
Revive Therapeutics Ltd.
Consolidated Financial Statements
Years Ended June 30, 2018 and 2017
(Expressed in Canadian Dollars)

Independent Auditors' 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, 2018 and June 30, 2017, 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 Consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 consolidated 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, 2018 and June 30, 2017 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw your 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 26, 2018

Chartered Professional Accountants
Licensed Public Accountants

MNP

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

	June 30, 2018	June 30, 2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,060,516	\$ 1,768,676
Other receivables	-	2,456
Prepaid expenses	25,770	126,202
Total current assets	1,086,286	1,897,334
Non-current assets		
Intangible assets (note 5)	28,498	20,697
Equipment (note 6)	5,633	5,663
Total non-current assets	34,131	26,360
Total assets	\$ 1,120,417	\$ 1,923,694
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (notes 7 and 14)	\$ 299,300	\$ 308,502
Total liabilities	299,300	308,502
Shareholders' equity		
Share capital (note 8)	8,423,540	7,448,740
Shares to be issued (note 8)	9,000	-
Warrants and broker and finder warrants (notes 9 and 10)	-	240,958
Contributed surplus (note 11)	1,984,052	1,730,121
Accumulated deficit	(9,595,475)	(7,804,627)
Total shareholders' equity	821,117	1,615,192
Total liabilities and shareholders' equity	\$ 1,120,417	\$ 1,923,694

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,	2018	2017
Expenses		
Research costs	\$ 373,192	\$ 408,216
Salaries and benefits (note 14(b))	595,181	594,532
Stock-based compensation (notes 11(i)(ii)(iii)(iv)) and 14(b))	195,604	144,279
Office expenses (note 16)	120,526	127,562
Consulting fees	343,915	182,854
Professional fees (note 14(a)(i)(ii))	175,471	181,291
Rent	35,755	33,271
Write-off of intangible assets	-	8,415
Depreciation and amortization (notes 5 and 6)	3,132	3,572
	1,842,776	1,683,992
Gain on sale of intangible assets (note 5)	(51,928)	-
Gain on settlement of accounts payable	-	(68,092)
Comprehensive loss for the year	\$ (1,790,848)	\$ (1,615,900)
Comprehensive loss per share - basic and diluted (note 12)	\$ (0.03)	\$ (0.03)
Weighted average common shares outstanding - basic and diluted	55,873,454	47,687,315

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,	2018	2017
Cash flow from operating activities		
Comprehensive loss for the year	\$ (1,790,848)	\$ (1,615,900)
Adjustments for:		
Depreciation and amortization	3,132	3,572
Stock-based compensation	195,604	144,279
Write-off of intangible assets	-	8,415
Gain on settlement of accounts payable	-	(68,092)
Net change in non-cash working capital:		
Other receivables	2,456	(2,456)
Prepaid expenses	100,432	(109,206)
Accounts payable and accrued liabilities	(9,202)	(441,836)
Net cash and cash equivalents used in operating activities	(1,498,426)	(2,081,224)
Investing activities		
Addition to intangible assets	(9,361)	(1,515)
Purchase of equipment	(1,542)	-
Net cash and cash equivalents used in investing activities	(10,903)	(1,515)
Financing activities		
Proceeds from issuance of shares and warrants	-	1,500,000
Share issue costs	-	(130,084)
Proceeds from exercise of warrants (including finder warrants)	801,169	1,148,260
Net cash and cash equivalents provided by financing activities	801,169	2,518,176
Net change in cash and cash equivalents	(708,160)	435,437
Cash and cash equivalents, beginning of year	1,768,676	1,333,239
Cash and cash equivalents, end of year	\$ 1,060,516	\$ 1,768,676

