ANTIBE THERAPEUTICS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 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 nine months ended December 31, 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 Chartered Professional Accountants Canada 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)

A S S E T S

		December 31, 2015		March 31, 2015
CURRENT				
Cash	$	**1,290,807**	$	397,086
Restricted cash (Note 9)		**545,000**		-
Term deposits		**25,000**		25,000
Accounts receivable (Note 4)		**1,011,133**		-
Inventory		**2,548,600**		-
Income taxes recoverable		**63,034**		-
Harmonized sales tax recoverable		**63,035**		50,577
Due from related party (Note 13)		**223,255**		213,073
Prepaids		**203,329**		42,898
		5,973,193		728,634
OTHER				
Property, Plant and Equipment (Note 5)		**83,530**		-
Deferred share issuance		**15,489**		60,689
Loan receivables		**70**		-
Future income tax assets		**28,600**		-
Deposits		**55,400**		-
Intangible assets (Notes 3 & 6)		**3,110,534**		-
Goodwill (Note 3 & 6)		**660,816**		-
		3,954,439		60,689
TOTAL ASSETS	$	**9,927,632**	$	789,323

See accompanying notes to the condensed interim consolidated financial statements

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

L I A B I L I T I E S

CURRENT		
Bank indebtedness (Note 7)	**$ 1,488,982**	$ -
Accounts payable and accrued liabilities	**1,097,951**	427,132
Deposits received	**-**	25,000
Convertible debentures – interest payable	**49,479**	-
Current portion of long-term debt (Note 8)	**112,889**	-
	2,749,301	452,132
LONG TERM		
Long term debt, less current portion (Note 8)	**10,757**	-
Convertible debentures (Note 9)	**1,883,927**	-
TOTAL LIABILITIES	**4,643,985**	452,132

SHAREHOLDERS' EQUITY

SHARE CAPITAL (Note 10)	**13,305,603**	8,237,721
COMMON SHARE PURCHASE WARRANTS (note 10 d)	**2,082,995**	826,148
CONTRIBUTED SURPLUS	**2,750,133**	2,248,471
ACCUMULATED DEFICIT	**(12,855,084)**	(10,975,149)
TOTAL SHAREHOLDERS' EQUITY	**5,283,647**	337,191
	$ 9,927,632	$ 789,323

COMMITMENTS (Note 13)

Approved and authorized for issue by the Company's Board of Directors on February 16, 2016.

____________________ Daniel Legault, Director

____________________ John Wallace, Director

See accompanying notes to the condensed interim consolidated financial statements

ANTIBE THERAPEUTICS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2015 AND 2014
(expressed in Canadian dollars) (UNAUDITED)

	For the Three months ended Dec 31, 2015	For the Three months ended Dec 31, 2014	**For the Nine months ended Dec 31, 2015**	For the Nine months ended Dec 31, 2014
REVENUE	**$ 2,100,460**	$ -	**$ 2,100,460**	$ -
COST OF SALES	**1,063,328**	-	**1,063,328**	-
GROSS PROFIT	**1,037,132**	-	**1,037,132**	-
EXPENSES				
Salaries and wages	**610,538**	163,129	**800,086**	473,985
Professional fees (Note 3)	**318,122**	122,701	**547,045**	289,989
Research and development	**(90,974)**	282,271	**322,832**	2,024,356
Stock-based compensation (Note 10c)	**42,498**	65,484	**157,631**	249,997
Consulting fees	**59,480**	50,400	**146,891**	161,548
Commissions	**141,671**	-	**141,671**	-
Foreign exchange	**137,322**	-	**137,322**	-
Office and sundry	**101,738**	35,892	**125,564**	85,076
Travel and entertainment	**115,047**	50,477	**124,775**	88,150
Occupancy costs	**59,512**	18,106	**87,751**	58,510
Advertising and promotion	**80,367**	47,167	**86,714**	94,573
Dues and subscriptions	**53,017**	41,230	**81,762**	73,816
Interest on debentures (Note 9)	**49,479**	-	**49,479**	-
Accretion of debentures (Note 9)	**45,629**	-	**45,629**	-
Interest and bank charges	**36,550**	-	**36,550**	-
Insurance	**20,139**	3,912	**25,889**	19,615
Amortization	**4,978**	-	**4,978**	-
Interest on long term debt	**3,144**	-	**3,144**	-
Amortization - intangibles	**2,784**	-	**2,784**	-
Loss (gain) on sale of assets	**376**	-	**376**	-
Licensing fees	**-**	-	**-**	150,000
Bad debts (recovery)	**(3,825)**	-	**(3,825)**	-
	1,787,592	880,769	**2,925,048**	3,769,615
LOSS FROM OPERATIONS	**(750,460)**	(880,769)	**(1,887,916)**	(3,769,615)
INTEREST INCOME	**1,135**	4,034	**4,529**	17,239
PROVISION FOR INCOME TAXES				
Current	**(3,452)**	-	**(3,452)**	-
Future	**-**	-	**-**	-
	(3,452)	-	**(3,452)**	-
NET LOSS AND COMPREHENSIVE LOSS	**$ (745,873)**	$ (876,735)	**$ (1,879,935)**	$ (3,752,376)
Loss per share: basic and diluted	0.01	0.02	0.02	0.07
Weighted average number of common shares outstanding: basic and diluted	73,853,334	37,005,858	57,633,686	36,910,473

