

ANTIBE THERAPEUTICS INC.
Interim Consolidated Financial Statements
For the Three and Six Months ended September 30, 2016 and 2015
(Expressed in Canadian Dollars)
(Unaudited)

ANTIBE THERAPEUTICS INC.**Interim Consolidated Statements of Financial Position****As at September 30, 2016**

(with comparative figures as at March 31, 2016)

(Expressed in Canadian Dollars)

		September 30, 2016 (unaudited)	March 31, 2016 (audited)
ASSETS			
CURRENT			
Cash	\$	503,270	\$ 386,064
Term deposits (note 7)		25,000	25,000
Accounts receivable (note 5)		1,223,207	1,247,421
Inventory		2,627,360	2,373,687
Restricted cash		545,000	545,000
Prepaid expenses		169,120	185,057
Due from Antibe Holdings Inc. (note 8)		107,662	248,290
		5,200,619	5,010,519
LONG-TERM			
Deferred share issuance costs		10,560	6,673
Deposits		18,453	18,453
Property and equipment		76,093	80,450
Deferred income taxes		162,825	125,475
Intangible assets (note 6)		3,055,300	3,215,351
Goodwill		1,283,221	1,283,221
		4,606,452	4,729,623
TOTAL ASSETS	\$	9,807,071	\$ 9,740,142

See accompanying notes to interim consolidated financial statements

ANTIBE THERAPEUTICS INC.**Interim Consolidated Statements of Financial Position** *(Continued)***As at September 30, 2016**

(with comparative figures as at March 31, 2016)

(Expressed in Canadian Dollars)

	September 30, 2016 <i>(unaudited)</i>	March 31, 2016 <i>(audited)</i>
LIABILITIES		
CURRENT		
Bank indebtedness <i>(note 7)</i>	\$ 1,688,355	\$ 1,544,637
Accounts payable and accrued liabilities	1,572,037	1,362,018
Current portion of long-term debt	36,271	98,569
	<u>3,296,663</u>	3,005,224
LONG-TERM		
Convertible debentures <i>(note 9)</i>	2,359,136	2,027,295
TOTAL LIABILITIES	<u>5,655,799</u>	5,032,519
SHAREHOLDERS' EQUITY		
SHARE CAPITAL <i>(note 10)</i>	14,003,557	13,112,541
COMMON SHARE PURCHASE WARRANTS <i>(note 10)</i>	2,537,645	2,082,995
CONTRIBUTED SURPLUS <i>(note 10)</i>	3,460,849	3,096,208
ACCUMULATED OTHER COMPREHENSIVE INCOME	24,352	22,172
DEFICIT	<u>(15,875,131)</u>	(13,606,293)
TOTAL SHAREHOLDERS' EQUITY	<u>4,151,272</u>	4,707,623
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 9,807,071</u>	<u>\$ 9,740,142</u>
COMMITMENTS <i>(note 15)</i>		
SUBSEQUENT EVENTS <i>(note 16)</i>		

APPROVED BY THE BOARD ON NOVEMBER 14, 2016*(Signed) Daniel Legault*

Daniel Legault, Director

(Signed) John Wallace

John Wallace, Director

See accompanying notes to interim consolidated financial statements

ANTIBE THERAPEUTICS INC.
Interim Consolidated Statements of Changes in Shareholders' Equity
For the Six Months ended September 30, 2016 and 2015

(Expressed in Canadian Dollars)

	Number of common shares	Share capital	Common shares purchase warrants	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
Balance, March 31, 2015	37,005,858	\$ 8,237,721	\$ 826,148	\$2,248,471	\$ -	\$(10,975,149)	\$ 337,191
Shares issued	12,546,400	716,590	538,050	-	-	-	1,254,640
Share issuance costs	-	(249,458)	-	113,011	-	-	(136,447)
Stock-based compensation	-	-	-	115,133	-	-	115,133
Shares issued to settle debt	148,936	35,000	-	-	-	-	35,000
Net loss for the period	-	-	-	-	-	(1,134,062)	(1,134,062)
Balance, September 30, 2015	49,701,194	\$ 8,739,853	\$ 1,364,198	\$2,476,615	\$ -	\$(12,109,211)	\$ 471,455
Balance, March 31, 2016	78,640,115	\$13,112,541	\$ 2,082,995	\$3,096,208	\$ 22,172	\$(13,606,293)	\$4,707,623
Shares issued (<i>note 10</i>)	14,550,000	982,057	472,943	-	-	-	1,455,000
Share issuance costs (<i>note 10</i>)	-	(145,113)	-	68,150	-	-	(76,963)
Stock-based compensation (<i>note 10(c)</i>)	-	-	-	298,795	-	-	298,795
Shares issued on exercise of warrants	228,500	54,072	(18,293)	(2,304)	-	-	33,475
Net loss for the period	-	-	-	-	-	(2,268,838)	(2,268,838)
Foreign currency translation gain	-	-	-	-	2,180	-	2,180
Balance, September 30, 2016	93,418,615	\$14,003,557	\$ 2,537,645	\$3,460,849	\$ 24,352	\$(15,875,131)	\$4,151,272

See accompanying notes to interim consolidated financial statements

ANTIBE THERAPEUTICS INC.
Interim Consolidated Statements of Loss
For the Three Months and Six Months ended September 30, 2016 and 2015

