ANTIBE THERAPEUTICS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three Months ended June 30, 2020

Dated: August 21, 2020

MANAGEMENT'S DISCUSSION ND 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 months ended June 30, 2020 ("Q1 2021") and for the comparator periods, the three month period ended June 30, 2019 ("Q1 2020") and should be read in conjunction with the Company's most recent audited consolidated financial statements (the "2020 Audited FS") and the notes thereto. The Company's accounting policies and estimates used in the preparation of the Q1 2021 financial statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process 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.

The Company's financial data have been prepared in accordance with IAS 34 and are presented in thousands of Canadian dollars unless otherwise noted herein.

This MD&A was approved by the Company's Board of Directors on August 21 2020.

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 potential impact of the COVID-19 crisis on the Company's operations.

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

COMPANY OVERVIEW

Antibe is a late-stage 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, otenaproxesul (formerly known as ATB-346), targets the global need for a safer drug for chronic pain and inflammation. In March 2018, otenaproxesul 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). In June 2020, otenaproxesul met its primary

endpoint in a Phase 2B dose-ranging, efficacy study by demonstrating superiority to placebo in reducing osteoarthritis pain with a high degree of statistical significance. 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 otenaproxesul 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.

Otenaproxesul: Lead Drug Candidate

Antibe's lead compound, otenaproxesul, 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 otenaproxesul 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 recent successful outcome of the Phase 2B dose-ranging, efficacy study for otenaproxesul represented a major development milestone for the Company and concluded Phase 2 human proof-of-concept development of otenaproxesul. The Company's overall strategy is to monetize otenaproxesul at the optimal time through partnering or M&A activity. In parallel, the Company will continue to advance otenaproxesul to maximize both value and negotiating leverage. Accordingly, the Company is preparing to commence the Phase 3 program for otenaproxesul in late calendar Q1 or early calendar Q2 2021. The Company's primary regulatory focus is to obtain FDA approval for otenaproxesul given the United States is the largest pharmaceutical market worldwide. The Company has also engaged a European regulatory consulting agency to develop a strategy for EMA approval. Upon the conclusion of this mandate, the Company plans on identifying the optimal path forward for achieving regulatory approval for otenaproxesul in Europe.

Recent Developments. On June 1, 2020 the Company announced that otenaproxesul met the primary endpoint in the Phase 2B dose-ranging, efficacy study. Both the 250 mg and 200 mg doses of otenaproxesul demonstrated superiority to placebo in reducing osteoarthritis ("OA") pain with a high level of statistical significance. The 150 mg dose of otenaproxesul, although not powered for statistical significance, demonstrated more potency than expected and the lowest effective dose is still to be established. The drug was safe and well tolerated during this study.

A total of 385 patients with osteoarthritis (OA) of the knee were randomized to either placebo or otenaproxesul administered once daily: 250 mg, 200 mg or 150 mg. The primary objective in the study was to demonstrate the statistically significant superiority of otenaproxesul versus placebo in reducing OA pain as measured by the change from baseline in the WOMAC pain subscale score over a 14-day treatment period. The 250 mg and 200 mg doses were powered for statistical significance and the 150 mg dose was powered to only observe an efficacy response.

Otenaproxesul demonstrated superiority to placebo at doses of 250 mg (p-value of 0.01) and 200 mg (p-value of 0.007). Similar efficacy was observed between these doses, suggesting that the upper range of the dose-response curve has been reached. The 150 mg dose demonstrated a robust efficacy response and had it been equivalently powered to the other treatment arms, the Company believes it would have achieved statistical significance. As such, the lower portion of the dose-response curve remains to be established.

[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.

In addition, both the 250 mg and 200 mg doses of otenaproxesul demonstrated a highly statistically significant reduction in the WOMAC stiffness subscale score (p-value < 0.001 for both doses) and both doses were superior to placebo in the WOMAC difficulty performing daily activities (DPDA) subscale score (p-value of 0.004 and 0.001, respectively). While not statistically powered, the 150 mg dose of otenaproxesul nonetheless demonstrated a statistically significant improvement in stiffness compared to placebo (p-value of 0.03) and displayed an efficacy response in DPDA.

Supplementing the WOMAC results are the secondary data of cyclo-oxygenase ("COX") enzyme inhibition. NSAIDs reduce pain and inflammation by inhibiting the activity of COX enzymes. Otenaproxesul exhibited profound inhibition of COX (all doses yielding >90% inhibition) with a very high degree of statistical significance, and with negligible difference observed across the three doses.

