Revive Therapeutics Ltd.

(Formerly Mercury Capital II Limited)

Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended

March 31, 2014

(Expressed in Canadian Dollars)

(Unaudited)

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of Revive Therapeutics Ltd. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Revive Therapeutics Ltd.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited)

		March 31, 2014		June 30, 2013
ASSETS				
Current assets				
Cash and cash equivalents	$	1,488,307	$	705,865
Other receivables		64,367		8,614
Prepaid expenses		28,908		-
Total current assets		1,581,582		714,479
Intangible assets (note 3)		55,788		39,246
Equipment (note 4)		10,821		-
Total assets	$	1,648,191	$	753,725
EQUITY AND LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (note 10)	$	36,098	$	41,000
Total current liabilities		36,098		41,000
Shareholders' equity				
Share capital (note 5)		2,428,907		890,000
Broker warrants (note 7)		52,459		-
Stock options (note 8)		184,934		-
Accumulated deficit		(1,054,207)		(177,275)
Total shareholders' equity		1,612,093		712,725
Total shareholders' equity and liabilities	$	1,648,191	$	753,725

Nature of operations (note 1)
Commitment (note 11)
Subsequent events (note 13)

Approved on behalf of the Board:

"Fabio Chianelli", Director

"Craig Leon", Director

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Revive Therapeutics Ltd.

Condensed Interim Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited)

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013	Nine Months Ended March 31, 2014	Period from August 7, 2012 to March 31, 2013
Expenses				
Consulting fees (note 10(a)(i))	**$ 8,000**	$ 15,000	**$ 56,000**	$ 35,000
Professional fees	**25,038**	-	**172,238**	-
Salaries and benefits (note 10(b))	**58,987**	-	**58,987**	-
Stock-based compensation (notes 8(i) and note10(b))	**154,242**	-	**154,242**	-
Office expenses (note 11)	**10,633**	3,292	**30,142**	8,465
Rent	**6,338**	-	**15,338**	-
Research costs	**14,543**	10,872	**37,942**	55,200
Depreciation (notes 3 and 4)	**1,095**	-	**3,238**	-
Reverse takeover transaction cost (note 6)	**-**	-	**348,805**	-
	278,876	29,164	**876,932**	98,665
Comprehensive loss for the period	**$ (278,876)**	$ (29,164)	**$ (876,932)**	$ (98,665)
Comprehensive loss per share - basic and diluted (note 9)	**$ (0.02)**	$ (0.00)	**$ (0.06)**	$ (0.01)
Weighted average common shares outstanding	**18,497,228**	12,077,776	**14,166,092**	11,302,965

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Revive Therapeutics Ltd.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

	Nine Months Ended March 31, 2014	Period from August 7, 2012 to March 31, 2013
Cash flow from operating activities		
Comprehensive loss for the period	**$ (876,932)**	$ (98,665)
Adjustments for:		
Depreciation	**3,238**	-
Stock-based compensation	**154,242**	-
Reverse takeover transaction cost (note 6)	**348,805**	-
Net change in non-cash working capital:		
Other receivables	**(55,753)**	(5,707)
Prepaid expenses	**(27,703)**	-
Accounts payable and accrued liabilities	**(16,185)**	15,650
Net cash used in operating activities	**(470,288)**	(88,722)
Investing activities		
Purchase of intangible assets	**(18,736)**	(15,992)
Purchase of equipment	**(11,865)**	-
Net cash used in investing activities	**(30,601)**	(15,992)
Financing activities		
Proceeds from issuance of shares (note 5)	**1,113,550**	890,000
Share issue costs (note 5)	**(93,807)**	-
Cash acquired from reverse takeover (note 6)	**263,588**	-
Net cash provided by financing activities	**1,283,331**	890,000
Net change in cash and cash equivalents	**782,442**	785,286
Cash and cash equivalents, beginning of period	**705,865**	-
Cash and cash equivalents, end of period	**$ 1,488,307**	$ 785,286

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Revive Therapeutics Ltd.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)
(Unaudited)

