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**Revive Therapeutics Ltd.**  
**Condensed Interim Consolidated Financial Statements**  
**Three Months Ended September 30, 2014**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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## Revive Therapeutics Ltd.

### Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

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	September 30, 2014	June 30, 2014
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 982,360	\$ 1,188,919
Other receivables	78,003	61,550
Prepaid expenses	21,596	25,635
<b>Total current assets</b>	<b>1,081,959</b>	<b>1,276,104</b>
Intangible assets (note 3)	77,784	56,239
Equipment (note 4)	9,862	10,473
<b>Total assets</b>	<b>\$ 1,169,605</b>	<b>\$ 1,342,816</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (notes 5 and 10)	\$ 145,207	\$ 77,776
<b>Shareholders' equity</b>		
Share capital (note 6)	2,605,844	2,428,907
Broker warrants (note 7)	-	52,459
Stock options (note 8)	251,506	218,038
Accumulated deficit	(1,832,952)	(1,434,364)
<b>Total shareholders' equity</b>	<b>1,024,398</b>	<b>1,265,040</b>
<b>Total shareholders' equity and liabilities</b>	<b>\$ 1,169,605</b>	<b>\$ 1,342,816</b>

**Nature of operations** (note 1)

**Commitments** (note 11)

**Subsequent events** (note 13)

**Approved on behalf of the Board:**

"Fabio Chianelli", Director  
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"Craig Leon", Director  
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The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

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**Revive Therapeutics Ltd.****Condensed Interim Consolidated Statements of Comprehensive Loss****(Expressed in Canadian dollars)****(Unaudited)**

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<b>Three Months Ended September 30,</b>	<b>2014</b>	<b>2013</b>
<b>Expenses</b>		
Consulting fees (note 10(a)(i)(v))	\$ 54,855	\$ 24,000
Professional fees (note 10(a)(ii)(iii)(iv))	42,192	300
Salaries and benefits (note 10(b))	60,067	-
Stock-based compensation (notes 8(i) and 10(b))	33,468	-
Office expenses (note 12)	31,340	10,479
Rent	4,800	2,113
Research costs	154,799	-
Depreciation and amortization (notes 3 and 4)	1,875	860
Write-off of intangible assets (note 3)	15,192	-
	<b>398,588</b>	<b>37,752</b>
<b>Comprehensive loss for the the period</b>	<b>\$ (398,588)</b>	<b>\$ (37,752)</b>
<b>Comprehensive loss per share - basic and diluted (note 9)</b>	<b>\$ (0.02)</b>	<b>\$ (0.00)</b>
<b>Weighted average common shares outstanding</b>	<b>18,787,805</b>	<b>12,933,330</b>

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**Revive Therapeutics Ltd.****Condensed Interim Consolidated Statements of Cash Flows****(Expressed in Canadian dollars)****(Unaudited)**

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<b>Three Months Ended September 30,</b>	<b>2014</b>	<b>2013</b>
<b>Cash flow from operating activities</b>		
Comprehensive loss for the period	\$ (398,588)	\$ (37,752)
Adjustments for:		
Depreciation and amortization	1,875	860
Stock-based compensation	33,468	-
Write-off of intangible assets (note 3)	15,192	-
Net change in non-cash working capital:		
Other receivables	(16,453)	(6,881)
Prepaid expenses	4,039	(12,900)
Accounts payable and accrued liabilities	67,431	1,040
<b>Net cash and cash equivalents used in operating activities</b>	<b>(293,036)</b>	<b>(55,633)</b>
<b>Investing activities</b>		
Purchase of intangible assets	(38,001)	-
Purchase of equipment	-	(11,865)
<b>Net cash and cash equivalents used in investing activities</b>	<b>(38,001)</b>	<b>(11,865)</b>
<b>Financing activity</b>		
Proceeds from issuance of shares (note 6)	124,478	-
<b>Net cash and cash equivalents provided by financing activity</b>	<b>124,478</b>	<b>-</b>
<b>Net change in cash and cash equivalents</b>	<b>(206,559)</b>	<b>(67,498)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>1,188,919</b>	<b>705,865</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 982,360</b>	<b>\$ 638,367</b>

