

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 000-54495

ANTRIABIO, INC

(Exact Name of Registrant as Specified in its Charter)

Delaware

27-3440894

(State of other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

1450 Infinite Drive, Louisville, Colorado

80027

(Address of Principal Executive Offices)

(Zip Code)

(303) 222-2128

(Registrant's Telephone Number, including Area Code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated file, a non-accelerated filer, or a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act)

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

Yes No

Number of shares of issuer's common stock outstanding as of May 15, 2015: 24,338,219

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains statements reflecting assumptions, expectations, projections, intentions or beliefs about future events that are intended as “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements included or incorporated by reference in this report, other than statements of historical fact, that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. These statements appear in a number of places, including, but not limited to “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” These statements represent our reasonable judgment of the future based on various factors and using numerous assumptions and are subject to known and unknown risks, uncertainties and other factors that could cause our actual results and financial position to differ materially from those contemplated by the statements. You can identify these statements by the fact that they do not relate strictly to historical or current facts, and use words such as “anticipate,” “believe,” “estimate,” “expect,” “forecast,” “may,” “should,” “plan,” “project” and other words of similar meaning. In particular, these include, but are not limited to, statements relating to the following:

- projected operating or financial results, including anticipated cash flows used in operations;
- expectations regarding capital expenditures, research and development expense and other payments;
- our beliefs and assumptions relating to our liquidity position, including our ability to obtain additional financing;
- our ability to obtain regulatory approvals for our pharmaceutical drugs and diagnostics; and
- our future dependence on third party manufacturers or strategic partners to manufacture any of our pharmaceutical drugs and diagnostics that receive regulatory approval, and our ability to identify strategic partners and enter into license, co-development, collaboration or similar arrangements.

Any or all of our forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks, uncertainties and other factors including, among others:

- the loss of key management personnel or sponsored research partners on whom we depend;
- the progress and results of clinical trials for our product candidates;
- our ability to navigate the regulatory approval process in the U.S. and other countries, and our success in obtaining required regulatory approvals for our product candidates;
- commercial developments for products that compete with our product candidates;
- the actual and perceived effectiveness of our product candidates, and how those product candidates compare to competitive products;
- the strength of our intellectual property protection, and our success in avoiding infringing the intellectual property rights of others;
- adverse developments in our research and development activities;
- potential liability if our product candidates cause illness, injury or death, or adverse publicity from any such events;
- our ability to operate our business efficiently, manage capital expenditures and costs (including general and administrative expenses) and obtain financing when required;
- our expectations with respect to our acquisition activity.

In addition, there may be other factors that could cause our actual results to be materially different from the results referenced in the forward-looking statements, some of which are included elsewhere in this Quarterly Report on Form 10-Q, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Many of these factors will be important in determining our actual future results. Consequently, no forward-looking statement can be guaranteed. Our actual future results may vary materially from those expressed or implied in any forward-looking statements. All forward-looking statements contained in this Quarterly Report on Form 10-Q are qualified in their entirety by this cautionary statement. Forward-looking statements speak only as of the date they are made, and we disclaim any obligation to update any forward-looking statements to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q, except as otherwise required by applicable law.

AntriaBio, Inc.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

Consolidated Balance Sheets

	<u>March 31, 2015</u> (Unaudited)	<u>June 30, 2014</u>
<u>Assets</u>		
Current assets		
Cash	\$ 8,224,718	\$ 5,934,534
Restricted cash	450,055	-
Inventory	92,425	289,600
Other current assets	175,023	83,425
Total current assets	<u>8,942,221</u>	<u>6,307,559</u>
Non-current assets		
Fixed assets, net	2,303,080	337,932
Intangible assets, net	60,729	9,161
Deposit	750,000	750,000
Total non-current assets	<u>3,113,809</u>	<u>1,097,093</u>
Total Assets	<u>\$ 12,056,030</u>	<u>\$ 7,404,652</u>
<u>Liabilities and Stockholders' Equity</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,325,754	\$ 460,311
Accounts payable and accrued expenses - related party	-	397,055
Convertible notes payable	60,000	60,000
Deferred lease liability, current portion	96,015	-
Lease payable, current portion	92,912	-
Interest payable	12,579	11,079
Warrant derivative liability	211,221	35,595
Total current liabilities	<u>1,798,481</u>	<u>964,040</u>
Non-current liabilities:		
Deferred lease liability, less current portion	506,499	33,881
Lease payable, less current portion	46,946	-
Total non-current liabilities	<u>553,445</u>	<u>33,881</u>
Total Liabilities	<u>2,351,926</u>	<u>997,921</u>
Commitments and Contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 20,000,000 shares authorized; none issued and outstanding	-	-
Common stock, \$0.001 par value, 200,000,000 shares authorized; 23,535,740 and 18,091,792 shares issued and outstanding, March 31, 2015 and June 30, 2014, respectively	23,536	18,092
Additional paid-in capital	35,750,392	24,135,563
Accumulated deficit	(26,069,824)	(17,746,924)
Total stockholders' equity	<u>9,704,104</u>	<u>6,406,731</u>
Total Liabilities and Stockholders' Equity	<u>\$ 12,056,030</u>	<u>\$ 7,404,652</u>

See accompanying notes to consolidated financial statements

AntriaBio, Inc.

Consolidated Statements of Operations

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2015	2014	2015	2014
	(Unaudited)		(Unaudited)	
Operating expenses				
<i>Research and development</i>				
Compensation and benefits	\$ 628,252	\$ -	\$ 1,306,806	\$ -
Consultants and outside costs	166,472	-	425,891	-
Material manufacturing costs	296,385	2,246	871,308	2,246
Facilities and other costs	199,686	-	365,511	-
	1,290,795	2,246	2,969,516	2,246
<i>General and Administrative</i>				
Consulting fees	33,000	221,263	349,633	383,288
Compensation and benefits	780,500	591,023	2,828,032	1,361,355
Professional fees	72,270	228,308	362,339	470,926
Investor relations	36,602	-	468,047	-
General and administrative	87,033	552,539	626,777	728,505
	1,009,405	1,593,133	4,634,828	2,944,074
Total operating expenses	2,300,200	1,595,379	7,604,344	2,946,320
Loss from operations	(2,300,200)	(1,595,379)	(7,604,344)	(2,946,320)
Other income (expense)				
Interest income	1,093	3,667	4,062	10,500
Interest expense	(2,086)	(3,441,448)	(4,885)	(4,229,612)
Derivative losses	(871,447)	(53,970)	(717,733)	(559,791)
Total other expense	(872,440)	(3,491,751)	(718,556)	(4,778,903)
Net loss	\$ (3,172,640)	\$ (5,087,130)	\$ (8,322,900)	\$ (7,725,223)
Net loss per common share - basic and diluted	\$ (0.14)	\$ (0.76)	\$ (0.42)	\$ (1.16)
Weighted average number of common shares outstanding - basic and diluted	22,542,821	6,671,537	19,840,425	6,669,896

See accompanying notes to consolidated financial statements

AntriaBio, Inc.

