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**Revive Therapeutics Ltd.**  
**Condensed Interim Consolidated Financial Statements**  
**Three And Six Months Ended December 31, 2014**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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**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.

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## Revive Therapeutics Ltd.

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

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	December 31, 2014	June 30, 2014
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 3,213,033	\$ 1,188,919
Other receivables	114,734	61,550
Prepaid expenses	16,270	25,635
<b>Total current assets</b>	<b>3,344,037</b>	<b>1,276,104</b>
Intangible assets (note 3)	76,521	56,239
Equipment (note 4)	9,251	10,473
<b>Total assets</b>	<b>\$ 3,429,809</b>	<b>\$ 1,342,816</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (notes 5 and 11)	\$ 125,409	\$ 77,776
<b>Shareholders' equity</b>		
Share capital (note 6)	4,339,570	2,428,907
Warrants and broker warrants (notes 7 and 8)	980,262	52,459
Stock options (note 9)	263,552	218,038
Accumulated deficit	(2,278,984)	(1,434,364)
<b>Total shareholders' equity</b>	<b>3,304,400</b>	<b>1,265,040</b>
<b>Total shareholders' equity and liabilities</b>	<b>\$ 3,429,809</b>	<b>\$ 1,342,816</b>

Nature of operations (note 1)

Commitments (note 12)

Subsequent events (note 14)

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.

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## Revive Therapeutics Ltd.

### Condensed Interim Consolidated Statements of Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited)

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	Three Months Ended December 31,		Six Months Ended December 31,	
	2014	2013	2014	2013
<b>Expenses</b>				
Consulting fees (note 11(a)(i)(v))	\$ 56,988	\$ 24,000	\$ 111,843	\$ 48,000
Professional fees (note 11(a)(ii)(iii)(iv))	77,719	146,900	119,911	147,200
Salaries and benefits (note 11(b))	72,067	-	132,134	-
Stock-based compensation (notes 9(i) and 11(b))	33,468	-	66,936	-
Office expenses (note 13)	71,582	9,030	102,922	19,509
Rent	6,338	6,887	11,138	9,000
Research costs	140,667	23,399	295,466	23,399
Depreciation and amortization (notes 3 and 4)	1,874	1,283	3,749	2,143
Write-off of intangible assets	-	-	15,192	-
Reverse takeover transaction cost	-	348,805	-	348,805
	<b>460,703</b>	<b>560,304</b>	<b>859,291</b>	<b>598,056</b>
<b>Comprehensive loss for the the period</b>	<b>\$ (460,703)</b>	<b>\$ (560,304)</b>	<b>\$ (859,291)</b>	<b>\$ (598,056)</b>
<b>Comprehensive loss per share - basic and diluted (note 10)</b>	<b>\$ (0.02)</b>	<b>\$ (0.04)</b>	<b>\$ (0.04)</b>	<b>\$ (0.05)</b>
<b>Weighted average common shares outstanding</b>	<b>19,623,014</b>	<b>12,993,807</b>	<b>19,205,410</b>	<b>12,963,569</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.****Condensed Interim Consolidated Statements of Cash Flows****(Expressed in Canadian dollars)****(Unaudited)**