	Three months ended September 30 2016	Three months ended September 30 2015	Six months ended September 30 2016	Six months ended September 30 2015
SALES	\$ 2,187,083	\$ -	\$ 4,817,455	\$ -
COST OF SALES	1,281,169	-	2,753,082	-
GROSS PROFIT	905,914	-	2,064,373	-
EXPENSES				
Salaries and wages	738,591	77,444	1,422,712	189,548
Commissions	149,949	-	347,717	-
Research and development	231,763	290,633	334,222	413,806
Professional fees	153,583	206,190	346,506	222,623
Stock-based compensation (note 10)	124,163	73,723	298,796	115,133
Consulting fees	82,800	52,278	197,026	87,411
Interest on long-term debt	94,867	-	186,125	-
Travel	84,464	3,686	163,778	7,529
Amortization of intangible assets	80,138	-	160,051	-
Advertising and promotion	29,599	914	150,031	6,347
Licensing fee (note 8)	-	-	150,000	-
Accretion expense	74,684	-	144,712	-
Rent	67,570	9,525	134,091	23,012
Office and sundry	56,101	19,441	96,437	31,511
Interest and bank charges	33,373	23	68,883	38
Dues and subscriptions	30,602	15,027	59,720	27,322
Foreign exchange translation loss	18,075	-	46,829	-
Insurance	16,265	4,050	38,923	5,750
Meals and entertainment	29,129	1,648	43,724	2,199
Telephone	12,152	2,516	23,503	5,227
Depreciation of property and equipment	5,168	-	9,651	-
Bad debt recovery	(6,430)	-	(6,430)	-
	2,106,606	757,098	4,417,007	1,137,456
LOSS FROM OPERATION	(1,200,692)	(757,098)	(2,352,634)	(1,137,456)
INTEREST INCOME	1,368	1,941	1,741	3,394
LOSS BEFORE INCOME TAXES	(1,199,324)	(755,157)	(2,350,893)	(1,134,062)
RECOVERY OF INCOME TAXES				
Current	-	-	(43,164)	-
Deferred	(37,208)	-	(38,891)	-
	(37,208)	-	(82,055)	-
NET LOSS	\$ (1,162,116)	\$ (755,157)	\$ (2,268,838)	\$ (1,134,062)
Loss per share				
Basic and diluted	(0.01)	(0.02)	(0.03)	(0.02)
Weighted average number of shares outstanding	93,279,441	49,677,994	87,325,342	49,366,825

See accompanying notes to interim consolidated financial statements

ANTIBE THERAPEUTICS INC.**Interim Consolidated Statements of Other Comprehensive Loss****For the Three Months and Six Months ended September 30, 2016 and 2015**

	Three months ended September 30 2016	Three months ended September 30 2015	Six months ended September 30 2016	Six months ended September 30 2015
NET LOSS	\$ (1,162,116)	\$ (755,157)	\$ (2,268,838)	\$ (1,134,062)
CHANGES IN OTHER COMPREHENSIVE LOSS				
Items that may be reclassified subsequently to profit or loss:				
Exchange gain on translation of foreign subsidiary, net of tax	413	-	2,180	-
COMPREHENSIVE LOSS	\$ (1,161,703)	\$ (755,157)	\$ (2,266,658)	\$ (1,134,062)

See accompanying notes to interim consolidated financial statements

ANTIBE THERAPEUTICS INC.
Interim Consolidated Statements of Cash Flows
For the Three Months and Six Months ended September 30, 2016 and 2015

	Three months ended September 30 2016	Three months ended September 30 2015	Six months ended September 30 2016	Six months ended September 30 2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss	\$ (1,162,116)	\$ (755,157)	\$ (2,268,838)	\$ (1,134,062)
Items not affecting cash				
Deferred income taxes	(37,208)	-	(38,891)	-
Accretion expense	74,684	-	144,712	-
Stock-based compensation	124,163	73,723	298,796	115,133
Amortization of transaction costs	15,092	-	30,019	-
Depreciation of property and equipment	5,168	-	9,651	-
Amortization of intangible assets	80,138	-	160,051	-
Interest paid in kind	79,522	-	157,110	-
Severance paid in kind	-	-	-	35,000
Exchange gain on translation of foreign subsidiary	561	-	2,965	-
	<u>\$ (819,996)</u>	<u>\$ (681,434)</u>	<u>\$ (1,504,425)</u>	<u>\$ (983,929)</u>
Changes in non-cash working capital				
Accounts receivable	\$ 150,742	\$ (19,757)	\$ 24,214	\$ (7,867)
Inventory	51,237	-	(253,673)	-
Prepaid expenses	(23,976)	(14,795)	15,937	(24,609)
Advances from Antibe Holdings Inc.	(6,687)	(6,364)	140,628	(8,320)
Accounts payable and accrued liabilities	(358,653)	(2,168)	210,019	(38,717)
	<u>(187,337)</u>	<u>(43,084)</u>	<u>137,125</u>	<u>(79,513)</u>
Cash flows used in operating activities	<u>\$ (1,007,333)</u>	<u>\$ (724,518)</u>	<u>\$ (1,367,300)</u>	<u>\$ (1,063,442)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	<u>\$ (1,648)</u>	<u>\$ -</u>	<u>\$ (4,539)</u>	<u>\$ -</u>