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ANTIBE THERAPEUTICS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2015 AND 2014
(expressed in Canadian dollars)
(UNAUDITED)

	For the Three months ended Dec 31, 2015	For the Three months ended Dec 31, 2014	**For the Nine months ended Dec 31, 2015**	For the Nine months ended Dec 31, 2014
CASH FLOWS FROM OPERATIONS				
Net loss and comprehensive loss	**$ (745,873)**	$ (876,735)	**$ (1,879,935)**	$ (3,752,376)
Income statement items not affecting cash:				
Stock-based compensation (Note 10 c)	**42,498**	65,484	**157,631**	249,997
Accretion of debentures expense (Note 9)	**45,629**	-	**45,629**	-
Amortization of equipment	**4,978**	-	**4,978**	-
Amortization of intangible assets	**2,784**	-	**2,784**	-
	(649,984)	(811,251)	**(1,668,913)**	(3,502,379)
Net changes in non-cash working capital items:				
Accounts receivable	**29,090**	-	**29,090**	-
Inventory	**291,786**	-	**291,786**	-
Income taxes recoverable	**(3,278)**	-	**(3,278)**	-
Harmonized sales tax recoverable	**18,335**	58,984	**10,468**	272,568
Prepaids	**648**	81,199	**(23,961)**	79,230
Deposits	**(3,452)**	-	**(3,452)**	-
Accounts payable and accrued liabilities	**(675,693)**	(364,618)	**(714,410)**	(510,500)
	(342,564)	(224,435)	**(413,757)**	(158,702)
Cash flow from operating activities	**(992,548)**	(1,035,686)	**(2,082,670)**	(3,661,081)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of subsidiary	**(400,000)**	-	**(400,000)**	-
Proceeds on disposal	**1,136**	-	**1,136**	-
Purchase of equipment	**(34,901)**	-	**(34,901)**	-
	(433,765)	-	**(433,765)**	-

ANTIBE THERAPEUTICS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2015 AND 2014
(expressed in Canadian dollars)
(UNAUDITED)

CASH FLOWS FROM FINANCING ACTIVITIES				
Net changes to Due from Related Party	**(1,861)**	(30,557)	**(10,181)**	(47,854)
Net changes to long term liabilities	**(23,150)**	-	**(23,150)**	-
Conversion of debt (A/P) to equity	**-**	-	**35,000**	-
Net change to bank indebtedness	**1,488,982**	-	**1,488,982**	-
Net change to restricted cash and term deposits	**(570,000)**	-	**(570,000)**	-
Issuances:				
Gross proceeds from convertible debentures (Note 9)	**3,050,000**	-	**3,050,000**	-
Gross proceeds from share & warrant issuance (Note 9)	**-**		**1,250,000**	1,019,560
Proceeds from exercised warrants	**15,750**	-	**20,390**	-
Issuance costs	**(261,887)**		**(261,887)**	
Finders Fees	**-**	-	**(78,480)**	(113,856)
Other cash issuance expenses	**-**	-	**(57,967)**	(2,876)
Deferred expenses	**-**	(22,150)	**45,200**	(42,564)
Prepaid proceeds	**-**	-	**(25,000)**	-
	3,697,834	(52,707)	**4,862,907**	812,410
NET INCREASE (DECREASE) IN CASH FOR THE PERIOD	**2,271,521**	(1,088,393)	**2,346,472**	(2,848,671)
CASH, BEGINNING OF THE PERIOD	**(980,714)**	1,994,584	**(1,055,665)**	3,754,862
CASH, END OF THE PERIOD	**$ 1,290,807**	$ 906,191	**$ 1,290,807**	$ 906,191

