
Revive Therapeutics Ltd.
Consolidated Financial Statements
Year Ended June 30, 2016 and 2015
(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Revive Therapeutics Ltd.:

We have audited the accompanying consolidated financial statements of Revive Therapeutics Ltd., which comprise the consolidated statements of financial position as at June 30, 2016 and 2015, and the consolidated statements of comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Revive Therapeutics Ltd. as at June 30, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which highlights the existence of a material uncertainty relating to conditions that cast significant doubt on Revive Therapeutics Ltd.'s ability to continue as a going concern.

MNP LLP

Toronto, Ontario
October 19, 2016

**Chartered Professional Accountants
Licensed Public Accountants**

Revive Therapeutics Ltd.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	June 30, 2016	June 30, 2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,333,239	\$ 2,492,072
Other receivables	-	46,297
Prepaid expenses	16,996	45,126
Total current assets	1,350,235	2,583,495
Non-current assets		
Intangible assets (note 5)	29,380	74,903
Equipment (note 6)	7,452	8,028
Total non-current assets	36,832	82,931
Total assets	\$ 1,387,067	\$ 2,666,426
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (notes 7 and 14)	\$ 818,430	\$ 304,437
Total liabilities	818,430	304,437
Shareholders' equity		
Share capital (note 8)	5,022,262	4,342,303
Warrants and broker warrants (notes 9 and 10)	1,129,522	980,262
Stock options (note 11)	605,580	490,219
Accumulated deficit	(6,188,727)	(3,450,795)
Total shareholders' equity	568,637	2,361,989
Total shareholders' equity and liabilities	\$ 1,387,067	\$ 2,666,426

Nature of operations and going concern (note 1)

Commitments and contingency (note 15)

Subsequent events (note 17)

Approved on behalf of the Board:

"Fabio Chianelli", Director _____

"Craig Leon", Director _____

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

Revive Therapeutics Ltd.
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars)

Years Ended June 30,	2016	2015
Expenses		
Research costs	\$ 1,568,288	\$ 747,559
Salaries and benefits (note 14(b))	402,243	295,328
Stock-based compensation (notes 11(i)(ii) and 14(b))	115,361	293,603
Office expenses (note 16)	267,106	234,888
Consulting fees (note 14(a)(iv))	102,940	222,692
Professional fees (note 14(a)(i)(ii)(iii))	203,835	187,141
Rent	30,560	28,107
Write-off of intangible assets	41,375	15,192
Depreciation and amortization (notes 5 and 6)	6,224	6,592
	2,737,932	2,031,102
Comprehensive loss for the year	\$ (2,737,932)	\$ (2,031,102)
Comprehensive loss per share - basic and diluted (note 12)	\$ (0.11)	\$ (0.09)
Weighted average common shares outstanding	24,236,465	21,551,481

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

Revive Therapeutics Ltd.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

Year Ended June 30,	2016	2015
Cash flow from operating activities		
Comprehensive loss for the year	\$ (2,737,932)	\$ (2,031,102)
Adjustments for:		
Depreciation and amortization	6,224	6,592
Stock-based compensation	115,361	293,603
Write-off of intangible assets	41,375	15,192
Net change in non-cash working capital:		
Other receivables	46,297	15,253
Prepaid expenses	28,130	(19,491)
Accounts payable and accrued liabilities	513,993	226,661
Net cash and cash equivalents used in operating activities	(1,986,552)	(1,493,292)
Investing activities		
Purchase of intangible assets	-	(38,001)
Purchase of equipment	(1,500)	-
Net cash and cash equivalents used in investing activities	(1,500)	(38,001)
Financing activities		
Proceeds from issuance of shares and warrants	844,693	3,130,713
Share issue costs	(15,474)	(296,267)
Net cash and cash equivalents provided by financing activities	829,219	2,834,446
Net change in cash and cash equivalents	(1,158,833)	1,303,153
Cash and cash equivalents, beginning of year	2,492,072	1,188,919
Cash and cash equivalents, end of year	\$ 1,333,239	\$ 2,492,072

