ANTIBE THERAPEUTICS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended March 31, 2017

Dated: July 27, 2017

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 twelve month periods ended March 31, 2017 ("Q4 2017", and "Q4 2017 YTD" respectively) and for the comparator periods, the three and twelve month periods ended March 31, 2016 ("Q4 2016", and "Q4 2016 YTD") and should be read in conjunction with the Company's most recent audited consolidated financial statements (the "2017 Audited FS") and the notes thereto. The Company's accounting policies and estimates used in the preparation of the 2017 Audited 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 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in Canadian dollars unless otherwise noted herein.

This MD&A was approved by the Company's Board of Directors on July 27, 2017.

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 plans to expand Citagenix business in the US and globally
- 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;
- the Company being able to obtain financing on acceptable terms; and
- The Company's ability to license and/or obtain for sale new and innovative regenerative medicine products

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;
- the Company's ability to attract and retain key personnel; and
- The Company's ability to expand its regenerative medicine business into additional products and markets

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

COMPANY OVERVIEW

Antibe is a diversified biotechnology company with two divisions in pain and inflammation and in regenerative medicine. Antibe's lead drug, ATB-346, targets the global need for a safer non-steroidal anti-inflammatory drug ("NSAID") for treating chronic pain and inflammation with non-addictive medication. Antibe completed an initial Phase 2 trial in August 2016 and intends to initiate two larger Phase 2 clinical studies to support a potential partnering event with a global pharmaceutical company within 18 months. Antibe's subsidiary, Citagenix Inc. ("Citagenix"), is engaged in the sales and marketing of tissue regenerative products for oral and maxillofacial surgery. Since its inception in 1997, Citagenix has become an important source of knowledge and experience in the Canadian medical device industry. Citagenix has grown a comprehensive portfolio of high-quality, branded biologics and medical devices that promote bone regeneration.

Citagenix is active in 15 countries, operating in Canada through its direct sales teams, and internationally via a network of distributor partnerships. Citagenix plans to pursue a global growth strategy in the dental biologics market.

Antibe is focused on maximizing shareholder value by: (i) growing a portfolio of both pre-approval and commercial assets in the areas of pain, inflammation and regenerative medicine; and (ii) monetizing this portfolio through partnering and commercialization activity.

CLINICAL DEVELOPMENT

Antibe's drug development platform 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[1] 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 safer. Antibe's lead drug ATB-346 targets the global need for a safer drug for chronic pain and inflammation. ATB-352, the second drug in Antibe's pipeline, targets the urgent global need for a safer, non-addictive analgesic for treating severe acute pain, while ATB-340 targets a global desire for a GI-safe derivative of aspirin.

ATB-346: Lead Drug Candidate

Antibe's lead compound, ATB-346, combines hydrogen sulfide ("H_2S") with naproxen, an approved, marketed and off-patent 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. The Company intends to move through this development program quickly and efficiently, while continuing to investigate the other assets in its pipeline.

Development Status. In March 2016, Antibe received approval from Health Canada to conduct a Phase 2 trial of ATB-346 in patients with osteoarthritis of the knee. The primary endpoint of the study was the clinical assessment of pain measured at three time points over the 10 day course of treatment with ATB-346 at 250 mg once daily. The Company announced successful completion of the trial on August 8, 2016 with results showing ATB-346 to be effective at reducing pain in osteoarthritis patients, and equal to or better than naproxen or celecoxib in comparable studies. The drug was also safe and well-tolerated. In this trial, a once daily dose of ATB-346 produced a reduction of the WOMAC pain score of 4.3 units on day 4, with a further decrease to 7.6 units on day 10, at a very high level of statistical significance in comparison to baseline pain ($p<0.001$). Studies have provided evidence that the average reduction of WOMAC pain scores observed with both celecoxib and naproxen, the most commonly prescribed drugs in the market, is ~4 units (using a 20-point WOMAC scale)[(2)(3)]. Antibe intends to perform two additional larger Phase 2 double-blind clinical trials to demonstrate enhanced GI safety of this drug in humans as well as further explore the effectiveness of ATB-346 at lower doses. The first Phase 2 study is intended to validate the GI safety advantage of ATB-346 versus naproxen, one of the most widely used medications for treating osteoarthritis; the Company expects to commence this study in Q3/17 with clinical results anticipated before the end of 2017. The second Phase 2 study is expected to be a placebo-controlled, dose-ranging effectiveness trial to determine the go-to-market dose of ATB-346 with clinical results anticipated by Q2/18.

[1] The Nobel Prize in Physiology or Medicine 1998 was awarded jointly to Robert F. Furchgott, Louis J. Ignarro and Ferid Murad "for their discoveries concerning nitric oxide as a signalling molecule in the cardiovascular system". Louis J. Ignarro is a member of the Company's Scientific Advisory Board.

[2] Boucher, Martin. A Bayesian Meta-Analysis of Longitudinal Data in Placebo Controlled Studies with Naproxen. Pfizer.

[3] Wittenburg et al. First-dose analgesic effect of the cyclo-oxygenase-2 selective inhibitor lumiracoxib in osteoarthritis of the knee: a randomized, double-blind, placebo-controlled comparison with celecoxib. Arthritis Research & Therapy Vol 8 No 2 (2004).

ATB-352: Non-Addictive Analgesic for Acute Pain

ATB-352 is a hydrogen sulfide-releasing derivative of ketoprofen, a potent NSAID commonly prescribed for acute pain. ATB-352 is intended to target the urgent global need for a safer, non-addictive analgesic for treating severe acute pain; more specifically, ATB-352 directly addresses the need for pain medication that provides fast-acting pain relief without the harmful side effects and abuse potential associated with opioid use (such as OxyContin and Fentanyl). According to the Centre for Disease Control and Prevention ("CDC"), more than 60% of drug overdose deaths involve an opioid (including prescription opioids and heroin), and the number of overdose deaths involving opioids have quadrupled since 1999.[4]

Development Status. Antibe recently confirmed the non-addictive properties of ATB-352, a more potent NSAID, targeting the significant market for severe, acute pain. In addition, pre-clinical studies have demonstrated that ATB- 352 caused negligible GI damage compared to ketoprofen.[5] Due to its intended short-term use for acute pain, Antibe anticipates that the development timeline will be considerably accelerated as compared to that for a chronic-use drug such as ATB-346. Antibe recently initiated IND-enabling preclinical studies for ATB-352.

