Revive Therapeutics Ltd.

Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended March 31, 2017

(Expressed in Canadian Dollars)

(Unaudited)

Notice to Reader

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

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

		March 31, 2017		June 30, 2016
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**2,222,994**	$	1,333,239
Other receivables		**83**		-
Prepaid expenses		**50,459**		16,996
Total current assets		**2,273,536**		1,350,235
Non-current assets				
Intangible assets (note 3)		**29,558**		29,380
Equipment (note 4)		**6,110**		7,452
Total non-current assets		**35,668**		36,832
Total assets	**$**	**2,309,204**	$	1,387,067
EQUITY AND LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (notes 5 and 11)	**$**	**277,132**	$	818,430
Total liabilities		**277,132**		818,430
Shareholders' equity				
Share capital (note 6)		**7,417,566**		5,022,262
Warrants and broker and finder warrants (notes 7 and 8)		**284,506**		1,129,522
Stock options (note 9)		**619,889**		605,580
Accumulated deficit		**(6,289,889)**		(6,188,727)
Total shareholders' equity		**2,032,072**		568,637
Total shareholders' equity and liabilities	**$**	**2,309,204**	$	1,387,067

Nature of operations and going concern (note 1)
Commitments and contingency (note 12)
Subsequent event (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.

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

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	Nine Months Ended March 31, 2017	Nine Months Ended March 31, 2016
Expenses				
Research costs (note 3)	**$ 225,056**	$ 247,721	**$ 338,537**	$ 1,288,751
Salaries and benefits (note 11(b))	**156,307**	112,688	**448,384**	325,948
Stock-based compensation (notes 9(i)) and 11(b))	**2,555**	22,574	**14,309**	109,548
Office expenses (note 13)	**5,535**	39,747	**(10,810)**	215,897
Consulting fees (note 11(a)(iii))	**30,706**	2,940	**149,311**	102,940
Professional fees (note 11(a)(i)(ii))	**22,750**	62,354	**114,145**	150,633
Rent	**8,905**	7,091	**24,869**	23,001
Depreciation and amortization (notes 3 and 4)	**893**	1,556	**2,679**	4,667
	452,707	496,671	**1,081,424**	2,221,385
Comprehensive loss for the period	**$ (452,707)**	$ (496,671)	**$ (1,081,424)**	$ (2,221,385)
Comprehensive loss per share - basic and diluted (note 10)	**$ (0.01)**	$ (0.02)	**$ (0.02)**	$ (0.09)
Weighted average common shares outstanding	**50,028,036**	23,936,437	**45,626,114**	23,936,437

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

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

Nine Months Ended March 31,	2017	2016
Cash flow from operating activities		
Comprehensive loss for the period	**$ (1,081,424)**	$ (2,221,385)
Adjustments for:		
Depreciation and amortization	**2,679**	4,667
Stock-based compensation	**14,309**	109,548
Net change in non-cash working capital:		
Other receivables	**(83)**	14,294
Prepaid expenses	**(33,463)**	24,313
Accounts payable and accrued liabilities	**(541,298)**	346,161
Net cash and cash equivalents used in operating activities	**(1,639,280)**	(1,722,402)
Investing activities		
Purchase of intangible assets	**(1,515)**	-
Purchase of equipment	**-**	(1,500)
Net cash and cash equivalents used in investing activities	**(1,515)**	(1,500)
Financing activities		
Proceeds from issuance of shares and warrants	**1,500,000**	-
Share issue costs	**(117,710)**	-
Proceeds from exercise of warrants	**1,148,260**	-
Net cash and cash equivalents provided by financing activities	**2,530,550**	-
Net change in cash and cash equivalents	**889,755**	(1,723,902)
Cash and cash equivalents, beginning of period	**1,333,239**	2,492,072
Cash and cash equivalents, end of period	**$ 2,222,994**	$ 768,170