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		Broker warrants	Stock options	Accumulated deficit	Total
	Number of shares	Amount				
<b>Balance, June 30, 2013</b>	<b>12,933,330</b>	<b>\$ 890,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (177,275)</b>	<b>\$ 712,725</b>
Comprehensive loss for the period	-	-	-	-	(37,752)	(37,752)
<b>Balance, September 30, 2013</b>	<b>12,933,330</b>	<b>\$ 890,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (215,027)</b>	<b>\$ 674,973</b>
<b>Balance, June 30, 2014</b>	<b>18,497,228</b>	<b>\$ 2,428,907</b>	<b>\$ 52,459</b>	<b>\$ 218,038</b>	<b>\$ (1,434,364)</b>	<b>\$ 1,265,040</b>
Exercise of broker warrants	414,927	124,478	-	-	-	124,478
Fair value of broker warrants exercised	-	52,459	(52,459)	-	-	-
Stock-based compensation (note 8(i))	-	-	-	33,468	-	33,468
Comprehensive loss for the period	-	-	-	-	(398,588)	(398,588)
<b>Balance, September 30, 2014</b>	<b>18,912,155</b>	<b>\$ 2,605,844</b>	<b>\$ -</b>	<b>\$ 251,506</b>	<b>\$ (1,832,952)</b>	<b>\$ 1,024,398</b>

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

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# Revive Therapeutics Ltd.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2014

(Expressed in Canadian dollars)

(Unaudited)

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### 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 (as defined below) 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"). 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 November 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 consolidated financial statements as at and for the year ended June 30, 2014, 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, 2015 could result in restatement of these unaudited condensed interim consolidated financial statements.

#### Change in accounting policies

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. On July 1, 2014, the Company adopted this amendment and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

# Revive Therapeutics Ltd.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2014

(Expressed in Canadian dollars)

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### 2. Significant Accounting Policies (continued)

#### Recent accounting pronouncements

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.

IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") was issued by IASB in May 2014, replacing IAS 11, Construction Contracts, IAS 18, Revenue, and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework that applies to contracts with customers. The standard required an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. Disclosure requirements have also been expanded. IFRS 15 is effective for years beginning on or after January 1, 2017, with early adoption permitted. The standard may be applied retrospectively or using a modified retrospective approach. The Company is in the process of assessing the impact of this pronouncement.

### 3. Intangible Assets

<b>Cost</b>	<b>EV-001</b>	<b>REV-002</b>	<b>REV-003</b>	<b>Total</b>
Balance, June 30, 2014	\$ 35,940	\$ 25,000	\$ -	\$ 60,940
Additions	28,104	-	9,897	38,001
Write-off	(15,992)	-	-	(15,992)
Balance, September 30, 2014	\$ 48,052	\$ 25,000	\$ 9,897	\$ 82,949

  

<b>Accumulated amortization</b>	<b>EV-001</b>	<b>REV-002</b>	<b>REV-003</b>	<b>Total</b>
Balance, June 30, 2014	\$ 2,671	\$ 2,030	\$ -	\$ 4,701
Amortization during the period	828	313	123	1,264
Write-off	(800)	-	-	(800)
Balance, September 30, 2014	\$ 2,699	\$ 2,343	\$ 123	\$ 5,165

  

<b>Carrying value</b>	<b>EV-001</b>	<b>REV-002</b>	<b>REV-003</b>	<b>Total</b>
Balance, June 30, 2014	\$ 33,269	\$ 22,970	\$ -	\$ 56,239
Balance, September 30, 2014	\$ 45,353	\$ 22,657	\$ 9,774	\$ 77,784

The Company in-licensed the rights to develop REV-001 from Numedicus Limited ("Numedicus").

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

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## Revive Therapeutics Ltd.

### Notes to Condensed Interim Consolidated Financial Statements

September 30, 2014

(Expressed in Canadian dollars)

(Unaudited)

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#### 3. Intangible Assets (continued)

##### REV-001

(a) On October 15, 2013, Revive and Numedicus entered into a patent license agreement related to Patent Document PCT/GB2012/050831 (the "REV-001 050831 Agreement"), which amended and superseded a patent license agreement originally concluded on September 4, 2012, and amended and superseded on March 7, 2013. Pursuant to the REV-001 050831 Agreement, the Company acquired the exclusive rights to develop and commercialize Patent Document PCT/GB2012/050831. Between September 4, 2012, and September 4, 2014, the Company paid an aggregate total of GBP £10,000 (actual Canadian dollars at date of transaction - \$15,922) in licensing fees to Numedicus in accordance with the REV-001 050831 Agreement. On September 4, 2014, the Company terminated the REV-001 050831 Agreement, and recorded a write-off of intangible asset of \$15,192 in respect thereof in the unaudited condensed interim consolidated statements of comprehensive loss for the three months ended September 30, 2014.