See accompanying notes to interim consolidated financial statements

ANTIBE THERAPEUTICS INC.**Interim Consolidated Statements of Cash Flows** *(continued)***For the Three Months and Six Months ended September 30, 2016 and 2015***(Unaudited)*

	Three months ended September 30 2016	Three months ended September 30 2015	Six months ended September 30 2016	Six months ended September 30 2015
CASH FLOWS FROM FINANCING ACTIVITIES				
	\$ -	\$ -	\$ -	\$ -
Proceeds on:				
Issuance of shares	-	-	1,455,000	1,250,000
Exercise of warrants	33,475	4,640	33,475	4,640
Deposits on issuance of shares	-	-	-	(25,000)
Transaction costs	-	-	-	(57,967)
Share issuance costs	-	-	(76,963)	(33,280)
Deferred share issuance costs	(1,955)	-	(3,887)	-
Repayment of long-term debt	(31,346)	-	(62,298)	-
Increase in bank indebtedness	418,861	-	143,718	-
Cash flows from financing activities	\$ 419,035	\$ 4,640	\$ 1,489,045	\$ 1,138,393
NET CHANGE IN CASH FOR THE PERIOD	\$ (589,946)	\$ (719,878)	\$ 117,206	\$ 74,951
CASH, BEGINNING OF THE PERIOD	1,093,216	1,191,915	386,064	397,086
CASH, END OF THE PERIOD	\$ 503,270	\$ 472,037	\$ 503,270	\$ 472,037
SUPPLEMENTARY INFORMATION				
Interest paid	42,432	23	89,995	38

See accompanying notes to interim consolidated financial statements

ANTIBE THERAPEUTICS INC.

Notes to Interim Consolidated Financial Statements

September 30, 2016 and March 31, 2016

(Unaudited)

1. DESCRIPTION OF BUSINESS

Antibe Therapeutics Inc. (the "Company" or "Antibe") was incorporated under the Business Corporations Act (Ontario) on May 5, 2009. The Company was originally established under the legal name 2205405 Ontario Inc. On December 16, 2009, the Company changed its name to Antibe Therapeutics Inc. On June 18, 2013, the Company completed its initial public offering and was listed on the TSX Venture Exchange. On September 15, 2014, the Company began trading in the United States on the OTCQX Exchange.

The Company originates, develops and out-licenses patent-protected new pharmaceuticals that are improved versions of existing drugs. Antibe's lead compound, ATB-346, combines hydrogen sulfide with naproxen, an approved, marketed and off-patent non-steroidal anti-inflammatory drug. The Company's main objective is to develop ATB-346 to the end of Phase II by satisfying the requirements of the relevant drug regulatory authorities while also satisfying the commercial licensing objectives of prospective global partners. The Company has also established a development plan for its lead compound through to the end of Phase III human clinical studies for regulatory discussion purposes. Additionally, the Company continues to investigate other research projects as well as additional development opportunities that it has access to while not losing sight of its main objective.

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

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

Approximately 16.1% of the Company's common shares are held by Antibe Holdings Inc. ("AHI").

2. BASIS OF PRESENTATION

(a) Statement of compliance -

These condensed interim financial statements have been prepared in conformity with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, using the same accounting policies as detailed in the Company's audited annual financial statements for the year ended March 31, 2016. They do not include all the information required for complete annual financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and therefore should be read together with the audited annual financial statements for the year ended March 31, 2016.

ANTIBE THERAPEUTICS INC.**Notes to Interim Consolidated Financial Statements****September 30, 2016 and March 31, 2016***(Unaudited)*

2. BASIS OF PRESENTATION *(continued)***(b) Consolidation -**

These interim consolidated financial statements include the accounts of the Company and its subsidiaries, as follows:

	Percentage <u>ownership</u>
Antibe Terapiya Rus LLP ("Tera")	100%
Citagenix	100%
BMT Medizintechnik GmbH ("BMT")	100%

Citagenix, the parent company of BMT, was acquired on October 15, 2015. Citagenix was incorporated under the Business Corporations Act (Quebec) on December 8, 1997 and operates in Canada. BMT was incorporated and operates in Germany.

All intercompany balances and transactions have been eliminated on consolidation.

(c) Going concern -

The consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As at September 30, 2016, the Company had working capital of \$1,923,956 (March 31, 2016 - \$2,005,295), incurred a net loss for the six months of \$2,268,838 (2015 - \$1,134,062), and had negative cash flows from operations for the six months of \$1,367,300 (2015 - \$1,063,442).

All of the factors above raise substantial doubt about the Company's ability to continue as a going concern. Management's plans to address these issues involve actively seeking capital investment and to generate revenue and profit from the commercialization of its products. The Company's ability to continue as a going concern is subject to management's ability to successfully implement this plan. Failure to implement this plan could have a material adverse effect on the Company's financial condition and financial performance.

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

If the going concern assumption was not appropriate for these 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 consolidated financial statements do not include adjustments that would be necessary if the going concern assumption was not appropriate.

ANTIBE THERAPEUTICS INC.

Notes to Interim Consolidated Financial Statements

September 30, 2016 and March 31, 2016

(Unaudited)

2. BASIS OF PRESENTATION *(continued)*

(d) Use of estimates -

The preparation of interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the interim consolidated financial statements, and the reported amount of revenue and expenses during the period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which such adjustments become known. Significant estimates in these interim 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.