Adverse events typically associated with NSAID use, such as dyspepsia, acid reflux and dizziness, were comparable across placebo and all three treatment arms of Otenaproxesul. There were very few serious adverse events or events leading to withdrawal of treatment. Only 1 out of 318 patients administered Otenaproxesul had clinically significant, temporary liver transaminase elevations (LTEs) during the 14-day treatment period. At the post-treatment assessment (day 24), patients in the 250 mg, 200 mg and 150 mg treatment arms had clinically significant, temporary LTE incidences of 12.1%, 8.0% and 8.2%, respectively. It is standard for pain trials to allow the use of other medications, commonly acetaminophen. Acetaminophen use, especially in the post-treatment assessment period, pre-existing liver conditions and concomitant statin use were associated with a majority of the LTE incidents. Accounting for these factors yields clinically significant, temporary LTE incidence rates of 4.5%, 3.2% and 3.3%, respectively, suggesting a liver safety profile for Otenaproxesul comparable to commonly prescribed NSAIDs and well below that observed with acetaminophen (39% clinically significant LTE incidence rate; National Institutes of Health). The clinical study was conducted by Veristat, LLC in 39 clinical sites across Canada.

Trial participants treated with otenaproxesul experienced neither an increase nor decrease in blood pressure in contrast with other NSAIDs, which often increase blood pressure. Blood pressure increases are viewed by medical practitioners globally as being an important proxy for the cardiovascular risk of NSAIDs. The absence of an increase in blood pressure has been a consistent finding in all of otenaproxesul's clinical trials to-date and suggests a favourable cardiovascular safety profile for the drug.

To establish the lowest effective dose of otenaproxesul, the Company is planning a pivotal Phase 2/3 randomized, controlled trial with an adaptive design. For clarity, although referred to as a "Phase 2/3" trial because it is establishing the lowest effective dose of otenaproxesul, it is in fact a Phase 3 registration trial. Antibe anticipates that this efficacy trial will compare multiple doses of otenaproxesul to placebo in OA patients over a 12-week period. It is the Company's intention to submit this study to the U.S. FDA as a formal registration trial.

Phase 3 Development. The Company will be filing an Investigational New Drug ("IND") application with the U.S. FDA to allow for Phase 3 clinical testing in the United States. Prior to the commencement of the Phase 3 program, the Company intends on having an end-of-Phase 2 meeting with the U.S. FDA. Both the IND filing and end-of-Phase 2 meeting are expected to occur in the next six months. The Company anticipates that the Phase 3 program for otenaproxesul will commence in late calendar Q1 or early calendar Q2 2021 and will take approximately 2 years to complete. Although the Phase 3 design is not finalized, it is expected to replicate the Phase 2B GI safety and Phase 2B dose-ranging, efficacy studies in a larger sample size with a longer treatment duration. The Company is planning for the first registration trial of the Phase 3 program to have an adaptive design which will also establish the lowest effective dose of otenaproxesul. The Company anticipates that this efficacy trial will compare multiple doses of otenaproxesul to placebo in OA patients over a 12-week period.

Additional Development Activities. Upon successful opening of the IND, the Company plans to commence an absorption, metabolism and excretion ("AME") study in calendar Q4 2020 to satisfy its regulatory requirement for such a study. In addition, Phase 3-enabling animal toxicity and reproductive toxicity studies for otenaproxesul have commenced in rats, mini pigs and rabbits. They are being conducted in tranches to enable a timely start of Phase 3 clinical trials. Short range studies are expected to conclude in calendar Q1 2021, enabling the commencement of the 12-week phase 3 efficacy trials. Long range studies are expected to conclude in calendar Q3 2021, enabling the commencement of 24-week Phase 3 GI safety trials.

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 commenced IND-enabling pre-clinical studies for ATB-352 that are expected to conclude in calendar Q3 2021.

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.[4]

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 2021.

Commercial Strategy & Business Development

With human proof-of-concept development for otenaproxesul now complete, Antibe is engaging multinational pharmaceutical firms with a goal of securing strategic partnerships for the large markets. To support this objective, the Company recently completed comprehensive market opportunity assessment and payor studies for United State, the five largest countries in Europe, and Japan. These studies involved extensive primary and secondary research, including 62 interviews with country-specific clinicians, payors and pharmacy benefit managers – whose preferences and policies together determine the adoption of new drugs. This was followed by an in-depth survey of 80 clinicians, including primary care physicians, rheumatologists and orthopedic surgeons that prescribe NSAIDs on a daily basis. Finally, the studies developed detailed revenue models, utilizing the uptake and pricing information obtained from the research and interview phases of the project.