Consolidated Statement of Stockholders' Equity (Deficit)
From June 30, 2013 to March 31, 2015 (Unaudited)

	Common Stock, \$0.001 Par Value		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount			
Balance at June 30, 2013	6,666,667	6,667	3,847,591	(8,016,470)	(4,162,212)
Stock-based compensation	-	-	1,081,792	-	1,081,792
Beneficial conversion feature	-	-	2,922,938	-	2,922,938
Fair value of warrants for financing and conversion	-	-	6,476,606	-	6,476,606
Fair value of warrants to be issued	-	-	690,187	-	690,187
Issuance of common stock, net of issuance costs of \$2,263,804	5,725,327	5,725	3,477,683	-	3,483,408
Issuance of common stock for note conversions	5,297,964	5,298	4,959,581	-	4,964,879
Issuance of common stock as repayment of related party balance	176,283	176	274,824	-	275,000
Cashless exercise of warrants	100,550	101	(101)	-	-
Issuance of common stock for services	125,001	125	404,462	-	404,587
Net loss for the year ended June 30, 2014	-	-	-	(9,730,454)	(9,730,454)
Balance at June 30, 2014	18,091,792	\$ 18,092	\$ 24,135,563	\$ (17,746,924)	\$ 6,406,731
Stock-based compensation (Unaudited)	-	-	1,864,226	-	1,864,226
Issuance of common stock for services (Unaudited)	167,668	168	298,250	-	298,418
Fair value of warrants issued (Unaudited)	-	-	5,169,743	-	5,169,743
Issuance of common stock, net of issuance costs of \$2,693,836 (Unaudited)	5,276,280	5,276	4,282,610	-	4,287,886
Net loss for the nine months ended March 31, 2015 (Unaudited)	-	-	-	(8,322,900)	(8,322,900)
Balance at March 31, 2015 (Unaudited)	23,535,740	\$ 23,536	\$ 35,750,392	\$ (26,069,824)	\$ 9,704,104

See accompanying notes to consolidated financial statements

AntriaBio, Inc.

Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended March 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ (8,322,900)	\$ (7,725,223)
Amortization of notes payable discount	-	3,356,000
Amortization of deferred financing costs	-	416,337
Amortization of intangible asset	3,432	2,658
Depreciation expense	91,021	-
Stock-based compensation expense	1,864,226	495,120
Stock issued for services	298,418	-
Derivative losses	717,733	559,791
Warrant expense	84,558	76,064
Bad debt expense	-	341,780
Forgiveness of accounts payable and accrued expenses - related party	132,339	-
Changes in operating assets and liabilities:		
Increase in other assets	(91,598)	(24,331)
Decrease in inventory	197,175	-
Increase in due from related parties	-	18,948
Increase in accounts payable and accrued expenses	380,727	457,350
(Decrease) increase in accounts payable and accrued expenses - related party	(529,394)	590,838
Increase in interest payable	1,500	365,485
Deferred lease liability	57,017	-
Net Cash Used In Operating Activities	(5,115,746)	(1,069,183)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(874,960)	-
Acquisition of intangibles	(55,000)	-
Increase in restricted cash	(450,055)	-
Decrease in interest receivable - related party	-	(10,212)
Net Cash Used In Investing Activities	(1,380,015)	(10,212)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of financing costs	-	(270,300)
Proceeds from issuance of convertible notes payable	-	2,703,000
Repayments of convertible notes payable	-	(67,500)
Proceeds from issuance of notes payable - related party	-	234,700
Payments on lease payable	(45,019)	-
Proceeds from issuance of equity financing	9,761,070	4,970,453
Payment of placement agent compensation and issuance costs	(930,106)	(849,858)
Net Cash Provided By Financing Activities	8,785,945	6,720,495
Net increase in cash	2,290,184	5,641,100
Cash - Beginning of Period	5,934,534	527
Cash - End of Period	\$ 8,224,718	\$ 5,641,627

(Continued)

SUPPLEMENTARY CASH FLOW INFORMATION:

Cash Paid During the Period for:

Taxes	\$	-	\$	-
Interest	\$	-	\$	-

Non-Cash Transactions:

Conversion of convertible notes payable to common stock	\$	-	\$	5,710,500
Conversion of interest payable to common stock	\$	-	\$	647,342
Conversion of accounts payable and accrued expense - related party to common stock	\$	-	\$	275,000
Beneficial conversion feature recorded as a debt discount	\$	-	\$	2,922,938
Warrant value recorded as a debt discount	\$	-	\$	433,062
Fixed assets acquired through lease payable	\$	184,877	\$	-
Fixed assets acquired through tenant improvement allowance	\$	511,616	\$	-
Warrant value recorded as issuance costs	\$	1,671,618	\$	-
Fixed assets acquired through accounts payable and accrued expenses	\$	484,716	\$	-
Warrant derivative liability reclassified as equity	\$	2,217,605	\$	-

See accompanying notes to consolidated financial statements

AntriaBio, Inc.
Notes to Consolidated Financial Statements
March 31, 2015
(Unaudited)

Note 1 Nature of Operations

These financial statements represent the consolidated financial statements of AntriaBio, Inc. (“AntriaBio”), formerly known as Fits My Style, Inc., and its wholly owned operating subsidiary, AntriaBio Delaware, Inc. (“Antria Delaware”). AntriaBio and Antria Delaware are collectively referred to herein as the “Company”.

On January 31, 2013, AntriaBio, a public company, acquired Antria Delaware pursuant to a share exchange agreement in which the existing stockholders of Antria Delaware exchanged all of their issued and outstanding shares of common stock of Antria Delaware for 5,880,667 shares of common stock of AntriaBio (the “Reverse Merger”). After the consummation of the Reverse Merger, stockholders of Antria Delaware owned 88.2% of AntriaBio’s outstanding common stock.

As a result of the Reverse Merger, Antria Delaware became a wholly owned subsidiary of AntriaBio. For accounting purposes, the Reverse Merger was treated as a reverse acquisition with Antria Delaware as the acquirer and AntriaBio as the acquired party. As a result, the business and financial information included in this Quarterly Report on Form 10-Q is the business and financial information of Antria Delaware. The accumulated deficit of AntriaBio has been included in additional paid-in-capital.

Note 2 Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules and regulations of the United States Securities and Exchange Commission for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X.

The unaudited interim financial statements should be read in conjunction with the Company’s Annual Report on Form 10-K filed on September 29, 2014, which contains the audited financial statements and notes thereto, together with the Management’s Discussion and Analysis of Financial Condition and Results of Operations, for the year ended June 30, 2014.

Certain information or footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted, pursuant to the rules and regulations of the Securities and Exchange Commission for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a comprehensive presentation of financial position, results of operations, or cash flows. It is management's opinion, however, that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statement presentation. The interim results for the period ended March 31, 2015 are not necessarily indicative of results for the full fiscal year.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and the accompanying notes. Such estimates and assumptions impact, among others, the following: estimated useful lives and potential impairment of intangible assets, the fair value of share-based payments and warrants, estimates of the probability and potential magnitude of contingent liabilities and the valuation allowance for deferred tax assets due to continuing and expected future operating losses.

Risks and Uncertainties

The Company's operations may be subject to significant risk and uncertainties including financial, operational, regulatory and other risks associated with a preclinical stage company, including the potential risk of business failure. See Note 3 regarding going concern matters.

Restricted Cash

Restricted cash consists of cash held in a joint account with our general contractor until the completion of the construction in progress.

Fixed Assets

Fixed assets are carried at cost less accumulated depreciation. The fixed assets as of March 31, 2015 and June 30, 2014 included \$1,131,741 and \$23,012, respectively, of construction in process in the buildout of our lab facilities and manufacturing suite. The Company estimates that the buildout will be completed early in fiscal year 2016 at which time they will begin to be depreciated.