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

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

	Share capital					
	Number of shares	**Amount**	**Warrants and broker warrants**	**Stock options**	**Accumulated deficit**	**Total shareholders' equity**
Balance, June 30, 2015	**23,936,437**	**$ 4,342,303**	**$ 980,262**	**$ 490,219**	**$ (3,450,795)**	**$ 2,361,989**
Stock-based compensation (note 9(i))	-	-	-	109,548	-	109,548
Comprehensive loss for the period	-	-	-	-	(2,221,385)	(2,221,385)
Balance, March 31, 2016	**23,936,437**	**$ 4,342,303**	**$ 980,262**	**$ 599,767**	**$ (5,672,180)**	**$ 250,152**
Balance, June 30, 2016	**32,383,367**	**$ 5,022,262**	**$ 1,129,522**	**$ 605,580**	**$ (6,188,727)**	**$ 568,637**
Common shares issued in private placement (note 6(b)(i))	15,000,000	1,500,000	-	-	-	1,500,000
Valuation of warrants issued in private placement (note 6(b)(i))	-	(330,000)	330,000	-	-	-
Valuation of broker warrants issued in private placement (note 6(b)(i))	-	(71,544)	71,544	-	-	-
Transaction costs in private placements (note 6(b)(i))	-	(90,692)	(23,073)	-	-	(113,765)
Exercise of warrants and broker warrants	6,510,200	1,148,260	-	-	-	1,148,260
Expiry of warrants	-	-	(980,262)	-	980,262	-
Reclassification of fair value of warrants and broker warrants exercised	-	273,596	(273,596)	-	-	-
Valuation of warrants issued upon exercise of broker warrants (note 6(b)(ii))	-	(30,371)	30,371	-	-	-
Transaction costs relating to warrant exercise	-	(3,945)	-	-	-	(3,945)
Stock-based compensation (note 9(i))	-	-	-	14,309	-	14,309
Comprehensive loss for the period	-	-	-	-	(1,081,424)	(1,081,424)
Balance, March 31, 2017	**53,893,567**	**$ 7,417,566**	**$ 284,506**	**$ 619,889**	**$ (6,289,889)**	**$ 2,032,072**

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

1. Nature of Operations and Going Concern

Revive Therapeutics Ltd. (the "Company" or "Revive") was incorporated under the Business Corporations Act (Ontario) on March 27, 2012. The Company's shares trade on the TSX Venture Exchange (the "Exchange") under the symbol "RVV" and the OTCQB® Market exchange in the United States under the symbol "RVVTF". 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 unaudited condensed interim 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 $6,289,889 as at March 31, 2017 (June 30, 2016 - $6,188,727). As at March 31, 2017, the Company had cash and cash equivalents of $2,222,994 (June 30, 2016 - $1,333,239) and a working capital of $1,996,404 (June 30, 2016 - $531,805). 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 unaudited condensed interim 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.

2. Significant Accounting Policies

Statement of compliance

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

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of May 24, 2017, 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, 2016. Any subsequent changes to IFRS that are given effect in the Company’s annual consolidated financial statements for the year ending June 30, 2017 could result in restatement of these unaudited condensed interim consolidated financial statements.

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.

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

Recent accounting pronouncements (continued)

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. Intangible Assets

Cost	**REV-002**	**REV-003**	**Total**
Balance, June 30, 2016	$ 25,000	$ 9,897	$ 34,897
Additions	1,515	-	1,515
Balance, March 31, 2017	$ 26,515	$ 9,897	$ 36,412

Accumulated amortization	**REV-002**	**REV-003**	**Total**
Balance, June 30, 2016	$ 4,530	$ 987	$ 5,517
Amortization during the period	966	371	1,337
Balance, March 31, 2017	$ 5,496	$ 1,358	$ 6,854

Carrying value	**REV-002**	**REV-003**	**Total**
Balance, June 30, 2016	$ 20,470	$ 8,910	$ 29,380
Balance, March 31, 2017	$ 21,019	$ 8,539	$ 29,558

REV-002

During the three and nine months ended March 31, 2017, the Company incurred $2,922 and $33,569, respectively, in REV-002 research costs for consulting services of clinical trial design and research (three and nine months ended March 31, 2016 - $237,652 and $1,276,980, respectively).

