ANTIBE THERAPEUTICS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended March 31, 2019

Dated: July 16, 2019

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, 2019 ("Q4 2019", and "Q4 2019 YTD" respectively) and for the comparator periods, the three and twelve month periods ended March 31, 2018 ("Q4 2018", and "Q4 2018 YTD" respectively) and should be read in conjunction with the Company's most recent audited consolidated financial statements (the "2019 Audited FS") and the notes thereto. The Company's accounting policies and estimates used in the preparation of the 2019 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"), as issued by the International Accounting Standards Board, and are presented in Canadian dollars unless otherwise noted herein.

This MD&A was approved by the Company's Board of Directors on July 16, 2018.

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 biotechnology company that seeks to develop safer medicines for pain and inflammation. Antibe's technology involves linking a hydrogen sulfide-releasing molecule to an existing drug to produce a patented, improved medicine. Antibe's lead drug, ATB-346, targets the global need for a safer drug for chronic pain and inflammation. In March 2018, ATB-346 met its primary endpoint in a Phase 2B double-blind trial vs naproxen, showing a statistically significant difference in the incidence of ulcers, a measure of gastrointestinal ("GI") safety (2.5% versus 42.1% ulceration rate of at least 3 mm in diameter). 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 is a GI-safe derivative of aspirin. In addition, Antibe has a commercial subsidiary, Citagenix Inc. ("Citagenix"), that is engaged in the sales and marketing of tissue regenerative products for oral and maxillofacial surgery. Citagenix is pursuing a global growth strategy in the dental biologics market.

NOVEL DRUG DEVELOPMENT PLATFORM

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 a 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 nonsteroidal anti- inflammatory drug ("NSAID"). By combining the attributes of H_2S with naproxen, multiple pre-clinical studies have shown that ATB-346 has therapeutic efficacy that is equal to or greater than that of naproxen while demonstrating a significantly improved side-effect profile versus naproxen and other commonly used NSAID treatments for pain associated with, amongst other conditions, osteoarthritis.

The Company's main objective is to develop ATB-346 to the end of Phase II, a possible strategic exit point, by satisfying the requirements of the drug regulatory authorities while also satisfying the commercial licensing objectives of prospective global partners. Antibe has established a development plan for the drug through to the end of Phase III human clinical studies for regulatory discussion purposes. The Company intends to move through this development program quickly and efficiently, while continuing to investigate the other assets in its pipeline.

Recent Development. On July 3, 2018, the Company announced the secondary endpoint data from the Phase 2 GI safety study for ATB-346. The secondary endpoints were: incidence of gastric or duodenal ulcers of at least 5 mm diameter with unequivocal depth; number of gastric and/or duodenal erosions and/or ulcers; incidence of dyspepsia leading to discontinuation of study treatment; changes from baseline in hematocrit levels; and changes from baseline in ex vivo whole blood thromboxane B2 (TXB2) synthesis, a known biomarker for cyclo-oxygenase (COX) inhibition. No subjects treated with ATB-346 exhibited ulcers of more than 5 mm diameter (0% ulcer incidence) versus 30 subjects treated with naproxen (24% ulcer incidence), with an average of 2.5 ulcers per subject. Furthermore, there were a total of 4 gastric ulcers and 0 duodenal ulcers in the ATB-346 group, versus a total of 203 gastric and duodenal ulcers in the naproxen group. Both naproxen and ATB-346 inhibited TXB2 synthesis by more than 94%.

Antibe performed a series of animal studies with an objective of further characterizing the metabolic profile of ATB-346. Clinical studies conducted to-date indicate that ATB-346 is far more potent than naproxen and suggests one or more active metabolites are contributing to the mechanism of action. The recently obtained data on several metabolites of ATB-346 provide significant insights to understanding the increased potency and duration-of-activity of the drug. A defined understanding of a drug's mechanism of action and metabolism is a key requirement for regulatory approval and will also support strategic partnering discussions. These metabolism studies were conducted by a leading clinical research organization ("**CRO**") in the United States. Additional studies are on-going.