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<b>Six Months Ended December 31,</b>	<b>2014</b>	<b>2013</b>
<b>Cash flow from operating activities</b>		
Comprehensive loss for the period	\$ (859,291)	\$ (598,056)
Adjustments for:		
Depreciation and amortization	3,749	2,143
Stock-based compensation	66,936	-
Write-off of intangible assets	15,192	-
Reverse takeover transaction cost	-	348,805
Net change in non-cash working capital:		
Other receivables	(45,059)	(16,312)
Prepaid expenses	9,365	(9,218)
Accounts payable and accrued liabilities	28,350	157,782
<b>Net cash and cash equivalents used in operating activities</b>	<b>(780,758)</b>	<b>(114,856)</b>
<b>Investing activities</b>		
Purchase of intangible assets	(38,001)	(16,927)
Purchase of equipment	-	(11,865)
<b>Net cash and cash equivalents used in investing activities</b>	<b>(38,001)</b>	<b>(28,792)</b>
<b>Financing activities</b>		
Proceeds from issuance of shares (note 6)	3,130,713	1,113,550
Share issue costs (note 6)	(287,840)	(93,807)
Cash acquired from reverse takeover	-	263,588
<b>Net cash and cash equivalents provided by financing activities</b>	<b>2,842,873</b>	<b>1,283,331</b>
<b>Net change in cash and cash equivalents</b>	<b>2,024,114</b>	<b>1,139,683</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>\$ 3,213,033</b>	<b>\$ 1,845,548</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					Total
	Number of shares	Amount	Warrants and broker warrants	Stock options	Accumulated deficit	
<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>
Common shares issued against subscription receipts issued in private placement	3,711,833	1,113,550	-	-	-	1,113,550
Share issuance costs for the private placement	-	(93,807)	-	-	-	(93,807)
Elimination of Old Revive shares	(16,645,163)	-	-	-	-	-
Conversion of Old Revive shares	16,645,163	-	-	-	-	-
Consideration for reverse takeover	1,852,065	555,620	16,003	30,692	-	602,315
Issuance of broker warrants	-	(36,456)	36,456	-	-	-
Comprehensive loss for the period	-	-	-	-	(598,056)	(598,056)
<b>Balance, December 31, 2013</b>	<b>18,497,228</b>	<b>\$ 2,428,907</b>	<b>\$ 52,459</b>	<b>\$ 30,692</b>	<b>\$ (775,331)</b>	<b>\$ 1,736,727</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>
Common shares issued in private placement (note 6(b)(i))	4,996,500	2,997,900	-	-	-	2,997,900
Transaction costs in private placement (note 6(b)(i))	-	(199,332)	(99,666)	-	-	(298,998)
Valuation of warrants issued in private placement (note 6(b)(i))	-	(999,300)	999,300	-	-	-
Valuation of broker warrants issued in private placement (note 6(b)(i))	-	(80,628)	80,628	-	-	-
Exercise of broker warrants	414,927	124,478	-	-	-	124,478
Fair value of broker warrants exercised	-	52,459	(52,459)	-	-	-
Common shares issued upon exercise of stock options	27,782	8,335	-	-	-	8,335
Fair value of stock options exercised	-	6,751	-	(6,751)	-	-
Expiration of stock options	-	-	-	(14,671)	14,671	-
Stock-based compensation (note 9(i))	-	-	-	66,936	-	66,936
Comprehensive loss for the period	-	-	-	-	(859,291)	(859,291)
<b>Balance, December 31, 2014</b>	<b>23,936,437</b>	<b>\$ 4,339,570</b>	<b>\$ 980,262</b>	<b>\$ 263,552</b>	<b>\$ (2,278,984)</b>	<b>\$ 3,304,400</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

December 31, 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 February 11, 2015, 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

December 31, 2014

(Expressed in Canadian dollars)

(Unaudited)

### 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>REV-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, December 31, 2014	\$ 48,052	\$ 25,000	\$ 9,897	\$ 82,949

<b>Accumulated amortization</b>	<b>REV-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	1,656	625	246	2,527
Write-off	(800)	-	-	(800)
Balance, December 31, 2014	\$ 3,527	\$ 2,655	\$ 246	\$ 6,428

<b>Carrying value</b>	<b>REV-001</b>	<b>REV-002</b>	<b>REV-003</b>	<b>Total</b>
Balance, June 30, 2014	\$ 33,269	\$ 22,970	\$ -	\$ 56,239
Balance, December 31, 2014	\$ 44,525	\$ 22,345	\$ 9,651	\$ 76,521

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

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

December 31, 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 and six months ended December 31, 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 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 December 31, 2014, the Company is in compliance with the terms of the REV-002 Agreement.

On October 30, 2014, the Company announced that it submitted an Investigational New Drug ("IND") application to the US Food & Drug Administration ("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.

On January 29, 2015, the Company announced the initiation of a Phase II - A clinical study in patients with gout in the U.S. (see note 14).



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## Revive Therapeutics Ltd.