REV-004 and REV-005

During the three and nine months ended March 31, 2017, the Company incurred $137,021 and $219,855, respectively, research costs for REV - 004 (three and nine months ended March 31, 2016 - $5,786) and $nil research costs for REV-005 (three and nine months ended March 31, 2016 - $nil and $1,702, respectively).

(Expressed in Canadian dollars)

3. Intangible Assets (continued)

CANNABINOIDS

During the three and nine months ended March 31, 2017, the Company incurred $85,113, research costs for cannabinoids (three and nine months ended March 31, 2016 - $nil).

OTHER

During the three and nine months ended March 31, 2017, the Company incurred $nil (three and nine months ended March 31, 2016 - $4,283) general research costs not specifically allocated to any particular project.

4. Equipment

Cost	Computer Equipment	Office Equipment	Total
Balance, June 30, 2016 and March 31, 2017	$ 5,629	$ 7,737	$ 13,366

Accumulated depreciation	Computer Equipment	Office Equipment	Total
Balance, June 30, 2016	$ 2,635	$ 3,279	$ 5,914
Depreciation during the period	674	668	1,342
Balance, March 31, 2017	$ 3,309	$ 3,947	$ 7,256

Carrying value	Computer Equipment	Office Equipment	Total
Balance, June 30, 2016	$ 2,994	$ 4,458	$ 7,452
Balance, March 31, 2017	$ 2,320	$ 3,790	$ 6,110

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.

	As at March 31, 2017	**As at June 30, 2016**
Accounts payable	**$ 195,324**	$ 498,251
Accrued liabilities	**81,808**	320,179
	$ 277,132	$ 818,430

(Expressed in Canadian dollars)

5. Accounts Payable and Accrued Liabilities (continued)

	As at March 31, 2017	As at June 30, 2016
Less than 1 month	**$ 129,106**	$ 430,306
1 to 3 months	**9,608**	68,997
Greater than 3 months	**138,418**	319,127
	$ 277,132	$ 818,430

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 March 31, 2017, the issued share capital amounted to $7,417,566 and there were nil shares held in escrow. Changes in issued share capital are as follows:

	Number of Common Shares	Amount
Balance, June 30, 2015 and March 31, 2016	**23,936,437**	**$ 4,342,303**
Balance, June 30, 2016	**32,383,367**	**$ 5,022,262**
Common shares issued in private placement (i)	15,000,000	1,500,000
Valuation of warrants issued in private placement (i)	-	(330,000)
Valuation of broker warrants issued in private placement (i)	-	(71,544)
Transaction costs in private placement (i)	-	(90,692)
Exercise of warrants	6,510,200	1,148,260
Reclassification of fair value of warrants exercised	-	273,596
Valuation of warrants issued upon exercise of broker warrants (ii)	-	(30,371)
Transaction costs relating to warrant exercise	-	(3,945)
Balance, March 31, 2017	**53,893,567**	**$ 7,417,566**

(Expressed in Canadian dollars)

6. Share Capital (continued)

b) Common shares issued (continued)

(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 Exchange 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. The fair value of the Warrants was estimated to be $330,000 using a valuation model incorporating Black-Scholes on the following assumptions: dividend yield of 0%; volatility of 110.10%; risk-free interest rate of 0.56%; and expected life of 1.83 years.

In connection with the Offering, the Company paid $113,765 in cash finder’s fees and other transaction costs of which, $90,692 was allocated to share capital and $23,073 was allocated to the Warrants. The Company also 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. The fair value of the Finder's Warrants was estimated to be $71,544 using a valuation model incorporating Black-Scholes on the following assumptions: dividend yield of 0%; volatility of 110.10%; risk free interest rate of 0.56%; and expected life of 1.83 years.