Current Development. The Company recently commenced a Phase 2B dose-ranging, efficacy study designed to provide a comprehensive package of efficacy and metabolism data required by regulatory bodies and global partners. The study is being conducted in two parts:

- **Part 1: COX Inhibition and Characterization of Metabolites *(completed November 2018).*** The primary objectives of the study were to: (i) evaluate cyclo-oxygenase (COX) inhibition to inform the doses of ATB-346 to be used in part two, the upcoming dose-ranging, efficacy study; (ii) obtain a series of blood samples at distinct

[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.

time intervals to facilitate analysis of the principal metabolites of ATB-346; and (iii) further assess the overall safety and tolerability of the drug. The COX inhibition data of the 250 mg dose was consistent with the Phase 2A and Phase 2B studies, and marked inhibition was also observed with the two lower doses. Additionally, comprehensive analysis is underway to characterize the pharmacokinetic profile of each principal metabolite of ATB-346. The drug was also safe and well tolerated.

- **Part 2: Validation of Effectiveness *(underway).*** Antibe received approval from Health Canada in January 2019 to initiate the second part of the Phase 2B dose-ranging, efficacy study for ATB-346. On March 29, 2019, the Company announced the formal commencement of patient screening for the study. The primary objective of the study is to evaluate the efficacy of ATB-346 in reducing osteoarthritis ("OA") pain over a 14-day treatment period. The study will involve a total of 360 patients with OA of the knee, who will be randomized to placebo or one of three doses of ATB-346 administered once daily: 150 mg, 200 mg or 250 mg. The study is being conducted by Veristat, Inc. ("Veristat") in approximately 35 clinical sites across Canada and is actively enrolling patients. Antibe expects a top-line data read-out in calendar Q3 2019.

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.[2]

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.[3] On June 3, 2019, the Company announced that it is targeting post-operative pain as the lead indication for ATB-352, and plans to pursue a Fast Track designation with the FDA to expedite the development and regulatory approval process. Antibe has initiated IND-enabling pre-clinical 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 calendar 2020.

Regional Partnering Opportunities

Antibe is strategically seeking regional partnering opportunities to provide non-dilutive sources of funding and to monetize its drug platform through royalty and milestone revenue.

On September 5, 2018, Antibe entered into an exclusive licensing agreement with Kwangdong Pharmaceutical Co., Ltd. ("Kwangdong") for the development and commercialization of ATB-346 in South Korea. Kwang Dong is a leading pharmaceutical company in South Korea, with net sales in excess of US$600 million. Under the terms of the agreement, Antibe is entitled to receive US$10 million in non-dilutive development and commercial milestone payments, including an upfront payment of US$1 million, and a royalty on net sales in the region.

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

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

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 and non-refundable payment of €800,000 (CAD $1,142,400) 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).

COMMERCIAL ASSET IN REGENERATIVE MEDICINE

Antibe's subsidiary, Citagenix, is a leading promoter and distributor of tissue regenerative products addressing the oral craniofacial ("**OCF**") market in Canada and internationally. Citagenix has grown a comprehensive portfolio of high-quality, branded biologics and medical devices that promote bone regeneration. Citagenix is active in 25 countries, operating in Canada through its direct sales teams, and internationally via a network of distributor partnerships. 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:

- **Leading Source of Knowledge.** 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%.[4] 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.[5]

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. Citagenix is positioned for global growth via two main initiatives: strategic footprint expansion and

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

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 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 successfully launched the following products in the 2017 and 2018 fiscal periods:

- THE Graft, a mineralized bone graft substitute derived from porcine bone (fiscal Q3 2018);
- OpenTex® TR, a titanium reinforced non-resorbable polytetrafluoroethylene ("PTFE") barrier membrane (fiscal Q3 2018);
- Biotex®, a non-absorbable monofilament suture made of 100% medical grade PTFE (fiscal Q3 2018);
- PentOS OI™ Max, its newest bone graft substitute for oral and maxillofacial surgery (fiscal Q4 2017);
- Neomem® FlexPlus, a high-performance barrier membrane for oral surgery (fiscal Q2 2017); and
- PentOS OI™ family of bone graft substitutes (fiscal Q1 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 can be achieved 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™ 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.