See accompanying notes to the condensed interim consolidated financial statements

ANTIBE THERAPEUTICS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED DECEMBER 31, 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	-	(116,732)
Stock-based compensation	-	-	-	249.998	-	249,998
Net loss and comprehensive loss	-	-	-	-	(3,752,376)	(3,752,376)
Balance, December 31, 2014	**37,005,858**	**8,237,721**	**826,148**	**2,206,576**	**(10,326,355)**	**944,090**
Balance, March 31, 2015	**37,005,858**	**8,237,721**	**826,148**	**2,248,471**	**(10,975,149)**	**337,191**
Shares and warrants issued from private placements (Note 10)	12,500,000	711,950	538,050	-	-	1,250,000
Shares and warrants issued from convertible debentures	-	-	718,797	231,020	-	949,817
Shares issued for acquisition (Notes 3 and 10)	28,733,921	4,550,000	-	-	-	4,550,000
Share issuance costs from private placements	-	(249,458)	-	113,011	-	(136,447)
Shares issued for debt (Note 10)	148,936	35,000	-	-	-	35,000
Shares issued for exercised warrants (Note 10)	171,400	20,390	-	-	-	20,390
Stock-based compensation	-	-	-	157,631	-	157,631
Net loss and comprehensive loss	-	-	-	-	(1,879,935)	(1,879,935)
Balance, December 31, 2015	**78,560,115**	**$ 13,305,603**	**$ 2,082,995**	**$ 2,750,133**	**$ (12,855,084)**	**$ 5,283,647**

See accompanying notes to the condensed interim consolidated financial statements

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 Company is also, through its 100% owned subsidiary, Citagenix Inc. ("Citagenix"), a leader in the promotion of tissue regenerative products servicing the orthopaedic and dental marketplaces. Citagenix operates in Canada through its direct sales force and in Germany and internationally via a network of distributors.

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

Approximately 19.8% 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, its 100% owned subsidiary, Antibe Terapiya Rus LLC, and its 100% owned subsidiary, Citagenix Inc. Antibe Terapiya Rus LLC, was incorporated by the Company on April 24, 2012. Citagenix Inc. was acquired by the Company on October 15, 2015. All 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 December 31, 2015, the Company had a working capital surplus of $3,223,892 ($301,502 as at March 31, 2015). The Company incurred losses of $745,873 for the three months and $1,879,935 for the nine months ended December 31, 2015 and had negative cash flows from operations of $1,159,709 and $2,249,831 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, inputs related to the calculation of the fair value of stock-based compensation and warrants, determining the value of assets acquired and the useful life of assets, including intangible assets.

(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) Inventory

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

(h) Property and equipment

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

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

(i) **Convertible debentures**

The host or liability component of the convertible debentures is recognized initially at the fair value, by discounting the stream of future payments of interest and principal at the prevailing market rate for a similar liability of comparable credit status and providing substantially the same cash flows that do not have an associated share purchase warrants and conversion option. Subsequent to initial recognition, the liability component is measured at amortized cost using the effective interest method; the liability component is increased by accretion of the discounted amounts to reach the nominal value of the convertible debentures at maturity.

The fair value of the share purchase warrants component is calculated by calculating the fair value of the warrants using the Black-Scholes option pricing model. The residual amount after deducting the liability component and warrant component from the proceeds is allocated to the conversion option. These components are considered equity and are not re-measured subsequent to initial recognition. On the exercise of warrants or conversion, the equity amounts are reclassified to share capital whereas on expiry, such amounts are transferred to contributed surplus.

Transaction costs are allocated between the above components on a pro-rata basis of their carrying amounts.

(j) **Foreign currency translation**

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

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

(k) **Fair values of financial instruments carried at fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or most advantageous market for the asset or liability. The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations [Level 1], without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques [Level 2]. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models. Other techniques [Level 3] use inputs not based on observable market data.

(l) **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 rice 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, 2018.

Management is currently evaluating the impact of IFRS 15 on its financial statements.

(iii) Leases

In January 2016, the IASB issued IFRS 16, Leases. This new standard has not yet been issued by CPA Canada. IFRS 16 is to replace IAS 17, Leases and eliminates the classification of leases as either operating or finance leases by the lessee. Classification of leases by the lessor under IFRS 16 continues as either an operating or a finance lease, as was the treatment under IAS 17, Leases. The treatment of leases by the lessee will require capitalization of all leases resulting in accounting treatment similar to finance leases under IAS 17, Leases. Exemptions for leases of very low value or short-term leases will be applicable. The new standard is to result in an increase in lease assets and liabilities for the lessee. Under the new standard the treatment of all lease expense is aligned in the statement of earnings with depreciation, and an interest expense component recognized for each lease, in line with finance lease accounting under IAS 17, Leases. IFRS 16 is to be effective for the Company prospectively for annual periods beginning on or after January 1, 2019.