(ii) The Company exercised 294,700 broker warrants (note 8) for 294,700 common shares and 147,350 warrants (note 7) with the same exercise price and expiry terms as the warrants issued in the Offering as described in note 6(b)(i) above. The fair value of the warrants was estimated to be $30,371 using a valuation model incorporating Black-Scholes on the following assumptions: dividend yield of 0%; volatility of 145.17%; risk-free interest rate of 0.73%; and expected life of 1.30 years.

7. Warrants

The following table reflects the continuity of warrants for the periods ended March 31, 2017 and 2016:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2015 and March 31, 2016	**4,996,500**	**$ 0.85**
Balance, June 30, 2016	**9,219,965**	**$ 0.54**
Issued in private placement (note 6(b)(i))	7,500,000	0.18
Exercised	(6,215,500)	0.18
Issued upon exercise of broker warrants (note 6(b)(ii))	147,350	0.18
Expired	(4,996,500)	0.85
Balance, March 31, 2017	**5,655,315**	**$ 0.18**

(Expressed in Canadian dollars)

7. Warrants (continued)

The following table reflects warrants issued and outstanding as at March 31, 2017:

Expiry Date and Description	Exercise Price ($)	Fair Value ($)	Number of Warrants Outstanding
June 18, 2018	0.18	272,721	5,655,315
Transaction costs allocated	-	(16,944)	-
	0.18	**255,777**	**5,655,315**

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**

8. Broker and Finder Warrants

The following table reflects the continuity of broker and finder warrants for the periods ended March 31, 2017 and 2016:

	Number of Broker Warrants	Weighted Average Exercise Price
Balance, June 30, 2015 and March 31, 2016	**349,755**	**$ 0.60**
Balance, June 30, 2016	**349,755**	**$ 0.60**
Issued in private placement (note 6(b)(i))	492,450	0.10
Expiry	(349,755)	0.60
Exercised	(294,700)	0.10
Balance, March 31, 2017	**197,750**	**$ 0.10**

(Expressed in Canadian dollars)

8. Broker and Finder Warrants (continued)

The following table reflects broker and finder warrants issued and outstanding as at March 31, 2017:

Expiry Date	Exercise Price ($)	Fair Value ($)	Number of Broker Warrants Outstanding
June 18, 2018	0.10	28,729	197,750

The following table reflects broker and finder 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

9. Stock Options

The following table reflects the continuity of stock options for the periods ended March 31, 2017 and 2016:

	Number of Stock Options	Weighted Average Exercise Price
Balance, June 30, 2015 and March 31, 2016	**1,553,151**	**$ 0.62**
Balance, June 30, 2016 and March 31, 2017	**1,553,151**	**$ 0.62**

The following table reflects the actual stock options issued and outstanding as at March 31, 2017:

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	6.28	38,151	38,151	$ 9,270
January 31, 2024	0.66	6.84	590,000	590,000	265,568
February 10, 2025 (i)	0.60	7.87	925,000	925,000	345,058
			1,553,151	**1,553,151**	**$ 619,896**

(Expressed in Canadian dollars)

9. Stock Options (continued)

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	0.66	7.59	590,000	590,000	265,568
February 10, 2025 (i)	0.60	8.62	925,000	800,000	345,058
			1,553,151	**1,428,151**	**$ 619,896**

(i) 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 three and nine months ended March 31, 2017, $2,555 and $14,309, respectively, (three and nine months ended March 31, 2016 - $22,574 and $109,548, respectively) was recorded as stock-based compensation in the unaudited condensed interim consolidated statements of comprehensive loss.

10. Net Loss per Common Share

The calculation of basic and diluted loss per share for the three and nine months ended March 31, 2017 was based on the loss attributable to common shareholders of $452,707 and $1,081,424, respectively (three and nine months ended March 31, 2016 - $496,671 and $2,221,385, respectively) and the weighted average number of common shares outstanding of 50,028,036 and 45,626,114, respectively (three and nine months ended March 31, 2016 - 23,936,437).