SELECTED FINANCIAL INFORMATION

The selected financial information provided below is derived from the Company's audited consolidated annual financial statements.

	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2017
	$	$	$
Revenue	9,538,942	8,510,149	9,054,404
Cost of Sales	5,989,387	5,134,909	5,120,594
Gross Profit	3,549,555	3,375,240	3,933,810
Expenses:			
General and administrative	4,871,074	2,845,484	3,968,705
Selling and marketing	3,520,949	3,381,279	2,964,662
Research and development	3,943,063	2,742,476	700,796
Stock-based compensation	2,986,257	692,996	1,155,753
Amortization and depreciation	416,219	377,139	352,614
Total Expenses	15,737,562	10,039,374	9,142,530
Loss from Operations	12,188,007	6,664,134	5,208,720

Fiscal year ended March 31, 2019 compared with the fiscal year ended March 31, 2018

Revenue for the year ended March 31, 2019 totaled $9,538,942 compared to $8,510,149 for the year ended March 31, 2018 largely driven by increased sales in the United States which grew by 62% over the previous year. Gross Profit correspondingly increased from $3,375,240 for the year ended March 31, 2018 to $3,549,555 for the year ended March 31, 2019. Gross profit for the year ended March 31, 2019 would have been higher except for a one time $326,972 write off of expired inventory at Citagenix.

Expenses for the year ended March 31, 2019, as detailed in the Consolidated Statement of Loss and Comprehensive Loss, totaled $15,737,562 as compared to $10,039,374 for the year ended March 31, 2018.

General and administrative, selling and marketing, research and development, stock-based compensation and amortization and depreciation expenses totaled $15,737,562 (2018 - $10,039,374). The increase of $5,698,188 related to the following variations:

- General and administrative expenditures increased by $2,025,590 to $4,871,074 primarily due to increased salaries and wages, professional and consulting fees, office and other expenses. Professional and consulting fees increased in part due to legal, regulatory and advisory fees in preparation for pending meetings with the FDA.
- Selling and marketing costs totaled $3,520,949 in 2019 compared to $3,381,279 in 2018. The increase of $139,670 consisted of higher salaries and wages, commissions, travel and entertainment costs partly offset by lower advertising and promotions costs.
- Research and development costs increased by $1,200,587 to $3,943,063 in 2019 from $2,742,476 in 2018 primarily due to higher salaries and wages, professional and consulting fees and development costs for the Phase II trials partly offset by higher rebate of Scientific Research and Experimental Development ("SR&ED") tax credits.
- Stock-based compensation increased by $2,293,261 in 2018 to $2,986,257 due to the expensing of options and RSU's in 2019. The increase was due in part to a one time catch up expensing of performance options (these options were not expensed for several months and a catch up expense was required when the Board of Directors agreed that the required performance criteria had been met).
- Amortization and depreciation expenses increased by $39,080 to $416,219 primarily due to increased depreciation of certain Citagenix assets.

Finance and related costs totaled $525,350 in 2019 ($1,057,806 in 2018) representing interest on convertible debentures, interest and bank charges, accretion interest and unrealized foreign currency translation costs. These expenses will continue to be incurred in the future though at a lower level due to the conversion of the convertible debentures. Interest income of $31,411 from cash balances in 2019 compared to $17,347 in 2018, the difference being due to higher cash balances in 2019.

For the year ended March 31, 2019, the Company reported a comprehensive loss of $12,823,141 as compared to a comprehensive loss of $7,456,524 for the year ended March 31, 2018.

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, 2018 compared with the fiscal year ended March 31, 2017

Revenue for the year ended March 31, 2018 totaled $8,510,149 compared to $9,054,404 for the year ended March 31, 2017 as the Company experienced a more competitive market environment in Canada.

Expenses for the year ended March 31, 2018, as detailed in the Consolidated Statement of Loss and Comprehensive Loss, totaled $10,039,374 as compared to $9,142,530 for the year ended March 31, 2017.