	Share capital					
	Number of shares	Amount	Broker warrants	Stock options	Accumulated deficit	Total
Balance, August 7, 2012	**-**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Issuance of common shares (note 5(b)(i)(ii)(iii)(iv))	12,933,330	890,000	-	-	-	890,000
Comprehensive loss for the period	-	-	-	-	(98,665)	(98,665)
Balance, March 31, 2013	**12,933,330**	**$ 890,000**	**$ -**	**$ -**	**$ (98,665)**	**$ 791,335**

	Number of shares	Amount	Broker warrants	Stock options	Accumulated deficit	Total
Balance, June 30, 2013	**12,933,330**	**$ 890,000**	**$ -**	**$ -**	**$ (177,275)**	**$ 712,725**
Common shares issued against subscription receipts issued in private placement (note 5(b)(v))	3,711,833	1,113,550	-	-	-	1,113,550
Share issuance costs for the private placement (note 5(b)(v))	-	(93,807)	-	-	-	(93,807)
Elimination of Old Revive shares (note 5(b)(vi))	(16,645,163)	-	-	-	-	-
Conversion of Old Revive shares (note 5(b)(vi))	16,645,163	-	-	-	-	-
Consideration for reverse takeover (note 6)	1,852,065	555,620	16,003	30,692	-	602,315
Issuance of broker warrants (note 5(b)(vi))	-	(36,456)	36,456	-	-	-
Stock-based compensation (note 8)	-	-	-	154,242	-	154,242
Comprehensive loss for the period	-	-	-	-	(876,932)	(876,932)
Balance, March 31, 2014	**18,497,228**	**$ 2,428,907**	**$ 52,459**	**$ 184,934**	**$ (1,054,207)**	**$ 1,612,093**

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

1. Nature of Operations

Revive Therapeutics Inc. ("Old Revive") was incorporated pursuant to the provisions of the Business Corporations Act (Ontario) on August 7, 2012.

Mercury Capital II Limited ("Mercury") was incorporated under the Business Corporations Act (Ontario) on March 27, 2012 with the intent on becoming a "Capital Pool Company" ("CPC") pursuant to Policy 2.4 - Capital Pool Companies (the "CPC Policy") of the TSX Venture Exchange (the "Exchange"). On December 30, 2013, the Company completed a triangular amalgamation whereby Old Revive shares were exchanged for Mercury shares on the basis of one (1) Mercury share for each one (1) Old Revive share (the "Amalgamation") (see note 6). The Amalgamation was accounted for as a reverse takeover ("RTO") whereby Old Revive was identified as the acquirer for accounting purpose and the resulting unaudited condensed interim consolidated financial statements are presented as a continuance of Old Revive and the comparative figures presented in the unaudited condensed interim consolidated financial statements after the RTO are those of Old Revive. The transaction was Mercury's Qualifying Transaction (as such term is defined in the CPC Policy) completed in accordance with the policies of the Exchange. Mercury had no significant assets other than cash with no commercial operations at the time of the RTO. Concurrently with the completion of the RTO, Mercury changed its name to "Revive Therapeutics Ltd." (the "Company" or "Revive").

The Company is focused on the development and commercialization of drugs for underserved medical needs. The Company's registered and legal office is located at 5 Director Court Suite 105, Vaughan Ontario, L4L 4S5.

2. Significant Accounting Policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full audited annual financial statements.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of May 26, 2014, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the period ended June 30, 2013, except as noted below. Any subsequent changes to IFRS that are given effect in the Company’s annual consolidated financial statements for the year ending June 30, 2014 could result in restatement of these unaudited condensed interim consolidated financial statements.

Change in accounting policies

(i) IFRS 10, Consolidated Financial Statements ("IFRS 10") was issued by the IASB on May 12, 2011 and will replace portions of IAS 27, Consolidated and Separate Financial Statements and interpretation SIC-12, Consolidated - Special Purpose Entities. IFRS 10 incorporates a single model for consolidating all entities that are controlled and revises the definition of control to be "An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the current ability to affect those returns through its power over the investee". Along with control, the new standard also focuses on the concept of power, both of which will include a use of judgment and continuous reassessment as facts and circumstances change. At July 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company’s unaudited condensed interim consolidated financial statements.