Diluted loss per share did not include the effect of 5,655,315 warrants (three and nine months ended March 31, 2016 - 4,996,500), 197,750 broker warrants (three and nine months ended March 31, 2016 - 349,755) and 1,553,151 stock options (three and nine months ended March 31, 2016 - 1,553,151) as they are anti-dilutive.

(Expressed in Canadian dollars)

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 March 31, 2017	Three Months Ended March 31, 2016	Nine Months Ended March 31, 2017	Nine Months Ended March 31, 2016
Marrelli Support Services Inc. ("Marrelli Support") (i)	**$ 14,110**	$ 10,000	**$ 35,988**	$ 34,360
DSA Corporate Services ("DSA") (ii)	**$ 8,264**	$ 4,511	**$ 18,469**	$ 15,493
RangerCap Inc. ("RangerCap") (iii)	**$ -**	$ -	**$ -**	$ 100,000

(i) Marrelli Support was owed $2,642 as at March 31, 2017 (June 30, 2016 - $2,683) 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 $4,148 as at March 31, 2017 (June 30, 2016 - $4,727) 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.

(Expressed in Canadian dollars)

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

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

(iii) RangerCap is owned by Craig Leon, Chief Executive Officer ("CEO") and 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 periods ended March 31, 2017 and 2016 was as follows:

	Three Months Ended March 31, 2017	**Three Months Ended March 31, 2016**	**Nine Months Ended March 31, 2017**	**Nine Months Ended March 31, 2016**
Stock-based compensation	**$ -**	$ 11,105	**$ -**	$ 60,939
Salaries and benefits	**$ 125,000**	$ 52,084	**$ 375,000**	$ 186,699

(c) Major shareholders:

As at March 31, 2017, 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 President and a Director of the Company, who owns or controls, directly or indirectly, 12.75% 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 President and a Director of the Company, who owns or controls, directly or indirectly, 12.75**%** 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 and Contingency

Commitments

The Company has entered into an agreement (the “President Agreement") with an officer (Fabio Chianelli) (the "Officer") of the Company to provide services to the Company in the general capacity of President and to undertake the duties and exercise the powers associated with this role. Under the terms of the President Agreement, the President is contracted by the Company for an indefinite term, commencing as of January 1, 2014. The Company shall pay the President 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 President 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 has entered into an agreement (the “CEO Agreement") with an officer (Craig Leon) (the "Employee") 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 CEO Agreement, the CEO is contracted by the Company for an indefinite term, commencing as of July 5, 2016. The Company shall pay the CEO a $250,000 base salary per annum (the "Yearly Base Salary") and annual bonus payments (the "Bonus Payment") from time to time, at the Board's entire discretion, of up to 100% of the Yearly Base Salary based on the achievement of corporate goals and benchmarks relating to the Company's overall performance. The CEO Agreement requires an additional contingent lump-sum payment equal to the Employee's then Yearly Base Salary and the Bonus Payment paid or declared to the Employee, 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.

In March 2015, the Company entered a 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. The matter is proceeding by way of arbitration. Management is of the opinion that the charges as invoiced are unfounded and believes that it will be successful in the final arbitration of the 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.

(Expressed in Canadian dollars)

13. Office Expenses

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	Nine Months Ended March 31, 2017	Nine Months Ended March 31, 2016
Reporting issuer costs	**$ 13,810**	$ 49,044	**$ 52,313**	$ 157,932
Administrative	**(21,793)**	(25,211)	**(107,596)**	(1,785)
Insurance	**11,123**	12,788	**26,319**	36,890
Travel and accommodation	**597**	2,309	**10,875**	17,854
Meals and entertainment	**1,818**	801	**5,593**	6,441
Bank charges	**752**	1,364	**4,032**	5,323
Interest income	**(772)**	(1,348)	**(2,346)**	(6,758)
	$ 5,535	$ 39,747	**$ (10,810)**	$ 215,897

14. Subsequent Event

On April 12, 2017, the Company granted 965,000 stock options to certain officers, directors, employees and consultants of the Company at an exercise price of $0.28 per share expiring on April 10, 2027.