antibe Holdings Inc.

Holdings continues to be the Company's largest shareholder, holding 40.5% of the Company's outstanding shares as at December 31, 2014 (42.9% as at March 31, 2014). Holdings has been permitted to draw down funds against future milestone payments and such payments are detailed in the licensing agreement between the Company and Holdings. On June 26, 2014, the $150,000 'First in-Human Dose' milestone was achieved and an invoice was issued by Holdings. The payment of the milestone more than eliminated the current balance of this account as at June 30, 2014. The balance of the Due from Antibe Holdings account has increased from March 31, 2014 to December 31, 2014 by $47,854. It is anticipated that this account balance will continue to rise prior to the next development milestone being reached.

Prepaid Expenses

The prepaid expense asset account balance as at December 30, 2014 was $44,319, a $79,229 reduction from the balance as at March 31, 2014. This balance predominantly represents cash provided to our patent legal counsel ($23,456 as at December 31, 2014) and held in escrow by them in anticipation of paying fees required in multiple jurisdictions to maintain the Company's patents. This patent escrow balance is down by $79,384 from the balance as at March 31, 2014. The balance of the patent escrow component of the prepaid account fluctuates based on the timing of the fees paid and is anticipated to remain within the current boundaries in the future. The remaining prepaid expenses are made up of prepaid travel and insurance expenses.

Accounts Payable and Accrued Liabilities

The Company's accounts payable and accrued liability accounts have decreased from their March 31, 2014 level by $176,460. Accounts payable decreased from March 31, 2014 to December 31, 2014 by $89,774 driven largely by the decreased expenditures incurred in Q3 2015. Accrued liabilities over the same period decreased by $86,687 driven by a large accrual present as at March 31, 2014 for expenses related to the Company's first close of its second non-brokered private placement (PP2a). All of the accounts payable included in the December 31, 2014 balance ($228,807) are current. The Company pays all invoices as they become due and has no payables in arrears. As direct development expenses continue to rise, the average balance of the accounts payable and accrued liabilities account is expected to continue to rise.

Deposit Received

As at March 31, 2014, the Company held funds ($225,000) in escrow on behalf of a prospective participant in the Company's second closing of its second non-brokered private placement (PP2b). PP2b closed on April 7, 2014 and the funds held in escrow were moved from this account to the Company's cash account in exchange for share capital being issued.

Payable to Schmed Enterprises Inc.

Subject to a forbearance agreement dated March 26, 2013, the Company's liability with Schmed Enterprises Inc. was held in the long-term liability account 'Due to Schmed Enterprises Inc.'. On March 31, 2014 this forbearance agreement was terminated as the conditions to do so had been met. The liability was moved to the current liability account 'Payable to Schmed Enterprises Inc.' as at March 31, 2014 and on April 10, 2014, the balance of this account was retired.

Payable to AltaPharm International Ltd.

Subject to a forbearance agreement dated March 26, 2013, the Company's liability with AltaPharm International Ltd. was held in the long-term liability account 'Due to AltaPharm International Ltd.'. On March 31, 2014 this forbearance agreement was terminated as the conditions to do so had been met. The liability was moved to the current liability account 'Payable to AltaPharm International Ltd.' as at March 31, 2014 and on April 10, 2014, the balance of this account was retired.

Share Capital

The Company's share capital account increased in Q1 2015 by $1,032,107 and did not change further in Q2 and Q3 2015. The Q1 2015 increase reflected, a) the share capital raised in the second and third closes of the Company's second non-brokered private placement (PP2b and PP2c) of $1,244,560, and b) the cash and non-cash costs associated with these raises. These costs totaling $212,453 represent agent and finder fees paid of $113,856, addition costs incurred by the Company, and the BSM value of the finder warrants issued.

Common Share Purchase Warrants

The Company's common share purchase warrant equity remained unchanged during Q3 2015.