For the OA market alone, Antibe's lead indication, peak annual sales of $5.3 billion are projected for otenaproxesul in these seven countries, and cumulative revenues in excess of $28 billion by the early 2030s[4]. These projections conservatively assume peak adoption of 21% and only represent 65% of the global market. Pricing and reimbursement, which drive a drug's adoption and ability to gain market share, were favourable, with limited system resistance and few reimbursement hurdles expected. The forecasts assumed a price of US$6 per day in the US, in line with today's branded prescription NSAIDs, with corresponding pricing in the other markets.

Moving forward, the Company expects to conclude a partnership study in calendar Q3 2020 to identify and stratify potential target partners in these markets. These results of these studies are expected to be valuable in future partnering discussions. In anticipation of increased business development activity, the Company plans to hire a senior business development executive to lead the negotiation and execution of future licensing deals. Antibe's clinical development

[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).
[4] US and EU5 estimates from Shift Health for total OA market, Japan estimates from LEK for OA of the knee only.

activities in the next 12 months are designed to both maximize the value of its drug platform and strengthen its position in discussions with potential partners.

On September 5, 2018, Antibe entered into an exclusive licensing agreement with Kwangdong Pharmaceutical Co., Ltd. ("Kwangdong") for the development and commercialization of otenaproxesul in South Korea. Kwangdong 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.

On February 24, 2017, Antibe entered into an exclusive long-term license and distribution agreement (the "License Agreement") with Laboratoires Acbel SA ("Acbel") for otenaproxesul 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 otenaproxesul 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.

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.

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 portfolio expansion. The Company is executing 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. The Company is evaluating strategic alternatives for Citagenix.

SELECTED FINANCIAL INFORMATION

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

	Three months ended June 30, 2020	Three months ended June 30, 2019
	$	$
Revenue	1,229	2,763
Cost of Sales	716	1,726
Gross Profit	513	1,037
Expenses:		
General and administrative	1,754	1,147
Selling and marketing	441	960
Research and development	2,091	905
Stock-based compensation	1,007	1,058
Amortization and depreciation	138	143
Total Expenses	5,431	4,213
Loss from Operations	4,918	3,176

Three months ended June 30, 2020 compared with three months ended June 30, 2019

Revenue for the three months ended June 30, 2020 totaled $1,229 compared to $2,763 for the three months ended June 30, 2019. Sales were lower due to the impact of COVID – 19 which caused dental clinics to close for a significant part of the quarter. Gross profits were correspondently lower.

Expenses for the three months ended June 30, 2020, as detailed in the Statement of Loss and Comprehensive Loss, totaled $5,431 as compared to $4,213 for the three months ended June 30, 2019.

General and administrative, selling and marketing, research and development, stock-based compensation and amortization and depreciation expenses totaled $5,431 (2019 - $4,213). The increase of $1,218 related to the following variations:

- General and administrative expenditures increased by $607 to $1,754 in Q1 2021 primarily due to increased professional and consulting fees and other expenses partly offset by lower salaries and wages and office expenses.
- Selling and marketing costs totaled $441 in Q1 2021 compared to $960 in Q1 2020. The decrease of $519 consisted of decreased salaries and wages (in part due to government subsidy funding), commissions, advertising and promotion and travel and entertainment costs.
- Research and development costs increased by $1,186 to $2,091 in Q1 2021 from $905 in Q1 2020 primarily due to higher salaries and wages, professional and consulting fees costs, research and clinical trial costs partly offset by SR&ED rebates.
- Stock-based compensation decreased by $51 to $1,007 in Q1 2021 due to expensing of Restricted Share Units granted in Q3 of fiscal 2019.
- Amortization and depreciation expenses decreased by $5 to $138 in Q1 2021 primarily due to amortization of Citagenix brands and trademarks.

Finance and related costs totalled $(8) in Q1 2021 ($125 in Q1 2020) representing interest and bank charges, accretion interest and unrealized foreign currency translation costs. These expenses will continue to be incurred in the future with the exception of accretion interest. Interest income of $8 from cash balances in Q1 2021 compared to $20 in Q1 2020, the difference being due to lower interest rates earned on cash balances in Q1 2021.