(e) Comparative figures -

Certain comparative figures have been reclassified to conform to the current year's presentation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation -

The Company's presentation currency is the Canadian dollar. The functional currency of the Company and its subsidiary, Citagenix, is the Canadian dollar, while the functional currency of BMT and Tera is the Euro.

In preparing the financial statements of the individual entities, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the date of the transactions. At the end of the each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Foreign currency translation gains and losses are presented in the statements of net loss and comprehensive loss in the period in which they occur.

For its subsidiaries with a non-Canadian dollar functional currency, results of operations and cash flows are translated at average exchange rates during the period, assets and liabilities are translated at the unified exchange rate at the end of the period, and equity is translated at historical exchange rates. Translation adjustments resulting from the process of translating the local currency financial statements into Canadian dollars are included in other comprehensive income.

Future changes in significant accounting policies -

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Future changes in significant accounting policies *(continued)* -

(i) Financial Instruments -

IFRS 9, Financial Instruments ("IFRS 9") was issued in 2010 and is to replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. In addition, under IFRS 9 the same impairment model is applied to all financial instruments that are subject to impairment accounting. The current impairment model is replaced with an expected credit loss model which means that a loss event will no longer need to occur before an impairment allowance is recognized. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

Management is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

(ii) Revenue -

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

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

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. This standard is effective for annual periods beginning on or after January 1, 2018.

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"). IFRS 16 is to replace IAS 17, Leases ("IAS 17") and eliminates the classification of leases as either operating or finance leases by the lessee. Classification of leases by the lessor under IFRS 16 continues as either an operating or a finance lease, as was the treatment under IAS 17. The treatment of leases by the lessee will require capitalization of all leases resulting in accounting treatment similar to finance leases under IAS 17. Exemptions for leases of very low value or short-term leases will be applicable. The new standard is to result in an increase in lease assets and liabilities for the lessee. Under the new standard the treatment of all lease expense is aligned in the statement of income (loss) with depreciation, and an interest expense component recognized for each lease, in line with finance lease accounting under IAS 17. IFRS 16 is effective for the Company prospectively for annual periods beginning on or after January 1, 2019.

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

ANTIBE THERAPEUTICS INC.**Notes to Interim Consolidated Financial Statements****September 30, 2016 and March 31, 2016***(Unaudited)***4. PRODUCTS UNDER LICENSE AND DEVELOPMENT**

There are several products currently under license and development:

(i) ATB-346: Acute and Chronic Pain is a non-steroidal anti-inflammatory (NSAID) product that is designed to improve upon existing treatments for acute and chronic pain with a reduction in the occurrence of undesired gastrointestinal effects.

(ii) ATB-352 is a product targeting the urgent global need for a safer analgesic for treating severe acute pain.

Since inception, the cumulative research and development costs that have been incurred in developing the products total \$5,229,066, net of \$402,237 of cumulative ITCs received.

5. ACCOUNTS RECEIVABLE

	September 30, 2016	March 31, 2016
Trade receivables	\$ 1,158,075	\$ 1,206,934
ITCs receivable	15,461	92,026
Value-added taxes receivable	4,005	8,341
Harmonized sales taxes receivable	45,666	38,950
Allowance for doubtful accounts	-	(98,830)
	\$ 1,223,207	\$ 1,247,421

The change in the allowance for doubtful accounts is as follows:

	For the six months ended September 30, 2016	Year ended March 31, 2016
Balance, beginning of the period	\$ 98,830	\$ -
Write offs	(92,400)	-
Allowance acquired	-	100,932
Bad debt recovery	(6,430)	(2,102)
	\$ -	\$ 98,830

ANTIBE THERAPEUTICS INC.**Notes to Interim Consolidated Financial Statements****September 30, 2016 and March 31, 2016***(Unaudited)***6. INTANGIBLE ASSETS**

Intangible assets is comprised as follows:

	Trademarks and Brands	License	Patents	Total
Cost				
At April 1, 2016	\$ 3,094,018	\$ 250,000	\$ 18,872	\$ 3,362,890
Additions	-	-	-	-
As at September 30, 2016	3,094,018	250,000	18,872	3,362,890
Amortization				
At April 1, 2016	142,410	-	5,129	147,539
Charge for the period	155,125	-	4,926	160,051
As at September 30, 2016	297,535	-	10,055	307,590
Carrying amount				
As at September 30, 2016	\$ 2,796,483	\$ 250,000	\$ 8,817	\$ 3,055,300

The terms of the license agreement are 10 years from the date of the first commercial sale of the licensed products. As at September 30, 2016, there were no commercial sales of the licensed products. As such, no amortization is recognized in the current period related to this license.

7. BANK INDEBTEDNESS

Citagenix has an operating line of credit with the Laurentian Bank of Canada ("Laurentian") to a maximum of \$2,000,000. The outstanding line of credit balance is due on demand and bears interest at Laurentian'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 Citagenix's present and future claims and universality of Citagenix'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.

The line of credit is subject to certain financial tests and covenants measured based on Citagenix's non-consolidated year-end financial statements. As at March 31, 2016 (last measurement date), Citagenix was not in compliance with the covenants. However, the bank issued a waiver until the next renewal date of September 1, 2016. The banking agreement was subsequently renewed and amended on October 26, 2016 (see note 16).