(b) On October 15, 2013, Revive and Numedicus entered into a patent license agreement (the "REV-001 051213 Agreement"), which amended and superseded a patent license agreement originally concluded on September 4, 2012, as amended and superseded on March 7, 2013. Pursuant to the REV-001 051213 Agreement, the Company acquired the exclusive rights to develop and commercialize Patent Document PCT/GB2013/051213. The Company is required to pay (i) annual license fees amounting to GBP £10,000, (ii) milestone payments at various stages of development, and (iii) a 3% royalty charged on net sales value for any licensed products or, in the event Revive sublicenses its patents, based on a percentage of revenue earned. Where a milestone payment is payable in relation to a grant of a sub-license matches the milestones described above, Revive shall be entitled to off-set the milestone payments. To date, the Company has paid an aggregate total of GBP £20,000 (first £10,000 payment equated to \$16,927 Canadian on date of transaction; and second £10,000 payment equated to \$18,206 Canadian on date of transaction) in licensing fees to Numedicus in accordance with the REV-001 051213 Agreement. No milestone payments or royalties have been incurred or paid.

##### REV-002

(a) On June 17, 2013, Revive and Xenexus Pharmaceuticals Pty Ltd. ("Xenexus") entered into a patent assignment agreement (the "REV-002 Agreement"), which replaced and superseded a patent license agreement (the "REV-002 License") between Revive and Xenexus dated April 3, 2013. The REV-002 Agreement and its predecessor grant Revive the right to commercially exploit Patent Document AU2012905072 with respect to the use of bucillamine, a rheumatoid arthritis drug for the treatment of gout. Pursuant to the REV-002 License, the Company was required to pay annual license fees amounting to \$10,000. Between April 3, 2013, and June 17, 2013, the Company paid \$10,000 in accordance with the REV-002 License. Pursuant to the REV-002 Agreement, the Company acquired Patent Document AU2012905072 in exchange for a \$15,000 cash payment (paid). If the Company licenses the patent acquired under the REV-002 Agreement, it will be required to pay to Xenexus 5% of any upfront milestone payments and subsequent milestone fees from its licensee. To date, no milestone payments have been incurred or paid. As of September 30, 2014, the Company is in compliance with the terms of the REV-002 Agreement.

##### REV-003

During the three months ended September 30, 2014, the Company incurred \$nil in REV-003 research costs for consulting services of clinical trial design and research (three months ended September 30, 2013 - \$nil).



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**Revive Therapeutics Ltd.****Notes to Condensed Interim Consolidated Financial Statements****September 30, 2014****(Expressed in Canadian dollars)****(Unaudited)**

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**4. Equipment**

<b>Cost</b>	<b>Computer equipment</b>	<b>Office equipment</b>	<b>Total</b>
Balance, June 30, 2014 and September 30, 2014	\$ 4,129	\$ 7,737	\$ 11,866
<b>Accumulated depreciation</b>	<b>Computer equipment</b>	<b>Office equipment</b>	<b>Total</b>
Balance, June 30, 2014	\$ 620	\$ 773	\$ 1,393
Depreciation during the period	263	348	611
Balance, September 30, 2014	\$ 883	\$ 1,121	\$ 2,004
<b>Carrying value</b>	<b>Computer equipment</b>	<b>Office equipment</b>	<b>Total</b>
Balance, June 30, 2014	\$ 3,509	\$ 6,964	\$ 10,473
Balance, September 30, 2014	\$ 3,246	\$ 6,616	\$ 9,862

**5. Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for purchases relating to research and development and general operating activities.