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		Shares to be issued	Warrants and broker and finder warrants	Contributed surplus	Accumulated deficit	Total shareholders' equity
	Number of shares	Amount					
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 8(b)(i))	15,000,000	1,500,000	-	-	-	-	1,500,000
Valuation of warrants issued in private placement (note 8(b)(i))	-	(330,000)	-	330,000	-	-	-
Valuation of finder warrants issued in private placement (note 8(b)(i))	-	(26,900)	-	26,900	-	-	-
Transaction costs in private placements (note 8(b)(i))	-	(103,066)	-	(23,073)	-	-	(126,139)
Exercise of warrants and finder warrants	6,510,200	1,148,260	-	-	-	-	1,148,260
Expiry of warrants	-	-	-	(980,262)	980,262	-	-
Reclassification of fair value of warrants and finder warrants exercised	-	249,664	-	(249,664)	-	-	-
Valuation of warrants issued upon exercise of finder warrants (note 8(b)(ii))	-	(7,535)	-	7,535	-	-	-
Transaction costs relating to warrants exercise	-	(3,945)	-	-	-	-	(3,945)
Stock-based compensation (note 11(i))	-	-	-	-	144,279	-	144,279
Comprehensive loss for the year	-	-	-	-	-	(1,615,900)	(1,615,900)
Balance, June 30, 2017	53,893,567	\$ 7,448,740	\$ -	\$ 240,958	\$ 1,730,121	\$ (7,804,627)	\$ 1,615,192
Exercise of warrants and finder warrants	4,457,715	792,169	9,000	-	-	-	801,169
Reclassification of fair value of warrants and finder warrants exercised	-	182,631	-	(182,631)	-	-	-
Expiry of warrants	-	-	-	(58,327)	58,327	-	-
Stock-based compensation (note 11(ii)(iii)(iv)(v))	-	-	-	-	195,604	-	195,604
Comprehensive loss for the year	-	-	-	-	-	(1,790,848)	(1,790,848)
Balance, June 30, 2018	58,351,282	\$ 8,423,540	\$ 9,000	\$ -	\$ 1,984,052	\$ (9,595,475)	\$ 821,117

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 Years Ended June 30, 2018 and 2017 (Expressed in Canadian dollars)

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"; OTCQB® Market exchange in the United States under the symbol "RVVTF" and the Frankfurt Stock Exchange in Germany under the symbol "31R". 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 \$9,595,475 as at June 30, 2018 (June 30, 2017 - \$7,804,627). As at June 30, 2018, the Company had cash and cash equivalents of \$1,060,516 (June 30, 2017 - \$1,768,676) and a working capital of \$786,986 (June 30, 2017 - \$1,588,832). 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 on October 26, 2018.

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, 2018.

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 Years Ended June 30, 2018 and 2017 (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 and presentation 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.

Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Revive Therapeutics Inc. The financial statements of the Company's wholly owned subsidiary, Revive Therapeutics Inc., are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All inter-company balances and transactions between entities in the Company, including any unrealised profits or losses, have been eliminated on consolidation.

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.

Revive Therapeutics Ltd.
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2018 and 2017
(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

Financial instruments (continued)

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.

Equipment and intangible assets

Equipment and intangible assets are carried at cost, less accumulated depreciation and amortization 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 and amortization 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:

Detail	Rate	Method
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.

Research and development

Expenditures during the research phase are expensed as incurred. Expenditures during the development phase are capitalized as internally generated intangible assets if the Company can demonstrate each of the following criteria:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible assets and use or sell it;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development

Revive Therapeutics Ltd.
Notes to Consolidated Financial Statements
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2. Significant Accounting Policies (continued)

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.

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.

Warrant reserve

The fair value of warrants is determined upon their issuance either as part of unit private placements or in settlement of share issuance costs and finders fees, using the Black-Scholes model. All such warrants are classified in a warrant reserve within equity. If the warrants are converted, the value attributable to the warrants is transferred to common share capital. Upon expiry, the amounts recorded for expired warrants is transferred to equity from the warrant reserve. Shares are issued from treasury upon the exercise of share purchase warrants.

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.

Revive Therapeutics Ltd.

Notes to Consolidated Financial Statements
For the Years Ended June 30, 2018 and 2017
(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

Income taxes (continued)

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.

