ANTIBE THERAPEUTICS INC.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Nine Months ended December 31, 2023 and 2022

ANTIBE THERAPEUTICS INC.
Interim Consolidated Statements of Financial Position
As at December 31, 2023 and March 31, 2023
(Expressed in thousands of Canadian dollars)
(Unaudited)

	December 31, 2023	March 31, 2023
	$	$
ASSETS		
Current		
Cash and cash equivalents	**11,339**	6,755
Term deposits *[note 4]*	**13,567**	32,137
Other receivables *[note 5]*	**1,546**	1,655
Prepaid expenses *[note 9]*	**1,643**	999
Total current assets	**28,095**	41,546
Non-current assets		
Deferred contract costs	**1,283**	1,283
Deferred consideration receivable *[note 3]*	**632**	1,380
Intangible assets	**26,352**	26,352
Total non-current assets	**28,267**	29,015
TOTAL ASSETS	**56,362**	70,561
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**2,794**	2,764
Total current liabilities	**2,794**	2,764
Non-current liabilities		
Deferred revenue	**27,631**	27,631
Total non-current liabilities	**27,631**	27,631
TOTAL LIABILITIES	**30,425**	30,395
SHAREHOLDERS' EQUITY		
Share capital	**141,607**	141,489
Common Share purchase warrants *[note 7(c)]*	**10,264**	10,264
Contributed surplus	**19,564**	18,904
Deficit	**(145,498)**	(130,491)
TOTAL SHAREHOLDERS' EQUITY	**25,937**	40,166
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**56,362**	70,561

Commitments and contingencies *[note 16]*

(Signed) Daniel Legault Daniel Legault, Director
(Signed) Robert Hoffman Robert Hoffman, Director

ANTIBE THERAPEUTICS INC.
Interim Consolidated Statements of Loss and Comprehensive Loss
For the Three and Nine Months Ended December 31, 2023 and 2022
(Expressed in thousands of Canadian dollars, except share and per share amounts)
(Unaudited)

	Three months ended December 31, 2023	Three months ended December 31, 2022	**Nine months ended December 31, 2023**	Nine months ended December 31, 2022
	$	$	$	$
EXPENSES				
Research and development *[note 9]*	**2,303**	2,231	**9,362**	9,917
General and administrative *[note 10]*	**1,770**	1,555	**5,862**	4,415
Stock-based compensation *[notes 7 and 11]*	**442**	809	**778**	2,357
Selling and marketing *[note 12]*	**81**	67	**324**	275
Total expenses	**4,596**	4,662	**16,326**	16,964
LOSS FROM CONTINUING OPERATIONS	**(4,596)**	(4,662)	**(16,326)**	(16,964)
Finance income and related costs *[note 13]*	**(383)**	(457)	**(1,319)**	(909)
NET LOSS FROM CONTINUING OPERATIONS	**(4,213)**	(4,205)	**(15,007)**	(16,055)
DISCONTINUED OPERATIONS				
Income (loss) from discontinued operations *[note 3]*	**-**	(111)	**-**	128
NET LOSS AND COMPREHENSIVE LOSS	**(4,213)**	(4,316)	**(15,007)**	(15,927)
Basic and diluted loss per share *[note 8]*	**(0.08)**	(0.08)	**(0.29)**	(0.31)
Basic and diluted weighted average number of shares outstanding *[note 8]*	**52,651,259**	52,320,976	**52,639,576**	52,188,528

ANTIBE THERAPEUTICS INC.
Interim Consolidated Statements of Changes in Shareholders' Equity
For the Nine Months Ended December 31, 2023 and 2022
(Expressed in thousands of Canadian dollars, except share amounts)
(Unaudited)

	Number of Common Shares	Share capital	Common Share purchase warrants	Contributed surplus	Deficit	Total shareholders' equity
		$	$	$	$	$
Balance, March 31, 2022	52,099,276	139,547	10,264	18,038	(111,016)	56,833
Shares issued for redeemed restricted share units *[note 7(b)]*	369,533	1,318	-	(1,318)	-	-
Stock-based compensation *[note 11]*	-	-	-	2,357	-	2,357
Net loss from continuing operations for the period	-	-	-	-	(16,055)	(16,055)
Income from discontinued operations	-	-	-	-	128	128
Balance, December 31, 2022	52,468,809	140,865	10,264	19,077	(126,943)	43,263
Balance, March 31, 2023	52,617,092	141,489	10,264	18,904	(130,491)	40,166
Shares issued for redeemed restricted share units *[note 7(b)]*	**48,335**	**118**	**-**	**(118)**	**-**	**-**
Stock-based compensation *[note 11]*	**-**	**-**	**-**	**778**	**-**	**778**
Net loss from continuing operations for the period	**-**	**-**	**-**	**-**	**(15,007)**	**(15,007)**
Income from discontinued operations	**-**	**-**	**-**	**-**	**-**	**-**
Balance, December 31, 2023	**52,665,427**	**141,607**	**10,264**	**19,564**	**(145,498)**	**25,937**