General and administrative, selling and marketing, research and development, stock-based compensation and amortization and depreciation expenses totaled $10,039,374 (2017 - $9,142,530). The increase of $896,844 related to the following variations:

- General and administrative expenditures decreased by $1,123,221 to $2,845,484 primarily due to decreased salaries and wages, professional and consulting fees, licensing fees and other expenses and office expenses.
- Selling and marketing costs totaled $3,381,279 in 2018 compared to $2,964,662 in 2017. The increase of $416,617 consisted of higher salaries and wages, commissions, travel and entertainment and advertising and promotions costs.
- Research and development costs increased by $2,041,680 to $2,742,476 in 2018 from $700,796 in 2017 primarily due to higher salaries and wages, development costs for the Phase II trials partly offset by lower professional and consulting fees and a rebate of past SR&ED tax credits.
- Stock-based compensation decreased by $462,757 in 2018 to $692,996 due to a lower level of options granted.
- Amortization and depreciation expenses increased by $24,525 to $377,139 primarily due to amortization of Citagenix brands and trademarks.

Finance and related costs totaled $1,057,806 in 2018 ($905,742 in 2017) representing interest on convertible debentures, interest and bank charges, accretion interest and unrealized foreign currency translation costs. These expenses will continue to be incurred in the future though at a lower level due to the conversion of the convertible debentures. Interest income of $17,347 from cash balances in 2018 compared to $3,638 in 2017, the difference being due to higher cash balances in 2018.

For the year ended March 31, 2018, the Company reported a comprehensive loss of $7,456,524 as compared to a comprehensive loss of $5,738,910 for the year ended March 31, 2017.

Quarterly Summary

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

	Year ended March 31, 2019				Year ended March 31, 2018			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Revenues	2,429,237	2,498,630	2,067,987	2,543,088	2,208,442	2,235,296	1,795,366	2,271,045
Total comprehensive loss	4,404,819	3,307,141	2,454,853	2,656,328	2,398,535	1,629,681	1,690,788	1,737,520
Basic and fully diluted loss per share	(.03)	(.01)	(.01)	(.01)	(.01)	(.01)	(.01)	(.02)

Quarterly comprehensive loss increased by $1,097,678in Q4 2019 from Q3 2019.

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.

The segmented performance of these two businesses for the years ended March 31, 2019 and 2018 is as follows:

	2019			2018		
	Antibe	**Citagenix**	**Consolidated**	**Antibe**	**Citagenix**	**Consolidated**
	$	$	$	$	$	$
Revenue	-	9,538,942	9,538,942	-	8,510,149	8,510,149
Cost of sales	-	(5,989,387)	(5,989,387)	-	(5,134,909)	(5,134,909)
Gross profit	-	3,549,555	3,549,555	-	3,375,240	3,375,240
Expenses	(10,533,865)	(5,697,636)	(16,231,501)	(6,118,502)	(4,961,331)	(11,079,833)
Loss before income taxes	**(10,533,865)**	**(2,148,081)**	**(12,681,946)**	**(6,118,502)**	**(1,586,091)**	**(7,704,593)**

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

Revenue by geographic region for the year ended March 31, 2019, is as follows:

Canada –60%
United States – 25%
Europe – 2%
Rest of World – 13%

The Company's assets and liabilities by each business as at March 31, 2019 and 2018 are as follows:

	2019			2018		
	Antibe	**Citagenix**	**Consolidated**	**Antibe**	**Citagenix**	**Consolidated**
	$	$	$	$	$	$
Assets						
Current	6,207,310	4,356,628	10,563,938	4,158,760	4,151,869	8,310,629
Non-current	1,835,897	2,419,274	4,255,171	1,600,031	2,580,270	4,180,301
Total assets	**8,043,207**	**6,775,902**	**14,819,109**	**5,758,791**	**6,732,139**	**12,490,930**
Liabilities						
Current	1,228,325	1,678,482	2,906,807	526,507	2,905,743	3,432,250
Non-current	2,399,295	2,072,245	4,471,540	1,083,540	-	1,083,540
Total liabilities	**3,627,620**	**3,750,727**	**7,378,347**	**1,610,047**	**2,905,743**	**4,515,790**