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

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

	Share capital					
	Number of shares	Amount	Warrants and broker warrants	Stock options	Accumulated deficit	Total shareholders' equity
Balance, June 30, 2014	18,497,228	\$ 2,428,907	\$ 52,459	\$ 218,038	\$ (1,434,364)	\$ 1,265,040
Common shares issued in private placement (note 8(b)(i))	4,996,500	2,997,900	-	-	-	2,997,900
Transaction costs in private placement (note 8(b)(i))	-	(196,599)	(99,666)	-	-	(296,265)
Valuation of warrants issued in private placement (note 8(b)(i))	-	(999,300)	999,300	-	-	-
Valuation of broker warrants issued in private placement (note 8(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 11(i)(ii))	-	-	-	293,603	-	293,603
Comprehensive loss for the year	-	-	-	-	(2,031,102)	(2,031,102)
Balance, June 30, 2015	23,936,437	\$ 4,342,303	\$ 980,262	\$ 490,219	\$ (3,450,795)	\$ 2,361,989
Common shares issued in private placement (note 8(b)(ii))	8,446,930	844,693	-	-	-	844,693
Transaction costs in private placement (note 8(b)(ii))	-	(12,689)	(2,785)	-	-	(15,474)
Valuation of warrants issued in private placement (note 8(b)(ii))	-	(152,045)	152,045	-	-	-
Stock-based compensation (note 11(ii))	-	-	-	115,361	-	115,361
Comprehensive loss for the year	-	-	-	-	(2,737,932)	(2,737,932)
Balance, June 30, 2016	32,383,367	\$ 5,022,262	\$ 1,129,522	\$ 605,580	\$ (6,188,727)	\$ 568,637

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

Revive Therapeutics Ltd.

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2016 and June 30, 2015

(Expressed in Canadian dollars)

1. Nature of Operations and Going Concern

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 purposes. 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"). On November 25, 2015, the Company announced that it had been listed for trading on the OTCQB® Market exchange in the United States under the symbol "RVVTF". The Company's shares continue to be traded on the Exchange under its existing symbol "RVV".

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.

These consolidated financial statements were prepared on a going concern basis of presentation, which assumes that the Company will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. To date, the Company has not earned revenue and has an accumulated deficit of \$6,188,727 as at June 30, 2016 (June 30, 2015 - \$3,450,795). As at June 30, 2016, the Company had cash and cash equivalents of \$1,333,239 (June 30, 2015 - \$2,492,072) and a working capital of \$531,805 (June 30, 2015 - \$2,279,058). The Company's ability to continue as a going concern is dependent upon its ability to obtain additional financing and or achieve profitable operations in the future. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. These adjustments could be material. Management is actively pursuing funding options, being financing and alternative funding options, required to meet the Company's requirements on an ongoing basis.

These consolidated financial statements were authorized for issuance by the Board of Directors on October 19, 2016.

2. Significant Accounting Policies

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended June 30, 2016.

Basis of measurement

These consolidated financial statements are stated in Canadian dollars and were prepared on a historical cost basis except for certain items which may be accounted for at fair value as further discussed in subsequent notes, using the significant accounting policies and measurement basis summarized below.

Revive Therapeutics Ltd.

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2016 and June 30, 2015

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars which is the Company's functional currency.

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in the consolidated statements of comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of financial position comprise cash at banks. The Company's cash is invested with major financial institutions in business accounts that are available on demand by the Company for its operations.

Financial instruments

The Company's financial assets are classified into the following categories: at fair value through profit or loss or as loans and receivables. The classification depends on the purpose for which the financial assets were acquired.

Financial assets at fair value through profit and loss include cash and cash equivalents which are carried at fair value. Gains and losses are reflected in the consolidated statements of comprehensive loss.

Loans and receivables include other receivables which are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

The Company's financial liabilities are classified into the following categories: at fair value through profit or loss or as other financial liabilities.