ATB-340: Anti-thrombotic

Antibe's third drug candidate, ATB-340, is a hydrogen sulfide-releasing derivative of low-dose aspirin targeting gastrointestinal safety. Low-dose aspirin is commonly prescribed to patients over 50 years of age to support cardiovascular disease prevention and more recently, a reduced risk from some gastrointestinal cancers including colon cancer. However, aspirin, like other NSAIDs, can cause stomach ulcers and serious gastrointestinal bleeding in an appreciable portion of the population. Studies indicate ATB-340 delivers the cardiovascular characteristics associated with aspirin but without the serious risk of gastrointestinal bleeding.[5]

Development Status. Pre-clinical studies[5] have demonstrated that ATB-340 caused negligible GI damage compared to low-dose aspirin. Antibe is presently evaluating the clinical development strategy for ATB-340 and anticipates commencing IND-enabling pre-clinical studies in 2018.

Regional Partnering Opportunities

Antibe is strategically seeking regional partnering opportunities to provide non-dilutive sources of funding and monetize its drug platform through royalty and milestone revenue. On February 24, 2017, Antibe entered into an exclusive long-term license and distribution agreement (the “License Agreement”) with Laboratoires Acbel SA (“Acbel”) for ATB-346 in Albania, Algeria, Bulgaria, Greece, Jordan, Romania and Serbia (the “Territory”). Acbel is an affiliated holding company of Galenica SA (“Galenica”), one of the largest pharmaceutical companies in Greece and has a strong sales and distribution presence in the Balkan region. Acbel, through its affiliates and partners, is the largest seller of naproxen in this region, which represents approximately 1% of the global market for NSAIDs. Under the terms of the license agreement, Antibe was issued an upfront and non-refundable payment of €800,000 and is entitled to receive a 5% royalty on net sales of ATB-346 in the Territory.

In addition, Antibe is also party to a license agreement with Knight Therapeutics Inc. (“Knight”), which was entered in conjunction with Knight’s investment in Antibe by way of convertible debenture in November 2015. Knight was granted commercial rights for Antibe's drug candidates and other future prescription drugs in Canada, Israel, Russia and sub-Saharan Africa. Antibe is entitled to royalties from Knight on annual sales, along with the potential for $10 million in payments for sales-based milestones. Antibe considers this to be a favorable royalty scenario given its competitive anticipated cost-of-goods structure.

Antibe remains in active discussions with other pharmaceutical companies in regions across the globe that represent smaller market opportunities (i.e., outside of the United States and Western Europe).

[4] CDC. Wide-ranging online data for epidemiologic research (WONDER). Atlanta, GA: CDC, National Center for Health Statistics; 2016. Available at http://wonder.cdc.gov.

[5] Gemici et al. H2S-releasing drugs: Anti-inflammatory, cytoprotective and chemopreventative potential. Nitric Oxide Vol 46, pages 25-31 (2015).

GLOBAL COMMERCIAL PLATFORM

Antibe's commercial division, Citagenix, is a leading promoter and distributor of tissue regenerative products addressing the oral craniofacial ("**OCF**") market in Canada and internationally. Antibe believes that the field of regenerative medicine offers attractive growth opportunities while at the same time providing product and risk diversification to the Company. Antibe is pursuing a global growth strategy for Citagenix that leverages its key strengths:

- **Knowledge Leader.** Since its inception in 1997, Citagenix has grown to become an important source of medical device knowledge for oral surgeons in Canada. This is a key aspect of Citagenix's offering to customers and directly supports its ability to effectively compete and differentiate itself in the marketplace.
- **Growing Portfolio of Products and Brands.** Citagenix has, through licensing and distribution arrangements, assembled a comprehensive portfolio of bone graft substitutes and barrier membranes that address dental bone regeneration and grafting for functional, cosmetic and aesthetic results. Citagenix continues to source high-quality biologics and has a track record of building successful brands (such as Raptos®). Citagenix's instrument business is the result of an earlier purchase of assets from a company in receivership and is a German manufacturer and distributor of high quality surgical instruments.
- **Expanding Distribution Network.** Citagenix sells its product portfolio internationally through distribution partners. Citagenix plans to build its global market share by partnering with committed resellers to enter markets without the high cost of a direct sales force.

Global Market for Regenerative Medicine. The global market for regenerative medicine and tissue engineering products is expected to grow to nearly US$61 billion (2021 estimate) from US$14 billion (2016 estimate), representing a compounded annual growth rate of 35%.[6] There is a growing market for oral regenerative products that is being stimulated by demand from dental surgeons and clinicians to support specialized procedures in oral and maxillofacial surgery. According to Straumann, a leading provider of dental implants and regenerative products, the global market for oral tissue regeneration is estimated to be worth approximately US$700 million in 2016.[7]

Global Growth Strategy

Citagenix has become a leading provider in the dental regenerative medicine industry in Canada due to its high-knowledge approach and comprehensive portfolio of quality products and brands, including Raptos®, PentOS OI™, Neomem®, Neomem® FlexPlus, and C-Graft Putty™. These strengths are being leveraged to replicate Citagenix's success in Canada on a global scale. Over the last 12 months Citagenix has re-positioned its focus on global growth via two main initiatives: strategic footprint expansion and portfolio expansion. Citagenix is repositioning its instrument business to focus primarily on dental and oral surgery which is complementary to the Company's product line of dental biologics. The Company is now beginning to execute its market share expansion strategy with the objective of seeing considerable growth in sales and profitability over the next few years. In October 2016, Citagenix launched a strategic growth initiative in the United States that introduced a new sales management layer and will be supported by new product development efforts and enhanced marketing and systems support.