2. Significant Accounting Policies (Continued)

Change in accounting policies (continued)

(ii) IFRS 11, Joint Arrangements was issued by the IASB on May 12, 2011 and will replace IAS 31, Interest in Joint Ventures. The new standard will apply to the accounting for interest in joint arrangements where there is joint control. Joint arrangements will be separated into joint ventures and joint operations. The structure of the joint arrangement will no longer be the most significant factor on classifying a joint arrangement as either a joint operation or a joint venture. Proportionate consolidation will be removed and replaced with equity accounting. At July 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

(iii) IFRS 12, Disclosure of Interest in Other Entities was issued by the IASB on May 12, 2011. The new standard includes disclosure requirements about subsidiaries, joint ventures and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements. At July 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

(iv) IAS 28, Investments in Associates and Joint Ventures ("IAS 28") prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture). At July 1, 2013, the Company adopted this standard and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

Recent accounting pronouncements

(i) IFRS 9, Financial Instruments ("IFRS 9") was issued by the IASB on November 12, 2009 and will replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of assessing the impact of this pronouncement.

(ii) IAS 32 – Financial Instruments: Presentation ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014. Earlier adoption is permitted.

(Expressed in Canadian dollars)

3. Intangible Assets

Cost		**Patents**
Balance, June 30, 2013	$	40,992
Additions		18,736
Balance, March 31, 2014	$	59,728

Accumulated depreciation		**Patents**
Balance, June 30, 2013	$	1,746
Depreciation during the period		2,194
Balance, March 31, 2014	$	3,940

Carrying value		**Patents**
Balance, June 30, 2013	$	39,246
Balance, March 31, 2014	$	55,788

The Company in-licensed the rights to develop REV-001 from Numedicus Limited ("Numedicus"). REV-001 has shown indication of efficacy in animal studies for opioid-induced respiratory depression.

The Company was assigned the patent application to develop REV-002 from Xenexus Pharmaceutical Pty Ltd. ("Xenexus") in 2013 for the treatment of gout.

<u>REV-001</u>

(a) On September 4, 2012, as amended on March 7, 2013, the Company entered into a patent licence agreement with Numedicus whereby the Company acquired the exclusive rights to develop and commercialize Patent Document PCT/GB2012/050831. To date, the Company has paid GBP £10,000 ($15,922 actual Canadian dollars at date of transaction) to Numedicus to comply with the terms of the licence agreement. In addition, certain milestone payments will be paid in the future if certain triggering events occur. There will also be a 3% royalty charged on net sales value for any licensed products. As of March 31, 2014, the Company is in compliance with the terms of the licence agreement.

(b) On September 4, 2012, as amended on March 7, 2013, the Company entered into an additional licence agreement with Numedicus whereby the Company acquired the exclusive rights to develop and commercialize Patent Document PCT/GB2013/051213. To date, the Company has paid GBP £10,000 ($16,927 actual Canadian dollars at date of transaction) to Numedicus to comply with the terms of the licence agreement. In addition, certain milestone payments will be paid in the future if certain triggering events occur. There will also be a 3% royalty charged on net sales value for any licensed products. As of March 31, 2014, the Company is in compliance with the terms of the licence agreement.

Pursuant to the REV-001 agreements in (a) and (b) above, additional annual license fees amounting to GBP £20,000, are due on September 4, 2014 and each year thereafter.

(Expressed in Canadian dollars)

3. Intangible Assets (continued)

REV-002

(a) On April 3, 2013, the Company entered into a patent licence agreement with Xenexus whereby the Company acquired the exclusive rights to use patented technology to develop and commercialize licensed products. In order to keep the license in good standing the Company was required to make a $10,000 payment on the commencement date (paid). On June 17, 2013, the Company and Xenexus entered into a patent assignment agreement which superseded the original patent licence agreement dated April 3, 2013. Under the terms of the patent assignment agreement the Company was required to make a $15,000 payment (paid). If the Company licences the patent assignment it will be obligated to pay to Xenexus 5% of any fees from its licensee. As of March 31, 2014, the Company is in compliance with the terms of the assignment agreement.