Contributed Surplus

In Q3 2015, contributed surplus increased by $65,484 over Q2 2015 reflecting the value of director and employee stock options that vested during the quarter. The value of these securities was determined using the BSM valuation model on the date they were issued. The amount charged to contributed surplus in the period represents a graded portion of the issued options that vested in the period. The director and employee stock options vest pursuant to the Company's stock option plan.

In addition, on December 16, 2014, the Company entered into an investor relations consulting agreement with Stonegate Capital Partners Inc. wherein Stonegate is to provide the Company with investor relations services focused on the US investment market for a six month period starting the date of the execution of the contract. As per the terms of the agreement, the Company granted Stonegate options to purchase a total of 24,000 common shares pursuant to the Company's stock option plan. These options bear an exercise price of $0.52 and an expiry date of October 31, 2017. The fair value of these options was assessed to be, as at the grant date and using the BSM, $11,049. These options were expensed to stock-based compensation on the grant date.

The Q3 2015 YTD contributed surplus includes Q1 2015 contributed surplus of $163,083 ($95,721 BSM value of finder warrants, and $67,361 BSM value of employee stock options) and Q2 2015 contributed surplus of $117,152 (BSM value of employee stock options).

Accumulated Deficit

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

Capital Requirements, Other Sources and Commitments

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

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

The Company renewed its twelve-month lease for the use of its 15 Prince Arthur Ave. office space effective March 1, 2014. The lease carries a two-month notice period. On December 1, 2013, the Company entered into a lease agreement with MaRS Discovery District committing the Company to monthly gross rent payments of approximately $2,028 for the twelve-month period ending November 30, 2014. The Company extended its lease on a month-by-month basis and terminated it effective January 31, 2015.

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

Liquidity and Off-Balance Sheet Arrangements

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

Capital Resources

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

Corporate credit card

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.

Cash and Cash Equivalents

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

ANTIBE THERAPEUTICS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2014 AND 2013
(expressed in Canadian dollars, UNAUDITED)

	For the Three months ended Dec 31, 2014	For the Three months ended Dec 31, 2013	**For the Nine months ended Dec 31, 2014**	For the Nine months ended Dec 31, 2013
CASH FLOWS FROM OPERATIONS				
Net loss and comprehensive loss	**(876,734)**	(949,044)	**(3,752,376)**	(1,804,011)
Income statement items not affecting cash:				
Stock-based compensation	**65,484**	39,740	**249,997**	39,740
Accretion of debentures exp.	**-**	-	**-**	7,021
Interest on debentures exp.	**-**	-	**-**	(21,177)
	(811,250)	(909,304)	**(3,502,379)**	(1,778,427)
Net changes in non-cash working capital items:				
Net changes to prepaid expenses	**81,199**	(108,839)	**79,230**	(84,633)
Net changes to harmonized sales tax recoverable	**58,984**	(13,082)	**272,568**	(118,725)
Net changes to A/P and accrued liabilities	**(364,618)**	314,964	**(510,500)**	(12,222)
	(224,435)	193,043	**(158,702)**	(215,580)
Cash Flows from operating activities	**(1,035,685)**	(716,261)	**(3,661,081)**	(1,994,007)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net changes to Due from Antibe Holdings Inc.	**(30,557)**	6,068	**(47,854)**	(16,936)
Net changes to Long Term liabilities	**-**	(26,000)	**-**	(32,000)
Issuances:				
Gross proceeds from shares / warrants	**-**	899,445	**1,019,560**	4,054,545
Finder fees	**-**	(76,695)	**(113,856)**	(389,454)
Other expenses	**-**	(57,345)	**(2,876)**	(597,916)
Deferred cash expenses	**(22,150)**	-	**(42,564)**	280,891
Cash flows from financing activities	**(52,707)**	745,473	**812,410**	3,299,130
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE PERIOD	**(1,088,392)**	29,211	**(2,848,671)**	1,305,122
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	**1,994,584**	1,470,212	**3,754,862**	194,301
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	**906,191**	1,499,424	**906,191**	1,499,424
CASH CONSISTS OF:				
Cash	**881,191**	1,499,424		
Term deposits	**25,000**	-		
TOTAL CASH AND CASH EQUIVALENTS	**906,191**	1,499,424		