Scope of Portfolio

Citagenix has a comprehensive portfolio of bone grafts, dental membranes, surgical instruments and other products that support specialized surgical procedures:

- **Bone Grafts.** Citagenix's suite of bone grafting solutions include allografts (irradiated cancellous and cortical bone) and demineralized bone matrix ("DBM") products that display both osteoconductive and osteoinductive activity.
- **Dental Membranes.** Citagenix has assembled a portfolio of allogeneic and xenogeneic soft-tissue grafts that support guided tissue regeneration ("GTR") and guided bone regeneration ("GBR").
- **Surgical Instruments.** BMT Medizintechnik GmbH ("BMT", a wholly owned subsidiary of Citagenix) designs, manufactures and markets a complete product portfolio of over 10,000 surgical instruments. As a global manufacturer of surgical instruments, BMT has major distributors located throughout Europe, the Americas, the

[6] BCC Research LLC. Tissue Engineering and Regeneration: Technologies and Global Markets. September 2016.
[7] Straumann 2015 Annual Report (estimate based on MRG and iData Research)

Middle East and Asia. BMT manufactures surgical instruments from martensitic stainless steels (AISI1 421, 440, 440C2) which is the highest quality surgical steel available.

The majority of Citagenix's bone grafting and barrier membrane products are marketed under its own brands and trademarks and sourced from private label suppliers.

Business Development Activity

Citagenix continues to source, license and launch new products to support growth of its product portfolio, leverage its distribution capabilities and build market share. The Company announced the successful launch of three new products in the fiscal 2017 period:

- PentOS OI™ family of bone graft substitutes (on April 18, 2016);
- Neomem® FlexPlus, a high-performance barrier membrane for oral surgery (on October 11, 2016); and
- PentOS OI™ Max, its newest bone graft substitute for oral and maxillofacial surgery (on January 31, 2017).

Seeking Higher Return Opportunities. While the Company continues to source and in-license high-quality, approved biologics, it is actively pursuing pre-approval opportunities with higher return potential. The Company is pursuing two internal development opportunities (CGX-227 and CGX-443) that have best-in-class potential, low development costs and fast timelines to market (510(K) clearance anticipated in 6-12 months). As well, on January 12, 2016, Antibe announced the signing of an exclusive Licensing and Distribution Agreement with Induce Biologics Inc. ("Induce") for the Canadian rights for Induce's URIST™, a biological product for dental and craniofacial applications. URIST(TM) is a novel bone graft substitute that contains bone morphogenetic protein-2 ("BMP"), and is being developed to support stable bone regeneration following dental and oral maxillofacial surgery. The Company estimates the dental implant market for URIST™ and similar products to be in excess of $1 billion per year.

SELECTED FINANCIAL INFORMATION

The selected financial information provided below is derived from the Company's audited consolidated annual financial statements. Additionally, the March 31, 2016 information contained in the table below contains the results from the acquisition of Citagenix from October 15, 2015 and therefore is not entirely comparable with the previous year, nor the full year results of the Citagenix operations for the year ended March 31, 2017.

	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
	$	$	$
Revenue	9,054,404	4,431,154	0
Cost of Sales	5,120,594	2,380,164	0
Gross Profit	3,933,810	2,050,990	0
Expenses:			
General and administrative	5,392,866	3,140,275	1,667,425
Selling and marketing	1,540,501	978,731	155,487
Research and development	700,796	406,733	2,301,916
Stock-based compensation	1,155,753	515,116	291,892
Amortization and depreciation	352,614	158,738	0
Total Expenses	9,142,530	5,199,593	4,416,720
Loss from Operations	5,208,720	3,148,603	4,416,720

Fiscal year ended March 31, 2017 compared with the fiscal year ended March 31, 2016

Revenue for the year ended March 31, 2017 totaled $9,054,404 compared to $4,431,154 for the year ended March 31, 2016. Revenue for the year ended March 31, 2017 represented a full year of revenues generated by Citagenix compared to revenues for 5 ½ months the previous year (from the date of acquisition (October 15, 2015) to March 31, 2016).

Expenses for the year ended March 31, 2017, as detailed in the Statement of Loss, totaled $9,142,530 as compared to $5,199,593 for the year ended March 31, 2016.

General and administrative, selling and marketing, research and development, stock-based compensation and amortization and depreciation expenses totaled $9,142,530 (2016 - $5,199,593). The increase of $3,942,937 related to the following variations:

- General and administrative expenditures increased by $2,252,591 to $5,392,866 primarily due to increased salaries and wages, office and other expenses which includes a full year of such expenses in Citagenix compared to 5 ½ months the previous year.
- Selling and marketing costs totaled $1,540,501 in 2017 compared to $978,731 in 2016. The increase of $561,770 consisted of higher commissions, travel and entertainment and advertising and promotions costs which includes a full year of such expenses in Citagenix compared to 5 ½ months the previous year.
- Research and development costs increased by $294,063 to $700,796 in 2017 from $406,733 in 2016 primarily due to a reversal of SR&ED tax credits compared to the previous year, partially offset by lower professional and consulting fees.
- Stock-based compensation increased by $640,637 in 2017 to $1,155,753 as new employees from both Antibe and Citagenix were granted options.
- Amortization and depreciation expenses increased by $193,876 to $352,614 primarily due to amortization of Citigenix brands and trademarks.

Finance and related costs totalled $905,742 in 2017 ($353,664 in 2016) representing interest and bank charges, accretion interest and unrealized foreign currency translation costs. These expenses will continue to be incurred in the future. Interest income of $3,638 from cash balances in 2017 compared to $5,921 in 2016, the difference being due to lower cash balances in 2017.

For the year ended March 31, 2017, the Company reported a net loss and comprehensive loss of $5,738,910 as compared to a net loss and comprehensive loss of $3,342,543 for the year ended March 31, 2016.

The Company restated its March 31, 2016 consolidated financial statements in order to correct for deferred taxes associated with the Citagenix acquisition. Previously, the losses recognized to offset the deferred tax liability associated with the fair value of the intangible assets were related to the parent company and, accordingly, erroneously recorded as of March 31, 2016.

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

Fiscal year ended March 31, 2016 compared with the fiscal year ended March 31, 2015

Revenue for the year ended March 31, 2016 totaled $4,431,154 compared to $0 for the year ended March 31, 2015. This represented revenues generated by Citagenix for 5 /1/2 months from the date of acquisition (October 15, 2015) to March 31, 2016.

Expenses for the year ended March 31, 2016, as detailed in the Statement of Loss, totaled $5,199,593 as compared to $4,416,720 for the year ended March 31, 2015.