4. Equipment

Cost	Computer equipment	Office equipment	Total
Balance, June 30, 2013	$ -	$ -	$ -
Additions	4,129	7,736	11,865
Balance, March 31, 2014	$ 4,129	$ 7,736	$ 11,865

Accumulated depreciation	Computer equipment	Office equipment	Total
Balance, June 30, 2013	$ -	$ -	$ -
Depreciation during the period	465	579	1,044
Balance, March 31, 2014	$ 465	$ 579	$ 1,044

Carrying value	Computer equipment	Office equipment	Total
Balance, June 30, 2013	$ -	$ -	$ -
Balance, March 31, 2014	$ 3,664	$ 7,157	$ 10,821

5. Share Capital

a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(Expressed in Canadian dollars)

5. Share Capital (Continued)

b) Common shares issued

As at March 31, 2014, the issued share capital amounted to $2,428,907. Changes in issued share capital are as follows:

Old Revive

	Number of Common Shares		Amount
Balance, August 7, 2012	-	$	-
Issuance of common shares (i)(ii)(iii)(iv)	12,933,330		890,000
Balance, March 31, 2013	**12,933,330**	**$**	**890,000**

Revive

	Number of Common Shares		Amount
Balance, June 30, 2013	**12,933,330**	**$**	**890,000**
Common shares issued against subscription receipts issued in private placement (v)	3,711,833		1,113,550
Share issuance costs for the private placement (v)	-		(93,807)
Elimination of Old Revive shares (vi)	(16,645,163)		-
Conversion of Old Revive shares (vi)	16,645,163		-
Conversion of Revive shares and consideration for RTO ((vi) and note 6)	1,852,065		555,620
Valuation of broker warrants (vi)	-		(36,456)
Balance, March 31, 2014	**18,497,228**	**$**	**2,428,907**

(i) On August 7, 2012, 10,000,000 Old Revive shares were issued to the founder of Old Revive at $0.001 per share for gross proceeds of $10,000.

(ii) On August 30, 2012, the Company closed a private placement financing with one investor which consisted of an aggregate of 833,333 Old Revive shares priced at $0.30 per common share.

(iii) On December 13, 2012, the Company closed a private placement financing which consisted of an aggregate of 999,999 Old Revive shares priced at $0.30 per common share.

(iv) On March 11, 2013, the Company closed a private placement financing which consisted of an aggregate of 1,099,998 Old Revive shares priced at $0.30 per common share.

(v) On December 30, 2013, Old Revive completed a private placement of 3,711,833 subscription receipts at a deemed price of $0.30 per subscription receipt, for aggregate gross proceeds of $1,113,550. Each subscription receipt issued in connection with the private placement entitled the holder to acquire one Old Revive share just prior to the Amalgamation. The Company incurred share issuance costs of $93,807 paid to Hampton Securities Limited ("Hampton").

(Expressed in Canadian dollars)

5. Share Capital (Continued)

b) Common shares issued (continued)

(vi) On December 30, 2013, Old Revive and Mercury completed the Amalgamation whereby Old Revive shares were exchanged for Mercury shares on the basis of one (1) Mercury share for each one (1) Old Revive share. The Amalgamation effectively provided for the acquisition of all of the outstanding equity interests of Old Revive by Mercury, indirectly through Mercury Capital III Limited ("AcquisitionCo"), a wholly owned Ontario incorporated subsidiary of Mercury, in a transaction in which the security holders of Old Revive received shares of Mercury and, if applicable, convertible securities of Mercury. As a result of the Amalgamation of AcquisitionCo and Revive ("AmalCo"), Mercury became the sole beneficial owner of all of the issued and outstanding shares of AmalCo. Pursuant to the Amalgamation, Mercury issued an aggregate of 16,645,163 Mercury shares to the shareholders of Old Revive (including an aggregate of 3,711,833 Mercury shares to purchasers in connection with the closing of the subscription receipt financing).