ANTIBE THERAPEUTICS INC.
Interim Consolidated Statements of Cash Flows
For the Nine Months Ended December 31, 2023 and 2022
(Expressed in thousands of Canadian dollars)
(Unaudited)

	2023	2022
	$	$
OPERATING ACTIVITIES		
Net loss from continuing operations for the period	**(15,007)**	(16,055)
Income from discontinued operations *[note 3]*	**-**	128
Items not affecting cash:		
Stock-based compensation *[notes 7 and 11]*	**778**	2,357
Accretion interest	**-**	(18)
Interest on capitalized lease payments	**-**	4
Loss on sale of Citagenix Inc. *[note 3]*	**-**	98
	(14,229)	(13,486)
Changes in non-cash balances:		
Other receivables	**(18)**	552
Inventory	**-**	(239)
Prepaid expenses	**(644)**	200
Accounts payable and accrued liabilities	**30**	(208)
Deferred tax liability	**-**	260
Net change in non-cash balances	**(632)**	565
Cash flows used in operating activities	**(14,861)**	(12,921)
INVESTING ACTIVITIES		
Purchase of term deposits	**(13,422)**	(38,125)
Redemption of term deposits	**31,992**	26,299
Sale of subsidiary net of cash sold	**875**	559
Purchase of equipment	**-**	(11)
Cash flows provided by (used in) investing activities	**19,445**	(11,278)
FINANCING ACTIVITIES		
Lease payments	**-**	(78)
Increase in loan receivable	**-**	(1)
Cash flows used in financing activities	**-**	(79)
Net increase (decrease) in cash and cash equivalents during the period	**4,584**	(24,278)
Cash and cash equivalents, beginning of the period	**6,755**	34,807
Cash and cash equivalents, end of the period	**11,339**	10,529

1. DESCRIPTION OF BUSINESS

Antibe Therapeutics Inc. (the "Company" or "Antibe") was incorporated under the *Business Corporations Act* (Ontario) on May 5, 2009. The Company's common shares (the "Common Share(s)") trade on the Toronto Stock Exchange under the symbol "ATE", and on the OTCQX market under the symbol "ATBPF."

The Company originates, develops and out-licenses new pharmaceuticals. Antibe's lead compound, otenaproxesul (previously known as ATB-346), combines a moiety that releases hydrogen sulfide with naproxen, an approved, marketed and off-patent, non-steroidal, anti-inflammatory drug. The Company's main objectives are to develop otenaproxesul by satisfying the requirements of the relevant drug regulatory authorities while also satisfying the commercial licensing objectives of prospective global partners. The Company has also established a development plan for its lead compound through to the end of Phase III human clinical studies for regulatory discussion purposes. Additionally, the Company continues to investigate other research projects as well as additional development opportunities.

The Company was also, through its wholly owned subsidiary, Citagenix Inc. ("Citagenix" or "CGX"), a seller of tissue regenerative products servicing the orthopaedic and dental marketplaces. Citagenix's portfolio consists of branded biologics and medical devices that promote bone regeneration. Citagenix operates in Canada through its direct sales force, and in the United States and internationally via a network of distributors. On November 1, 2022, the Company completed the sale of Citagenix to HANSAmed Limited (see note 3).

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

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on February 13, 2024.

2. BASIS OF PRESENTATION

(a) Statement of compliance –

These unaudited condensed interim consolidated financial statements were prepared using the same accounting policies and methods as those used in the Company's audited consolidated financial statements as at and for the year ended March 31, 2023. These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*. Accordingly, these unaudited condensed interim consolidated financial statements do not include all the disclosures required for annual financial statements and should be read in conjunction with the annual consolidated financial statements of the Company as at and for the year ended March 31, 2023, which are available on SEDAR. Several amendments apply for the first time in 2023, but do not have an impact on the unaudited condensed interim consolidated financial statements of the Company. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(b) Consolidation –

These unaudited condensed interim consolidated financial statements reflect the accounts of the Company and its previously wholly owned subsidiary, Citagenix.