Research and Development Costs

Research and development costs are expensed as incurred and include salaries, benefits and other staff-related costs; consultants and outside costs; material manufacturing costs; and facilities and other costs. These costs relate to research and development costs without an allocation of general and administrative expenses.

Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The standard also expands disclosures about instruments measured at fair value and establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices for identical assets and liabilities in active markets;
- Level 2: Quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and
- Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The carrying amounts of financial instruments including cash, accounts payable, and convertible notes payable approximated fair value as of March 31, 2015 and June 30, 2014 due to the relatively short maturity of the respective instruments.

The warrant derivative liability recorded as of March 31, 2015 and June 30, 2014 is recorded at an estimated fair value based on a Black-Scholes pricing model for some of the warrant derivative liability. The warrant derivative liability recorded in the current period was recorded at an estimated fair value both when recorded and as of March 31, 2015 using an income approach based on a Lattice Model due to a down round provision. The warrant derivative liability is a level 3 fair value measurement with the entire change in the balance recorded through earnings. See significant assumptions in Note 8. The following table sets forth a reconciliation of changes in the fair value of financial instruments classified as level 3 in the fair value hierarchy:

Balance as of June 30, 2014	\$ (35,595)
Total unrealized gains (losses):	
Included in earnings	(717,733)
Warrant recorded as derivative liability	(1,675,498)
Warrant reclassified to equity	<u>2,217,605</u>
Balance as of March 31, 2015	<u>\$ (211,221)</u>

Recent Accounting Pronouncements

In June 2014, the FASB issued Accounting Standards Update (“ASU”) 2014-10, *Development Stage Entities (Topic 915)*. The objective of the amendments in this update is to improve financial reporting by reducing the cost and complexity associated with the incremental reporting requirements for development stage entities. The amendments in this update remove all incremental financial reporting requirements from US GAAP for development stage entities, thereby improving financial reporting by eliminating the cost and complexity associated with providing that information. The amendments are effective for annual reporting periods beginning after December 15, 2014, and interim reporting periods beginning after December 15, 2015. Early adoption is permitted. The Company has elected to early adopt this guidance, and therefore is no longer presenting the financial statements in accordance with ASU 915, with inception to date disclosures.

In August 2014, the FASB issued ASU 2014-15, *Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern* ("ASU 2014-15"), which provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity's ability to continue as a going concern. We will be required to perform the going concern assessment under ASU 2014-15 beginning with the year ending June 30, 2017.

In January 2015, the FASB issued ASU 2015-01, *Income Statement – Extraordinary and Unusual Items (Subtopic 225-20)*, which eliminates the concept of extraordinary items. The new guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2015. The new guidance is to be applied prospectively but may also be applied retrospectively to all prior periods presented in the financial statements. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. We expect to adopt the provisions of this new guidance on July 1, 2016. We do not expect the adoption of the new provisions to have a material impact on our financial condition or results of operations.

Note 3 Going Concern

As reflected in the accompanying financial statements, the Company has a net loss of \$8,322,900 and net cash used in operations of \$5,115,746 for the nine months ended March 31, 2015, working capital equity of \$7,143,740, stockholders' equity of \$9,704,104, and an accumulated deficit of \$26,069,824 at March 31, 2015. In addition, the Company is in the preclinical stage and has not yet generated any revenues. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company expects that its current cash resources as well as expected lack of operating cash flows will not be sufficient to sustain operations for a period greater than one year. The ability of the Company to continue its operations is dependent on Management's plans, which include continuing to raise capital through equity based financings.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 4 Asset Acquisition

Asset Acquisition - On January 30, 2013, the Company closed on an asset purchase agreement with the Chapter 7 Estate of PR Pharmaceuticals, Inc. ("PRP"). Pursuant to the asset purchase agreement, the Company has acquired certain tangible and intangible assets in exchange for \$400,000 in cash plus an initial deposit of \$100,000 paid to the Chapter 11 Trustee of PRP which is included in the purchase price, plus contingent consideration up to a maximum amount of \$44,000,000.

On November 6, 2014, the Company closed on an asset purchase agreement with the Chapter 7 Estate of PRP in which the Company acquired its contingent consideration payments in exchange for \$55,000 in cash. The value paid for the contingent consideration was allocated to the intangible assets that were acquired from PRP. As of the closing, the Company is no longer obligated to make any contingent consideration payments.

Note 5 Related Party Transactions

During the three and nine months ended March 31, 2015, the Company incurred consulting expenses of \$33,000 and \$99,000, respectively, for services performed by related parties of the Company and included in the statements of operations. As of March 31, 2015 and June 30, 2014, \$0 and \$397,055, respectively, of related party expenses are recorded in accounts payable and accrued expense – related party. During the three months ended March 31, 2015, the accounts payable and accrued expense – related party balance outstanding of \$132,339 was forgiven and written off.

During the three and nine months ended March 31, 2014, the Company incurred consulting expenses of \$172,530 and \$334,204, respectively, and professional expenses of \$0 and \$51,000, respectively, for services performed by related parties of the Company and included in the statements of operations.

Note 6 Convertible Notes Payable

2010 Notes (See (A) below.) - During 2010 and 2011, the Company issued 8% convertible notes payable for which principal and interest is due two years after date of issuance. The Company is required to pay a loan fee equal to 100% of the notes principal balance, which is recorded as a loan discount and being amortized on the effective yield method over the term of the notes.

Upon the close of a "Financing", which means any third party capital investment in the Company, in cash, that is two million, five hundred thousand dollars (\$2,500,000) or greater, the outstanding principal balance and at the option of the Lender, the unpaid accrued interest on these convertible notes shall convert in whole into the number of whole shares of common stock obtained by dividing the outstanding principal balance and unpaid accrued interest on these convertible notes at the time of such Financing, by the Conversion Price. The "Conversion Price" under these notes shall initially be 65% of the common share price of the Financing, subject to adjustment as provided herein. If the Company elects to pay the accrued interest on these convertible notes in cash, the accrued interest payment shall be due on the date the principal amount is converted to common stock. These terms were modified as disclosed below.

2011 Notes (See (B) below.) – During June 2011, the Company issued 8% convertible notes payable via Private Placement Memorandum (“PPM”). The PPM authorizes the issuance of up to \$2,000,000 of convertible notes payable for which principal and interest is due one year after date of issuance. Pursuant to the terms of the PPM, upon an offering by the Company of common stock totalling at least \$5,000,000 (a “Qualified Offering”) the notes will automatically and on a mandatory basis convert (the “Mandatory Conversion”) into common shares of the Company and the right to receive warrants. On the date of closing of a Qualified Financing of common shares, the Notes will convert into common shares of the Company at a price equal to 65% of the price per common share of the Qualified Financing (the “Mandatory Conversion Price”), subject to a maximum conversion pre-money valuation of \$20,000,000, and the right to receive Warrants. The conversion will include the face amount of the Notes and include any accrued and unpaid interest. For each common share received as a result of the Mandatory Conversion, the Investor will receive one (1) warrant to purchase one (1) common share of the Company at an exercise price equal to 135% of the price per common share at which the Notes are converted pursuant to the Mandatory Conversion. The warrants will be exercisable at any time for a period of five years from the date of the Qualified Offering. These terms were modified as disclosed below.