### Notes to Condensed Interim Consolidated Financial Statements

December 31, 2014

(Expressed in Canadian dollars)

(Unaudited)

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#### 3. Intangible Assets (continued)

##### REV-003

During the three and six months ended December 31, 2014, the Company incurred \$3,628 in REV-003 research costs for consulting services of clinical trial design and research (three and six months ended December 31, 2013 - \$nil).

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

On January 15, 2015, the Company announced that it has entered into a research collaboration with Rettsyndrome. Org to explore the potential of Revive's REV-003 (Tianeptine) for the treatment of Rett syndrome (see note 14).

#### 4. Equipment

<b>Cost</b>	<b>Computer equipment</b>	<b>Office equipment</b>	<b>Total</b>
Balance, June 30, 2014 and December 31, 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	526	696	1,222
Balance, December 31, 2014	\$ 1,146	\$ 1,469	\$ 2,615
<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, December 31, 2014	\$ 2,983	\$ 6,268	\$ 9,251

#### 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 December 31, 2014</b>	<b>As at June 30, 2014</b>
Accounts payable	\$ 89,234	\$ 29,709
Accrued liabilities	36,175	48,067
	<b>\$ 125,409</b>	<b>\$ 77,776</b>

# Revive Therapeutics Ltd.

## Notes to Condensed Interim Consolidated Financial Statements

December 31, 2014

(Expressed in Canadian dollars)

(Unaudited)

### 5. Accounts Payable and Accrued Liabilities (continued)

	As at December 31, 2014	As at June 30, 2014
Less than 1 month	\$ 56,897	\$ 77,776
1 to 3 months	16,474	-
Greater than 3 months	52,038	-
	\$ 125,409	\$ 77,776

### 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 December 31, 2014, the issued share capital amounted to \$4,339,570. Changes in issued share capital are as follows:

	Number of Common Shares	Amount
<b>Balance, June 30, 2013</b>	<b>12,933,330</b>	<b>\$ 890,000</b>
Common shares issued against subscription receipts issued in private placement	3,711,833	1,113,550
Share issuance costs for the private placement	-	(93,807)
Elimination of Old Revive shares	(16,645,163)	-
Conversion of Old Revive shares	16,645,163	-
Conversion of Revive shares and consideration for RTO	1,852,065	555,620
Valuation of broker warrants	-	(36,456)
<b>Balance, December 31, 2013</b>	<b>18,497,228</b>	<b>\$ 2,428,907</b>
<b>Balance, June 30, 2014</b>	<b>18,497,228</b>	<b>\$ 2,428,907</b>
Common shares issued in private placement (i)	4,996,500	2,997,900
Transaction costs in private placement (i)	-	(199,332)
Valuation of warrants issued in private placement (i)	-	(999,300)
Valuation of broker warrants issued in private placement (i)	-	(80,628)
Common shares issued upon exercise of broker warrants	414,927	124,478
Fair value of broker warrants exercised	-	52,459
Common shares issued upon exercise of stock options	27,782	8,335
Fair value of stock options exercised	-	6,751
<b>Balance, December 31, 2014</b>	<b>23,936,437</b>	<b>\$ 4,339,570</b>

# Revive Therapeutics Ltd.

## Notes to Condensed Interim Consolidated Financial Statements

December 31, 2014

(Expressed in Canadian dollars)

(Unaudited)

### 6. Share Capital (continued)

#### b) Common shares issued (continued)

(i) On December 18, 2014, the Company completed a short form prospectus offering (the "Offering") of 4,996,500 units ("Units") for aggregate gross proceeds of \$2,997,900. Each Unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant is exercisable at a price of \$0.85 and entitles the holder thereof to acquire one common share of the Company for a period of two years following the closing of the Offering. The expiry date of the warrants may be accelerated by the Company, at its option, if, at any time the volume-weighted average trading price of the common shares is greater than \$1.20 for any 20 consecutive trading days, upon providing 30 days prior notice, such prior notice to be delivered within five business days immediately following such 20-day period. The fair value of the warrant was estimated to be \$999,300 using a valuation model incorporating Black-Scholes on the following assumptions: dividend yield 0%; volatility 112%; risk-free interest rates of 1.01%; and expected lives of 2 years.