Accounts payable and accrued liabilities are classified as other financial liabilities and are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Revive Therapeutics Ltd.
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2016 and June 30, 2015
(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

Equipment and intangible assets

Equipment and intangible assets are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment and intangible assets consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, borrowing costs directly associated with the item and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recognized based on the cost of an item of equipment and intangible assets, less its estimated residual value, over its estimated useful life at the following rates:

<u>Detail</u>	<u>Rate</u>	<u>Method</u>
Equipment	20% - 30%	Declining balance
Intangible assets	20 years	Straight-line

An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis.

An item of equipment and intangible assets is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the statements of comprehensive loss.

Where an item of equipment and intangible assets consists of major components with different useful lives, the components are accounted for as separate items of equipment and intangible assets. Expenditures incurred to replace a component of an item of equipment and intangible assets that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment. The Company has assessed all of its non-financial assets and recorded an impairment for the unrecoverable amount.

Revive Therapeutics Ltd.

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2016 and June 30, 2015

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

Provisions

A provision is recognized in the statements of financial position when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Stock-based compensation

The fair value of stock options granted to employees is recognized as an expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Income taxes

Income tax expense consists of current and deferred tax expenses. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payment to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the assets to be recovered.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

Revive Therapeutics Ltd.

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2016 and June 30, 2015

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

Significant accounting judgments and estimates

The application of the Company's accounting policies in compliance with IFRS requires the Company's management to make certain judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i. the recoverability of capitalized intangible assets and equipment which are included in the consolidated statements of financial position.
- ii. The Company measures the cost of stock-based payment transactions with employees and directors by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for stock-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, dividend yield of the share option and forfeiture rate.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or warrants are shown in equity as a deduction, net of tax, from the proceeds.

Revive Therapeutics Ltd.

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2016 and June 30, 2015

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

Recent accounting pronouncements

IFRS 9 - Financial Instruments ("IFRS 9") was issued by the IASB on November 12, 2009 and then issued in its final form on July 24, 2014 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, 2018, 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. Capital Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis. The Company considers its capital to be equity comprising share capital, warrants, broker warrants, stock options and accumulated deficit which at June 30, 2016 totalled \$568,637 (June 30, 2015 - \$2,361,989). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. Selected information is provided to the Board of Directors of the Corporation. The Company's capital management objectives, policies and processes have remained unchanged during the year ended June 30, 2016.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX Venture Exchange which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of June 30, 2016, the Company is in compliance with this requirement.

Revive Therapeutics Ltd.
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2016 and June 30, 2015
(Expressed in Canadian dollars)

4. Financial Risk Factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate, and price risk).

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

There were no changes to the Company's objectives, policies and procedures for managing risks during the year.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and other receivables. Cash is held with select major Canadian chartered banks, from which management believes the risk of loss to be minimal.

Other receivables include sales tax recoverable from government authorities in Canada, which are in good standing as of June 30, 2016. Management believes that the credit risk concentration with respect to financial instruments included in sales tax recoverable is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at June 30, 2016, the Company had a cash and cash equivalents balance of \$1,333,239 (June 30, 2015 - \$2,492,072) to settle current liabilities of \$818,430 (June 30, 2015 - \$304,437). The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

Market risk

(a) Interest rate risk

The Company has cash balances. The Company's current policy is to invest excess cash held as collateral in guaranteed investment certificates or interest bearing accounts of select major Canadian chartered banks. The Company regularly monitors its cash activities in compliance with its cash management policy.

The Company is exposed to the risk that the value of financial instruments will change due to movements in market interest rates. As of June 30, 2016, the Company's interest rate risk mainly relates to cash balances. Sensitivity to a plus or minus 1% change in interest rates would affect the reported comprehensive loss by approximately \$13,000.

(b) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As of June 30, 2016, sensitivity to a plus or minus 10% change in US dollar foreign exchange rate would not have a significant impact on the reported comprehensive loss.