Management is currently evaluating the impact of IFRS 16 on its financial statement.

3. BUSINESS ACQUISITION

Effective October 15, 2015, the Company completed the acquisition of 100% of the shares of Citagenix Inc. for a total consideration of $4,950,000. The acquisition was in line with the Company's strategy to diversify its business and enter the growing regenerative medicine industry. The acquisition was accounted for under the purchase method and its operating results have been included in these consolidated financial statements since the date of acquisition.

Antibe agreed to purchase 85% of the common shares and 100% of the preference shares of Citagenix, on October 15, 2015 by paying $400,000 in cash and issuing 25,876,421 Antibe common shares at a deemed price of $0.15375 per common share. Antibe also agreed to purchase the remaining 15% of Citagenix by issuing 2,857,500 Antibe common shares at a deemed price of $0.20 per common share subject only to the vendor clearing a Personal Information Form ("PIF") with the TSX Venture Exchange. This clearing was received on Feb 2, 2016. As the agreement to purchase the remaining 15% was a binding agreement subject only to TSX Venture approval, Antibe has consolidated 100% of Citagenix as at October 15, 2015. The Citagenix vendors have agreed to a lock-up of the Antibe common shares they will receive as consideration, with 25% of such shares released on October 15, 2015, and an additional 25% to be released on each of the 6 month, 9 month and 12 month anniversary of that date.

The following is a summary of the net assets acquired at fair value:

Net Assets Acquired:		
Accounts Receivable	$	1,040,222
Inventory		2,840,386
Taxes recoverable		79,239
Prepaids		136,460
Bank Indebtedness		(1,477,751)
Accounts Payable and accrued liabilities		(1,434,711)
Patents		18,872
Property and equipment		55,244
Other assets		84,000
Intangible assets - trademarks & brands		3,094,018
Goodwill		660,816
Assumed long term debt		(146,796)
Total Net Assets Acquired	$	4,950,000

Consideration:		
Cash	$	400,000
Antibe shares		4,550,000
Total	$	4,950,000

The fair value for Citagenix was determined using a multiple of sales of comparable companies and transactions. Citagenix owns certain trademarks and brands that it has invested in and it continues to market and sell its products under these brands. Purchase price allocation under IFRS 3 requires a company to value intangible assets such as trademarks and brands and stipulates various methodologies for determining such value. The Company has valued Citagenix trademarks and brands using the Income Approach and specifically the relief from royalty method. The resulting amount of goodwill is not deductible for tax purposes.

The results of the purchase price allocation have not been finalized as at the date these financial statements were approved for issue. The Company expects there to be changes in fair value and certain acquired assets and liabilities which will change the amount allocated to goodwill recognized. As a result, the purchase price allocation is based on management's best estimates and management may adjust the fair values for the acquisition up to one year after the purchase if more accurate fair values are determined.

For the period from October 15, 2015 (the date of acquisition) to December 31, 2015, Citagenix had sales of $2.1 mil and a loss before tax of $160,684. The Company recorded $202,105 in professional fees in conjunction with the acquisition

4. ACCOUNTS RECEIVABLE

Trade	1,091,842
Less allowance for doubtful accounts	(113,310)
Subtotal	978,532
Employee advances	32,601
	1,011,133

Allowance For Doubtful Accounts

Opening at April 1, 2015	0
Charge for the period	113,310
As at December 31, 2015	**113,310**

5. PROPERTY AND EQUIPMENT

	Furniture and Fixtures	Computer Hardware	Leasehold Improvements	ic	Total
Cost					
At April 1, 2015	$ -	$ -	$ -		$ -
Additions	$ 32,338	$ 21,281	$ 34,900		$ 90,856
Disposals	$ (2,348)	$ -	$ -		$ (2,348)
As at December 31,2015	$ 29,990	$ 21,281	$ 34,900		$ 88,508
Depreciation					
At April 1, 2015	$ -	$ -	$ -		$ -
Charge for the period	$ 1,493	$ 2,518	$ 582		$ 4,978
As at December 31, 2015	$ 1,493	$ 2,518	$ 582		$ 4,978
Net Book Value					
As at December 31, 2015	**$ 28,497**	**$ 18,763**	**$ 34,318**		**$ 83,530**