The Amalgamation was accounted for as a RTO whereby Old Revive was identified as the acquirer for accounting purpose (see note 6).

Pursuant to the subscription receipt financing and the subsequent RTO, 296,387 broker warrants were issued to Hampton with each broker warrant exercisable into one share of the Company at a price of $0.30 per share for a period of one year. The broker warrants have an estimated fair value of $36,456, using the Black-Scholes valuation model with the following assumptions: risk-free interest rate of 1.09%, expected life of one year, expected volatility of 41.52% and expected dividend of $nil.

6. Reverse Takeover

The share capital of each company prior to the RTO was as follows:

Mercury

	Number of Common Shares	Amount
Balance, June 30, 2013	666,665	$ 97,495
Balance at December 30, 2013 prior to the RTO	1,852,065	$ 311,709

Old Revive

	Number of Common Shares	Amount
Balance, June 30, 2013	12,933,330	$ 890,000
Balance at December 30, 2013 prior to the RTO	12,933,330	$ 890,000

On December 30, 2013, Old Revive and Mercury completed the Amalgamation whereby Old Revive shares were exchanged for Mercury shares on the basis of one (1) Mercury share for each one (1) Old Revive share. Pursuant to the Amalgamation, Mercury issued an aggregate of 16,645,163 Mercury shares to the shareholders of Revive (including an aggregate of 3,711,833 Mercury shares to purchasers in connection with the closing of the subscription receipt financing) (see note 5(b)(vi)).

(Expressed in Canadian dollars)

6. Reverse Takeover (Continued)

In accordance with IFRS 3, Business Combination, the substance of the transaction is a reverse takeover of a non-operating company. The transaction does not constitute a business combination as Mercury does not meet the definition of a business under the standard. As a result, the transaction is accounted for as a capital transaction with Old Revive being identified as the acquirer and the equity consideration being measured at fair value. The resulting unaudited condensed interim consolidated statement of financial position is presented as a continuance of Old Revive and comparative figures presented in the unaudited condensed interim consolidated financial statements after the reverse takeover are those of Old Revive.

IFRS 2 applies to transactions where an entity grants equity instruments and cannot identify specifically some or all of the goods or services received in return. Because Old Revive would have issued shares with a value in excess of the assets received, IFRS 2 would indicate that the difference is recognised in comprehensive loss as a transaction cost. The amount assigned to the transaction cost of $348,805 is the difference between the fair value of the consideration and the net identifiable assets of Mercury acquired by Old Revive and included in the unaudited condensed interim consolidated statement of comprehensive loss.

The fair value of the consideration is determined based on the percentage of ownership the legal parent's shareholders have in the amalgamated entity after the transaction. This represents the fair value of the shares that Old Revive would have had to issue for the ratio of ownership interest in the combined entity to be the same, if the transaction had taken the legal form of Old Revive acquiring 100% of the shares in Mercury. The percentage of ownership Mercury shareholders had in the combined entity is 10% after the issue of 16,645,163 Mercury shares. The fair value of the consideration in the RTO is equivalent to the fair value of the 1,852,065 Revive shares controlled by original Mercury shareholders, 185,206 stock options to Mercury stock options holders and 118,540 broker warrants to Mercury broker warrant holders. The fair value of the shares controlled by original Mercury shareholders was estimated to be $555,620 based on fair market value of $0.30 per share on the date of December 30, 2013. The fair value of the stock options was estimated to be $30,692 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 41.52%; risk-free interest rates of 1.09% to 2.37%; and expected lives of 1 to 9.53 years. The fair value of the broker warrants was estimated to be $16,003 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 41.52%; risk-free interest rate 1.09%; and an expected life of 1.53 years.