Revive Therapeutics Ltd.

Notes to Consolidated Financial Statements
For the Year Ended June 30, 2016 and June 30, 2015
(Expressed in Canadian dollars)

4. Financial Risk Factors (continued)

Fair value hierarchy and liquidity risk disclosure

The following table illustrates the classification of the Company's financial instruments recorded at fair value within the fair value hierarchy as at June 30, 2016:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 1,333,239	\$ -	\$ -	\$ 1,333,239

5. Intangible Assets

Cost	REV-001	REV-002	REV-003	Total
Balance, June 30, 2014	\$ 35,940	\$ 25,000	\$ -	\$ 60,940
Additions	28,104	-	9,897	38,001
Write-off	(15,992)	-	-	(15,992)
Balance, June 30, 2015	48,052	25,000	9,897	82,949
Write-off	(48,052)	-	-	(48,052)
Balance, June 30, 2016	\$ -	\$ 25,000	\$ 9,897	\$ 34,897

Accumulated amortization	REV-001	REV-002	REV-003	Total
Balance, June 30, 2014	\$ 2,671	\$ 2,030	\$ -	\$ 4,701
Amortization during the year	2,403	1,250	492	4,145
Write-off	(800)	-	-	(800)
Balance, June 30, 2015	4,274	3,280	492	8,046
Amortization during the year	2,403	1,250	495	4,148
Write-off	(6,677)	-	-	(6,677)
Balance, June 30, 2016	\$ -	\$ 4,530	\$ 987	\$ 5,517

Carrying value	REV-001	REV-002	REV-003	Total
Balance, June 30, 2015	\$ 43,778	\$ 21,720	\$ 9,405	\$ 74,903
Balance, June 30, 2016	\$ -	\$ 20,470	\$ 8,910	\$ 29,380

Revive Therapeutics Ltd.

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2016 and June 30, 2015

(Expressed in Canadian dollars)

5. Intangible Assets (continued)

REV-001

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.

On April 29, 2016, the Company terminated the REV-001 051213 Agreement, and recorded a write-off of intangible asset of \$41,375 in respect thereof.

During the year ended June 30, 2016, the Company incurred \$nil in REV-001 research costs for consulting services of clinical trial design and research (year ended June 30, 2015 - \$81,901).

REV-002

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 June 30, 2016, the Company is in compliance with the terms of the REV-002 Agreement.

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

On February 26, 2015, Revive announced the expansion of its orphan drug indication pipeline to include the drug Bucillamine for the treatment of cystinuria and Wilson disease for which the Company expects to conduct US-based clinical trials. The addition of cystinuria and Wilson disease was the result of the Company amending the material transfer agreement (the "MTA"), announced on February 20, 2014, with its global pharmaceutical partner headquartered in Osaka, Japan.

Pursuant to the amended MTA, Revive will obtain access to confidential information and clinical trial supply of the drug Bucillamine for cystinuria and Wilson disease, which the Company expects to conduct US-based clinical trials. The Company will continue to have access to confidential information and clinical trial supply of the drug Bucillamine for the treatment of gout. In return, the global pharmaceutical company will have exclusive commercialization rights in Japan, Korea and Taiwan, and Revive will have exclusive commercialization rights in the rest of the world.

Revive Therapeutics Ltd.

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2016 and June 30, 2015

(Expressed in Canadian dollars)

5. Intangible Assets (continued)

REV-002 (continued)

During the year ended June 30, 2016, the Company incurred \$1,516,950 in REV-002 research costs for consulting services of clinical trial design and research (2015 - \$662,030).

REV-003

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. On April 27, 2015, the Company announced positive study results from this collaboration and additional studies are ongoing.

During the year ended June 30, 2016, the Company incurred \$nil in REV-003 research costs for consulting services of clinical design and research (2015 - \$3,628).

REV-004 and REV-005

On February 26, 2015, Revive announced the expansion of its orphan drug indication pipeline to include the drug Bucillamine for the treatment of cystinuria (REV-004) and Wilson's disease (REV-005).