Net cash outflows from operations increased by $319,424 in Q3 2015 vs. Q3 2014. The cash used to reduce the Company's accounts payable and accrued liabilities in Q3 2015 compared with the cash preserved through the buildup of accounts payable and accrued liabilities in Q3 2014 contributed $679,582 to the increased operating cash outflow. This was partially offset by similar (but opposite) changes to the prepaid expense accounts ($190,038 decreased cash outflow) and a $72,310 reduction in the Q3 2015 operating profit vs Q3 2014 and

As the Company did not seek to raise capital in Q2 and Q3 2015, net cash inflows from financing activities in Q3 2015 decreased were unchanged from Q2 2015 and decreased by $765,405 vs. Q3 2014. The Q3 2014 figure represents the proceeds from closing the first tranche of the Company's first private placement (PP1a).

Related Party Transactions

(i) In Q1 2015, 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.

During the three and nine months ended December 31, 2014, excluding the above mentioned milestone payment, the Company advanced a net of $30,557 and $205,354 respectively to AHI ($3,932 and $16,935 respectively during the three and nine months ended December 31, 2013). As at December 31, 2014, $190,606 was receivable from AHI ($142,752 receivable from AHI as at March 31, 2014). This balance bears no interest and is payable on demand.

(ii) The aggregate compensation of the directors and officers of the Company paid directly or indirectly for the three and nine months ended December 31, 2014 was $276,900 and $817,263 respectively ($230,083 and $672,683 during the three and six months ended December 31, 2013 respectively).

(iii) On May 12, 2014, the Company granted a new director and a member of its senior management team options to purchase a total of 100,000 common shares pursuant to the Company's stock option plan. These options, the "ESO Grant 5", bear an exercise price of $0.54 being the closing price of the Company's shares on May 11, 2014, and an expiry date of May 9, 2024. The fair value of ESO Grant 5 was assessed to be, as at the grant date and using the BSM, $53,788. These options will be expensed to stock-based compensation as they vest. Twenty-five percent of ESO Grant 5 vested on the grant date and $1/36^{th}$ of the remainder will vest in each of the subsequent 36 months.

(iv) On July 17, 2014, the Company granted a member of its senior management team options to purchase a total of 150,000 common shares pursuant to the Company's stock option plan. These options, the "ESO Grant 6", bear an exercise price of $0.59 being the closing price of the Company's shares on July 16, 2014, and an expiry date of July 16, 2024. The fair value of ESO Grant 6 was assessed to be, as at the grant date and using the BSM, $88,154. These options will be expensed to stock-based compensation as they vest. Twenty-five percent of ESO Grant 6 vested on the grant date and $1/36^{th}$ of the remainder will vest in each of the subsequent 36 months.

Critical Accounting Estimates

The Company's Q3 2015 FS have been prepared assuming that it will continue as a going concern. In addition, they have been prepared on a historical cost basis, except for financial instruments and stock-based compensation that are measured on a fair value basis. Significant estimates have been made in order to calculate the value of deferred income tax and the fair value of outstanding prior options and Common Share purchase warrants.

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

	3 months ended Dec 31, 2014	3 months ended Dec 31, 2013	9 months ended Dec 31, 2014	9 months ended Dec 31, 2013
Risk free interest rate	2.49%	1.76%	2.49%	1.76%
Expected volatility	180%	180%	180%	180%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Expected life of warrants and stock options	2 - 10 years	2 - 10 years	2 - 10 years	2 - 10 years