For the three months ended June 30, 2020, the Company reported a net loss of $4,907 as compared to a net loss of $3,285

for the three months ended June 30, 2019.

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.

Quarterly Summary

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

	Year ending March 31, 2021	Year ending March 31, 2020				Year ending March 31, 2019		
	Q1 $	Q4 $	Q3 $	Q2 $	Q1 $	Q4 $	Q3 $	Q2 $
Revenues	1,229	2,346	2,610	2,268	2,763	2,429	2,499	2,068
Comprehensive loss	4,921	6,853	4,196	4,975	3,295	4,405	3,307	2,455
Basic and fully diluted net income (loss) per share	(.02)	(.02)	(.02)	(.02)	(.01)	(.02)	(.02)	(.01)

Quarterly comprehensive losses decreased by $1,932 in Q1 2021 from Q4 2020. The lower loss is mainly due to lower R&D and selling and marketing costs in Q1 2021 and the impairment charge in Q4 2020.

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 marketplaces.

The segmented performance of these two businesses for the three months ended June 30, 2020 and 2019, is as follows:

	Three months ended June 30, 2020			Three months ended June 30, 2019		
	Antibe	**Citagenix**	**Consolidated**	**Antibe**	**Citagenix**	**Consolidated**
	$	$	$	$	$	$
Revenue	**-**	**1,229**	**1,229**	-	2,763	2,763
Cost of sales	**-**	**(716)**	**(716)**	-	(1,726)	(1,726)
Gross profit	**-**	**513**	**513**	-	1,037	1,037
Expenses	**(4,694)**	**(721)**	**(5,415)**	(2,902)	(1,416)	(4,318)
Loss before income taxes	**(4,694)**	**(208)**	**(4,902)**	(2,902)	(379)	(3,281)

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

Revenue by geographic region for the three months ended June 30, 2020, is as follows:

Canada – 38%
United States – 47%
Europe – 2%
Rest of World – 13%

The Company's assets and liabilities by each business as at June 30, 2020 and March 31, 2020, are as follows:

	As at June 30, 2020			As at March 31, 2020		
	Antibe	**Citagenix**	**Consolidated**	**Antibe**	**Citagenix**	**Consolidated**
	$	$	$	$	$	$
Assets						
Current	**31,438**	**5,197**	**36,635**	6,319	5,188	11,507
Non-current	**235**	**1,958**	**2,193**	236	2,095	2,331
Total assets	**31,673**	**7,155**	**38,828**	6,555	7,283	13,838
Liabilities						
Current	**3,617**	**1,979**	**5,596**	3,133	4,462	7,595
Non-current	**2,399**	**56**	**2,455**	2,399	65	2,464
Total liabilities	**6,016**	**2,035**	**8,051**	5,532	4,527	10,059

Liquidity and Capital Resources

On June 30, 2020, the Company closed a bought deal public offering of 62,500,000 units of the Company (the "June Units") at a price of $0.40 per Unit (the "June Offering Price") plus the exercise in full of the Underwriters' over-allotment option of 9,375,000 Units for aggregate gross proceeds of $28,750 (the "June Offering"). The June Offering was made pursuant to an underwriting agreement dated June 15, 2020 with a syndicate of underwriters.

Each June Unit was comprised of one common share and one-third of one common share purchase warrant. Each full warrant is exercisable to purchase one Common Share at any time prior to June 30, 2022 at a price of $0.60 per Common Share.

As consideration for the services rendered by the Underwriters in connection with the June Offering, the Company has paid the Underwriters a cash commission equal to 7% of the gross proceeds raised under the June Offering and has granted the Underwriters non-transferable broker warrants equal to 7% of the number of June Units sold under the June Offering, exercisable at any time prior to June 30, 2022 at an exercise price equal to the June Offering Price.

The following provides additional information on the prospectus raises completed during the three months ended June 30, 2020 and the year ended March 31, 2020:

Closing date	Prospectus	Number of units / shares issued	Number of warrants issued	Price per unit	Gross proceeds[3]	Warrant exercise price	Warrant expiry date
				$	$	$	
Aug. 13, 2019	P2019B	26,833,332[1]	13,416,666	0.30	8,050	0.40	Aug. 13, 2022
Jun. 30, 2020	P2020	71,875,000[2]	23,958,333	0.40	28,750	0.60	Jun. 30, 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]Each unit was composed of one common share and one-third of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share.