2011 Notes (See (C) below) – In September 2011, the Company amended its 2011 PPM (above) to remove the mandatory conversion feature and to permit conversion of the notes payable at the option of the lender. The remaining terms remain essentially the same as the 2011 Notes described above.

On July 1, 2012, the Company amended its June 15, 2011 PPM on its twelve month, 8% convertible notes payable to issue up to an additional \$2,000,000 in convertible notes and to extend its offering termination date to October 1, 2012. In addition, the amended PPM changes the definition of a “Qualified Financing” from \$5,000,000 to \$2,500,000. On the maturity date of the convertible notes, or the closing of a Sale of the Company, whichever occurs first, the lenders are permitted an elective conversion option to convert the outstanding principal and interest on the convertible notes at the lower of 65% of the price per share of common stock in the Qualified Financing or 65% of the common stock price using a pre-money valuation of the Company of \$20 million. With each share of common stock received, the investor will also receive a warrant to purchase two shares of common stock at 135% of the price per common stock at the time the note was converted. The Company reserved the right to withdraw the offering at any time.

2012 Notes (See (D) below) - In December 2012, the Company amended its PPM on its twelve month, 8% convertible notes payable to issue up to an additional \$1,000,000 in convertible notes and to extend the offering termination to December 31, 2012. On the date of a Qualified Financing, the lenders are permitted an elective conversion option to convert the outstanding principal and interest at the lower of 50% of the price per share of common stock in the Qualified Financing or \$4.50 per share. With each share of common stock received, the investor will also receive a warrant to purchase one share of common stock at 150% of the price per common stock at the time the note was converted.

In the second fiscal quarter of 2014, the Company sent letters to the holders of the 2010, 2011 and 2012 notes requesting amendment of their convertible notes payable. The convertible notes payable were amended to: (i) fix the conversion price of the notes into common stock at \$1.50 per share, (ii) require mandatory conversion of principal and interest, and (iii) change the definition of a qualified financing to an equity financing of at least \$3,000,000. Note holders of \$3,032,500 of the convertible notes payable balances outstanding had signed and returned the amendment letter as of March 31, 2014. Based on the fixed conversion price, the intrinsic value of the beneficial conversion feature of \$653,000 was calculated and recorded as a discount to the notes payable. As of June 30, 2014, \$653,000 of the debt discount has been amortized into interest expense as these all amortized as part of the conversion.

2013 Notes (See (E) below) – In December 2013 and January 2014, the Company issued 8% convertible promissory notes payable for which principal and interest is due six months after the date of issuance. Pursuant to the note agreements, if the Company issues equity securities in a transaction resulting in gross proceeds of at least \$3,000,000, the promissory note and accrued interest will automatically convert to common stock at a conversion price of \$1.26 per share. The notes also allow the investor to convert at any time prior to maturity at \$1.26 per share at their option. With the promissory note, the investor also received a warrant to purchase common stock equal to one-half of the principal amount of the promissory note. The warrant has an exercise price of \$1.89 per share and is exercisable for three years from date of issuance.

The value of the proceeds of the notes was allocated to the warrants as discussed in Note 7 and the remaining balance was allocated to the beneficial conversion feature as the intrinsic value of the beneficial conversion feature is greater than the remaining value of the notes. The discount on the notes is being amortized into interest expense over the remaining life of the notes using the effective interest method.

On March 31, 2014, the Company closed on an equity transaction which qualified as a “qualified financing” as such the \$2,703,000 in 2013 Notes and the accrued interest was converted into 2,186,838 shares of our common stock. The Company also converted \$4,275,172 of the 2010, 2011 and 2012 Notes and accrued interest into 3,111,126 shares of our common stock. The remaining balance of any debt discounts on the notes converted was recorded into interest expense at the time of the conversion.

The convertible notes outstanding as of March 31, 2015 and June 30, 2014 are:

	<u>March 31, 2015</u>	<u>June 30, 2014</u>
2010 Notes (A)	\$ 60,000	\$ 60,000
2011 Notes (B)	-	-
2011 Notes (C)	-	-
2012 Notes (D)	-	-
	<u>\$ 60,000</u>	<u>\$ 60,000</u>

The notes originated at various dates from April 2010 through January 2013 and mature at various dates from February 2012 to June 2014.

As of March 31, 2015, all of the outstanding convertible notes have matured and payments were due on demand and remains convertible at the holders option. The convertible notes which have not been repaid continue to accrue interest at a rate of 8%.

Note 7 Shareholders' Equity (Deficit)

During the fiscal year 2014, the Company completed a private placement transaction in which the Company issued 5,725,327 units to accredited investors. Each unit consists of one share of our common stock and one common share purchase warrant. Each warrant entitles the holder to purchase one share of common stock at a price of \$2.34 per share and the warrant will expire 36 months following the issuance. The Company received net proceeds of \$7.6 million after the placement agent compensation and issuance costs paid of \$1,365,085 and \$898,719 of warrant expense recorded as issuance costs.

In addition to the units issued, the Company also issued 562,352 additional warrants to investors who invested in the 2013 Notes and also in the private placement. For each dollar that was invested in the 2013 Notes, the Company would issue one-half of one common share purchase warrant for their investment in the private placement transaction for up to 150% of their investment in the 2013 Notes. The warrants will be exercisable at \$2.34 per share and will expire 36 months after they were issued.

On March 31, 2014, the Company entered into a services agreement whereby the Company receives assistance with investor relations relating to digital strategy, website and investor materials, market awareness and other services. The compensation for these services will be 500,000 shares of common stock to be issued over a twelve-month period. As of March 31, 2015, 291,669 shares of common stock have been issued under the agreement and \$296,669 has been recorded as investor relations expense during the nine months ended March 31, 2015. On November 1, 2014 the agreement was terminated and no additional compensation will be paid.

During the nine months ended March 31, 2015, the Company completed a private placement transaction in which the Company issued 4,968,482 units to accredited investors. Each unit consists of one share of our common stock and one common share purchase warrant. Each warrant entitles the holder to purchase one share of common stock at a price of \$2.50 per share and the warrant will expire 36 months following the issuance. The Company received net proceeds of \$6.7 million after the placement agent compensation and issuance costs paid of \$873,164 and \$1,590,920 of warrant expense recorded as issuance costs.

In the third quarter of fiscal 2015, the Company completed an initial close of a private placement transaction in which the Company issued 307,798 units to accredited investors. Each unit consists of one share of our common stock and one common share purchase warrant. Each warrant entitles the holder to purchase one share of common stock at a price of \$2.50 per share and the warrant will expire 36 months following the issuance. The Company received net proceeds of \$339 thousand after the placement agent compensation and issuance costs paid of \$56,943 and \$172,809 of warrant expense recorded as issuance costs. The Company completed the final close on the private placement transaction on April 6, 2015 in which another \$1.4 million of gross proceeds were received.

The Company issued no shares of preferred stock during the three and nine month period ended March 31, 2015. The Company has not declared or paid any dividends or returned any capital to shareholders as of March 31, 2015.

Note 8 Stock-Based Compensation

Options - AntriaBio adopted individual stock option plans in January 2013 for four officers and/or directors of the Company. The stock option plans granted 1,500,000 option shares with an exercise price of \$4.50 per share. Options to purchase 819,445 shares vested immediately, options to purchase 541,667 shares vest monthly over 3 years and 138,888 shares vest on May 31, 2013.