During the year ended June 30, 2016, the Company incurred \$42,954 research costs for REV - 004 and \$1,702 research costs for REV-005.

OTHER

During the year ended June 30, 2016, the Company also incurred \$6,682 (2015 - \$nil) general research costs not specifically allocated to any particular project.

Revive Therapeutics Ltd.**Notes to Consolidated Financial Statements****For the Year Ended June 30, 2016 and June 30, 2015****(Expressed in Canadian dollars)**

6. Equipment

Cost	Computer Equipment	Office Equipment	Total
Balance, June 30, 2014 and June 30, 2015	\$ 4,129	\$ 7,737	\$ 11,866
Additions	1,500	-	1,500
Balance, June 30, 2016	\$ 5,629	\$ 7,737	\$ 13,366

Accumulated depreciation	Computer Equipment	Office Equipment	Total
Balance, June 30, 2014	\$ 620	\$ 773	\$ 1,393
Depreciation during the year	1,053	1,392	2,445
Balance, June 30, 2015	\$ 1,673	\$ 2,165	\$ 3,838
Depreciation during the year	962	1,114	2,076
Balance, June 30, 2016	\$ 2,635	\$ 3,279	\$ 5,914

Carrying value	Computer Equipment	Office Equipment	Total
Balance, June 30, 2015	\$ 2,456	\$ 5,572	\$ 8,028
Balance, June 30, 2016	\$ 2,994	\$ 4,458	\$ 7,452

7. 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.

	As at June 30, 2016	As at June 30, 2015
Accounts payable	\$ 498,251	\$ 288,075
Accrued liabilities	320,179	16,362
	\$ 818,430	\$ 304,437

Revive Therapeutics Ltd.

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2016 and June 30, 2015

(Expressed in Canadian dollars)

7. Accounts Payable and Accrued Liabilities (continued)

	As at June 30, 2016	As at June 30, 2015
Less than 1 month	\$ 430,306	\$ 218,122
1 to 3 months	68,997	5,000
Greater than 3 months	319,127	81,315
	\$ 818,430	\$ 304,437

8. 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 June 30, 2016, the issued share capital amounted to \$5,022,262 and there were 3,480,180 shares held in escrow. Changes in issued share capital are as follows:

	Number of Common Shares	Amount
Balance, June 30, 2014	18,497,228	\$ 2,428,907
Common shares issued in private placement (i)	4,996,500	2,997,900
Transaction costs in private placement (i)	-	(196,599)
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
Balance, June 30, 2015	23,936,437	\$ 4,342,303
Common shares issued in private placement (ii)	8,446,930	844,693
Transaction costs in private placement (ii)	-	(12,689)
Valuation of warrants issued in private placement (ii)	-	(152,045)
Balance, June 30, 2016	32,383,367	\$ 5,022,262

(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 ("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 warrants 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.

Revive Therapeutics Ltd.

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2016 and June 30, 2015

(Expressed in Canadian dollars)

8. Share Capital (continued)

(i) 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. \$196,599 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 warrant 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.

(ii) On May 20, 2016, the Company completed a rights offering ("Rights Offering") for gross proceeds of \$844,693. Each one (1) right ("Right") entitled the holder to subscribe for one unit ("Unit") of Revive upon payment of the subscription price of \$0.10 per Unit. Each whole Unit consists of one common share and one-half of one common share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder to acquire one common share for \$0.18 until June 18, 2018 (the "Warrant Expiry Date"). In the event that the volume-weighted average trading price of the common share on the Toronto Stock Exchange Venture ("TSXV") exceeds \$0.25 per common share for any period of 20 consecutive trading days, the Company may at its option within five business days following such 20-day period, accelerate the Warrant Expiry Date by delivery of notice to the registered holders thereof and issuing a Warrant Acceleration Press Release and in such case, the Warrant Expiry Date shall be deemed to be 5:00 p.m. (Toronto time) on the 30th day following the later of (i) the date on which the Warrant Acceleration Notice is sent to Warrant holders, and (ii) the date of issuance of the Warrant Acceleration Press Release. On June 17, 2016, the Rights were exercised for Units and the Company issued an aggregate of 8,446,930 Units at \$0.10 per Unit. The fair value of the warrants was estimated to be \$152,045 using a valuation model incorporating Black-Scholes on the following assumptions: dividend yield 0%; volatility 105.87%; risk-free interest rates of 0.52%; and expected lives of 2 years. The Company incurred \$15,474 transaction costs, of which \$12,689 was allocated to the share capital and \$2,785 was allocated to warrants.