The Company holds a corporate credit card facility, administered by the Royal Bank of Canada. 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.

ANTIBE THERAPEUTICS INC.**Notes to Interim Consolidated Financial Statements****September 30, 2016 and March 31, 2016***(Unaudited)*

8. 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 15). AHI is also permitted to draw down funds against future milestone payments.

During the three and six months ended September 30, 2016, the Company advanced a net \$6,687 and \$2,685, respectively, to AHI (during the three and six months ended September 30, 2015 - \$6,364 and \$8,320, respectively). As at September 30, 2016, \$107,662 (as at March 31, 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.

9. CONVERTIBLE DEBENTURES

The following is a continuity of the convertible debentures:

	Six months ended September 30, 2016	Year ended March 31, 2016
Convertible debentures - beginning of the period	\$ 2,027,295	\$ -
Debentures issued in the period	-	2,012,049
Issue costs	-	(173,751)
Interest paid in kind	157,110	62,014
Accretion	144,712	105,466
Amortization of issue costs	30,019	21,517
Convertible debentures - end of the period	\$ 2,359,136	\$ 2,027,295

ANTIBE THERAPEUTICS INC.**Notes to Interim Consolidated Financial Statements****September 30, 2016 and March 31, 2016***(Unaudited)***10. SHARE CAPITAL****(a) Authorized**

The Company has an unlimited number of authorized common shares without par value.

(b) Common shares

	Six months ended June 30,		Year ended March 31, 2016	
	2016			
	Shares	Amount	Shares	Amount
Balance, beginning of the period	78,640,115	\$ 13,112,541	37,005,858	\$ 8,237,721
Private placement ("PP3a")	-	-	7,860,000	786,000
Private placement ("PP3b")	-	-	4,640,000	464,000
Private placement ("PP4a") (a)	9,685,000	968,500	-	-
Private placement ("PP4b") (b)	4,865,000	486,500	-	-
Settlement of debt	-	-	148,936	35,000
Acquisition of Citagenix	-	-	28,733,921	4,310,088
Warrants exercised	228,500	54,072	251,400	62,054
Fair value of warrants issued (a) and (b)	-	(472,943)	-	(538,050)
Share issuance costs (c)	-	(145,113)	-	(244,272)
Balance, end of the period	93,418,615	\$ 14,003,557	78,640,115	\$ 13,112,541

1. 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.

2. 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.

3. 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 10(d)). All issuance costs were offset against share capital at each of the closings.

ANTIBE THERAPEUTICS INC.

Notes to Interim Consolidated Financial Statements

September 30, 2016 and March 31, 2016

(Unaudited)

10. SHARE CAPITAL *(continued)*

(c) Stock options

The Company has established a stock option plan which provides a limited issuance of options, capped at 15,140,523 common shares. The plan is to encourage ownership of common shares by directors, senior officers and consultants of the Company. The fair value of the options is measured as of the grant date, using the BSM, and is recognized over the vesting period. The fair value is recognized as an expense or netted against share capital in relation to share or debt issuance with a corresponding increase in contributed surplus. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

On October 22, 2013, the Company granted options on 250,000 common shares with an exercise price of \$0.55 per share to its directors and employees. 25% of the options vest at the grant date while the remainder vest over 36 months, commencing the month subsequent to the grant date. The estimated fair value of these options calculated using the BSM was \$136,966. \$418 and \$1,291 was expensed during the three and six months ended September 30, 2016, respectively, and included in contributed surplus (during the three and six months ended September 30, 2015 - \$2,556 and \$5,828, respectively).

On March 4, 2014, the Company granted options on 1,025,000 common shares with an exercise price of \$0.66 per share to its directors and employees. Of the total 1,025,000 options granted, 440,000 options consist of the base option (the "Base Options") and the remaining 585,000 are bonus options ("Bonus Options"). 25% of the Base Options vested at the grant date while the remainder vests over 36 months, commencing two months after the grant date. 585,000 Bonus Options are subject to certain performance conditions. Once the conditions are met, 25% of the options vest immediately while the remainder vest over 36 months, commencing two months after the date it is determined the conditions are met. The estimated fair value of the Base and Bonus Options calculated using the BSM was \$735,251. \$3,829 and \$9,245 was expensed during the three and six months ended September 30, 2016, respectively, and included in contributed surplus (during the three and six months ended September 30, 2015 - \$12,273 and \$29,344, respectively).

On May 12, 2014, the Company granted options on 100,000 common shares with an exercise price of \$0.54 per share to its directors and employees. 25% of the options vest at the grant date while the remainder vest over 36 months, commencing the month subsequent to the grant date. The estimated fair value of these options calculated using the BSM was \$53,788. \$762 and \$1,808 was expensed during the three and six months ended September 30, 2016, respectively, and included in contributed surplus (during the three and six months ended September 30, 2015 - \$2,170 and \$4,840, respectively).

On December 16, 2014, the Company entered into an investor relations consulting agreement with Stonegate Capital Partners Inc. ("Stonegate") wherein Stonegate is to provide the Company with investor relations services focused on the US investment market for a six-month period starting from the date of the execution of the contract. As per the terms of the agreement, the Company granted Stonegate options on 24,000 common shares with an exercise price of \$0.52 per share. 25% of the options vest at the grant date while the remainder will vest quarterly starting on the date of the grant. The estimated fair value of these options calculated using the BSM was \$19,502. No amount was expensed during the three and six months ended September 30, 2016 (during the three and six months ended September 30, 2015 - \$2,672 and \$5,554, respectively, and included in contributed surplus).