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

Outstanding Share Data

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

	Number of Common Shares Issued or Issuable
Common Shares (March 31, 2013)	**19,686,000**
Issued under IPO (first, second, and third closings)	5,736,545
Issued from conversion of the convertible debentures	2,215,339
Issued under PP1a&b: first non-brokered PP (first and second closings)	2,268,043
Issued under PP2a: second non-brokered PP (first closing)	5,025,664
Total Common Shares (March 31, 2014)	**34,931,591**
Issued under PP2b&c: second non-brokered PP (second and third closings)	2,074,267
Total Common Shares (December 31, 2014)	**37,005,858**
Common Share Purchase Warrants (March 31, 2013)	**1,863,000**
Investor warrants issued under PP1	1,134,020
Finder warrants issued under PP1	190,894
Finder warrants issued under PP2a	494,565
Total Common Share Purchase Warrants (March 31, 2014)	**3,682,479**
Finder warrants issued under PP2b&c	189,760
Total Common Share Purchase Warrants (December 31, 2014)	**3,872,239**
Options pre-IPO	**3,000,000**
Agent's options issued under IPO	563,654
Employee / director options awarded fiscal Q3 2014	250,000
Employee / director options awarded fiscal Q4 2014	1,025,000
Total Options (March 31, 2014)	**4,838,654**
Employee / director options awarded fiscal Q1 2015	100,000
Employee / director options awarded fiscal Q2 2015	150,000
Investor relations options awarded fiscal Q3 2015	24,000
Total Options (December 31, 2014)	**5,112,654**
Total number of fully diluted Common Shares (as at February 24, 2015)	**45,990,751**

Summary of Significant Accounting Policies

A summary of the Company's significant accounting policies is provided in the notes to the 2014 Audited FS (note 3).

Financial Instruments

A summary of the Company's financial instruments is provided in the notes to the 2014 Audited FS (note 12).

Capital and Financial Risk Management

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

Subsequent Events up to February 24, 2015

On January 16, 2015, the Company announced that it has suspended development of its lead drug, ATB-346, due to safety concerns encountered in its Phase I clinical trial. Safety concerns centered on the finding of significant liver enzyme elevations in one subject in the highest dose cohort. Additional liver enzyme elevations were observed in other subjects in the higher dose cohorts. The Company is concerned that, when assessed together, these liver enzyme elevations are indicative of potential hepatotoxicity. Pre-clinical studies on ATB-346 had provided no indication of potential hepatotoxicity. The company continues to collect and assess data and will report back to the scientific community and the market with further details on its data review and corporate strategy as appropriate.

Changes in Accounting Policies

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

RISK FACTORS

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

Start-up and Basis of Presentation

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

The Company's operations currently consist of conducting Phase I clinical research studies on its lead compound, ATB-346, with the objective of receiving regulatory approval to perform the further clinical studies that comprise ATB-346's development program. Additionally the Company conducts pre-clinical research on other of its assets in order to assess them as potential future pre-clinical and clinical development candidates. The Company is considered a development stage enterprise. Almost all research and development, administration and capital expenditures incurred by the Company since the commencement of operations are associated with the development described above.

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

Risks Related to the Company's Business

Ability to Continue as a Going Concern

The Company's Q3 2015 FS were prepared assuming that the Company will continue as a going concern. As at December 31, 2014, the Company had a working capital surplus of $901,525, incurred losses of $876,734 and $3,752,376 in Q3 2015 and Q3 2015 YTD respectively, and had negative cash flow from operations of $1,035,685 and $3,661,081 in Q3 2015 and Q3 2015 YTD respectively.

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

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

If the going concern assumption is not appropriate, adjustments to the carrying value of assets and liabilities, the reported revenue and expenses, and the classifications used in the statement of financial position in the Q3 2015 FS would be necessary. The Q3 2015 FS (and the 2014 Audited FS) do not include such adjustments.

Lack of Supporting Clinical Data

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

Research and Development Risk

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

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

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

Clinical Development Risks

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

- the results of early clinical studies may be inconclusive, may demonstrate potentially unsafe drug characteristics, or may not be indicative of results that will be obtained in later human clinical trials;
- the safety and efficacy results attained in the early clinical studies may not be indicative of results that are obtained in later clinical trials; and
- after reviewing early clinical study results, the Company or its partners or collaborators may abandon projects that were previously thought to be promising.