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 February 27, 2019, the Company closed a bought deal public offering of 23,000,000 units (the "Units") at a price of $0.25 per Unit (the "Offering Price") for aggregate gross proceeds of $5,750,000 (the "Offering"), which included the exercise in full of the Underwriters' over-allotment option. The Offering was made pursuant to an underwriting agreement dated February 8, 2019, with a syndicate of underwriters (collectively, the "Underwriters"). The units were offered and sold by way of a short form.

Each Unit was comprised of one common share of the Company (a "Common Share") and one-half of one common share purchase warrant. Each full common share purchase warrant (a "Warramt") is exercisable to purchase one Common Share at any time prior to February 27, 2022, at a price of $0.35 per Common Share.

As consideration for the services rendered by the Underwriters in connection with the Offering, the Company paid the Underwriters a cash commission equal to 7% of the gross proceeds raised under the Offering and granted the Underwriters non-transferable broker warrants equal to 7% of the number of Units sold under the Offering, exercisable at any time prior to February 27, 2021, at an exercise price equal to the Offering Price.

The following provides additional information on the prospectus raises completed during the years ended March 31, 2019 and 2018:

Closing date	Prospectus	Number of units[1] / shares issued	Number of warrants issued	Price per unit	Gross proceeds[2]	Warrant exercise price	Warrant expiry date
				$	$	$	
Jun 21, 2017	P2017a	40,498,999	20,249,499	0.10	4,049,900	0.15	Jun 21, 2020
Aug 18, 2017	P2017b	9,330,000	4,665,000	0.10	933,000	0.15	Jun 21, 2020
Feb 27, 2019	P2019	23,000,000	11,500,000	0.25	5,750,000	0.35	Feb 27, 2022

[1]Each unit was composed of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share.

[2]Gross proceeds have been allocated to share capital and warrants based on the residual method. Warrants were valued using the BSM.

With respect to the prospectus raises completed during the years ended March 31, 2019 and 2018, the Company issued the following warrants to brokers:

Closing date	Prospectus	Number of broker warrants issued	Total issuance costs	Non-cash cost from issuance of warrants to brokers	Broker warrant exercise price	Broker warrant expiry date
			$	$	$	
Jun 21, 2017	P2017a	2,834,930	522,725	255,200	0.10	Jun 21, 2019
Aug 18, 2017	P2017b	653,101	156,080	53,830	0.10	Jun 21, 2019
Feb 27, 2019	P2019	1,610,000	954,787	228,086	0.25	Feb 27, 2021

All issuance costs were offset against share capital and common share purchase warrants in proportion to the allocation of proceeds.

The following is a summary of all warrants exercised during the years ended March 31, 2019 and 2018:

	2019		**2018**	
Exercise price	**Number of warrants exercised**	**Gross proceeds**	**Number of warrants exercised**	**Gross proceeds**
$		$		$
0.10	**106,500**	**10,650**	2,211,854	221,185
0.15	**6,877,600**	**1,031,640**	14,108,508	2,116,276
0.22	**7,976,818**	**1,754,901**	1,019,419	224,273
0.31	**1,700,000**	**527,000**	4,360,000	1,351,600
	16,660,918	**3,324,191**	21,699,781	3,913,334

Each of the warrants entitled the bearer to purchase one common share of the Company.

For the year ended March 31, 2019 the Company had cash flow from operating activities of negative $7,055,695 consisting of negative $7,966,367 from operations plus $910,672 from changes in working capital. The Company also purchased $157,400 of software and equipment and invested $100,000 in a convertible debenture. These cash outflows were financed by a total of $9,587,173 in net fund raising as outlined above. The resulting net change in cash for the year ended March 31, 2019 was positive $2,274,078 leaving a closing cash balance of $5,992,832.