9. Warrants

The following table reflects the continuity of warrants for the years ended June 30, 2016 and 2015:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2014	-	\$ -
Issued in private placement (note 8(b)(i))	4,996,500	0.85
Balance, June 30, 2015	4,996,500	\$ 0.85
Issued in private placement (note 8(b)(ii))	4,223,465	0.18
Balance, June 30, 2016	9,219,965	\$ 0.54

Revive Therapeutics Ltd.

Notes to Consolidated Financial Statements
For the Year Ended June 30, 2016 and June 30, 2015
(Expressed in Canadian dollars)

9. Warrants (continued)

The following table reflects warrants issued and outstanding as at June 30, 2016:

Expiry Date and Description	Exercise Price (\$)	Fair Value (\$)	Number of Warrants Outstanding
December 18, 2016	0.85	999,300	4,996,500
June 18, 2018	0.18	152,045	4,223,465
Transaction costs allocated	-	(142,765)	-
	0.54	1,008,580	9,219,965

The following table reflects warrants issued and outstanding as at June 30, 2015:

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)	-
	0.85	859,320	4,996,500

10. Broker Warrants

The following table reflects the continuity of broker warrants for the years ended June 30, 2016 and 2015:

	Number of Broker Warrants	Weighted Average Exercise Price
Balance, June 30, 2014	414,927	\$ 0.30
Exercise of broker warrants	(414,927)	0.30
Broker warrants issued in private placement (note 8(b)(i))	349,755	0.60
Balance, June 30, 2015 and June 30, 2016	349,755	\$ 0.60

The following table reflects broker warrants issued and outstanding as at June 30, 2016:

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

Revive Therapeutics Ltd.

Notes to Consolidated Financial Statements
For the Year Ended June 30, 2016 and June 30, 2015
(Expressed in Canadian dollars)

10. Broker Warrants (continued)

The following table reflects broker warrants issued and outstanding as at June 30, 2015:

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

11. Stock Options

The following table reflects the continuity of stock options for the years ended June 30, 2016 and 2015:

	Number of Stock Options	Weighted Average Exercise Price
Balance, June 30, 2014	775,206	\$ 0.57
Exercise of stock options	(27,782)	0.30
Expiry of stock options	(119,273)	0.30
Granted (ii)	925,000	0.60
Balance, June 30, 2015 and June 30, 2016	1,553,151	\$ 0.62

The following table reflects the actual stock options issued and outstanding as at June 30, 2016:

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	7.03	38,151	38,151	\$ 9,270
January 31, 2024 (i)	0.66	7.59	590,000	590,000	265,568
February 10, 2025 (ii)	0.60	8.62	925,000	800,000	345,058
			1,553,151	1,428,151	\$ 619,896

The following table reflects the actual stock options issued and outstanding as at June 30, 2015:

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	8.28	38,151	38,151	\$ 9,270
January 31, 2024 (i)	0.66	8.48	590,000	590,000	265,568
February 10, 2025 (ii)	0.60	9.87	925,000	400,000	345,058
			1,553,151	1,028,151	\$ 619,896

Revive Therapeutics Ltd.

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2016 and June 30, 2015

(Expressed in Canadian dollars)

11. Stock Options (continued)

(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 year ended June 30, 2016, \$nil (year ended June 30, 2015 - \$78,213) was recorded as stock-based compensation in the consolidated statements of comprehensive loss.