The Offering was led by Beacon Securities Limited ("Beacon") as the sole agent and bookrunner. The Company incurred total transaction costs of \$298,998 including a 7% cash commission on the gross proceeds of the Offering paid to Beacon. \$199,332 of the total transaction costs was allocated to share capital and the remaining \$99,666 was allocated to warrants.

The Company also issued 349,755 non-transferable compensation broker warrants to Beacon and other members of a special selling group, with each broker warrants exercisable to purchase one Unit on the same terms of the Offering for a period of two years following the closing of the Offering. The fair value of the broker warrants was estimated to be \$120,942 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 112%; risk-free interest rates of 1.01%; and expected lives of 2 years. The fair value of the broker warrants was allocated as to \$80,628 to share capital and the remaining \$40,314 to warrants.

### 7. Warrants

The following table reflects the continuity of warrants for the period ended December 31, 2014 and 2013:

	Number of Warrants	Weighted Average Exercise Price
<b>Balance, June 30, 2013, December 31, 2013 and June 30, 2014</b>	-	\$ -
Issued in private placement (note 6(b)(i))	4,996,500	0.85
<b>Balance, December 31, 2014</b>	<b>4,996,500</b>	<b>\$ 0.85</b>

The following table reflects warrants issued and outstanding as of December 31, 2014:

Expiry Date and Description	Exercise Price (\$)	Fair Value (\$)	Number of Warrants Outstanding
December 18, 2016	0.85	999,300	4,996,500
Transaction costs allocated		(139,980)	
	<b>0.85</b>	<b>859,320</b>	<b>4,996,500</b>

# Revive Therapeutics Ltd.

## Notes to Condensed Interim Consolidated Financial Statements

December 31, 2014

(Expressed in Canadian dollars)

(Unaudited)

### 8. Broker Warrants

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

	Number of Broker Warrants	Weighted Average Exercise Price
<b>Balance, June 30, 2013</b>	-	\$ -
Issued as consideration for the RTO	118,540	0.30
Issued to broker	296,387	0.30
<b>Balance, December 31, 2013</b>	<b>414,927</b>	<b>\$ 0.30</b>
<b>Balance, June 30, 2014</b>	<b>414,927</b>	<b>\$ 0.30</b>
Exercise of broker warrants	(414,927)	0.30
Broker warrants issued in private placement (note 6(b)(i))	349,755	0.60
<b>Balance, December 31, 2014</b>	<b>349,755</b>	<b>\$ 0.60</b>

The following table reflects broker warrants issued and outstanding as of December 31, 2014:

Expiry Date	Exercise Price (\$)	Fair Value (\$)	Number of Broker Warrants Outstanding
December 18, 2016	0.60	120,942	349,755
	<b>0.60</b>	<b>120,942</b>	<b>349,755</b>

### 9. Stock Options

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

	Number of Stock Options	Weighted Average Exercise Price
<b>Balance, June 30, 2013</b>	-	\$ -
Issued as consideration for the RTO	185,206	0.30
<b>Balance, December 31, 2013</b>	<b>185,206</b>	<b>\$ 0.30</b>
<b>Balance, June 30, 2014</b>	<b>775,206</b>	<b>\$ 0.57</b>
Exercise of stock options	(27,782)	0.30
Expiry of stock options	(119,273)	0.30
<b>Balance, December 31, 2014</b>	<b>628,151</b>	<b>\$ 0.64</b>

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## Revive Therapeutics Ltd.

### Notes to Condensed Interim Consolidated Financial Statements

December 31, 2014

(Expressed in Canadian dollars)

(Unaudited)

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#### 9. Stock Options (continued)

The following table reflects the actual stock options issued and outstanding as of December 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
July 9, 2023	0.30	8.53	38,151	38,151	\$ 9,270
January 31, 2024 (i)	0.66	9.09	590,000	295,000	265,568
			628,151	333,151	\$ 274,838

(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 and six months ended December 31, 2014, \$33,468 and \$66,936, respectively (three and six months ended December 31, 2013 - \$nil) was recorded as stock-based compensation in the unaudited condensed interim consolidated statements of comprehensive loss.

(ii) On February 10, 2015, the Company granted 925,000 stock options to certain officers, directors, employees and consultants (see note 14).