The Company's future capital requirements will depend on many factors including, without limitation, the scope of the Company's research and development efforts, the results of the studies that comprise those efforts, 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 a result, 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.

As at March 31, 2019, the Company had no commitments for capital expenditures and no sources of financing arranged-but-not-used.

Loan Facilities

On June 29, 2018, Citagenix fully repaid all of the outstanding amounts on its operating line facility with a Canadian chartered bank, and as at that date, the facility was cancelled.

On June 29, 2018, Citagenix replaced its bank operating line facility with a $2.25 million secured revolving credit facility (the "Credit Facility") provided by Bloom Burton Healthcare Lending Trust ("BBHLT"). The Credit Facility matures on June 29, 2020. Amounts outstanding under the Credit Facility bear interest at a rate of 7% compounded monthly, payable quarterly. Citagenix can prepay any amount of the facility at any time subject to a 1% fee of the prepaid principal amount. Any prepayment of the facility can be reborrowed. Additionally, there are mandatory prepayment terms stipulated in the Credit Facility whereby all proceeds received will be applied against borrowed amounts if any of such following events take place: if Citagenix sells or otherwise disposes of any assets in excess of $300,000.

The obligations of Citagenix under the Credit Facility are secured against all of the assets of Citagenix, and are guaranteed by the Company. In connection with the Credit Facility, the Company agreed to issue to BBHLT 578,572 common shares ("Bonus Shares") of the Company at a deemed issue price of $0.385 per common share. Given the Bonus Shares were subject to a statutory hold period of four months and one day from the date of issuance, the fair value was determined to be $0.31 per Bonus Share. The fair value was calculated considering a volatility rate of 88% over a four-month period.

The Credit Facility has been accounted for using amortized cost. Transaction costs directly attributable to the Credit Facility totaled $284,407. These costs were proportionally allocated based on the relative fair value of the components of the Credit Facility and are amortized over the two-year term of the facility.

As at March 31, 2019, the cumulated amount of interest paid for the Credit Facility was $118,488, and the accretion of loan costs totaled $106,653.

Outstanding Share Data

As at July 16, 2019, there were 245,455,835 common shares, stock options in respect of 18,078,607 common shares, restricted share units of 17,139,996 common shares and 32,758,339 warrants outstanding.

Commitments

The Company renewed its lease for the use of its 15 Prince Arthur Ave. office space effective October 29, 2018. The lease is for an indefinite period.

The Company has long-term leases with respect to its premises in Laval, Quebec. Future minimum payments over the next 5 years are $1,631,172. In addition, the Company is obligated to pay for its proportional share of maintenance and other related cost for the leased premises.

Certain Company executives are eligible to receive retention bonuses based on achieving certain profitability targets. To date, no accrual has been made for such bonuses as the probability of payout is uncertain.

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 $150,000 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.

The Company made no milestone payments in the year ended March 31, 2019.

(b) 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 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. As at December 31, 2018, the first commercial sale of URIST had not yet occurred. There were no indicators of impairment on this license.

(c) Royalty agreements

On November 16, 2015, the Company announced the signing of an exclusive long-term license and distribution agreement with Knight Therapeutics Inc. ("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, 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.

The Company received no royalties from Knight in the year ended March 31, 2019.

On February 24, 2017, Antibe entered into an exclusive long-term license and distribution agreement ("License Agreement 1") 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 and one of the largest pharmaceutical companies in Greece. Under the terms of License Agreement 1, Antibe was issued an upfront payment of €800,000 (CAD$1,142,400) 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.