6. INTANGIBLE ASSETS

	Trademarks and Brands	Patents	Software	Total
Cost				
At April 1, 2015	$ -	$ -	$ -	$ -
Additions	$ 3,094,018	$ 19,300	$ -	$ 3,113,318
As at December 31,2015	$ 3,094,018	$ 19,300	$ -	$ 3,113,318
Depreciation				
At April 1, 2015	$ -	$ -	$ -	$ -
Charge for the period	$ -	$ 2,784	$ -	$ 2,784
As at December 31, 2015	$ -	$ 2,784	$ -	$ 2,784
Net Book Value				
As at December 31, 2015	**$ 3,094,018**	**$ 16,516**	**$ -**	**$ 3,110,534**

7. BANK FACILITY AND INDEBTEDNESS

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

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

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

The line of credit is subject to a minimum debt to tangible net worth and minimum debt service ratios with its banker.

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.

8. LONG-TERM DEBT

	December 31, 2015		March 31, 2015	
Term loan, due March 2017, bearing interest at the greater of 10% or the prime rate plus 3% and repayable by monthly capital installments of $4,630 plus interest. A moveable hypothec covering the universality of all property, present and future, has been provided as security	**$**	**64,800**	$	-
Term loan, due November 2016, bearing interest at the greater of 10% or the prime rate plus 3% and repayable by monthly capital installments of $6,310 plus interest. A moveable hypothec covering the universality of all property, present and future, has been provided as security		**69,340**		-
Finance charges amortized over five years		**(10,584)**		-
Subtotal		**123,646**		-
Less: Current portion		**(112,889)**		-
	$	**10,757**	$	-

The loans contain covenants specifying minimum debt to tangible net worth and minimum debt service ratios.

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

	Capital		Amortization of finance charges		Net	
In the period ending Dec. 31, 2016	$	120,360	$	(7,471)	**$**	**112,889**
In the period ending Dec. 31, 2017		$13,870		(3,113)		**$10,757**
	$	134,230	$	(10,584)	**$**	**123,646**

9. CONVERTIBLE DEBENTURES

On October 15, 2015, the Corporation completed a non-brokered private placement of senior secured convertible debentures (the "CDC1a Debentures") and warrants (the "CDC1a Warrants") to the Bloom Burton Healthcare Lending Trust raising gross proceeds of $1.80 million. The CDC1a Debentures have a term of three years maturing on October 15, 2018, bear interest at a rate of 10% per year, are convertible at the option of the holder into common shares of Antibe at a price of $0.22 per share and are secured by the assets of Antibe. Purchasers of the CDC1a Debentures were issued an aggregate of 3,600,000 CDC1a Warrants to purchase common shares of Antibe. The CDC1a Warrants are each exercisable for the purchase of one common share of Antibe at a price of $0.31 for a period of 3 years.

On November 13, 2015 the Corporation closed a second tranche of the non-brokered private placement of convertible debentures ("CDC1b Debentures") led by Knight Therapeutics Inc. (TSX: GUD) for gross proceeds of $800,000. The CDC1b 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 (the "CDC1b Warrants") to purchase common shares of Antibe at a price of $0.31, which are exercisable until October 15, 2018.

On December 23, 2015 the Corporation completed a closing of a brokered private placement (the "Private Placement") on the same financial terms as the previously disclosed non-brokered private placements. The Private Placement of 45 units (each, a "Unit") yielded gross proceeds of $450,000. Each Unit was priced at $10,000 and consists of a senior secured convertible debenture in the principal amount of $10,000 (each, a "CDC2a Debenture") and 20,000 warrants (each, a "CDC2a Warrant"). Bloom Burton & Co. Limited acted as agent in connection with the Private Placement.

The CDC2a Debentures have a maturity date of October 15, 2018, bear interest at a rate of 10% per annum and are secured by the assets of Antibe. The principal amount of the CDC2a Debentures is convertible at the option of the holder into Antibe common shares at a price of $0.22 per common share. Purchasers of the CDC2a Debentures were issued an aggregate of 900,000 CDC2a Warrants to purchase common shares of Antibe. Each CDC2a Warrant will be exercisable for the purchase of one Antibe common share at a price of $0.31 and expires on October 15, 2018.

Bloom Burton and other agents participating in the private placement were paid an aggregate commission of 7% of the gross proceeds raised pursuant to the Private Placement and issued an aggregate of 143,182 Broker Warrants (the "CDC2a Broker Warrants"). Each CDC2a Broker Warrant entitles the holder to purchase one Antibe common share at a price of $0.22 and expires on December 23, 2017.