Prior to November 1, 2022, the Company operated as two operating segments: Antibe (research and development of new pharmaceuticals) and Citagenix (a seller of tissue regenerative products servicing the orthopaedic and dental marketplaces). On November 1, 2022, the Company closed the sale of Citagenix.

The results of the operations of Citagenix in the comparative period are recorded within income (loss) from discontinued operations in the interim consolidated statements of loss and comprehensive loss (note 3).

All intercompany balances and transactions have been eliminated on consolidation.

2. BASIS OF PRESENTATION *(continued)*

(c) Going concern –

The unaudited condensed interim consolidated financial statements have been prepared assuming that the Company will continue as a going concern. For the nine months ended December 31, 2023, the Company incurred a net loss from continuing operations of $15,007, had negative cash flows from operations of $14,861 and an accumulated deficit of $145,498.

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 licensing agreements of its lead compound, from proceeds from the exercise of stock options and Common Share purchase 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.

(d) Use of estimates –

The preparation of these unaudited condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, as at the date of the unaudited condensed interim consolidated financial statements, and the reported amounts 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 unaudited condensed interim consolidated financial statements include the completeness of the accrual for research and clinical trial expenses, and accruals and inputs related to the calculation of stock-based compensation.

3. SALE OF CITAGENIX

On November 1, 2022, the Company completed the sale of its wholly owned subsidiary, Citagenix. The $6,500 transaction involves a guaranteed $3,500, and a further $3,000 subject to Citagenix achieving sales milestones over the three-year period following closing. On February 15, 2023, the agreement was amended to include an additional $1,000 of contingent consideration and a one-year extension, bringing the total consideration to $7,500. On November 1, 2023, the Company received the second of the four guaranteed payments of $875 from HANSAmed Limited. The fair value of the contingent consideration was determined to be $nil as of the date of the sale and $nil as of December 31, 2023. The present value of the deferred consideration was determined to be $2,255 as of the date of the sale and $1,581 as of December 31, 2023, using a discount rate of 8%.

(Expressed in thousands of Canadian dollars, except share and per share amounts and where noted)

3. SALE OF CITAGENIX *(continued)*

The results of Citagenix for the three and nine months ended December 31, 2022 are included in the interim consolidated statements of loss and comprehensive loss as income (loss) from discontinued operations, and are presented below:

	Three months ended December 31, 2022	**Nine months ended December 31, 2022**
	$	$
Revenue	965	6,987
Cost of goods sold	379	3,945
Gross profit	586	3,042
Expenses	599	2,556
Loss on sale of Citagenix	98	98
Income (loss) before tax from discontinued operations	(111)	388
Provision for income taxes	-	260
Income (loss) from discontinued operations	(111)	128

4. TERM DEPOSITS

As at December 31, 2023, the Company held investments of $13,567 (March 31, 2023 – $32,137) in three separate Canadian currency guaranteed investment certificates having terms of six and twelve months. Interest rates range from 5.10% to 5.90%.

5. OTHER RECEIVABLES

	December 31, 2023	March 31, 2023
	$	$
SR&ED	**-**	46
Deferred consideration receivable *[note 3]*	**875**	875
Interest receivable	**435**	508
Harmonized Sales Tax receivable	**194**	186
	1,504	1,615
Employee advances *[note 6]*	**42**	40
	1,546	1,655

6. RELATED PARTY TRANSACTIONS

Employee cash advances as at December 31, 2023 totalled $42 (March 31, 2023 – $40). Currently, the Company has one officer receiving cash advances.

(Expressed in thousands of Canadian dollars, except share and per share amounts and where noted)

7. SHARE CAPITAL

(a) Stock options –

On September 12, 2023, the Company granted options of 667,500 Common Shares with an exercise price of $0.56 per share to its directors, officers, employees, and certain consultants. The total fair value of these options, calculated using the Black-Scholes-Merton option pricing model ("BSM") is $224. All options are subject to a service condition: one third (1/3) of the options granted will vest on each of the first, second and third anniversaries of the grant date.