In June 2013, AntriaBio adopted individual stock option plans for two consultants of the Company. The stock option plans granted 8,334 shares with an exercise price of \$4.50 per share. Option to purchase 2,084 shares vested immediately with the remaining shares vesting at various dates through October 2014.

On March 26, 2014, the Company adopted the AntriaBio, Inc. 2014 Stock and Incentive Plan which allows the Company to issue up to 3,750,000 of common stock in the form of stock options, incentive options or common stock. As of March 31, 2015, the Company granted 3,295,000 of these shares to current employees and directors of the Company. The options have an exercise price from \$1.29 to \$3.44 per share. The options vest monthly over 4 years with some options subject to a one year cliff before options begin to vest monthly.

On February 23, 2015, the Company adopted the AntriaBio, Inc. 2015 Non Qualified Stock Option Plan which allows the Company to issue up to 6,850,000 of common stock in the form of stock options. As of March 31, 2015, the Company granted 4,072,000 of these shares to current employees and directors of the Company. The options have an exercise price of \$2.06 per share. The options vest monthly over 4 years with some options subject to a one year cliff before options begin to vest monthly.

AntriaBio has computed the fair value of all options granted using the Black-Scholes option pricing model. In order to calculate the fair value of the options, certain assumptions are made regarding components of the model, including the estimated fair value of the underlying common stock, risk-free interest rate, volatility, expected dividend yield and expected option life. Changes to the assumptions used could cause significant differences in a valuation calculation. AntriaBio estimated a volatility factor utilizing a comparable published volatility of a peer company. Due to the small number of option holders, AntriaBio has estimated a forfeiture rate of zero. AntriaBio estimates the expected term based on the average of the vesting term and the contractual term of the options. The risk-free interest rate is based on the U.S. Treasury yield in effect at the time of the grant for treasury securities of similar maturity.

AntriaBio has computed the fair value of all options granted during the nine months ended March 31, 2015 using the following assumptions:

Expected volatility	90 - 92%
Risk free interest rate	1.31% - 1.88%
Expected term (years)	5 - 7
Dividend yield	0%

Stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Outstanding, June 30, 2013	1,508,334	\$ 4.50	4.6
Granted	2,835,000	\$ 3.14	
Outstanding, June 30, 2014	4,343,334	\$ 3.61	5.6
Granted	4,532,000	\$ 2.03	
Forfeited	(212,916)	\$ 3.57	
Outstanding, March 31, 2015	<u>8,662,418</u>	\$ 2.78	7.4
Exercisable at March 31, 2015	<u>2,065,147</u>	\$ 3.95	4.1

Stock-based compensation expense related to the fair value of stock options was included in the statement of operations as research and development – compensation and benefits expense of \$224,029 and \$362,369 and as general and administrative – compensation and benefits expense of \$484,676 and \$1,501,857 for the three and nine months ended March 31, 2015, respectively. The unrecognized stock-based compensation expense at March 31, 2015 is \$12,397,853. AntriaBio determined the fair value as of the date of grant using the Black-Scholes option pricing method and expenses the fair value ratably over the vesting period.

Warrants- AntriaBio issued warrants to agents and note holders in conjunction with the closing of its convertible notes payable and equity financings as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Outstanding, June 30, 2013	293,092	\$ 2.21	4.1
Warrants issued to note holders	225,259	\$ 1.89	
Warrants issued to note holders	4,039,184	\$ 1.98	
Warrants issued to related party	39,117	\$ 7.50	
Warrants issued in private placement	6,287,679	\$ 2.34	
Warrants issued to placement agent	290,861	\$ 1.56	
Warrants issued for investor relations	66,667	\$ 3.34	
Warrants exercised	(100,550)	\$ 1.17	
Warrants forfeited	(41,570)	\$ 1.17	
Outstanding, June 30, 2014	11,099,739	\$ 2.21	3.6
Warrants issued in private placements	5,276,280	\$ 2.50	
Warrants issued to placement agent	1,576,937	\$ 2.50	
Warrants issued for investor relations	105,000	\$ 1.65	
Warrants cancelled	(59,758)	\$ 2.92	
Outstanding, March 31, 2015	17,998,198	\$ 2.31	3.0

Year Ended June 30, 2014: The Company issued warrants to purchase 41,424 shares of common stock at a price of \$2.03 per share, exercisable from August 2012 through August 2017 to a placement agent in connection with the closing of convertible notes payable on specific private placements. The Company issued a warrant to purchase 233,334 shares of common stock at a price of \$2.03 per share, exercisable from August 2012 through August 2017 to a placement agent in connection with the closing of over \$1,000,000 in convertible notes payable. The Company issued warrants to purchase 18,334 shares of common stock at a price of \$4.95 per share, exercisable from February 2013 through February 2018 in connection with the closing of convertible notes payable on specific private placements. The Company issued warrants to various note holders to purchase 225,259 shares of common stock at a price of \$1.89 per share, exercisable from December 2013 through January 2017 in connection with the issuance of convertible notes. The Company issued warrants to a related party as part of a settlement of debt to purchase 39,117 shares of common stock at a price of \$7.50 per share, exercisable from March 2014 through March 2019. The Company issued warrants to various note holders to purchase 4,039,184 shares of common stock at an average price of \$1.98 per share of common stock, exercisable through April 2019 in connection with the conversion of convertible notes payable into equity. The Company issued warrants to purchase 6,287,679 shares of common stock at a price of \$2.34 per share, exercisable through April 2017 in connection with the issuance of units in the private placement that was closed in April of 2014. The Company issued warrants to placement agent to purchase 290,861 shares of common stock at a price of \$1.56 per share, exercisable through April 2021 in connection with the private placement that closed in April of 2014. The Company issued warrants to purchase 66,667 shares of common stock at a price of \$3.44 per share, exercisable through May 2017 and 2019 in connection with investor relations activities that were performed.

Nine Months Ended March 31, 2015: The Company issued warrants to purchase 4,968,482 shares of common stock at a price of \$2.50 per share, exercisable through February 2018 in connection with the issuance of units in a private placement. The Company issued warrants to the placement agent to purchase agent to purchase 1,477,287 shares of common stock at a price of \$2.50 per share, exercisable through February 2022 in connection with the private placement that occurred from November 2014 through February 2015. The Company issued warrants to purchase 105,000 shares of common stock at a price of \$1.65 per share in connection with investor relations services. The Company issued warrants to purchase 307,798 shares of common stock at a price of \$2.50 per share, exercisable through March 2018 in connection with the issuance of units in a private placement. The Company issued warrants to the placement agent to purchase agent to purchase 99,650 shares of common stock at a price of \$2.50 per share, exercisable through March 2022 in connection with the private placement that occurred in March 2015.

The warrants exercisable for the 41,424 shares of common stock were accounted for under liability accounting and were fair valued at each reporting period until April 1, 2014 when the warrants were reclassified to equity as the exercise price became fixed. The value of the warrants to purchase 41,424 shares as of April 1, 2014 was \$102,917, which was the fair value of the warrant on the date it was reclassified to additional paid-in capital. The warrants exercisable for the 233,334 shares of common stock were accounted for under liability accounting and were fair valued at each reporting period until March 31, 2014 when the warrants were reclassified to equity as the exercise price became fixed. The value of the warrants to purchase 233,334 shares as of March 31, 2014 was \$614,635, which was recorded as additional paid-in capital.