Based on the statement of financial position of Mercury at the time of the RTO, the net assets at estimated fair value that were acquired by Revive were $253,510 and the resulting transaction cost charged to the unaudited condensed interim consolidated statement of comprehensive loss is as follows:

Consideration		
Shares	$	555,620
Broker warrants		16,003
Stock options		30,692
Total consideration	$	602,315
Identifiable assets acquired		
Cash	$	263,588
Prepaid expenses		1,205
Accounts payable and accrued liabilities		(11,283)
Unidentifiable assets acquired		
Transaction cost		348,805
Total net identifiable assets and transaction cost	$	602,315

(Expressed in Canadian dollars)

7. Broker Warrants

The following table reflects the continuity of broker warrants for the periods ended March 31, 2014 and 2013:

	Number of Broker Warrants	Weighted Average Exercise Price
Balance, August 7, 2012 and March 31, 2013	**-**	**$ -**
Balance, June 30, 2013	**-**	**$ -**
Issued as consideration for the RTO (note 6)	118,540	0.30
Issued to broker (note 5(b)(vi))	296,387	0.30
Balance, March 31, 2014	**414,927**	**$ 0.30**

The following table reflects the actual broker warrants issued and outstanding as of March 31, 2014:

Expiry Date	Exercise Price ($)	Fair Value ($)	Number of Broker Warrants Outstanding
July 12, 2015	0.30	16,003	118,540
December 30, 2014	0.30	36,456	296,387
	0.30	**52,459**	**414,927**

8. Stock Options

The following table reflects the continuity of stock options for the periods ended March 31, 2014 and 2013:

	Number of Stock Options	Weighted Average Exercise Price
Balance, August 7, 2012 and March 31, 2013	**-**	**$ -**
Balance, June 30, 2013	**-**	**$ -**
Issued as consideration for the RTO (note 6)	185,206	0.30
Grant (i)	590,000	0.66
Balance, March 31, 2014	**775,206**	**$ 0.57**

(Expressed in Canadian dollars)

8. Stock Options (Continued)

The following table reflects the actual stock options issued and outstanding as of March 31, 2014:

Expiry Date	Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (exercisable)	Grant Date Fair Value
December 30, 2014	0.30	0.75	119,273	119,273	$ 14,671
July 9, 2023	0.30	9.28	65,933	65,933	16,021
January 31, 2024	0.66	9.84	590,000	295,000	265,568
			775,206	480,206	$ 296,260

(i) On January 31, 2014, the Company granted 590,000 stock options to certain officers, directors, and employees of the Company at an exercise price of $0.66 per common share expiring on January 31, 2024. The fair value of the stock options was estimated to be $265,568 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 58.92%; risk-free interest rates of 1.95%; and expected lives of 10 years. During the three and nine months ended March 31, 2014, $154,242 was recorded as stock-based compensation in the unaudited condensed interim consolidated statement of comprehensive loss.

9. Net Loss per Common Share

The calculation of basic and diluted loss per share for the three and nine months ended March 31, 2014 was based on the loss attributable to common shareholders of $278,876 and $876,932, respectively (three months ended March 31, 2013 and period from August 7, 2012 to March 31, 2013 - $29,164 and $98,665, respectively) and the weighted average number of common shares outstanding of 18,497,228 and 14,166,092, respectively (three months ended March 31, 2013 and period from August 7, 2012 to March 31, 2013 - 12,077,776 and 11,302,965, respectively).

10. Related Party Balances and Transactions and Major Shareholders

(a) Related party balances and transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013	Nine Months Ended March 31, 2014	Period from August 7, 2012 to March 31, 2013
Fabiotech Inc. ("Fabiotech") (i)	**$ 8,000**	$ 15,000	**$ 56,000**	$ 35,000
Marrelli Support Services Inc. ("Marrelli Support") (ii)	**$ 9,750**	$ -	**$ 14,130**	$ -
McMillan LLP ("McMillan") (iii)	**$ 14,833**	$ -	**$ 115,853**	$ -

(i) Fabiotech is a corporation controlled by the Chief Executive Officer ("CEO"), President and Director of the Company. As at March 31, 2014, $nil (June 30, 2013 - $32,000) was owed to Fabiotech and this amount was included in accounts payable and accrued liabilities.