The CDC2a Debentures, CDC2a Warrants and CDC2a Broker Warrants are all subject to a hold period, which expires on April 24, 2016.

The CDC1a, CDC1b and CDC2a Debentures were determined to be a compound financial instrument comprising a host debt component, a component attributed to the fair value of the common share purchase warrants issued along with the Debentures and a residual equity component representing the conversion feature. The host or liability component of the convertible debenture was recognized initially at the fair value, by discounting the stream of future payments of interest and principal at the prevailing market rate for a similar liability of comparable credit status and providing substantially the same cash flows that do not have an associated share purchase warrants and conversion option. The fair value of the warrants was determined based on the Black-Scholes option pricing model using the weighted average assumptions set out as follows:

Assumptions	**CDC1a Debenture issued Oct 15, 2015 $1,800,000**	**CDC1b Debenture issued Nov 13, 2015 $800,000**	**CDC2a Debenture issued Dec 23, 2015 $450,000**
Risk free interest rate	0.56%	0.68%	0.50%
Expected volatility	170%	170%	170%
Dividend yield	nil	nil	nil
Expected life (in years)	3	2.9	2.8
Antibe Share price	$0.15	$0.17	$0.19

The carrying amount of the debenture conversion feature was estimated using the residual method, comprising the difference between the principal amount and the initial carrying values of the host debt component and the common share purchase warrants.

In connection with the issuance of the convertible debentures, the Corporation incurred issue costs amounting to $261,884 which have been pro-rated between the host debt component, common share purchase warrants, and equity component of convertible debentures in the amounts of $173,751, $72,031 and $16,102, respectively.

Of the total amount of convertible debentures issued, $545,000 is designated as restricted cash and held as additional security for one of the convertible debenture holders pending the achievement of certain milestones.

The Debentures, net of the equity components and issue costs are accreted using the effective interest rate method over the term of the Debenture, such that the carrying amount will equal the total face value of the Debenture at maturity.

	Host debt component	**Common Share Purchase Warrants**	**Equity component of convertible debentures feature**	**Total**
Balance Oct 1, 2015	-	-	-	
Debentures issued	$ 2,012,049	$ 790,829	$ 247,122	$ 3,050,000
Issue costs	(173,751	(72,031)	(16,102)	(261,884)
Accretion	$45,629	-	-	$45,629
Balance Dec 31, 2015	$ 1,883,927	$ 718,797	$ 231,021	$2,833,745

10. SHARE CAPITAL

(a) **Authorized**

The Company has an unlimited number of authorized common shares.

(b) **Common shares**

(i) Summary of common shares outstanding

	Nine months ended	Year ended March 31, 2015
	Common Shares	**Common Shares**
Balance, beginning of the period	**37,005,858**	34,931,591
Issued during the period	**41,554,257**	2,074,267
Balance, end of the period	**78,560,115**	37,005,858

(ii) Summary of share capital issued from private placements, shares issued for debt and exercised warrants during the nine months ended December 31, 2015

Raise	Date	# of Shares	# o f Warrants	Gross Proceeds	Agent Commission / Finder Fees	Net Proceeds	Agent Options / Finder Warrants
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	Aug 13, 2015	46,400	-	$ 4,640	-	$ 4,640	(46,400)
Exercised warrants	Oct 13, 2015	60,000	-	$ 6,000	-	$ 6,000	(60,000)
Citagenix acquisition	Oct 15, 2015	28,733,921	-	$4,550,000	-	$4,550,000	-
Exercised warrants	Oct 19, 2015	65,000	-	$ 9,750	-	$ 9,750	(65,000)
Q1 + Q2 + Q3 2016 Total		**41,554,257**	**6,250,000**	**$5,855,390**	**$ 78,480**	**$ 5,776,910**	**613,400**

Of the total net proceeds of $5,776,910, $538,050 of the PP3a and PP3b were allocated to warrants and there was an additional $170,978 in issuance costs, leaving a net addition to share capital during the nine months of $5,067,882.

(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. 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. The 3,930,000 PP3a Warrants were valued using the Black-Scholes Options Pricing Model (“BSM”), 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 (“BSM”), 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.

iv) Exercise of Warrants

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.

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.

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.

(v) 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 15,140,523 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 nine months ended December 31, 2015

On May 5, 2015, the Company granted Hamza Thindal Capital Corporation ("HTCC") options in exchange for consulting services 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, 2015, 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, being the term of the agreement, starting in fiscal Q1 2016.