General and administrative, selling and marketing, research and development, stock-based compensation and amortization and depreciation expenses totaled $5,199,593 (2015 - $4,416,720). The increase of $782,873 related to the following variations:

- General and administrative expenditures increased by $1,472,850 to $3,140,275 primarily due higher salaries and wages, professional and consulting fees and office and other costs due to the addition of such expenses for 5 1/2 months with the acquisition of Citagenix.
- Selling and marketing costs totaled $978,731 in 2016 compared to $155,487 in 2015. The increase of $823,244

consisted of higher commissions, travel and entertainment and advertising and promotions costs due to the addition of such expenses for 5 1/2 months with the acquisition of Citagenix.

- Research and development costs decreased by $1,895,183 to $406,733 in 2016 from $2,301,916 in 2015 primarily due to lower expenditures on ATB-346 during the year.
- Stock-based compensation increased by $223,224 in 2016 to $515,116.
- Amortization and depreciation expenses increased by $158,738 to $158,738 primarily due to the amortization of intangible assets in Citagenix.

Finance and related costs totalled $353,664 in 2016 ($4,408 in 2015) representing interest and bank charges, accretion interest and unrealized foreign currency translation costs. Interest income of $5,921 from cash balances in 2016 compared to $19,957 in 2015 the difference being due to lower cash balances in 2016.

For the year ended March 31, 2016, the Company reported a net loss and comprehensive loss of $3,342,543 as compared to a net loss of $4,401,170 for the year ended March 31, 2015.

Quarterly Summary

The following table presents unaudited selected financial information for the eight most recently completed financial quarters:

	Year ended March 31, 2017				Year ended March 31, 2016			
	Q4	**Q3 Restated**	**Q2 Restated**	**Q1 Restated**	**Q4 Restated**	**Q3 Restated**	**Q2**	**Q1**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Revenues	2,276,107	1,960,842	2,187,083	2,630,372	2,330,694	2,100,460	0	0
Net loss and total comprehensive loss	1,823,936	1,740,412	1,095,862	1,078,700	1,487,180	721,299	755,157	378,906
Basic and fully diluted net income (loss) per share	.02	.02	.01	.01	.02	.01	.01	.01

Quarterly losses decreased by $83,524 in Q4 2017 from Q3 2017. As a result of the acquisition of Citagenix in October 2015, comparisons to previous quarterly results in 2016 are not particularly comparable

The Company does not intend to pay dividends in the foreseeable future. Any future decision to pay cash dividends will be left to the discretion of the Board of Directors of the Company and will depend on the Company’s financial position, operating results and capital requirements at the time as well as such other factors that the Board of Directors may consider relevant. The Company has paid no dividends and has no retained earnings from which it might pay dividends.

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 year ended March 31, 2017 and March 31, 2016 are as follows (note the numbers for Citagenix for March 31, 2016 are from October 15, 2015, the date of acquisition, to March 31, 2016):

	2017			2016		
	Antibe	**Citagenix**	**Consolidate**	**Antibe**	**Citagenix**	**Consolidate**
	$	**$**	**$**	**$**	**$**	**$**
Revenues	-	9,054,404	9,054,404	-	4,431,154	4,431,154
Cost of goods sold	-	5,120,594	5,120,594	-	2,380,164	2,380,164
Gross Margin	-	3,933,810	3,933,810	-	2,050,990	2,050,990
Expenses	4,324,764	5,719,870	10,044,634	2,863,084	2,684,252	5,547,336
Income before tax	(4,324,764)	(1,786,060	(6,110,824)	(2,863,084	(633,262)	**(3,496,346)**

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

The company's assets and liabilities by each business as at March 31, 2017 and 2016 are as follows:

	2017			2016 (Note 3)		
	Antibe	**Citagenix**	**Consolidated**	**Antibe**	**Citagenix**	**Consolidated**
	$	$	$	$	$	$
Assets:						
Current	2,267,186	3,956,218	6,223,404	1,336,440	3,674,079	5,010,519
Non-current	1,600,081	2,902,213	4,502,293	131,198	4,472,950	4,604,148
Total assets	**3,867,267**	**6,858,430**	**10,725,697**	**1,467,638**	**8,147,029**	**9,614,667**

	Antibe	**Citagenix**	**Consolidated**	**Antibe**	**Citagenix**	**Consolidated**
	$	$	$	$	$	$
Liabilities:						
Current	420,139	2,726,917	3,147,056	249,987	2,755,237	3,005,224
Non-current	4,025,212	-	4,025,212	2,635,391	-	2,635,391
Total liabilities	**4,445,351**	**2,726,917**	**7,172,268**	**2,885,378**	**2,755,237**	**5,640,615**

Liquidity and Capital Resources

The Company is a drug development company as well as a regenerative medicine marketer and seller of products 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.

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

The $786,000 gross proceeds were allocated into share capital and PP3a Warrants using the residual method. The 3,930,000 PP3a Warrants were valued using the Black-Scholes Options Pricing Model ("BSOPM"), which resulted in allocating $338,313 to PP3a Warrants and $447,687 to share capital.

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

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

Issuance expenses incurred for PP3a and PP3b (including $78,480 of finders' fees) totaled $244,272 of which $113,011 was a non-cash expense resulting from the issuance of finder warrants. All issuance expenses were offset against share capital at the PP3a and PP3b Closing Dates.

On 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.

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 Finder Warrants entitled the bearer to purchase one share in the capital stock of the Company at an exercise price of $0.10.

On October 15, 2015 (the CDC1a Closing Date"), the Company completed a non-brokered private placement of senior secured convertible debentures (the "CDC1a Debentures") and warrants (the "CDC1a Warrants") for gross proceeds of $1.8 million. The CDC1a Debentures have a term of three years from the date of their issuance, bear interest at a rate of 10% per year, are convertible at the option of the holder into common shares of the Company at a price of $0.22 per share and are secured by the assets of the Company. Purchasers of the CDC1a Debentures received an aggregate of 3,600,000 CDC1a Warrants to purchase common shares of the Company. The CDC1a Warrants will be each exercisable for the purchase of one common share of the Company at a price of $0.31 for a period of 3 years.

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.