	<b>As at September 30, 2014</b>	<b>As at June 30, 2014</b>
Accounts payable	\$ 139,156	\$ 29,709
Accrued liabilities	6,051	48,067
	\$ 145,207	\$ 77,776
	<b>As at September 30, 2014</b>	<b>As at June 30, 2014</b>
Less than 1 month	\$ 65,637	\$ 77,776
1 to 3 months	78,943	-
Greater than 3 months	627	-
	\$ 145,207	\$ 77,776

# Revive Therapeutics Ltd.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2014

(Expressed in Canadian dollars)

(Unaudited)

### 6. 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.

b) Common shares issued

As at September 30, 2014, the issued share capital amounted to \$2,605,844. Changes in issued share capital are as follows:

#### Old Revive

	Number of Common Shares	Amount
<b>Balance, June 30, 2013 and September 30, 2013</b>	<b>12,933,330</b>	<b>\$ 890,000</b>

#### Revive

<b>Balance, June 30, 2014</b>	<b>18,497,228</b>	<b>\$ 2,428,907</b>
Common shares issued upon exercise of broker warrants	414,927	124,478
Fair value of broker warrants exercised	-	52,459
<b>Balance, September 30, 2014</b>	<b>18,912,155</b>	<b>\$ 2,605,844</b>

### 7. Broker Warrants

The following table reflects the continuity of broker warrants for the period ended September 30, 2014 and 2013:

	Number of Broker Warrants	Weighted Average Exercise Price
<b>Balance, June 30, 2013 and September 30, 2013</b>	<b>-</b>	<b>\$ -</b>
<b>Balance, June 30, 2014</b>	<b>414,927</b>	<b>\$ 0.30</b>
Common shares issued upon exercise of broker warrants	(414,927)	0.30
<b>Balance, September 30, 2014</b>	<b>-</b>	<b>\$ -</b>

### 8. Stock Options

The following table reflects the continuity of stock options for the period ended September 30, 2014 and 2013:

	Number of Stock Options	Weighted Average Exercise Price
<b>Balance, June 30, 2013 and September 30, 2013</b>	<b>-</b>	<b>\$ -</b>
<b>Balance, June 30, 2014 and September 30, 2014</b>	<b>775,206</b>	<b>\$ 0.57</b>

# Revive Therapeutics Ltd.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2014

(Expressed in Canadian dollars)

(Unaudited)

### 8. Stock Options (continued)

The following table reflects the actual stock options issued and outstanding as of September 30, 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	0.25	119,273	119,273	\$ 14,671
July 9, 2023	0.30	8.78	65,933	65,933	16,021
January 31, 2024 (i)	0.66	9.34	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 100%; risk-free interest rates of 1.95%; and expected lives of 4 years. The options vest as to one-half on the date of grant and one-half on one year anniversary of the date of grant. During the three months ended September 30, 2014, \$33,468 (three months ended September 30, 2013 - \$nil) was recorded as stock-based compensation in the unaudited condensed interim consolidated statements of comprehensive loss.

### 9. Net Loss per Common Share

The calculation of basic and diluted loss per share for the three months ended September 30, 2014 was based on the loss attributable to common shareholders of \$398,588 (three months ended September 30, 2013 - \$37,752) and the weighted average number of common shares outstanding of 18,787,805 (three months ended September 30, 2013 - 12,933,330).

Diluted loss per share did not include the effect of 775,206 (September 30, 2013 - nil) stock options as they are anti-dilutive.

### 10. Related Party Balances and Transactions and Major Shareholders

(a) Related party balances and transactions:

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

Three Months Ended September 30,	2014	2013
Fabiotech Inc. ("Fabiotech") (i)	\$ -	\$ 24,000
Marrelli Support Services Inc. ("Marrelli Support") (ii)	\$ 14,250	\$ -
DSA Corporate Services ("DSA") (iii)	\$ 590	\$ -
McMillan LLP ("McMillan") (iv)	\$ 4,265	\$ -
RangerCap Inc. ("RangerCap") (v)	\$ 37,500	\$ -

(i) Fabiotech is a corporation controlled by the Chief Executive Officer ("CEO"), President and Director of the Company. As at September 30, 2014, \$nil (June 30, 2014 - \$nil) was owed to Fabiotech.

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# Revive Therapeutics Ltd.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2014

(Expressed in Canadian dollars)

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### 10. Related Party Balances and Transactions and Major Shareholders (continued)

(a) Related party balances and transactions (continued):