On September 12, 2023, the Company also granted 357,500 performance options with an exercise price of $0.56 per share to key senior executives. Vesting of these options is subject to the successful achievement of certain goals that are designed to reflect the successful execution of the Company's business plan and strategy. The estimated fair value of these performance options, calculated using the BSM, is $120. As at December 31, 2023, it was determined that the probability and timing of achieving the performance criteria was more likely than not and, as such, for the three and nine months ended December 31, 2023, $21 and $25, respectively, were expensed and included in contributed surplus.

The following is a summary of all options to purchase Common Shares that are outstanding as at December 31, 2023 and 2022, as well as details on exercise prices and expiry dates:

	Nine months ended December 31, 2023		Nine months ended December 31, 2022	
	Options	**Weighted average price**	Options	Weighted average price
		$		$
Balance, beginning of the period	**1,430,112**	**1.83**	1,274,435	2.93
Granted during the period	**1,025,000**	**0.56**	340,000	0.48
Forfeited during the period	**(15,000)**	**5.50**	(57,412)	3.34
Balance, end of the period	**2,440,112**	**1.27**	1,557,023	1.73

Number of options	**Exercise price**	**Expiry date**
	$	
66,000	0.68	January 11, 2024
80,500	6.60	March 4, 2024
20,000	0.91	November 15, 2024
36,000	1.40	July 13, 2025
156,272	1.45	March 9, 2026
687,000	2.00	March 31, 2027
15,152	4.95	April 11, 2028
4,188	4.00	May 8, 2028
10,000	2.90	March 11, 2029
340,000	0.48	November 15, 2032
1,025,000	0.56	September 12, 2033
2,440,112		

The number of options exercisable as at December 31, 2023 is 1,149,282 and the weighted average exercise price of these options is $2.09.

(Expressed in thousands of Canadian dollars, except share and per share amounts and where noted)

7. SHARE CAPITAL *(continued)*

The total fair value of options not yet recognized as an expense is $544.

For the three and nine months ended December 31, 2023, totals of $99 and $152, respectively (2022 – $11 and $16, respectively) related to stock options have been included within stock-based compensation in the interim consolidated statements of loss and comprehensive loss.

The following assumptions were used in the BSM to determine the fair value of stock options granted in the period:

	Nine months ended December 31, 2023	Nine months ended December 31, 2022
Weighted average risk-free interest rate	**3.69%**	3.13%
Weighted average expected volatility	**119%**	122%
Expected dividend yield	**-**	-
Weighted average expected life of options	**10 years**	10 years
Weighted average share price	**$0.56**	$0.50
Weighted average exercise price	**$0.56**	$0.48

(b) Restricted share unit plan –

The following is a summary of all restricted share units ("RSUs") for Common Shares that are outstanding as at December 31, 2023 and 2022:

	Nine months ended December 31, 2023	Nine months ended December 31, 2022
	RSUs	RSUs
Balance, beginning of the period	**3,537,265**	2,438,445
Redeemed during the period	**(48,335)**	(369,533)
Forfeited during the period	**-**	(5,083)
Balance, end of the period	**3,488,930**	2,063,829

Based on the share price on the date of granting, the total fair value of RSUs not yet recognized as an expense is $105.

For the three and nine months ended December 31, 2023, totals of $343 and $626, respectively (2022 – $798 and $2,341, respectively) related to RSUs have been included within stock-based compensation in the interim consolidated statements of loss and comprehensive loss.

(c) Common Share purchase warrants –

On December 12, 2023, the Company announced that it is extending the expiry date (the "Warrant Extension") and amending the exercise price (the "Amended Exercise Price") of 6,485,706 Common Share purchase warrants ("Warrants") of the Company.

(Expressed in thousands of Canadian dollars, except share and per share amounts and where noted)

7. SHARE CAPITAL *(continued)*

The Warrants, pursuant to the Warrant Extension, will expire on July 31, 2024 and, pursuant to the Amended Exercise Price, be exercisable into a Common Share of the Company at $1.50 per Common Share, as depicted in the table below:

Issue date	Number of Warrants	Issued exercise price	Amended exercise price	Original expiry date	Amended expiry date	Effective date
August 13, 2019	748,555	$1,80	$1.50	December 31, 2023	July 31, 2024	December 29, 2023
June 30, 2020	2,373,401	$1.80	$1.50	December 31, 2023	July 31, 2024	December 29, 2023
February 24, 2021	3,363,750	$7.50	$1.50	February 24, 2024	July 31, 2024	December 29, 2023

On December 16, 2023, the Toronto Stock Exchange provided final approval for the Warrant Extension and Amended Exercise Price with an effective date for the amendments of December 29, 2023.