On November 13, 2015, the Company announced a second closing of the non-brokered private placement of convertible debentures ("CDC1b Debentures") announced October 15, 2015, bringing the total proceeds to $2.6M. 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 ("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 Company completed a first closing of a brokered private placement for gross proceeds of $450,000. The Debentures ("CDC2a Debentures") will mature on October 15, 2018, bear interest at a rate of 10% per annum, are convertible at the holder's option into common shares of Antibe at a price of $0.22 per common share, and are secured by the assets of the Company. Purchasers of the CDC2a Debentures were issued an aggregate of 900,000 Warrants ("CDC2a Warrants") to purchase common shares of Antibe. Each CDC2a Warrant is exercisable for the purchase of one Antibe common share at a price of $0.31 and expires on October 15, 2018. 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 ("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, Warrants and Broker Warrants are all subject to a hold period, which expired on April 24, 2016.

On January 18, 2016, 40,000 PP3a Finders Warrants were exercised and the Company issued 40,000 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.

On March 18, 2016, 40,000 PP3a Finders Warrants were exercised and the Company issued 40,000 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.

On June 10, 2016 ("the PP4a Closing Date"), the Company successfully completed a non-brokered private placement (the "PP4a"). Pursuant to the PP4a, the Company issued 9,685,000 units at a price of $0.10 per unit for gross proceeds of $968,500. Each unit was comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of $0.15 per common share and expires on June 10, 2018.

The $968,500 gross proceeds have been allocated to share capital and warrants based on the relative fair value of each component. The 4,842,500 warrants issued pursuant to the PP4a were valued using the Black-Scholes-Merton option-pricing model ("BSM"), which resulted in allocating $318,018 to warrants and $650,482 to share capital.

On June 20, 2016 ("the PP4b Closing Date"), the Company successfully completed a non-brokered private placement (the "PP4b"). Pursuant to the PP4b, the Company issued 4,865,000 units at a price of $0.10 per unit for gross proceeds of $486,500. Each unit was comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of $0.15 per common share and expires on June 20, 2018.

The $486,500 gross proceeds have been allocated to share capital and warrants based on the relative fair value of each component. The 2,432,500 warrants issued pursuant to the PP4b were valued using the BSM model, which resulted in allocating $154,925 to warrants and $331,575 to share capital.

Total issuance costs related to the PP4a and PP4b were $145,113 of which $68,150 were non-cash from the issuance of warrants to the finders (see note 11(d)). All issuance costs were offset against share capital at each of the closings

On December 15, 2016 ("the PP5a Closing Date"), the Company successfully completed a private placement consisting of brokered and non-brokered components (the "PP5a"). Pursuant to the PP5a, the Company issued 16,178,299 units at a price of $0.15 per unit for gross proceeds of $2,426,745. Each unit was comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of $0.22 per common share and expires on December 15, 2018.

In connection with the PP5a, the Company issued 1,145,088 broker warrants. Each broker warrant entitles the holder to purchase one common share at an exercise price of $0.15 per common share and expires on June 15, 2018.

The $2,426,745 gross proceeds have been allocated to share capital and warrants based on the relative fair value of each component. The 8,089,154 warrants issued pursuant to the PP5a were valued using the Black-Scholes-Merton option-pricing model ("BSM"), which resulted in allocating $1,104,301 to warrants and $1,322,444 to share capital.

On December 21, 2016 ("the PP5b Closing Date"), the Company successfully completed a private placement consisted of brokered and non-brokered components (the "PP5b"). Pursuant to the PP5b, the Company issued 1,985,000 units at a price of $0.15 per unit for gross proceeds of $297,750. Each unit was comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of $0.22 per common share and expires on December 21, 2018.

In connection with the PP5b, the Company issued 165,150 broker warrants. Each broker warrant entitles the holder to purchase one common share at an exercise price of $0.15 per common share and expires on June 21, 2018.

The $297,750 gross proceeds have been allocated to share capital and warrants based on the relative fair value of each component. The 992,500 warrants issued pursuant to the PP5b were valued using the BSM model, which resulted in allocating $126,115 to warrants and $171,635 to share capital.

Total issuance costs related to the PP5a and PP5b were $309,776 of which $121,103 were non-cash from the issuance of warrants to the brokers and finders (see note 11(d)). All issuance costs were offset against share capital at each of the closings.

On March 27, 2017, in connection with Antibe's regional licensing deal with Laboratoires Acbel SA, Antibe issued 240,000 common shares and 120,000 common share purchase warrants to Knight Therapeutics Inc. ("Knight") in exchange for the return of the ATB-346 territory rights to Romania (previously granted to Knight in November 2015). Each whole warrant entitles Knight to purchase one common share at an exercise price of $0.22 per common share and expires on March 27, 2019.

The 120,000 warrants issued pursuant to the return of the ATB-346 territory rights to Romania were valued using the BSM model, which resulted in allocating $13,260 to warrants and $45,600 to share capital.

The following is a summary of all warrants exercised during the year ended March 31, 2017:

Date of exercise	Number of warrants exercised	Type of warrant	Number of common shares issued	Gross proceeds	Exercise price
				$	$
January 26, 2017	8,000	PP4a Investor	8,000	1,200	0.15
February 3, 2017	100,000	PP3a Finder	100,000	10,000	0.10
February 3, 2017	200,000	PP3b Investor	200,000	30,000	0.15
February 17, 2017	300,000	PP3b Investor	300,000	45,000	0.15
February 23, 2017	16,000	PP4a Finder	16,000	2,400	0.15
February 24, 2017	50,000	PP4a Investor	50,000	7,500	0.15
March 2, 2017	16,000	PP3b Finder	16,000	1,600	0.10
March 13, 2017	60,000	PP4a Finder	60,000	9,000	0.15
March 22, 2017	120,000	PP3a Finder	120,000	12,000	0.10
March 24, 2017	130,400	PP3a Finder	130,400	13,040	0.10
March 27, 2017	96,000	PP3b Finder	96,000	9,600	0.10

On June 21, 2017, the Company completed the first closing of a public offering of units (the "Units") for gross proceeds of approximately $4,050,000 (the "Offering"). The Company issued 40,498,999 Units at a price of $0.10 per Unit. Each Unit is composed of one common share of the Company (a "Common Share") and one-half of one Common Share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to purchase one Common Share at an exercise price of $0.15 until June 21, 2020.