(ii) Marrelli Support was owed \$11,083 as at September 30, 2014 (June 30, 2014 - \$2,500) for the services of Carmelo Marrelli to act as Chief Financial Officer ("CFO") of the Company. This amount was included in accounts payable and accrued liabilities. The Company has entered into a consulting agreement (the "Marrelli Consulting Agreement") with Marrelli Support and Mr. Marrelli to provide the services of Mr. Marrelli as CFO of the Corporation. The term of the Marrelli Consulting Agreement commenced on January 8, 2013, and shall continue until terminated by either Mr. Marrelli or the Company. Pursuant to the Marrelli Consulting Agreement, Mr. Marrelli is entitled to receive monthly compensation of \$1,250 per month, and incentive stock option grants on a reasonable basis, consistent with the grant of options to other grantees. In addition, Marrelli Support provides bookkeeping services to the Company. Mr. 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) DSA was owed \$332 as at September 30, 2014 (June 30, 2014 - \$nil) for filing services. This amount was included in accounts payable and accrued liabilities. DSA is a private company controlled by Carmelo Marrelli, the CFO of the Company. Carmelo Marrelli is also the corporate secretary and sole director of DSA. Services were incurred in the normal course of operations for electronic filing and news dissemination services.

(iv) McMillan was owed \$6,977 as at September 30, 2014 (June 30, 2014 - \$nil) for legal services (including disbursements) and this amount was included in accounts payable and accrued liabilities. Robbie Grossman, Corporate Secretary of the Company, is a partner at McMillan. The amounts charged by McMillan are based on what McMillan usually charges its clients.

(v) RangerCap was owed \$nil as at September 30, 2014 (June 30, 2014 - \$14,125) for consulting services and this amount was included in accounts payable and accrued liabilities. RangerCap is owned by Craig Leon, one of the directors of the Company.

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

<b>Three Months Ended September 30,</b>	<b>2014</b>	<b>2013</b>
Stock-based compensation	\$ 32,331	\$ -
Salaries and benefits	\$ 43,750	\$ -

(c) Major shareholders:

As at September 30, 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, 45.58% of the issued and outstanding shares of the Company. These stockholdings 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. Other than Mr. Fabio Chianelli, the CEO and a Director of the Company, who owns or controls, directly or indirectly, 45.58% 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.

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# Revive Therapeutics Ltd.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2014

(Expressed in Canadian dollars)

(Unaudited)

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### 11. Commitments

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 a \$175,000 base salary per annum (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.

The Company entered into a lease commencing on September 2013 for a 24-month period. The Company is required to pay minimum annual lease payments of \$25,353 for the premise.

See note 3 for patent license payment commitments.

### 12. Office Expenses

Three Months Ended September 30,	2014	2013
Administrative	\$ 11,433	\$ 4,132
Bank charges	372	92
Insurance	6,769	121
Interest income	-	(286)
Meals and entertainment	571	1,449
Reporting issuer costs	9,562	-
Travel and accommodation	2,633	4,971
	<b>\$ 31,340</b>	<b>\$ 10,479</b>

### 13. Subsequent Events

(i) October 28, 2014, the Company announced that it applied to the US Food & Drug Administration ("FDA") for Orphan Drug Designation for REV-003 (Tianeptine) in the treatment of Rett Syndrome.

(ii) On October 30, 2014, the Company announced that it submitted an Investigational New Drug ("IND") application to the FDA for the clinical development of REV-002 (Bucillamine) for the treatment of gout and on November 26, 2014, the Company announced that FDA accepted the Company's IND application. The Company plans to promptly initiate a Phase II-A clinical study in patients with gout in the U.S.

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## **Revive Therapeutics Ltd.**

### **Notes to Condensed Interim Consolidated Financial Statements**

**September 30, 2014**

**(Expressed in Canadian dollars)**

**(Unaudited)**

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#### **13. Subsequent Events (continued)**

(iii) On November 4, 2014, the Company obtained a receipt for a preliminary short form base PREP prospectus filed with the securities regulators in all of the provinces of Canada, except Quebec, pursuant to which the Company proposes to complete a best-efforts public offering of up to \$5,000,000 in common shares of the Company upon terms to be determined in the context of the market (the "Offering"). Beacon Securities Limited (the "Agent") is acting as sole agent and bookrunner in respect of the Offering. The Company has granted the Agent an over-allotment option (the "Over-Allotment Option") to sell up to an additional 15% of the common shares offered under the Offering, exercisable in whole or in part at any time up to 48 hours prior to closing, to cover over-allotments, if any. The Company has agreed to pay the Agent a cash commission equal to 7% of gross proceeds of the Offering, and to issue to the Agent warrants to acquire the number of common shares equal to 7% of the aggregate number of common shares sold pursuant to the Offering (including any common shares sold pursuant to the exercise of the Over-Allotment Option) at the offering price of the common shares pursuant to the Offering.