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

Negative Cash Flow from Operating Activities

The Company reported negative cash flow from operating activities for Q3 2015 and expects to experience negative operating cash flows for the foreseeable future. Until such time as the Company's products are approved for sale, the Company's working capital requirements are dependent on the Company's ability to raise capital by selling additional equity or from proceeds from the exercise of stock options and Common Share purchase warrants, by obtaining business development revenue (milestone payments for licensing agreements), or by obtaining credit facilities. No assurance can be given that any such additional funding or revenue will be available or that, if additional funding is available, it can be obtained on terms favourable to the Company.

Dependence on Key Personnel

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

Protection of Intellectual Property

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

Patents may provide some degree of protection for intellectual property; however, patent protection involves complex legal and factual determinations and is therefore uncertain. The Company cannot be assured that its patents or patent applications will be valid or will issue over prior art, or that patents will issue from the patent applications it has filed or will file. Additionally, the Company cannot be assured that the scope of any claims granted in any patent will be commercially useful or will provide adequate protection for the technology used currently or in the future. The Company cannot be certain that the creators of its technology were the first inventors of inventions and processes

covered by its patents and patent applications or that they were the first to file. Accordingly, it cannot be assured that its patents will be valid or will afford protection against competitors with similar technology or processes. Despite its efforts to protect its proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use its proprietary information. Monitoring unauthorized use of confidential information is difficult and the Company cannot be certain that the steps taken to prevent unauthorized use of confidential information will be effective. In addition, the laws governing patent protection continue to evolve and are different from one country to the next, all of which causes further uncertainty in the usefulness of a patent. In addition, issued patents or patents licensed to the Company may be successfully challenged, invalidated, circumvented or may be unenforceable so that the Company's patent rights would not create an effective competitive barrier.

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

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

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

Inability to Implement the Business Strategy

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

Reliance on Partners

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

Large Accumulated Deficit

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

Lack of Diversity

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

Competitive Market for Antibe's Products

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

Intellectual Property Litigation

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

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

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

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

Non-IP Litigation

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

Regulatory Risk

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

Regulatory Compliance

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

International Operations

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

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

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

Financial Instruments

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

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

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

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

Risks Related to Financing

Volatility of Share Price

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

Influence of Significant Shareholder

As at December 31, 2014, Holdings beneficially owned and/or exercised control or direction over 15,000,000 Common Shares, or approximately 40.5% of the Company's issued and outstanding Common Shares.

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

Future Sales of Common Shares

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

Dividends

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

Internal Controls over Financial Reporting

As a public company, Antibe is required to comply with the internal control evaluation and certification requirements of Canadian securities laws. The Company's financial reporting internal controls are currently in compliance with those requirements. Ensuring compliance with reporting and other obligations places significant demands on management, administrative, operational and accounting resources and will result in increased independent auditor fees. The Company anticipates that it will need to continue to upgrade systems, implement additional financial and management

controls, reporting systems and procedures. If it is unable to accomplish these objectives in a timely and effective fashion, its ability to continue to comply with the financial reporting requirements and other rules that apply to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls, including a failure to implement new or improved controls in response to identified weaknesses in its system of internal controls, could cause the Company to fail to meet its reporting obligations or result in material misstatements in its financial statements. If the Company cannot provide reliable financial statements or prevent fraud, its reputation and operating results could be materially harmed, its current and future shareholders could lose confidence in the reported financial information and in the Company, and the Company's share price could be affected negatively.

Prior Losses

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

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

No History of Earnings or Revenue

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

Ability to Secure Additional Financing & Dilution of Common Shares

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

ANTIBE THERAPEUTICS INC.

LISTINGS:

TORONTO STOCK EXCHANGE – VENTURE EXCHANGE
STOCK SYMBOL “ATE”

OTCQX
STOCK SYMBOL “ATBPF”

TRANSFER AGENT:

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

REGISTERED ADDRESS:

15 PRINCE ARTHUR AVE.
TORONTO, ONTARIO
M5R 1B2