In consideration for their services, the co-agents for the Offering (together, the "Agents") received a fee consisting of a cash commission in the amount of approximately $283,500, representing 7% of the gross proceeds of the Offering, and non-transferable broker warrants to purchase up to 2,834,930 Units, being the number of Units that is equal to 7% of the aggregate number of Units sold at the closing. Each broker warrant entitles the holder thereof to acquire one Unit at an exercise price of $0.10 until June 21, 2019.

There may be additional closings under the Offering. Pursuant to the Agency Agreement, the Company has granted the Agents an over-allotment option, exercisable in whole or in part, at the Agents' sole discretion, at any time or times during the 30-day period immediately following the final closing date of the Offering, to offer and sell on the same terms as the Offering up to such number of additional Units as is equal to 15% of the number of Units issued under the Offering.

As part of the Offering, one officer of the Company purchased 66,000 Units, such investment being a "related party transaction" for purposes of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company has relied on the exemptions contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101 from the valuation and minority shareholder approval requirements in MI 61-101 in respect of the officer's participation in the Offering, since neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the officer's investment exceeds 25% of the Company's market capitalization.

For the year ended March 31, 2017 the Company had cash flow from operating activities of negative $3,439,791 consisting of negative $3,864,842 from operations plus positive $425,051 from changes in working capital. In addition, the Company made cash investments of $257,433 to purchase property and equipment and customers lists. These cash outgoings were financed by a total of $4,806,208 in net fund raising and licensing as outlined above. The resulting net change in cash for the year ended March 31, 2017 was positive $1,108,984 leaving a closing cash balance of $1,501,959.

The Company's future capital requirements will depend on many factors including, without limitation, the scope of the Company's research and efforts, the results of the studies that comprise those efforts, the Company's ability to successfully manage its development partners and the Company's ability to grow its regenerative medicine business. 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 March 31, 2017, the Company had no commitments for capital expenditures and no sources of financing arranged-but-not-used.

Loan Facilities

The Company has an operating line of credit with a Canadian Chartered Bank to a maximum of $2,000,000. The outstanding line of credit balance is due on demand and bears interest at the Bank`s prime lending rate plus 0.50% per annum. The following have been provided as security:

1. A moveable hypothec in the amount of $10,000,000 covering the Company's present and future claims and universality of the Company's present and future property and assets with all risk of insurance and with losses payable to the Bank; and

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

The line of credit is subject to certain financial tests and covenants measured based on the Company's non-consolidated year-end financial statements. As at March 31, 2017, the Company was in compliance with the covenants.

On October 26, 2016, the Company renewed its credit facility agreement with the Bank under the following terms and conditions:

Credit facility A - An operating line of credit to a maximum of $2,000,000. Amounts outstanding under the line are due on demand and bear interest at the Bank's prime lending rate plus 0.50% per annum.

Credit facility C - Foreign exchange contracts to a maximum of USD$750,000. The outstanding draws under facility C are due on demand and bear interest in accordance with the bank's pricing schedule at the time of the withdrawal.

Credit facility D - An operating line of credit to a maximum of $225,000 for the purpose of financing the advances to BMT. Amounts outstanding under this line of credit are due on demand and bear interest at Bank's prime lending rate plus 0.50% per annum.

Credit Facility E - Operating Visa Business credit cards to a maximum of $100,000 due on demand. Interest rate applicable to facility E are in accordance with the terms and conditions governing the issue of the Visa Business credit cards.

Facilities A, C and E have the following security:

1. A first ranking moveable hypothec in the amount of $10,000,000 covering the Company's present and future claims and universality of the Company's present and future property and assets with all risk of insurance and with losses payable to Laurentian; and

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

Facility D is secured by a second ranking moveable hypothec in the amount of $300,000 covering the Company's present and future claims and universality of the Company's present and future property and assets with all risk of insurance and with losses payable to the Bank.

As at March 31, 2017, $1,152,264 was outstanding on the operating line of credit.

The Company holds a corporate credit card facility, administered by a Canadian Chartered Bank. The facility has a $25,000 limit and the bank holds $25,000 of term deposits in-trust as collateral. This amount is presented as term deposit on the consolidated statements of financial position. The Company will continue its practice of paying all outstanding balances on the corporate credit card in full monthly.

Outstanding Share Data

As at July 27, 2017, there were 153,637,313 common shares, stock options in respect of 21,134,000 common shares, and 54,912,883 warrants outstanding.

Commitments

The Company renewed its twelve-month lease for the use of its 15 Prince Arthur Ave. office space effective March 1, 2015. The lease carries a six-month notice period.

The Company has long-term leases with respect to its premises in Laval, Quebec. Future minimum payments over the next 5 years are $1,218,906. In addition, the Company is obligated to pay for its proportional share of maintenance and other related cost for the leased premises.

Royalties

(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.

On June 29, 2016 the Company made a milestone payment of $150,000 to AHI as a result of the enrolment of the first patient in ATB-346`s Phase 2 clinical trial.

(b) Royalty agreement

On November 16, 2015, the Company announced the signing of an exclusive long-term license and distribution agreement with Knight, a leading Canadian specialty pharmaceutical company, for the Company’s anti-inflammatory and pain drugs, ATB-346, ATB-352 and ATB-340, as well as the rights to other, future prescription drugs. Under the terms of the license agreement, the Company has granted Knight the exclusive commercial rights for the Company’s drug candidates and other future prescription drugs in Canada, Israel, Romania, Russia and sub-Saharan Africa. The Company is entitled to royalties on annual sales, along with the potential for $10 million in payments for sales-based milestones.

(c) Licensing and distribution agreement

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' ("Licensed Product") 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. The Company is committed to royalty fees paid quarterly based on net sales of the Licensed Product starting at the end of the quarter following the date of the first commercial sale of the URIST' to Canadian market.