The warrants exercisable for the 18,334 shares of common stock are accounted for under equity treatment and fair valued as of the date of issuance. The fair value of the warrants was valued at \$191,126 and recorded as additional paid-in-capital and deferred financing fees. The deferred financing fees were being amortized over the term of the notes associated with the warrants and were fully amortized as of June 30, 2014. The warrants for the 225,259 shares of common stock are accounted for under equity treatment and were recorded at the allocated fair value as of the date of issuance. The fair value of the warrants was \$524,594 and the allocated fair value of \$433,062 was recorded into additional paid-in capital and as a discount to the note payable balance. The unamortized discount was fully expensed into interest upon the conversion of the bridge notes in fiscal 2014.

The warrants exercisable for the 6,287,679 shares of common stock were accounted for under equity treatment and were recorded at the allocated fair value as of the date of issuance. The estimated fair value of the warrants was \$14,432,123 and the allocated fair value of \$3,184,222 was recorded into additional paid-in capital. The warrants for the 4,039,184 shares of common stock were accounted for under the equity treatment and were recorded at the allocated fair value as of the date of issuance. The estimated fair value of the warrants was \$11,111,739 and the allocated fair value of \$2,065,708 was recorded into additional paid-in capital. The warrants for the 39,117 was accounted for under the equity treatment and fair valued as of the date of issuance. The estimated fair value of the warrants was \$76,062 and recorded as additional paid-in capital and interest expense. The warrants exercisable for the 290,861 shares were accounted for under liability accounting on the date they were recorded. The warrants to purchase 290,861 shares had a value of \$898,719 when recorded using a Lattice pricing model. On May 16, 2014, the warrants to purchase 290,861 shares terms were fixed and the warrants were fair valued at \$690,187 using a Black-Scholes pricing model and reclassified into equity with the fair value adjustment recorded as derivative expense on the consolidated statement of operations.

The warrants exercisable for the 66,667 shares of common stock are accounted for under liability accounting for the shares that have vested and were recorded at their fair value on the date of issuance of \$50,365 as a liability and as professional fees and investor relation expense. The fair value as of March 31, 2015 and June 30, 2014 were \$38,412 and \$35,595, respectively which is reflected as a liability with the fair value adjustment recorded as a derivative expense on the consolidated statements of operations.

The warrants exercisable for the 4,968,482 shares of common stock were accounted for under equity treatment and were recorded at the allocated fair value as of the date of issuance. The estimated fair value of the warrants was \$3,527,816 and the allocated fair value of \$2,597,932 was recorded into additional paid-in capital. The warrants exercisable for the 307,798 shares of common stock were accounted for under equity treatment and were recorded at the allocated fair value as of the date of issuance. The estimated fair value of the warrants was \$379,694 and the allocated fair value of \$181,418 was recorded into additional paid-in capital. The warrants exercisable for the 105,000 shares of common stock were accounted for under equity treatment and were fair valued as of the date of issuance. The fair value of the warrants was valued at \$80,677 and recorded as additional paid-in-capital and professional fees.

The warrants exercisable for the 1,477,287 shares were accounted for under liability accounting on the date they were recorded, except for 58,914 shares which were recorded directly into equity using the Black-Scholes pricing model on February 23, 2015 at a fair value of \$92,111. The warrants to purchase 1,418,373 shares had a value of \$1,498,809 when originally recorded using a Lattice pricing model and \$2,217,605 as of February 23, 2015 using a Black-Scholes pricing model and reclassified into equity with the fair value adjustment recorded as derivative expense on the consolidated statement of operations. The warrants exercisable for the 99,650 shares were accounted for under liability accounting on March 31, 2015. The warrants to purchase 99,650 shares had a value of \$172,809 when recorded using a Lattice pricing model.

On May 2, 2014, an investor elected to exercise their warrant under a net issue exercise in which 100,550 shares of common stock were issued and 41,570 warrant shares were forfeited.

These warrants were valued using the Black-Scholes option pricing model on the date of issuance except for the warrants to purchase 290,861 shares and the warrants to purchase 1,518,387 shares which were valued using a Lattice pricing model. In order to calculate the fair value of the warrants in both models, certain assumptions were made regarding components of the model, including the closing price of the underlying common stock, risk-free interest rate, volatility, expected dividend yield, and warrant term. Changes to the assumptions could cause significant adjustments to valuation. AntriaBio estimated a volatility factor utilizing a comparable published volatility of a peer company. The risk-free interest rate is based on the U.S. Treasury yield in effect at the time of the grant for treasury securities of similar maturity.

The Black-Scholes valuation methodology was used because that model embodies all of the relevant assumptions that address the features underlying these instruments. Significant assumptions were as follows:

Expected volatility	89% - 97%
Risk free interest rate	0.56% - 2.21%
Warrant term (years)	2 - 7
Dividend yield	0%

We utilize a Lattice model to determine the fair market value of the warrants to purchase 290,861 shares on the day they were issued. The warrants issued resulted in a warrant derivative liability of \$898,719 as of April 16, 2014. The Lattice model accommodates the probability of exercise price adjustment features as outlined in the warrant agreement. Under the terms of the warrant agreement, at any time while the warrant is outstanding, the exercise price per share can be reduced in proportion to the exercise price per share of future warrants issued that is lower than the exercise price per share as stated in the warrant agreement. The estimated fair value was derived using the lattice model with the following assumptions:

Expected volatility	93%
Risk free interest rate	2.21%
Warrant term (years)	7
Dividend yield	0%

We utilize a Lattice model to determine the fair market value of the warrants to purchase 1,418,373 shares on the day they were issued. The warrants issued resulted in a warrant derivative liability of \$1,498,809 on the dates they were issued. The Lattice model accommodates the probability of exercise price adjustment features as outlined in the placement agent agreement. Under the terms of the placement agent agreement, until the final close of the private placement financing under the agreement, the exercise price per share can be reduced in proportion to the exercise price per share of warrants issued in the private placement that is lower than the exercise price per share as stated in the warrant agreement. The estimated fair value was derived using the lattice model with the following assumptions:

Expected volatility	90% - 91%
Risk free interest rate	1.89% - 1.98%
Warrant term (years)	7
Dividend yield	0%

We utilize a Lattice model to determine the fair market value of the warrants to purchase 96,650 shares on March 31, 2015, the day they were issued. The warrants issued resulted in a warrant derivative liability of \$172,809 on the date they were issued. The Lattice model accommodates the probability of exercise price adjustment features as outlined in the placement agent agreement. Under the terms of the placement agent agreement, until the final close of the private placement financing under the agreement, the exercise price per share can be reduced in proportion to the exercise price per share of warrants issued in the private placement that is lower than the exercise price per share as stated in the warrant agreement. The estimated fair value was derived using the lattice model with the following assumptions:

Expected volatility	90%
Risk free interest rate	1.71%
Warrant term (years)	7
Dividend yield	0%

Note 9 Income Taxes

Income tax expense during interim periods is based on applying an estimated annual effective income tax rate to year-to-date income, plus any significant unusual or infrequently occurring items which are recorded in the interim period. The computation of the annual estimated effective tax rate at each interim period requires certain estimates and significant judgment including, but not limited to, the expected operating income for the year, projections of the proportion of income earned and taxed in various jurisdictions, permanent and temporary differences, and the likelihood of recovering deferred tax assets generated in the current year. The accounting estimates used to compute the provision for income taxes may change as new events occur, more experience is obtained, additional information becomes known or as the tax environment changes.