[3]Gross proceeds have been allocated to share capital and warrants based on the residual method. Warrants were valued using the Black-Scholes-Merton option pricing model ("BSM").

With respect to the prospectus raises completed during the three months ended June 30, 2020 and the year ended March 31, 2020, 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
			$	$	$	
Aug. 13, 2019	P2019B	1,878,333	1,237	393	0.30	Aug. 13, 2021
Jun. 30, 2020	P2020	5,031,250	2,131	821	0.40	Jun. 30, 2022

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 three months ended June 30, 2020 and 2019:

	2020		**2019**	
Exercise price	**Number of warrants exercised**	**Gross proceeds**	**Number of warrants exercised**	**Gross proceeds**
$		$		$
0.10	**-**	**-**	1,289,677	129
0.15	**9,156,500**	**1,374**	378,346	57
0.25	**31,000**	**8**	-	-
0.30	**81,000**	**24**	-	-
0.35	**2,686,500**	**940**	-	-
0.40	**2,466,033**	**986**	-	-
	14,421,033	**3,332**	1,668,023	186

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

For the three months ended June 30, 2020 the Company had cash flows from operating activities of negative $4,041 consisting of negative $3,722 cash flows from operations plus negative $319 from changes in working capital. These net cash outflows were financed by a total of $28,625 in cash flows provided by financing operations. The resulting net change in cash for the three months ended June 30, 2020 was positive $24,584 leaving a closing cash balance of $30,752.

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

As at June 30, 2020, the Company had no commitments for capital expenditures and no sources of financing arranged-but-not-used.

Loan Facilities

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"). Amounts outstanding under the Credit Facility bear interest at a rate of 7% compounded monthly, payable quarterly.

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

On June 29, 2020, the maturity date of the BBHLT Credit Facility, the Company paid in full the principal amount of $2,250, plus outstanding interest of $40.

Outstanding Share Data

As at June 30, 2020, there were 385,462,301 common shares, stock options in respect of 12,362,840 common shares, restricted share units of 21,851,661 common shares and 42,496,884 warrants outstanding.

Commitments

The Company renewed its lease for the use of its 15 Prince Arthur Ave. office space effective September 6, 2019. The lease is for an indefinite period and cancellable on six months notice.

The Company has long-term leases with respect to its premises in Laval, Quebec. 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 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 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 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 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 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 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 three months ended June 30, 2020.

(b) Royalty agreements

On November 16, 2015, the Company announced the signing of an exclusive long-term license and distribution agreement with Knight Therapeutics Inc., 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 three months ended June 30, 2020.

On February 24, 2017, Antibe entered into an exclusive long-term license and distribution agreement ("License Agreement 1") with Laboratoires Acbel SA 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 (CAD$1,142) 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 (CAD$1,316), 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 upon receipt of regulatory approval from the Food and Drug Administration in the USA;
- US$1,000 upon market launch of ATB-346 or the first offer for sale of ATB-346 in the Region;
- US$1,000 upon total net sales in the Region exceeding US$5,000 for the first time;
- US$1,000 upon total net sales in the Region exceeding US$10,000 for the first time;
- US$1,000 upon total net sales in the Region exceeding US$20,000 for the first time;
- US$1,000 upon total net sales in the Region exceeding US$30,000 for the first time;
- US$1,500 upon total net sales in the Region exceeding US$40,000 for the first time; and
- US$1,500 upon total net sales in the Region exceeding US$50,000 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 $236 as at June 30, 2020.

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 unaudited 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, estimation of inventory reserves, 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 2020 Audited FS (note 3).

Financial Instruments

A summary of the Company's financial instruments is provided in the notes to the 2020 Audited FS (note 20).

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 2020 Audited FS (notes 21 and 22).

Related Party Transactions

As part of the prospectus offering during the year ended March 31, 2020 (as described in note 7), one director and one officer of the Company purchased a total of 201,667 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 three months ended June 30, 2020, the Company advanced $2 (2019 – $21) to AHI (as at June 30, 2020, AHI owns 3.9% of the common shares of the Company). As at June 30, 2020, $384 (March 31, 2020 – $382) represent amounts owing by AHI to the Company. This balance bears no interest, is payable on demand and is unsecured.