(ii) On February 10, 2015, the Company granted 925,000 stock options to certain officers, directors, employees and consultants of the Company at an exercise price of \$0.60 per common share expiring on February 10, 2025. The fair value of the stock options was estimated to be \$345,058 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 108%; risk-free interest rates of 0.60%; and expected lives of 4 years. 550,000 of these options vest as to one-half on the date of grant and one-half on one year anniversary of the date of grant and the remaining 375,000 options vest as to one-third on the date of grant and one-third on the one year anniversary of the date of grant and one-third on the two year anniversary of the date of grant. During the year ended June 30, 2016, \$115,361 (year ended June 30, 2015 - \$215,390) was recorded as stock-based compensation in the consolidated statements of comprehensive loss.

12. Net Loss per Common Share

The calculation of basic and diluted loss per share for the year ended June 30, 2016 was based on the loss attributable to common shareholders of \$2,737,932 (2015 - \$2,031,102) and the weighted average number of common shares outstanding of 24,236,465 (2015 - 21,551,481).

Diluted loss per share did not include the effect of 9,219,965 warrants (2015 - 4,996,500), 349,755 broker warrants (2015 - 349,755) and 1,553,151 (2015 - 1,553,151) stock options as they are anti-dilutive.

Revive Therapeutics Ltd.

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2016 and June 30, 2015

(Expressed in Canadian dollars)

13. Income Taxes

Reconciliation of statutory tax rate

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2015 - 26.5%) to the effective tax rate is as follows:

	Year ended June 30, 2016	Year ended June 30, 2015
Loss before recovery of income taxes	\$ (2,737,932)	\$ (2,031,102)
Expected income tax recovery	\$ (725,550)	\$ (538,242)
Tax rate changes and other adjustments	(360)	(65,944)
Effect of non-deductible expenses	31,420	78,520
Change in tax benefits not recognized	694,490	525,666
Income tax (recovery) expense	\$ -	\$ -

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2016	2015
Intangible assets	\$ 60,822	\$ 21,447
Share issuance costs	354,525	475,427
Non-capital losses carried forward	5,431,189	2,715,166
Other temporary difference	5,410	3,810
	\$ 5,851,946	\$ 3,215,850

The Company's Canadian non-capital income tax losses expire as noted in the table below:

2032	181,460
2033	138,113
2034	545,679
2035	1,851,509
2036	<u>2,714,428</u>
	<u>5,431,189</u>

Share issuance costs will be fully amortized in 2020. Intangible assets and other temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

Revive Therapeutics Ltd.

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2016 and June 30, 2015

(Expressed in Canadian dollars)

14. 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.

	2016	2015
Marrelli Support Services Inc. ("Marrelli Support") (i)	\$ 44,290	\$ 45,190
DSA Corporate Services ("DSA") (ii)	\$ 20,892	\$ 11,314
McMillan LLP ("McMillan") (iii)	\$ -	\$ 4,309
RangerCap Inc. ("RangerCap") (iv)	\$ 100,000	\$ 175,000

(i) Marrelli Support was owed \$2,683 as at June 30, 2016 (June 30, 2015 - \$3,534) 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 Company. 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.

(ii) DSA was owed \$4,727 as at June 30, 2016 (June 30, 2015 - \$1,078) for corporate secretarial and 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 corporate secretarial, electronic filing and news dissemination services. The Company expects to continue to use DSA's services for an indefinite period of time.

(iii) McMillan was owed \$nil as at June 30, 2016 (June 30, 2015 - \$nil) for legal services (including disbursements) and this amount was included in accounts payable and accrued liabilities. Robbie Grossman, former Corporate Secretary of the Company, is a partner at McMillan. The amounts charged by McMillan are based on what McMillan usually charges its clients.

Revive Therapeutics Ltd.