(d) Royalty agreement

On February 24, 2017, Antibe entered into an exclusive long-term license and distribution agreement (the “License Agreement”) with Laboratoires Acbel SA (“Acbel”) for ATB-346 in Albania, Algeria, Bulgaria, Greece, Jordan, Romania and Serbia (the “Territory”). Acbel is an affiliated holding company of Galenica SA (“Galenica”), one of the largest pharmaceutical companies in Greece and has a strong sales and distribution presence in the Balkan region. Under the terms of the license agreement, Antibe was issued an upfront payment of €800,000 and is entitled to receive a 5% royalty on net sales of ATB-346 in the Territory. The upfront revenue is reflected in deferred revenue until the point that Acbel can benefit from the license.

Off-Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements.

Summary of Significant Accounting Policies and Use of Estimates

The preparation of 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 consolidated financial statements, and the reported amount of revenue and expenses during the year. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which such adjustments become known. Significant estimates in these consolidated financial statements include determination of eligible expenditures for investment tax credit ("ITC") purposes, allowance for doubtful accounts, inventory obsolescence, warranty provision, useful life of equipment, property and intangible assets, valuation of deferred income taxes, impairment of goodwill, valuation of equity component of convertible debentures, fair valuation of assets acquired and liabilities assumed on business combination, warranty accrual, and inputs related to the calculation of fair value of stock-based compensation and warrants.

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 federal SR&ED tax credits, if awarded at all, may be received only in the form of non-refundable tax credits. Provincial SR&ED tax credits, if awarded at all, may be received in cash.

A summary of the Company’s significant accounting policies is provided in the notes to the 2017 audited consolidated financial statements (Note 3).

Future changes in significant accounting policies

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

(i) Financial Instruments -

International Financial Reporting Standards 9, Financial Instruments (“IFRS 9”) was issued in 2010 and is to replace International Accounting Standards 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 consolidated financial statements.

(ii) Revenue -

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers (“IFRS 15”), which covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Entities will transition following either a full or modified retrospective approach.

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

(iii) Leases -

In January 2016, the IASB issued IFRS 16, Leases (“IFRS 16”), its new leases standard that requires lessees to recognize assets and liabilities for most leases on their balance sheets. Lessees applying IFRS 16 will have a single accounting model for all leases, with certain exemptions. The new standard will be effective for annual periods beginning on or after January 1, 2019 with limited early application permitted.

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

Financial Instruments

A summary of the Company’s financial instruments is provided in the notes to the 2017 audited consolidated financial statements (Note 22).

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 2017 audited consolidated financial statements (Notes 23 and 24).

Related Party Transactions

On June 29, 2016, with the enrolment of the first patient in a Phase II 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 25). AHI is also permitted to draw down funds against future milestone payments.

During the year, the Company advanced $39,268 (2016 - $35,217) to AHI. As at March 31, 2017, $137,557 (2016 - $248,290) was receivable. This balance bears no interest, is payable on demand and is unsecured.

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

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 2017 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 pharmaceutical development operations currently consist of conducting Phase 2 studies of ATB-346. 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.

On October 15, 2015 the Company acquired 85% of Citagenix, a Montreal-based sales and distribution company of regenerative medicine surgical products, primarily bone graft and membrane products for dental, oral cranial maxillofacial ("OCF") and orthopaedic surgery (remaining 15% interest acquired on February 2, 2016).

The Company is subject to a number of risks and material uncertainties associated with the successful development and acquisition of new products and their marketing, the conduct of its clinical studies and their results, the ability to increase market share and expand its distribution network and the establishment of strategic alliances as needed. The Company will have to acquire the financing needed to conduct its research and development operations, as well as its strategic development activities for growth in the field of regenerative medicine. 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 consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As at March 31, 2017, the Company had working capital of $3,076,348 (March 31, 2016 - $2,005,295), incurred a net loss for the year of $5,745,821 (2016 - $3,364,715), and had negative cash flows from operations for the year of $3,439,791 (2016 - $2,746,943).

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 pharmaceutical 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 to the carrying value of assets and liabilities, the reported revenue and expenses, and the classifications used in the statement of financial position. The condensed interim consolidated financial statements do not include adjustments that would be necessary if the going concern assumption was not appropriate.

Lack of Supporting Clinical Data

The clinical effectiveness and safety of any of the Company's developmental 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 dependent in part 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 and unmet medical needs;
- identify potential drug candidates and medical devices;
- develop products internally and assist its partners with development;
- 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 and medical device 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 potentially other products it develops) through, among other things, extensive clinical testing. The Company's drug 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 expects to initiate a Phase 2 clinical study for ATB-346 in Q3/17. The final 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 the year ended March 31, 2016 and expects to experience negative operating cash flows for the foreseeable future. Until such time as the Company's drug products are approved for sale, or the revenue and profits from the sale of its regenerative medicine products are sufficient to produce positive cash flows, 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 the 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.

Operational Risk

In the normal course of business, the Company's operations continue to be influenced by a number of internal and external factors and are exposed to risks and uncertainties that can affect its business, financial condition and operating results. The Company's activities are subject to ongoing operational risks, including the performance of key suppliers, product performance, and government and other industry regulations, all of which may affect its ability to meet its obligations. In addition, and although the Company believes it has prudently adopted conservative assumptions in its business planning and related cost estimations, no assurances can be given that such assumptions will prove to be accurate.

Reliance on Partners and Suppliers

Antibe works with a number of third parties to develop its products (and finance such development) and it purchases a number of its products for resale from third parties, and it expects its reliance on third party partnerships and suppliers to increase in the future. If the Company's current or future strategic partners and suppliers 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 and supplier relationships in the future, or if the current or future partnerships and supplier relationships fail, the Company's ability to develop and sell 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.

Distributor Risks

The Company distributes its product line in part through non-exclusive distribution partnerships with multiple distributors. If the distributors are unable or unwilling to promote and deliver the product to end customers, the Company's financial condition and operating results could be materially impacted. There can be no assurance the Company will be successful in managing the nuances of their markets to ensure the success of the Company's products in those markets.

Disruptions in Production

Factors that affect the production and sale of the company's products which could result in decreases in profitability include: (a) Acts of God; (b) the expiration or termination of leases, contracts, permits or licenses; (c) sales price redeterminations; (d) future litigation; (e) work stoppages or other labor difficulties; (f) disputes with suppliers, distributors and subcontractors; (g) political risk with offshore suppliers; (h) reliance on suppliers with highly technical and not easily replaceable expertise; and (i) changes in the market and general economic conditions. Weather conditions, equipment replacement or repair and fires can have a significant impact on operating results.