On July 9, 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 9, 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 Q3 2016.

On November 17, 2015, the Company granted BND Projects Incorporated ("BND") fees for service plus options under the terms of a consulting agreement. The options give BND the right to purchase a total of 12,000 common shares pursuant to the Company's stock option plan. These options bear an exercise price of $0.17, being the weighted average trading price of ATE Shares as reported by the TSX Venture Exchange for the 5 trading days preceding the date of the grant, and have an expiry date of November 17, 2018. The fair value of these options was determined to be, as at the grant date and using the BSM, $1,775. These options will be expensed to stock-based compensation evenly over four quarters starting in fiscal Q3 2016.

(ii) Summary of options outstanding

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

	Nine months ended December 31, 2015		**Year ended March 31, 2015**	
	Options	**Weighted average exercise price**	**Options**	**Weighted average exercise price**
Balance, beginning of the period	**4,802,654**	**$ 0.44**	4,838,654	$ 0.44
Granted during the period	**922,000**	**0.17**	274,000	0.57
Expired during the period	**(1,038,654)**	**0.53**	(310,000)	0.58
Balance, end of the period	**4,686,000**	**$ 0.37**	4,802,654	$ 0.44

(iii) Details of options issued and outstanding as at December 31, 2015

Number of Options	Exercise Price	Expiry date
24,000	$0.52	October 31, 2017
300,000	$0.24	May 5, 2018
12,000	$0.17	November 17, 2018
2,700,000	$0.33	January 25, 2020
150,000	$0.55	October 22, 2023
815,000	$0.66	March 4, 2024
75,000	$0.54	May 9, 2024
610,000	$0.14	July 13, 2025
4,686,000	**$0.37**	

(iv) BSM assumptions – options

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

	3 months ended December 31, 2015	3 months ended December 31, 2014	9 months ended December 31, 2015	9 months ended December 31, 2014
Risk free interest rate	0.69%	2.49%	0.47%-2.49%	2.49%
Expected volatility	174%	180%	174%-180%	180%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Expected life of stock options	3 years	10 years	2–10 years	10 years

The Company has determined the forfeiture rate to be nil. The expected volatility was determined by calculating the actual volatility of Antibe's share price. 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 BSM, these PP3a Finder Warrants were valued at $83,059, recognized as share issuance costs in 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 BSM, these PP3b Finder Warrants were valued at $29,952, recognized as share issuance costs in Q1 2016, and netted against share capital.

In connection with CDC1a, the Company granted 3,600,000 common share purchase warrants (the "CDC1a Warrants") to the Purchasers of the CDC1a Debentures. Each CDC1a Warrant entitles the bearer to purchase one common share of the Company for a price of $0.31, and expires 3 years from the date of issuance on October 15, 2018. Using the BSM, these CDC1a Warrants were valued at $433,522.

In connection with CDC1b, the Company granted 1,600,000 common share purchase warrants (the "CDC1b Warrants") to the Purchasers of the CDC1b Debentures. Each CDC1b Warrant entitles the bearer to purchase one common share of the Company for a price of $0.31 and expires on October 15, 2018. Using the BSM, these CDC1b Warrants were valued at $219,454.

In connection with CDC2a, the Company granted 900,000 common share purchase warrants (the "CDC2a Warrants") to the Purchasers of the CDC2a Debentures. Each CDC2a Warrant entitles the bearer to purchase one common share of the Company for a price of $0.31 and expires on October 15, 2018. Using the BSM, these CDC2a Warrants were valued at $137,852.

Also in connection with CDC2a, the Company granted 143,182 Broker Warrants ("the CDC2a Broker Warrants") to the Agents participating in the private placement. Each CDC2a Broker Warrant entitles the bearer to purchase one common share of the Company at a price of $0.22 and expires on December 23, 2017. Using the BSM, these CDC2a Broker Warrants were valued at $20,531, recognized as share issuance costs in the current fiscal quarter (Q3 2016) and netted against share capital.

On December 30, 2015, 139,444 PP1a Finders Warrants expired.