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2016 and June 30, 2015

(Expressed in Canadian dollars)

14. Related Party Balances and Transactions and Major Shareholders (continued)

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

(iv) RangerCap was owed \$nil as at June 30, 2016 (June 30, 2015 - \$nil) 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. The Company has entered into a consulting agreement (the "RangerCap Consulting Agreement") with RangerCap and Mr. Leon to provide the services of Mr. Leon as consultant of the Company. The term of the RangerCap Consulting Agreement commenced on January 1, 2015, and expired on December 31, 2015. Pursuant to the RangerCap Consulting Agreement, Mr. Leon was entitled to receive monthly compensation of \$16,667 per month. In addition, Mr. Leon provided guidance and advice regarding general business, product development and capital markets strategy to the Company.

(b) Remuneration of directors and key management personnel of the Company, excluding consulting fees for the years ended June 30, 2016 and 2015 was as follows:

	2016	2015
Stock-based compensation	\$ 60,939	\$ 212,328
Salaries and benefits	\$ 259,615	\$ 222,596

(c) Major shareholders:

As at June 30, 2016, 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 Chief Executive Officer ("CEO") and a Director of the Company, who owns or controls, directly or indirectly, 21.22% 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, 21.22% 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.

Revive Therapeutics Ltd.

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2016 and June 30, 2015

(Expressed in Canadian dollars)

15. Commitments and Contingency

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 \$250,000 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 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. In March 2015, the Company entered a new lease agreement commencing on September 2015 for a 12-month period. In August 2016, the Company entered a new lease agreement commencing on September 1, 2016 for a 12-month period. The Company is required to pay minimum annual lease payment of \$16,073.

Contingency

The Company is in dispute with a supplier over invoices in the amount of \$827,574 for which the supplier is seeking arbitration although there have been recent discussions with respect to a possible resolution of the dispute. Management is of the opinion that the charges as invoiced are unfounded and believes that it will be successful in the final arbitration of amount owed. No provision has been set up in the accounts of the Company. Any settlement and/or payment will be accounted for in the year it occurs. Readers are cautioned that the decision for no provision represents management estimates, the eventual resolution of this liability may differ based on additional information and the occurrence of future events.

16. Office Expenses

	2016	2015
Reporting issuer costs	\$ 195,191	\$ 111,675
Administrative	2,677	60,588
Insurance	45,590	33,274
Travel and accommodation	18,258	28,438
Meals and entertainment	6,439	6,139
Bank charges	6,860	1,838
Interest income	(7,909)	(7,064)
	\$ 267,106	\$ 234,888

Revive Therapeutics Ltd.

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2016 and June 30, 2015

(Expressed in Canadian dollars)

17. Subsequent Events

(i) On August 18, 2016, the Company completed a non-brokered private placement of units ("Units") for gross proceeds of \$1,500,000 (the "Offering"). Pursuant to the Offering, the Company issued 15,000,000 Units at \$0.10 per Unit. Each Unit consists of one common share and one-half of one common share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder to acquire one common share for \$0.18 until June 18, 2018 (the "Warrant Expiry Date"). In the event that the volume-weighted average trading price of the Common Shares on the TSXV exceeds \$0.25 per Common Share for any period of 20 consecutive trading days, the Company may, at its option, within five business days following such 20-day period, accelerate the Warrant Expiry Date by delivery of notice to the registered holders thereof and issuing a Warrant Acceleration Press Release, and, in such case, the Warrant Expiry Date shall be deemed to be 5:00 p.m. (Toronto time) on the 30th day following the later of (i) the date on which the Warrant Acceleration Notice is sent to Warrant holders, and (ii) the date of issuance of the Warrant Acceleration Press Release.

In connection with the Offering, the Company paid \$75,111 in cash finder's fees and issued 492,450 finder's warrants ("Finder's Warrants") to qualified arm's length finders. Each Finder's Warrant entitles the holder to acquire one Unit for \$0.10 until June 18, 2018.

(ii) On August 19, 2016, the Company issued 113,750 common shares upon the exercise of 113,750 warrants.