Seasonality

Sales may have seasonal components which may result in significant variances in quarterly operating results and may also significantly increase working capital requirements on a quarterly basis.

Fluctuations in Exchange Rates

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada, Europe and the United States and sells throughout the world. The Company's revenues and costs are primarily in Canadian and US dollars, and Euros. The Company has not hedged its exposure to currency fluctuation.

Income Taxes

Income taxes are accrued based on current taxes expected to be paid or recovered for the period, and deferred taxes applicable in respect of the temporary differences that will reverse in subsequent periods. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire. The Company's assessment is based upon existing tax laws and estimates of future taxable income. If the assessment of the Company's ability to utilize the underlying future tax deductions changes, the Company would be required to recognize more or fewer of the tax deductions as assets, which would decrease or increase the income tax expense in the period in which this is determined.

Significant judgment is required in determining the global provision for taxation. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. The Company maintains provisions for uncertain tax positions that it believes appropriately reflect its risk with respect to tax matters under active discussion, audit, dispute or appeal with tax authorities, or which are otherwise considered to involve uncertainty. These provisions for uncertain tax positions are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at each balance sheet date. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Worsened General Economic Conditions

The decline in the global economic environment in recent years and the continuing economic instability in certain parts of the world resulted in increasing uncertainty regarding future revenue and customer commitments, both in terms of timing and magnitude for such future sales. If the global economic climate does not recover, the Company may not generate the sales activity required to support its operations resulting in requirement for additional restructurings and erosion of its existing capital resources which may hinder the future viability of the Company.

Acquisitions

The Company in the future may, acquire businesses, products or technologies that it believes complement or expand its existing business. Acquisitions of this type involve a number of risks, including the possibility that the operations of the acquired business will not be profitable or that the attention of the Company's management will be diverted from the day-to-day operation of its business. An unsuccessful acquisition could reduce the Company’s margins or otherwise harm its financial condition.

Product Liability and Medical Malpractice Claims

The Company may be exposed to risks associated with product liability claims if the use of the Company’s products results in injury or property damage. In addition, medical malpractice claims may be brought against the Company. The Company carries what it believes to be adequate product liability insurance as well as clinical studies insurance, but the Company may not have adequate resources to satisfy a judgment if a successful claim is brought. The assertion of product liability or medical malpractice claims may also significantly damage the Company’s reputation.

Management of Growth

The Company’s future results of operations will depend in part on the ability of its officers and other key employees to implement and expand operational, customer support and financial control systems and to expand, train and manage its employee base. The Company’s future performance will also depend to a significant extent on its ability to identify, attract, train and retain highly skilled sales, technical, marketing and management personnel.

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 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 applications and registrations in the United States, Canada, and other jurisdictions, and has received some patents and expects others, and may, in the future, seek additional patents and registrations or file patent applications and registrations.

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, or trademark registrations. 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 intellectual property 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.

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 a company in the early stage of product development 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.

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 enable them to invest significant amounts of capital and other resources in their businesses, including expenditures for research and development and sales and marketing. 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 and trademarks registered or licensed to the Company may be infringed upon by the products or processes of others. The cost of enforcing intellectual property 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 intellectual property litigation and other proceedings. The cost of any intellectual property 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 intellectual property 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 and medical devices 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.

Debt Related Risks

The Company's operating line of credit agreement requires it to maintain certain financial ratios and convenants. As at March 31, 2017 the Company was in compliance with these convenants. However, in the past the Company has not always been compliant and has relied on the bank to issue a waiver. There can be no assurance that the Company will be able to obtain such waivers in the future or that relief will be available on commercially reasonable terms. The bank could impose additional operating and financial restriction on the Company as a condition to granting any such waiver. If an event of default is not cured or not otherwise waived, the bank may demand payment, foreclose upon the collateral securing the debt and terminate any commitments to lend, any of which would have a material adverse effect on our business, financial condition, cash flow and results of operations and could cause the market value of the Company's securities to decline.

Financial Instruments

The Company is exposed to a variety of financial risks by virtue of its activities: market risk (including interest rate risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by the officers of the Company as discussed with the Board. The officers of the Company are charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the expectation of the Board as follows:

Credit risk: The Company's credit risk is primarily attributable to accounts receivable amount due from AHI. The Company, in the normal course of operation monitors the financial condition of its customers. The Company establishes an allowance for doubtful accounts that corresponds to the specific credit risk of its customers, historical trends and economic conditions.

Liquidity risk: Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due or can do so only at excessive cost. The Company manages its liquidity risk by forecasting cash flows and anticipated investing and financing activities. Officers of the Company are actively involved in the review and approval of planned expenditures.

Foreign currency risk: The functional and reporting currency of the Company is Canadian dollar. The Company undertakes transactions denominated in foreign currencies, including US dollars and Euros and as such is exposed to currency risk due to fluctuations in foreign exchange rates against the Canadian dollar. The Company does not use derivative instruments to reduce exposure to foreign exchange risk.

Interest rate risk: Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company is currently exposed to interest rate risk on its credit facility and long-term debt.

As at March 31, 2017, the Company's financial obligations including applicable interest are due as follows:

	Less than one year	**1-2 years**	**After 2 years**	**Total**
Accounts payable and accrued	1,994,792	-	-	1,994,792
liabilities	1,152,264	-	-	1,152,264
Bank indebtedness	-	-	-	-
Long-term debt	-	3,351,522	-	3,351,522
Convertible debentures	335,152	152,918	-	488,070
	3,482,208	3,504,440	-	6,986,648

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, trademarks, 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 and medical device industries, 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 and medical device industries 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 March 31, 2017, AHI beneficially owned and/or exercised control or direction over 15,000,000 Common Shares, or approximately 13.3% 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

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.

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. 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 and medical device industries, 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:

COMPUTERSHARE
100 UNIVERSITY AVENUE, 11TH FLOOR, SOUTH TOWER
TORONTO, ONTARIO M5J 2Y1

REGISTERED ADDRESS:

15 PRINCE ARTHUR AVE.
TORONTO, ONTARIO
M5R 1B2