(Expressed in Canadian dollars)

10. Related Party Balances and Transactions and Major Shareholders (Continued)

(a) Related party balances and transactions (Continued)

(ii) Marrelli Support was owed $2,701 as at March 31, 2014 (June 30, 2013 - $2,500) for the services of Carmelo Marrelli to act as Chief Financial Officer of the Company. This amount was included in accounts payable and accrued liabilities. In addition, Marrelli Support also provides bookkeeping services to the Company. Carmelo Marrelli is the president of Marrelli Support. The amounts charged by Marrelli Support are based on what Marrelli Support usually charges its clients. The Company expects to continue to use Marrelli Support for an indefinite period of time.

(iii) McMillan was owed $nil as at March 31, 2014 (June 30, 2013 - $nil) for legal services (including disbursements) and this amount was included in accounts payable and accrued liabilities. Robbie Grossman, Corporate Secretary of Revive, is a partner at McMillan. The amounts charged by McMillan are based on what McMillan usually charges its clients. The Company expects to continue to use McMillan for an indefinite period of time.

(b) Remuneration of directors and key management personnel of the Company, excluding consulting fees, was as follows:

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013	Nine Months Ended March 31, 2014	Period from August 7, 2012 to March 31, 2013
Stock-based compensation	**$ 149,014**	$ -	**$ 149,014**	$ -
Salaries and benefits	**$ 43,750**	$ -	**$ 43,750**	$ -

(c) Major shareholders

To the knowledge of the directors and senior officers of the Company, as at March 31, 2014, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all of the common shares of the Company other than Mr. Fabio Chianelli, the CEO and a Director of the Company, who owns or controls, directly or indirectly, 47.96% of the issued and outstanding shares of the Company. The holding can change at any time at the discretion of the owner.

None of the Company's major shareholders have different voting rights other than holders of the Company's common shares.

The Company is not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, other than Mr. Fabio Chianelli, the CEO and a Director of the Company, who owns or controls, directly or indirectly, 47.96% of the issued and outstanding shares of the Company, the Company is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

(Expressed in Canadian dollars)

11. Commitment

The Company has entered into an agreement (the "Employment Agreement") with an officer (Fabio Chianelli) (the "Officer") of the Company to provide services to the Company in the general capacity of CEO and to undertake the duties and exercise the powers associated with this role. Under the terms of the Employment Agreement, the CEO is contracted by the Company for an indefinite term, commencing as of January 1, 2014. The Company shall pay the CEO an $175,000 base salary per annual (the "Annual Base Salary") and annual bonus payments (the "Bonus") from time to time, at the Board's entire discretion, of up to 100% of the Annual Base Salary based on the achievement of corporate goals and benchmarks relating to the Company's overall performance. The Employment Agreement requires an additional contingent lump-sum payment equal to the Officer's then Annual Base Salary and the Bonus paid or declared to the Officer, if any, in the Company's previously completed fiscal year upon the occurrence of a change of control or termination without cause. As a triggering event has not taken place, the contingent payments have not been reflected in these unaudited condensed interim consolidated financial statements.

12. Office Expenses

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013	Nine Months Ended March 31, 2014	Period from August 7, 2012 to March 31, 2013
Administrative	**$ 4,602**	$ 370	**$ 11,033**	$ 1,430
Bank charges	**939**	58	**1,229**	457
Insurance	**3,095**	-	**3,581**	-
Interest income	**(5,939)**	-	**(6,225)**	-
Meals and entertainment	**117**	557	**7,316**	798
Reporting issuer costs	**7,179**	-	**7,435**	-
Travel and accommodation	**640**	2,307	**5,773**	5,780
	$ 10,633	$ 3,292	**$ 30,142**	$ 8,465

13. Subsequent Events

On April 30, 2014, the Company announced that it submitted a pre-Investigational New Drug (pre-IND) meeting request to the US Food and Drug Administration ("FDA") for its gout drug candidate, REV-002.

On May 14, 2014, the Company announced positive results from a pre-clinical study with tianeptine for the treatment of Rett syndrome, a rare disease (referred to by Revive as "REV-003").