#### 10. Net Loss per Common Share

The calculation of basic and diluted loss per share for the three and six months ended December 31, 2014 was based on the loss attributable to common shareholders of \$460,703 and \$859,291, respectively (three and six months ended December 31, 2013 - \$560,304 and \$598,056, respectively) and the weighted average number of common shares outstanding of 19,623,014 and 19,205,410, respectively (three and six months ended December 31, 2013 - 12,993,807 and 12,963,569, respectively).

Diluted loss per share did not include the effect of 4,996,500 warrants (December 31, 2013 - nil), 349,755 broker warrants (December 31, 2013 - 414,927) and 628,151 (December 31, 2013 - 185,206) stock options as they are anti-dilutive.

# Revive Therapeutics Ltd.

## Notes to Condensed Interim Consolidated Financial Statements

December 31, 2014

(Expressed in Canadian dollars)

(Unaudited)

### 11. 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 December 31, 2014	Three Months Ended December 31, 2013	Six Months Ended December 31, 2014	Six Months Ended December 31, 2013
Fabiotech Inc. ("Fabiotech") (i)	\$ -	\$ 24,000	\$ -	\$ 48,000
Marrelli Support Services Inc. ("Marrelli Support") (ii)	\$ 9,750	\$ 4,380	\$ 24,000	\$ 4,380
DSA Corporate Services ("DSA") (iii)	\$ 4,635	\$ -	\$ 5,225	\$ -
McMillan LLP ("McMillan") (iv)	\$ 62	\$ 101,020	\$ 4,327	\$ 101,020
RangerCap Inc. ("RangerCap") (v)	\$ 37,500	\$ -	\$ 75,000	\$ -

(i) Fabiotech is a corporation controlled by the Chief Executive Officer ("CEO"), President and Director of the Company. As at December 31, 2014, \$nil (June 30, 2014 - \$nil) was owed to Fabiotech.

(ii) Marrelli Support was owed \$3,494 as at December 31, 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 \$7,836 as at December 31, 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 \$156 as at December 31, 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 December 31, 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.

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# Revive Therapeutics Ltd.

## Notes to Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian dollars)

(Unaudited)

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

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

	Three Months Ended December 31, 2014	Three Months Ended December 31, 2013	Six Months Ended December 31, 2014	Six Months Ended December 31, 2013
Stock-based compensation	\$ 32,331	\$ -	\$ 64,662	\$ -
Salaries and benefits	\$ 53,846	\$ -	\$ 97,596	\$ -

(c) Major shareholders:

As at December 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, 35.51% 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, 35.51% 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.

### 12. 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.

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**Revive Therapeutics Ltd.****Notes to Condensed Interim Consolidated Financial Statements**

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(Unaudited)

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**13. Office Expenses**

	<b>Three Months Ended December 31, 2014</b>	<b>Three Months Ended December 31, 2013</b>	<b>Six Months Ended December 31, 2014</b>	<b>Six Months Ended December 31, 2013</b>
Administrative	\$ 6,236	\$ 2,299	\$ 17,669	\$ 6,431
Bank charges	414	198	786	290
Insurance	7,464	365	14,233	486
Interest income	(400)	-	(400)	(286)
Meals and entertainment	1,856	5,750	2,427	7,199
Reporting issuer costs	51,279	256	60,841	256
Travel and accommodation	4,733	162	7,366	5,133
	<b>\$ 71,582</b>	<b>\$ 9,030</b>	<b>\$ 102,922</b>	<b>\$ 19,509</b>

**14. Subsequent Events**

(i) On January 15, 2015, the Company announced that it entered into a research collaboration with Rettsyndrome. Org to explore the potential of Revive's REV-003 (Tianeptine) for the treatment of Rett syndrome.

(ii) On January 29, 2015, the Company announced the initiation of a Phase II - A clinical study in patients with gout in the U.S. The initiation of the Phase II-A study for gout follows Revive's recent announcement that the FDA has accepted the Company's Investigational IND to commence a clinical trial for REV-002 (Bucillamine) for the treatment of gout (note 3).

(iii) On February 10, 2015, the Company granted 925,000 stock options to certain officers, directors, employees and consultants at an exercise price of \$0.60 per common share expiring on February 10, 2025.