On May 5, 2015, the Company granted Hamza Thindal Capital Corporation ("HTCC") options in exchange for consulting services provided by HTCC under the terms of a consulting agreement. The options give HTCC the right to purchase a total of 300,000 common shares pursuant to the Company's stock option plan. These options have an exercise price of \$0.235 and an expiry date of May 5, 2018. The estimated fair value of these options calculated using the BSM was \$62,204. No amount was expensed during the three and six months ended September 30, 2016 (during the three and six months ended September 30, 2015 - \$15,604 and \$31,208, respectively, and included in contributed surplus).

ANTIBE THERAPEUTICS INC.**Notes to Interim Consolidated Financial Statements****September 30, 2016 and March 31, 2016***(Unaudited)*

10. SHARE CAPITAL *(continued)*

In July 9, 2015, the Company granted its management team 610,000 stock options pursuant to the Company's stock option plan. Each option has an exercise price of \$0.14 and an expiry date of July 13, 2025. Twenty-five percent of the granted options vest on the grant date and 1/36th of the remaining options vest in each of the subsequent 36 months starting in the second month following the grant date. The estimated fair value of these options calculated using the BSM was \$85,031. \$5,286 and \$11,843 was expensed during the three and six months ended September 30, 2016, respectively, and included in contributed surplus (during the three and six months ended September 30, 2015 - \$38,359 and \$38,359 respectively).

On November 17, 2015, the Company granted BND Projects Incorporated ("BND") options in exchange for services provided by BND under the terms of a consulting agreement. The options give BND the right to purchase a total of 12,000 common shares pursuant to the Company's stock option plan. These options have an exercise price of \$0.17 and expire on November 17, 2018. Twenty-five percent of the granted options vest on the grant date and the remainder vests quarterly. The estimated fair value of these options calculated using the BSM was \$1,775. \$444 and \$888 was expensed during the three and six months ended September 30, 2016, respectively, and included in contributed surplus.

On March 9, 2016, the Company granted BND options under the terms of a consulting agreement. The options give BND the right to purchase a total of 12,000 common shares pursuant to the Company's stock option plan. These options have an exercise price of \$0.145 and expire on March 9, 2019. Twenty-five percent of the granted options vest on the grant date and the remainder vests quarterly. The estimated fair value of these options calculated using the BSM was \$1,457. \$364 and \$728 was expensed during the three and six months ended September 30, 2016, respectively, and included in contributed surplus.

On March 9, 2016, the Company granted its directors, officers and employees options to purchase a total of 6,751,000 common shares pursuant to the Company's stock option plan. Each option has an exercise price of \$0.145 and expires on March 9, 2026. Twenty-five percent of the granted options vest on the grant date and 1/36th of the remaining options vest in each of the subsequent 36 months starting in the second month following the grant date. The estimated fair value of these options calculated using the BSM was \$968,409. \$112,108 and \$271,711 was expensed during the three and six months ended September 30, 2016, respectively, and included in contributed surplus.

On June 10, 2016, the Company granted BND options under the terms of a consulting agreement. The options give BND the right to purchase a total of 12,000 common shares pursuant to the Company's stock option plan. These options have an exercise price of \$0.13 and expire on June 10, 2019. Twenty-five percent of the granted options vest on the grant date and the remainder vests quarterly. The estimated fair value of these options calculated using the BSM was \$1,322. \$330 and \$660 was expensed during the three and six months ended September 30, 2016, respectively, and included in contributed surplus.

On September 6, 2016, the Company granted BND options under the terms of a consulting agreement. The options give BND the right to purchase a total of 12,000 common shares pursuant to the Company's stock option plan. These options have an exercise price of \$0.23 and expire on September 6, 2019. Twenty-five percent of the granted options vest on the grant date and the remainder vests quarterly. The estimated fair value of these options calculated using the BSM was \$2,486 and \$622 was expensed during the three months ended September 30, 2016 and included in contributed surplus.

ANTIBE THERAPEUTICS INC.**Notes to Interim Consolidated Financial Statements****September 30, 2016 and March 31, 2016***(Unaudited)***10. SHARE CAPITAL (continued)**

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

	Six months ended September 30, 2016		Year ended March 31, 2016	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Balance, beginning of the period	11,449,000	\$ 0.29	4,802,654	\$ 0.44
Granted during the period	24,000	0.18	7,685,000	0.15
Expired during the period	(27,000)	0.34	(1,038,654)	0.44
Balance, end of the period	11,446,000	\$ 0.29	11,449,000	\$ 0.29

	Number of options	Exercise price	Expiry date
	24,000	\$ 0.52	October 31, 2017
	300,000	\$ 0.24	May 5, 2018
	12,000	\$ 0.17	November 17, 2018
	12,000	\$ 0.15	March 9, 2019
	12,000	\$ 0.13	June 10, 2019
	12,000	\$ 0.23	September 6, 2019
	2,700,000	\$ 0.33	January 25, 2020
	150,000	\$ 0.55	October 22, 2023
	805,000	\$ 0.66	March 4, 2024
	75,000	\$ 0.54	May 9, 2020
	610,000	\$ 0.14	July 13, 2025
	6,734,000	\$ 0.15	March 9, 2026
	11,446,000		

The number of options exercisable as at September 30, 2016 is 6,248,818 and the weighted average exercise price of these options is \$0.27.