The above amendment had no impact on the presentation of shareholders' equity since the Company's accounting policy is to not record an adjustment to shareholders' equity when the Warrants continue to be classified as equity under IAS 32.

None of the Warrants are held by insiders of the Company.

The following is a summary of all Warrants to purchase Common Shares that are outstanding as at December 31, 2023 and 2022, as well as details on exercise prices and expiry dates:

	Nine months ended December 31, 2023		Nine months ended December 31, 2022	
	Warrants	**Weighted average price**	Warrants	Weighted average price
		$		$
Balance, beginning of the period	**6,485,706**	**1.50**	7,389,166	6.31
Expired during the period	**-**	**-**	(499,810)	3.96
Balance, end of the period	**6,485,706**	**1.50**	6,889,356	4.83

Number of Warrants	Exercise price	Expiry date
	$	
6,485,706	1.50	July 31, 2024

8. LOSS PER SHARE

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

(Expressed in thousands of Canadian dollars, except share and per share amounts and where noted)

9. RESEARCH AND DEVELOPMENT EXPENSES

The nature of the research and development expenses for the three and nine months ended December 31, 2023 and 2022, is summarized as follows:

	Three months ended December 31, 2023	Three months ended December 31, 2022	**Nine months ended December 31, 2023**	Nine months ended December 31, 2022
	$	$	$	$
Salaries and wages	**438**	354	**1,660**	1,552
Professional and consulting fees	**344**	275	**911**	1,213
Research and clinical trial costs	**1,521**	1,594	**6,791**	7,144
SR&ED rebate	**-**	8	**-**	8
Total research and development expenses	**2,303**	2,231	**9,362**	9,917

Non-refundable advance payments for goods and services that will be used or rendered in future research and development activities are recorded as a prepaid expense and recognized as an expense within research and development expenses in the period that the related goods are consumed or services are performed. As at December 31, 2023, $1,382 (2022 – $274) was recorded as a prepaid expense.

10. GENERAL AND ADMINISTRATIVE EXPENSES

The nature of the general and administrative expenses for the three and nine months ended December 31, 2023 and 2022, is summarized as follows:

	Three months ended December 31, 2023	Three months ended December 31, 2022	**Nine months ended December 31, 2023**	Nine months ended December 31, 2022
	$	$	$	$
Salaries and wages	**415**	385	**1,603**	1,450
Professional and consulting fees	**1,215**	1,036	**3,819**	2,515
Office expenses	**71**	89	**244**	251
Other expenses	**69**	45	**196**	199
Total general and administrative expenses	**1,770**	1,555	**5,862**	4,415

11. STOCK-BASED COMPENSATION

The function of the stock-based compensation expense for the three and nine months ended December 31, 2023 and 2022, is summarized as follows:

	Three months ended December 31, 2023	Three months ended December 31, 2022	**Nine months ended December 31, 2023**	Nine months ended December 31, 2022
	$	$	$	$
General and administrative	**268**	543	**492**	1,526
Research and development	**174**	266	**286**	831
Total stock-based compensation	**442**	809	**778**	2,357

(Expressed in thousands of Canadian dollars, except share and per share amounts and where noted)

11. STOCK-BASED COMPENSATION *(continued)*

During the nine months ended December 31, 2023, the Company revised its estimate of achieving a particular performance metric resulting in a reversal of previously expensed stock-based compensation.

12. SELLING AND MARKETING EXPENSES

The nature of the selling and marketing expenses for the three and nine months ended December 31, 2023 and 2022, is summarized as follows:

	Three months ended December 31, 2023	Three months ended December 31, 2022	**Nine months ended December 31, 2023**	Nine months ended December 31, 2022
	$	$	$	$
Advertising and promotion	**6**	5	**46**	68
Travel and entertainment	**75**	62	**278**	207
Total selling and marketing expenses	**81**	67	**324**	275

13. FINANCE INCOME AND RELATED COSTS

The components of the finance income and related costs for the three and nine months ended December 31, 2023 and 2022, are as follows:

	Three months ended December 31, 2023	Three months ended December 31, 2022	**Nine months ended December 31, 2023**	Nine months ended December 31, 2022
	$	$	$	$
Interest and bank charges	**2**	2	**7**	7
Foreign currency transactions	**3**	-	**10**	83
Finance income	**(388)**	(459)	**(1,336)**	(999)
Total finance income and related costs	**(383)**	(457)	**(1,319)**	(909)

14. CAPITAL RISK MANAGEMENT

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the research, development and patent of drugs. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity.