In the three and nine months ended March 31, 2015, the Company did not record any income tax provision due to the expected future losses and full valuation allowance on its deferred tax assets.

Note 10 Commitments and Contingencies

Lease Commitments – In May 2014, the Company entered into a lease of approximately 27,000 square feet of office, laboratory and clean room space to be leased for seventy two months. The lease requires monthly payments of \$28,939 adjusted annually by approximately 3% plus triple net expenses monthly of \$34,381 adjusted annually. The Company also made a security deposit of \$750,000 which is held by the landlord and will be returned gradually over the next several years.

As of March 31, 2015, minimum rental commitment under the lease is as follows:

Year Ending June 30,	
2015	\$ 88,552
2016	359,468
2017	370,252
2018	381,360
2019	392,855
Thereafter	335,747
	<u>\$1,928,234</u>

In September 2014, the Company entered into an equipment lease for laboratory equipment to be leased for twenty-four months with a bargain purchase option at the end of the lease. The equipment lease has been recorded as a capital lease with monthly payments of \$8,075 per month to be made.

As of March 31, 2015, minimum rental commitment under the leases is as follows:

Year Ending June 30,	
2015	\$ 24,222
2016	96,890
2017	24,223
Total rental commitments	145,335
Less: Interest payments	(5,477)
Total lease payable	139,858
Lease payable, current portion	(92,912)
Lease payable, less current portion	<u>\$ 46,946</u>

Legal Matters - From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of March 31, 2015, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of our operations. There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholders, is an adverse party or has a material interest adverse to our interest.

Note 11 Subsequent Events

No events occurred subsequent to March 31, 2015 that would require adjustment to the accompanying financial statements or footnotes other than those disclosed in the notes above.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

General

This discussion and analysis should be read in conjunction with the accompanying financial statements and related notes. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors.

Overview

We are a biopharmaceutical company that develops novel, sustained release therapeutics by applying our proprietary microsphere formulation and manufacturing platform to well-characterized molecules to improve standards of care. We believe that our approach to pharmaceutical development may result in differentiated, patent-protected products that provide significant benefits to patients while reducing safety concerns, approval risks and overall development costs.

Our lead product candidate, AB101, is a once per week subcutaneous injection of human recombinant insulin that has been formulated with a polymer in biodegradable microspheres to provide a near peak-less, slow and uniform release of basal insulin for patients with type 1 and type 2 diabetes. We believe that AB101 is a unique candidate relative to the two commercially available basal insulin analogs (synthetic insulin) that are administered daily or twice a day by subcutaneous injection and collectively generate more than \$10 billion in annual sales.

2015 Key Objectives

In calendar year 2015 we have five key objectives including the following:

1. Complete the build-out of our manufacturing suite in our Louisville, Colorado facility and produce AB101 material for our first human clinical study in accordance with current good manufacturing practices (cGMP).
2. Complete toxicology studies in two animal species for AB101 to enable the filing of an investigational new drug application (IND) with the US Food and Drug Administration (FDA).
3. File the IND with the FDA.
4. Commence our first clinical study for AB101 in the fourth quarter of calendar 2015.
5. Announce an additional pipeline candidate using our proprietary platform.

Our 2015 corporate objectives are dependent upon one another and to the extent that there is a delay or complication in any one objective, our ability to timely complete our other goals could be adversely impacted.

For example, prior to conducting our first human study, we must first file and have accepted an IND with the FDA. Preparing the IND is an involved process and, amongst other things, its submission is predicated upon completion of toxicology studies in two animal species. We have begun these animal studies and we expect to have final results this year which would facilitate the filing of our IND.

We are currently in the process of producing the requisite AB101 material for use in the toxicology studies and to the extent there is a delay in the production and release of that material, our timeline for obtaining results from the toxicology studies could be extended which would delay our submission of the IND to the FDA and ultimately delay the commencement of our first human study.

As another example of the interdependent nature of our corporate objectives, to date we have successfully produced AB101 material in our labs, but we have not produced material under aseptic process conditions which will require the construction of a sterile manufacturing suite in our facilities in Louisville, Colorado. We commenced the construction of that suite in February 2015 and while we have secured the necessary permits and retained a qualified contractor with relevant pharmaceutical construction experience, the fabrication of a cGMP suite is complex and there could be construction delays. There are also uncertainties with respect to the procurement and installation of specialized equipment for our microsphere platform. We currently anticipate completion of construction by August 2015, but any unforeseen construction related issues could delay the completion of the suite and commencement of any clinical studies.

Further, once the cGMP manufacturing suite is complete, we will need to produce test batches of AB101 material to be analyzed for suitability for use in human clinical studies. If we discover that certain modifications need to be made to the manufacturing suite to meet our specifications for AB101, our ability to produce sterile material suitable for human dosing would be delayed.

Significant Accounting Policies and Estimates

The discussion and analysis of the financial condition and results of operations are based upon the financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent liabilities at the financial statement date and reported amounts of revenue and expenses during the reporting period. On an on-going basis the Company reviews its estimates and assumptions. The estimates were based on historical experience and other assumptions that we believe to be reasonable under the circumstances. Actual results are likely to differ from those estimates under different assumptions or conditions, but the Company does not believe such differences will materially affect our financial position or results of operations.

Results of Operations

For Three and Nine Months Ended March 31, 2015 and 2014

Results of operations for the three months ended March 31, 2015 (the “2015 quarter”) and the three months ended March 31, 2014 (the “2014 quarter”) reflected losses of \$3,172,640 and \$5,087,130, respectively. These losses include charges related to compensation and benefits of \$1,408,752 in the 2015 quarter and \$591,023 in the 2014 quarter. The losses also include interest expense of \$2,086 in the 2015 quarter and \$3,441,448 in the 2014 quarter due to the amortization of debt discounts and beneficial conversion features.

Results of operations for the nine months ended March 31, 2015 (the “2015 period”) and the nine months ended March 31, 2014 (the “2014 period”) reflected losses of \$8,322,900 and \$7,725,223, respectively. These losses include charges related to compensation and benefits of \$4,134,838 in the 2015 period and \$1,361,355 in the 2014 period. The losses also include interest expense of \$4,885 in the 2015 period and \$4,229,612 in the 2014 period due to the amortization of debt discounts and beneficial conversion features.

Revenues

We are a preclinical stage company and have not generated any revenues since inception.

Expenses

Research and development costs include salaries, benefits and other staff-related costs; consultants and outside costs; material manufacturing costs; and facilities and other costs. Research and development costs were approximately \$1,291,000 in the 2015 quarter compared to \$2,000 in the 2014 quarter. Research and development costs were approximately \$2,970,000 in the 2015 period compared to \$2,000 in the 2014 period. The increase is due to the Company starting significant research and development activities during the 2015 period.

General and administrative costs were approximately \$1,009,000 in the 2015 quarter compared to \$1,593,000 in the 2014 quarter. General and administrative costs were approximately \$4,634,000 in the 2015 period compared to \$2,944,000 in the 2014 period. The increase is due to an increase in stock-based compensation in the 2015 period as well as having more full time employees in the 2015 period compared to the 2014 period. The increase is also due to an increase in investor relations expenses due to several contracts that have been entered into that the Company did not have during the 2014 quarter and 2014 period.