(d) Common share purchase warrants

In addition to the warrants described in note 10(b), the following warrants were granted.

On PP4a Closing Date, the Company granted 318,000 common share purchase warrants to finders (the “PP4a Finder Warrants”). Each PP4a Finder Warrant entitles the bearer to purchase one common share for a price of \$0.15 and expires two years from the date of issuance. The estimated fair value of these warrants calculated using the BSM was \$31,094 and was offset against share capital as share issuance costs.

ANTIBE THERAPEUTICS INC.**Notes to Interim Consolidated Financial Statements****September 30, 2016 and March 31, 2016***(Unaudited)***10. SHARE CAPITAL (continued)**

On PP4b Closing Date, the Company granted 378,880 common share purchase warrants to finders (the “PP4b Finder Warrants”). Each PP4b Finder Warrant entitles the bearer to purchase one common share for a price of \$0.15 and expires two years from the date of issuance. The estimated fair value of these warrants calculated using the BSM was \$37,056 and was offset against share capital as share issuance costs.

The following is a summary of all warrants to purchase common shares that are outstanding at September 30, 2016 and March 31, 2016 as well as details on exercise prices and expiry dates:

	Six months ended September 30, 2016		Year ended March 31, 2016	
	Warrants	Weighted average exercise price	Warrants	Weighted average exercise price
Balance, beginning of the period	16,213,362	\$ 0.31	3,872,239	\$ 0.67
Granted during the period	7,971,880	0.15	13,277,982	0.22
Exercised	(228,500)	0.15	(251,400)	0.10
Expired	(189,760)	0.60	(685,459)	0.59
Balance, end of the period	23,766,982	\$ 0.26	16,213,362	\$ 0.31

	Number of warrants	Exercise price	Expiry date
	817,676	\$ 0.80	December 30, 2016
	316,344	\$ 0.80	January 28, 2017
	390,400	\$ 0.10	April 1, 2017
	192,000	\$ 0.10	April 9, 2017
	787,500	\$ 0.10	December 1, 2017
	143,182	\$ 0.22	December 23, 2017
	3,652,500	\$ 0.15	April 1, 2018
	2,320,000	\$ 0.15	April 9, 2018
	5,160,500	\$ 0.15	June 10, 2018
	2,811,380	\$ 0.15	June 20, 2018
	6,100,000	\$ 0.31	October 15, 2018
	168,000	\$ 0.83	December 1, 2018
	907,500	\$ 0.83	June 1, 2019
	23,766,982		

ANTIBE THERAPEUTICS INC.**Notes to Interim Consolidated Financial Statements****September 30, 2016 and March 31, 2016***(Unaudited)***10. SHARE CAPITAL (continued)**

The following assumptions were used in the BSM to determine the fair value of the share-based compensation expense relating to stock options and the fair value of warrants in the period:

	Three months ended September 30, 2016	Three months ended September 30, 2015	Six months ended September 30, 2016	Six months ended September 30, 2015
Risk-free interest rate	0.57%	1.59%	0.49% - 0.57%	0.47%-2.49%
Expected volatility	170%	180%	169%	180%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Expected life of warrants and options	3 years	10 years	2-3 years	2-10 years
Share price	\$0.23	\$0.10 - \$0.17	\$0.13	\$0.10 - \$0.24
Exercise price	\$0.23	\$0.59	\$0.10 - \$0.15	\$0.24 - \$0.29

The Company has determined the forfeiture rate to be nil and volatility was determined based on weighted average historic volatility.

11. LOSS PER SHARE

Basic loss per share is calculated by dividing the net loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. All unexercised share options and warrants were excluded from calculating diluted loss per share as the effect on the loss per share would be anti-dilutive.

The following securities could potentially dilute basic earnings per share in the future but have not been included in diluted earnings per share because their effect was anti-dilutive in the current period:

	Six months ended September 30, 2016	Year ended March 31, 2016
Stock options	8,728,327	11,449,000
Warrants	9,240,202	15,614,962
Convertible debentures	14,859,650	14,145,518

ANTIBE THERAPEUTICS INC.**Notes to Interim Consolidated Financial Statements****September 30, 2016 and March 31, 2016***(Unaudited)***12. 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 on October 15, 2015, the Company had only one business segment.

The segmented performance of these two businesses for the three and six months ended September 30, 2016 are as follows:

	For the three months ended September 30, 2016			For the six months ended September 30, 2016		
	Antibe	Citagenix	Consolidated	Antibe	Citagenix	Consolidated
Sales	-	2,187,083	2,187,083	-	4,817,455	4,817,455
Cost of sales	-	1,281,169	1,281,169	-	2,753,082	2,753,082
Gross profit	-	905,914	905,914	-	2,064,373	2,064,373
Expenses	897,668	1,208,938	2,106,606	1,944,500	2,472,507	4,417,007
Loss from operation	(897,668)	(303,024)	(1,200,692)	\$(1,944,500)	\$(408,134)	\$(2,352,634)

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

The Company's assets and liabilities by each business as at September 30, 2016 and March 31, 2016 are as follows:

	As at September 30, 2016			As at March 31, 2016		
	Antibe	Citagenix	Consolidated	Antibe	Citagenix	Consolidated
Assets:						
Current	\$ 1,324,861	\$ 3,875,758	\$ 5,200,619	\$ 1,336,440	\$ 3,674,079	\$ 5,010,519
Non-current	260,560	4,345,892	\$ 4,606,452	256,673	4,472,950	4,729,623
Total assets	\$ 1,585,421	\$ 8,221,650	\$ 9,807,071	\$ 1,593,113	\$ 8,147,029	\$ 9,740,142
Liabilities:						
Current	\$ 311,153	\$ 2,965,510	\$ 3,276,663	\$ 249,987	\$ 2,755,237	\$ 3,005,224
Non-current	2,359,136	-	\$ 2,359,136	2,027,295	-	2,027,295
Total liabilities	\$ 2,670,289	\$ 2,965,510	\$ 5,635,799	\$ 2,277,282	\$ 2,755,237	\$ 5,032,519

ANTIBE THERAPEUTICS INC.

Notes to Interim Consolidated Financial Statements

September 30, 2016 and March 31, 2016

(Unaudited)

13. FINANCIAL INSTRUMENTS

The carrying values of cash, term deposits, restricted cash, accounts receivable, due from AHI, bank indebtedness, accounts payable and accrued liabilities and long-term debt approximate fair values due to the relatively short term maturities of these instruments.

The fair value of convertible debentures approximates its carrying value as the instruments are discounted at market rates.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into a hierarchy based on the degree to which the fair value is observable. Level 1 fair value measurements are derived from unadjusted, quoted prices in active markets for identical assets or liabilities. Level 2 fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability directly or indirectly. Level 3 fair value measurements are derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data.

Financial instruments classified as Level 1 include cash, term deposits, restricted cash and bank indebtedness. At the current time, the Company does not have financial instruments classified in Level 2 or Level 3.

14. FINANCIAL RISK MANAGEMENT

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 and the excess of cash held in one financial institution over the deposit insurance by Canadian Deposit Insurance Corporation. 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.

ANTIBE THERAPEUTICS INC.**Notes to Interim Consolidated Financial Statements****September 30, 2016 and March 31, 2016***(Unaudited)*

14. FINANCIAL RISK MANAGEMENT**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.

15. COMMITMENTS**(a) Royalty and milestone commitment -**

On December 22, 2009, the Company entered into a License Agreement with AHI that provided for the exclusive right and license to research, develop, and commercialize various patents. Pursuant to the agreement, the Company paid an upfront non-refundable license fee of \$157,500 to obtain exclusive right to the patents. The agreement requires the Company to pay royalties of 4% of all net sales upon the first commercial sale or, if the Company sublicenses the patents, the Company will pay a 15% royalty on royalty revenue earned. Additionally, the Company is required to make milestone payments to AHI at various stages of development, namely the greater of a \$150,000 payment upon enrolment of the first patient in a Phase I clinical trial or 10% of any milestone payment received from a sublicense relation thereto; the greater of a \$150,000 payment upon enrolment of the first patient in the first Phase II clinical trial or 10% of any milestone payment received from a sublicense relation thereto; the greater of a \$150,000 payment upon enrolment of the first patient in the first Phase III clinical trial or 10% of any milestone payment received from a sublicense relation thereto; the greater of a \$250,000 payment upon the first filing of a new drug application or 10% of any milestone payment received from a sublicense relation thereto; and the greater of a \$750,000 payment upon receipt of the first regulatory approval from any relevant registration authority or 10% of any milestone payment received from a sublicense relation thereto.

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 II clinical trial.

(b) Office lease commitments -

The Company has entered into long-term leases for its premises. The future minimum payments under the lease agreements are as follows:

No later than 1 year	\$	234,150
Later than 1 year but no later than 5 years		806,653
Total		\$1,040,803

ANTIBE THERAPEUTICS INC.

Notes to Interim Consolidated Financial Statements

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(Unaudited)

16. SUBSEQUENT EVENTS

(a) On October 14, 2016, the Company announced its election to pay in kind all interest due October 15, 2016 under the Company's 10% senior secured convertible debentures due October 15, 2018 (the "Debentures"). The Debentures provide that Antibe may, at its sole option, elect to pay in kind certain interest payments. The aggregate October 15, 2016 interest payment under the Debentures in the amount of \$82,399.80 has been added to the principal amount of the Debentures (the "Added Principal Amount"). The holders of Debentures may convert the principal amount of each Debenture into Antibe common shares at a price of \$0.22 per common share. As a result of the addition of the Added Principal Amount to the principal amount of the Debentures, an additional 374,545 common shares in the capital of Antibe will be issuable on the conversion of the principal amount of the Debentures. The in kind election has received TSX Venture Exchange approval.

(b) On October 31, 2016, 100,000 PP3a Investor Warrants were exercised and the Company issued 100,000 common shares for gross proceeds of \$15,000. 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.

(c) On October 26, 2016, Citagenix renewed its credit facility agreement with the Laurentian 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 Laurentian'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 Laurentian'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 Citagenix's present and future claims and universality of Citagenix'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 Citagenix's present and future claims and universality of Citagenix's present and future property and assets with all risk of insurance and with losses payable to Laurentian.