On September 4, 2018, Antibe entered into an exclusive licensing agreement ("License Agreement 2") with Kwangdong Pharmaceutical Co., Ltd., ("Kwangdong") for the development and commercialization of ATB-346 in the Republic of

Korea ("Region"). Under the terms of License Agreement 2, Antibe was issued an upfront payment of US$1,000,000 (CAD$1,315,755), which is reflected in deferred revenue until the point that Kwangdong can benefit from the license. Additionally, Antibe will receive a double-digit royalty on net sales in the Region. Under the terms of License Agreement 2, Antibe will be issued payment upon achievement of the following milestones:

- US$1,000,000 upon receipt of regulatory approval from the Food and Drug Administration in the USA;
- US$1,000,000 upon market launch of ATB-346 or the first offer for sale of ATB-346 in the Region;
- US$1,000,000 upon total net sales in the Region exceeding US$5,000,000 for the first time;
- US$1,000,000 upon total net sales in the Region exceeding US$10,000,000 for the first time;
- US$1,000,000 upon total net sales in the Region exceeding US$20,000,000 for the first time;
- US$1,000,000 upon total net sales in the Region exceeding US$30,000,000 for the first time;
- US$1,500,000 upon total net sales in the Region exceeding US$40,000,000 for the first time; and
- US$1,500,000 upon total net sales in the Region exceeding US$50,000,000 for the first time.

Fees paid to an agent used in obtaining License Agreement 2 have been recorded as deferred contracts on the consolidated statement of financial position in the amount of $235,866 as at March 31, 2019.

The amount of the upfront payments for both licenses is included on the consolidated statements of financial position as deferred revenue and will be recorded through the statement of loss and comprehensive loss at the same point when the license revenue is recognized.

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 expenses during the reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in income in the year in which such adjustments become known. Significant estimates in these consolidated financial statements include determination of eligible expenditures for investment tax credit purposes, inventory, intangible assets, impairment of goodwill, intangible assets not yet subject to amortization, and inputs related to the calculation of fair value of stock-based compensation and warrants.

The Company may be eligible for SR&ED tax credits on research and development expenses incurred since its formation. 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 2018 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) 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 2019 audited consolidated financial statements (Note 21).

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 2019 audited consolidated financial statements (Notes 22 and 23).

Related Party Transactions

As part of the prospectus offering during the year ended March 31, 2019 (as described in note 9), one officer of the Company purchased 80,000 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").

During the year, the Company advanced $118,730 (2018 - $36,841) to AHI (AHI owns 6.2% of the common shares of the Company). As at March 31, 2019, $293,128 (2018 - $174,398) was receivable. This balance bears no interest, is payable on demand and is unsecured.

Employee advances for year totaled $20,911 (2018 - $16,559), and consisted of cash advances, payments to the Company cell phone plan on behalf of employees, use of Company courier services, and petty cash in foreign currencies. Currently, the Company has one employee receiving cash advances.

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 2019 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 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, 2019, the Company had working capital of $7,657,131 (March 31, 2018 - $4,878,379), incurred a net loss for the year then ended of $12,816,071 (2018 - $7,429,832), had negative cash flows from operations of $7,055,695 (2018 - $6,450,616) and an accumulated deficit of $40,331,588 (March 31, 2018 - $27,515,517).

All of the factors above may cast significant doubt about the Company's ability to continue as a going concern. Management's plans to address these issues involve actively seeking capital investment and generating revenue and profit from the commercialization of its products. The Company's ability to continue as a going concern is subject to management's ability to successfully implement this plan. Failure to implement this plan could have a material adverse effect on the Company's financial condition 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. See notes 6, 22and 23

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 consolidated statements of financial position. The 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 initiated a Phase 2b clinical study for ATB-346 in calendar Q3 2017 and announced the results in calendar Q1 2018. 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 three and twelve months ended March 31, 2019 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 has a secured revolving credit facility which matures on June 29, 2020. There is no assurance that the Company will be able to repay this credit facility at maturity. If such an event should occur the lender could demand payment and foreclose upon the collateral securing the debt 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: credit risk, liquidity risk, foreign currency 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 of Directors. 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 of Directors 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, including actively seeking capital investment and generating revenue and profit from the commercialization of its products.

As at March 31, 2019, 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 liabilities	2,906,807	-	-	2,906,807
Loan payable	-	2,072,245	-	2,072,245
	2,906,807	2,072,245	-	4,979,052

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 currency 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.

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, 2019, AHI beneficially owned and/or exercised control or direction over 15,000,000 Common Shares, or approximately 6.2% 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, and 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