Liquidity and Capital Resources

In calendar year 2014 and first quarter of calendar year 2015, we successfully raised approximately \$22 million of the originally targeted \$25-30 million that we believe was necessary to achieve our near term objective of generating human proof of concept data for AB101 and as of March 31, 2015, we had \$8.7 million cash on hand. Our monthly general operating expenses average approximately \$500,000 and based on this average spend, we have sufficient cash to fund our operations well into the first half of calendar year 2016. However, in order to accomplish our primary objective of conducting our first clinical study for AB101 and having sufficient capital to fund our operations through mid calendar year 2016, we will require additional funding.

Specifically, we anticipate that the requisite construction of our manufacturing suite will cost a total of at least \$2.5 million along with the total purchase of an additional \$1.5-2 million of manufacturing equipment. We are also planning on spending approximately \$4 million on our first clinical study for AB101 which we currently anticipate will begin in the fourth quarter of calendar 2015. In order to have sufficient capital to cover our ongoing operations through the first half of 2016 including the principal objective of producing human proof of concept data for AB101, we will need to secure additional funding.

During the year ended June 30, 2014, we converted \$6.3 million in convertible notes payable and \$722 thousand in interest payable into 5,297,964 shares of common stock and issued warrants to purchase shares of common stock. During the year ended June 30, 2014, we closed on an equity transaction in which we issued 5,725,327 units, with each unit consisting of one share of common stock and a warrant to purchase one share of common stock. The Company received net proceeds of approximately \$7.6 million from the equity transaction. During the nine months ended March 31, 2015, we closed on equity transactions in which we issued 5,276,280 units in which each unit consisting of one share of common stock and a warrant to purchase one share of common stock. We received net proceeds of approximately \$8.8 million from the equity transactions.

Going Concern

The continuation of our business is dependent upon obtaining further financing and achieving a break even or profitable level of operations in our business. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current or future stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments. There are no assurances that we will be able to obtain additional financing through either private placements, and/or bank financing or other loans necessary to support our working capital requirements. To the extent that funds generated from operations and any private placements, public offerings and/or bank financing are insufficient, we will have to raise additional working capital. No assurance can be given that additional financing will be available, or if available, will be on terms acceptable to us. These conditions raise substantial doubt about our ability to continue as a going concern.

Recent Accounting Pronouncements

In June 2014, the FASB issued Accounting Standards Update (“ASU”) 2014-10, *Development Stage Entities* (Topic 915). The objective of the amendments in this update is to improve financial reporting by reducing the cost and complexity associated with the incremental reporting requirements for development stage entities. The amendments in this update remove all incremental financial reporting requirements from US generally accepted accounting principles development stage entities, thereby improving financial reporting by eliminating the cost and complexity associated with providing that information. The amendments are effective for annual reporting periods beginning after December 15, 2014, and interim reporting periods beginning after December 15, 2015. Early adoption is permitted. The Company has elected to early adopt this guidance, and therefore is no longer presenting the financial statements in accordance with ASU 915, with inception to date disclosures.

In August 2014, the FASB issued ASU 2014-15, *Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern* ("ASU 2014-15"), which provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity's ability to continue as a going concern. We will be required to perform the going concern assessment under ASU 2014-15 beginning with the year ending June 30, 2017.

In January 2015, the FASB issued ASU 2015-01, *Income Statement – Extraordinary and Unusual Items (Subtopic 225-20)*, which eliminates the concept of extraordinary items. The new guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2015. The new guidance is to be applied prospectively but may also be applied retrospectively to all prior periods presented in the financial statements. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. We expect to adopt the provisions of this new guidance on July 1, 2016. We do not expect the adoption of the new provisions to have a material impact on our financial condition or results of operations.

In April 2015 the FASB issued ASU 2015-03, *Interest-Imputation of Interest*. Under this new standard, debt issuance costs reported on the consolidated balance sheet would be reflected as a direct deduction from the related debt liability rather than as an asset. This will be effective for us on July 1, 2016 with early adoption permitted. Retroactive application to prior periods is required. We do not expect the adoption to have a material impact on our financial condition or results of operations.

Off-Balance Sheet Arrangements

We had no off-balance sheet transactions.

ITEM 3. QUALITATIVE AND QUANTITATIVE DISCUSSION ABOUT MARKET RISK.

Not required for smaller reporting companies.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer (our principal executive officer) and our Chief Accounting Officer (our principal accounting officer), of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended ("Exchange Act"). Based on that evaluation and the material weakness described below, our management concluded that we did not maintain effective disclosure controls and procedures as of March 31, 2015 in ensuring that information that we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that it is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. Our management has identified control deficiencies regarding a lack of segregation of duties, and a need for a stronger internal control environment. Our management believes that these deficiencies, which in the aggregate constitute a material weakness, are due to the small size of our staff, which makes it challenging to maintain adequate disclosure controls.

Changes in internal controls over financial reporting

During the period covered by this Quarterly Report on Form 10-Q, there were no changes in our internal control over financial reporting (as defined in Rule 13(a)-15(f) or 15(d)-15(f)) that occurred during the period covered by this quarterly report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

None.

ITEM 1A. RISK FACTORS.

Certain factors exist which may affect the Company's business and could cause actual results to differ materially from those expressed in any forward-looking statements. The Company has not experienced any material changes from those risk factors as previously disclosed in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on September 29, 2014 (the "Form 10-K").

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

All unregistered sales of equity securities have previously been disclosed on our Current Reports on Form 8-K.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
31.1	Certification of Chief Executive Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Certification of Chief Accounting Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32.1	Certification of Chief Executive Officer as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
32.2	Certification of Chief Accounting Officer as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
101	The following materials from our Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 formatted in XBRL (eXtensible Business Reporting Language): (i) Balance Sheet, (ii) Statement of Operations, (iii) Statements of Cash Flows, (iv) Statements of Stockholders Equity and (v) related notes to these financial statements, tagged as blocks of text.*

*Filed herewith

SIGNATURES

In accordance with Section 12 of the Securities Exchange Act of 1934, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ANTRIABIO, INC.

Date: May 15, 2015

By: /s/ Nevan Elam
Nevan Elam
Chief Executive Officer
(Principal Executive Officer)

Date: May 15, 2015

By: /s/ Morgan Fields
Morgan Fields
Chief Accounting Officer
(Principal Accounting Officer)

**EXHIBIT 31.2
CERTIFICATIONS**

I, Morgan Fields, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AntriaBio, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report.
4. As the Registrant's sole certifying officer, I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. As the Registrant's sole certifying officer, I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 15 , 2015

By: /s/ Morgan Fields
Morgan Fields
Principal Accounting Officer

EXHIBIT 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of AntriaBio, Inc. Inc. (the "Company") on Form 10-Q for the period ended March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Nevan Elam, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 15, 2015

By: /s/ Nevan Elam
Nevan Elam
Principal Executive Officer

A signed original of this written statement required by Section 906 has been provided to AntriaBio, Inc. Inc. and will be retained by AntriaBio, Inc. Inc. to be furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of AntriaBio, Inc. Inc. (the "Company") on Form 10-Q for the period ended March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Morgan Fields, Principal Accounting Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 15, 2015

By: /s/ Morgan Fields
Morgan Fields
Principal Accounting Officer

A signed original of this written statement required by Section 906 has been provided to AntriaBio, Inc. Inc. and will be retained by AntriaBio, Inc. Inc. to be furnished to the Securities and Exchange Commission or its staff upon request.