The Company includes the following in its definition of capital: share capital, Common Share purchase warrants, contributed surplus and accumulated deficit, which, as at December 31, 2023, totalled $25,937 (March 31, 2023 – $40,166). The Company is not subject to externally imposed capital requirements.

15. FINANCIAL RISK MANAGEMENT

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

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 (note 2(c)).

As at December 31, 2023, the Company's financial obligations, including applicable interest, are due as follows:

	Less than 1 year	1–2 years	After 2	Total
	$	$	$	$
Accounts payable and accrued liabilities	2,794	-	-	2,794

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. The Company is not currently incurring any debt and is, therefore, not exposed to changes in interest rates.

(Expressed in thousands of Canadian dollars, except share and per share amounts and where noted)

16. COMMITMENTS AND CONTINGENCIES

On February 9, 2021, Antibe entered into an exclusive licensing agreement with Nuance Pharma (Shanghai) Co. Ltd. ("Nuance") for the development and commercialization of otenaproxesul in the Greater China region. The license provides Nuance with exclusive rights to commercialize otenaproxesul in China, Hong Kong, Macau, and Taiwan.

The Company received notice of arbitral proceedings from Nuance relating to this license agreement on January 21, 2022. Pursuant to the license agreement, Nuance is obligated to make up to US$80 million in payments to Antibe upon certain development and sales milestones, in addition to an upfront payment of US$20 million, which has been paid. Nuance seeks to have the license rescinded and the upfront payment returned, alleging that Antibe failed to adequately share information concerning the risks of transaminase elevations related to otenaproxesul. The Company considers Nuance's claims are unlikely to succeed. Management has determined that the occurrence of a loss is not probable and, therefore, there is no accrual in the condensed interim consolidated financial statements as at December 31, 2023 and March 31, 2023. The Company has engaged counsel to assist it with the arbitration proceedings, which have been brought under the Arbitration Rules of the Singapore International Arbitration Centre. Arbitration proceedings were held in May 2023 and a decision is pending.

17. SUBSEQUENT EVENTS

a) On December 29, 2023, the Company announced an Early Warrant Exercise Incentive Program ("Early Warrant Exercise Program") for its approximately 6.5 million outstanding and unlisted share purchase warrants having an exercise price of $1.50 and expiring on July 31, 2024.

The Early Warrant Exercise Program is designed to encourage the early exercise of the Warrants during a 30-day early exercise period expected to commence on January 16, 2024 and terminate on February 15, 2024 (the "Incentive Period"). The Company proposes to incentivize the early exercise of the Warrants by offering a reduction in the Amended Exercise Price from $1.50 to $1.00 to holders of the Warrants who exercise the Warrants during the Incentive Period. After February 15, 2024, the exercise price of the Warrants will revert to $1.50 per Common Share.

On January 15, 2024, the Toronto Stock Exchange provided final approval for the Early Warrant Exercise Program with an effective date for the amendments of January 16, 2024.

None of the Warrants are held by insiders of the Company.

The following is a summary of all Warrants exercised during the period from January 1, 2024 to the date of issuance of these condensed interim consolidated financial statements:

Exercise price	Number of Warrants	Proceeds
$		$
1.00	74,873	75

Each of the Warrants entitled the bearer to purchase one Common Share of the Company.

On February 1, 2024, the Company announced an extension of the termination date of the Early Warrant Exercise Program to March 31, 2024 (the "Extension"). After March 31, 2024, the exercise price of the Warrants will revert to $1.50 per Common Share.

The Toronto Stock Exchange has provided conditional approval for the Extension with an effective date of February 16, 2024.

17. SUBSEQUENT EVENTS *(continued)*

b) On January 3, 2024, as part of a consulting agreement, the Company granted options of 24,000 Common Shares with an exercise price of $0.91 per share. The options vested immediately upon granting, and the total fair value, calculated using the BSM, is $21.