Employee advances for the quarter ended June 30, 2020, were increased by $1 (March 31, 2020, reduced by $1) and consisted of cash advances, payments to the Company's 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 2020 Audited FS and related notes, investors and prospective investors should give careful consideration to the following risk factors. If any of the following events described as risks or uncertainties actually occurs, the Company's business, prospects, financial condition and operating results would likely suffer, possibly materially. In that event, the market price of the Common Shares could decline and investors could lose part or all of their

investments. Additional risks and uncertainties presently unknown to the Company, or that the Company believes not to be material at this time, may also impair or have a material adverse effect on the Company's operations.

Start-up and Basis of Presentation

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

The Company's pharmaceutical development operations currently consist of conducting Phase 2 studies of ATB-346. Additionally, the Company conducts pre-clinical research on other of its assets in order to assess them as potential future pre-clinical and clinical development candidates. The Company is considered a development stage enterprise. Almost all research and development, administration and capital expenditures incurred by the Company since the commencement of operations are associated with the development described above.

On October 15, 2015 the Company acquired 85% of Citagenix, a Montreal-based sales and distribution company of regenerative medicine surgical products, primarily bone graft and membrane products for dental, oral cranial maxillofacial ("OCF") and orthopedic 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 unaudited condensed interim consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As at June 30, 2020, the Company had working capital of $31,039 (March 31, 2020 – $3,912), incurred a net loss for the three months ended June 30, 2020 of $4,907 (2019 – $3,285), had negative cash flows from operations of $4,041 (2019 – $2,238) and an accumulated deficit of $64,580 (March 31, 2020 - $59,673).

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.

All of the factors above indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern, which assumes the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business. 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.

If the going concern assumption were not appropriate for these unaudited condensed interim consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported revenue and expenses, and the classifications used in the interim consolidated statements of financial position. The unaudited condensed interim consolidated financial statements do not include adjustments that would be necessary if the going concern assumption were 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 dose-ranging, efficacy study for ATB-346 in calendar Q1 2019 and announced the results in calendar Q2 2020. 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 months ended June 30, 2020 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.

Financial Instruments

The Company is exposed to a variety of financial risks by virtue of its activities: credit risk, liquidity risk, foreign currency risk and interest rate 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 trade and other receivables, amounts due from AHI and the excess of cash held in one financial institution over the deposit insurance by Canadian Deposit Insurance Corporation. The Company, in the normal course of operations, 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. See note 2(c).

As at June 30, 2020, the Company's financial obligations, including applicable interest, are due as follows:

	Less than 1 year	1 – 2 years	After 2 years	Total
	$	$	$	$
Accounts payable and accrued liabilities	5,500	-	-	5,500
Lease liability	82	56	-	138
	5,582	56	-	5,638

Foreign currency risk

The functional and reporting currency of the Company is the 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 rate 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.

Coronavirus "COVID-19"

In December 2019, COVID-19 emerged in Wuhan, China. Since then, it has spread to most other countries and infections have been reported around the world. On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, nonessential business closures, quarantines, self-isolation, sheltering-in-place and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions.

The COVID-19 pandemic has impacted the Company's business to some extent. The Company's Phase 2 trial took an additional six weeks to complete due to factors such as the COVID-19 related closure of medical clinics, doctors becoming ill from COVID-19, and staff working from home, all of which slowed the collation of the trial data. The need to engage the consulting staff responsible for administering the trial for an additional six weeks increased the costs of the trial correspondingly. COVID-19 has also particularly impacted the Company's wholly owned subsidiary, Citagenix, by causing a significant decrease in sales due to a decline in customer demand. COVID-19 could further impact the Company's expected timelines, operations and the operations of its third-party suppliers, manufacturers, and Contract

Research Organizations as a result of quarantines, facility closures, travel and logistics restrictions and other limitations in connection with the outbreak. The most significant risk posed by the COVID-19 pandemic is that it could also significantly impact the progress and completion of the pre-clinical trials.

The Company expects that it will qualify for certain wage subsidy programs in Canada and the US. The Company will recognize government grants when there is reasonable assurance that it will comply with the conditions required to qualify for the grant, and that the grant will be received. The Company recognizes government grants as a reduction to the related expense that the grant is intended to offset. For the three months ended June 30, 2020, the Company has recognized $200, as a reduction to sales and marketing expense incurred by the Company during this period.

Whatever further impact, if any, the COVID-19 pandemic may have on the Company is unpredictable. The continued spread of COVID-19 nationally and globally could also lead to a deterioration of general economic conditions including a possible national or global recession. Due to the speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome and duration, it is not possible to estimate its impact on the Company's business, operations or financial results; however, the impact could be material.

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.

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