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 December 31, 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 nine months ended December 31, 2015 and year ended March 31, 2015, and their weighted average exercise price are as follows:

	Nine months ended December 31, 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	**13,277,982**		**0.22**	189,760		0.60
Exercised during the period	**(171,400)**		**0.12**	-		-
Expired during the period	**(139,444)**		**0.55**			
Balance, end of the period	**16,839,377**	**$**	**0.34**	3,872,239	$	0.73

(iii) Details of common share purchase warrants issued and outstanding as at December 31, 2015

Number of warrants	Exercise Price	Expiry date
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
470,400	$0.10	April 1, 2017
208,000	$0.10	April 9, 2017
787,500	$0.67	December 1, 2017
143,182	$0.22	December 23, 2017
3,865,000	$0.15	April 1, 2018
2,320,000	$0.15	April 9, 2018
6,100,000	$0.31	October 15, 2018
168,000	$0.83	December 1, 2018
907,500	$0.83	June 1, 2019
16,839,377	**$0.34**	

(iv) BSM assumptions - warrants

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

	3 months ended December 31, 2015	3 months ended December 31, 2014	9 months ended December 31, 2015	9 months ended December 31, 2014
Risk free interest rate	0.50-0.56%	N/A	0.47-0.56%	1.97%
Expected volatility	170%	N/A	170%-180%	180%
Expected dividend yield	0.00%	N/A	0.00%	0.00%
Expected life of warrants	2.8-3 years	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.

11. SEGMENTED RESULTS

The Company has two primary business segments: Antibe Therapeutics, a pharmaceutical development company and Citagenix, a marketer and distributor of regenerative medicines serving the dental and orthopaedic market places. Prior to the acquisition of Citagenix the Company had only one business segment.

The segmented performance of these two businesses for the 3 month period to Dec 31, 2015 was as follows (note the numbers for Citagenix are from October 15, 2015, the date of acquisition, to Dec 31, 2015).

	Antibe	Citagenix	Consolidated
Revenue	-	$2,100,460	$2,100,460
Cost of Goods Sold	-	$1,063,328	$1,063,328
Gross Margin	-	$1,037,132	$1,037,132
Expenses	$588,641	$1,197,816	$1,786,457
Income before tax	-$588,641	-$160,684	-$749,325

There is no single customer who comprises more than 10% of revenues.

The company's assets and liabilities by each business as at Dec 31, 2015 are as follows:

	Antibe	Citagenix	Consolidated
Assets			
Current	$1,977,977	$3,771,823	$5,973,193
Non-Current	$405,905	$3,938,950	$3,954,439
Total Assets	$2,383,882	$7,710,773	$9,927,632
Liabilities			
Current	$341,915	$2,407,248	$2,749,301
Non-Current	$2,051,088	$1,650,757	$1,894,684
Total Liabilities	$2,393,003	$4,058,005	$4,643,985

12. 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) Royalty agreement

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.

(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.

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

For the year ending December 31, 2016	$	97,958
2017		88,875
2018		84,167
2019		74,333
2020		71,333
Thereafter		11,500
Total		**$428,166**

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

13. 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 13a).

During the three and nine months ended December 31, 2015, the Company advanced $1,861 and $10,182 respectively to AHI ($30,557 and $205,354 respectively during the three and nine months ended December 31, 2014, which excluded the above-mentioned milestone payment). As at December 31, 2015, $223,255 was receivable from AHI ($213,073 receivable from AHI as at March 31, 2015). 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 nine months ended December 31, 2015 was $168,380 and $544,420 respectively ($276,900 and $817,263 respectively during the three and nine months ended December 31, 2014).

14. SUBSEQUENT EVENTS

(a) On January 12, 2016, the Company announced the signing of an exclusive Licensing and Distribution Agreement with Induce Biologics Inc. ("Induce") for the Canadian rights for Induce's URIST™ biological product for dental and craniofacial applications. URIST™ is a novel bone graft substitute that contains bone morphogenetic protein-2 (BMP), and is being developed as a means of promoting the regeneration of bone following dental and oral maxillofacial surgery.

(b) On January 18, 2016, 40,000 PP3a Finders Warrants were exercised and the Company issued 60,000 common shares for gross proceeds of $4,000. 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.

(c) On January 27, 2016, the Company announced its election to pay in kind all interest due January 15, 2016 under the Company's 10% senior secured convertible debentures due October 15, 2018 (the "Debentures"). The Debentures provide that Antibe may, at its sole option, elect to pay in kind certain interest payments. The aggregate January 15, 2016 interest payment under the Debentures in the amount of $62,014 has been added to the principal amount of the Debentures (the "Added Principal Amount"). The holders of Debentures may convert the principal amount of each Debenture into Antibe common shares at a price of $0.22 per common share. As a result of the addition of the Added Principal Amount to the principal amount of the Debentures, an additional 281,867 common shares in the capital of Antibe will be issuable on the conversion of the principal amount of the Debentures. The in kind election is subject to TSX Venture Exchange approval.