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.
- iii. Estimating fair value for warrants and broker and finder warrants 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.
- iv. Management decision that no provision is needed for the contingency in note 15 represents management estimates and the eventual resolution of the liability may differ based on additional information and the occurrence of future events.

Revive Therapeutics Ltd.
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2018 and 2017
(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

Significant accounting judgments and estimates (continued)

v. These consolidated financial statements have been prepared in accordance with IFRS on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business within the foreseeable future. Management uses judgment in determining assumptions for cash flow projections, such as anticipated financing, anticipated sales and future commitments to assess the Company's ability to continue as a going concern. A critical judgment is that the Company continues to raise funds going forward and satisfy their obligations as they become due.

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.

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 does not expect IFRS 9 to have a significant impact on the financial statements.

IFRS 16, Leases ("IFRS 16") was issued on January 13, 2016. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15, "Revenue from contracts with customers" at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17, "Leases". This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. The Company is in the process of assessing the impact of this pronouncement.

Revive Therapeutics Ltd.

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2018 and 2017
(Expressed in Canadian dollars)**

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 and finder warrants, contributed surplus and accumulated deficit which at June 30, 2018 totalled \$821,117 (June 30, 2017 - \$1,615,192). 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, 2018.

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, 2018, the Company is in compliance with this requirement.

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 and foreign currency 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, 2018. Management believes that the credit risk concentration with respect to financial instruments included in sales tax recoverable is minimal.

Revive Therapeutics Ltd.

Notes to Consolidated Financial Statements For the Years Ended June 30, 2018 and 2017 (Expressed in Canadian dollars)

4. Financial Risk Factors (continued)

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, 2018, the Company had a cash and cash equivalents balance of \$1,060,516 (June 30, 2017 - \$1,768,676) to settle current liabilities of \$299,300 (June 30, 2017 - \$308,502) (note 7). 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, 2018, 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 \$11,000 (June 30, 2017 - \$18,000).

(b) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar. As of June 30, 2018, sensitivity to a plus or minus 10% change in US dollar foreign exchange rate would affect the reported comprehensive loss by approximately \$25,000 (June 30, 2017 - \$15,000).

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, 2018 and June 30, 2017:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 1,060,516	\$ -	\$ -	\$ 1,060,516

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 1,768,676	\$ -	\$ -	\$ 1,768,676

Revive Therapeutics Ltd.

Notes to Consolidated Financial Statements
For the Years Ended June 30, 2018 and 2017
(Expressed in Canadian dollars)

5. Intangible Assets

Cost	REV-002	REV-003	Total
Balance, June 30, 2016	\$ 25,000	\$ 9,897	\$ 34,897
Additions	1,515	-	1,515
Write-off	-	(9,897)	(9,897)
Balance, June 30, 2017	26,515	-	26,515
Additions	9,361	-	9,361
Balance, June 30, 2018	\$ 35,876	\$ -	\$ 35,876

Accumulated amortization	REV-002	REV-003	Total
Balance, June 30, 2016	\$ 4,530	\$ 987	\$ 5,517
Amortization during the year	1,288	495	1,783
Write-off	-	(1,482)	(1,482)
Balance, June 30, 2017	5,818	-	5,818
Amortization during the year	1,560	-	1,560
Balance, June 30, 2018	\$ 7,378	\$ -	\$ 7,378

Carrying value	REV-002	REV-003	Total
Balance, June 30, 2017	\$ 20,697	\$ -	\$ 20,697
Balance, June 30, 2018	\$ 28,498	\$ -	\$ 28,498

Revive Therapeutics Ltd.

Notes to Consolidated Financial Statements
For the Years Ended June 30, 2018 and 2017
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5. Intangible Assets (continued)

REV-003

During the year ended June 30, 2018, the Company incurred \$nil in REV-003 research costs for consulting services of clinical design and research (year ended June 30, 2017 – \$nil) and wrote off \$nil (year ended June 30, 2017 – \$8,415) of patent which expired during the year. During the year ended June 30, 2018, the Company sold its rights over REV-003 that was fully written-off in the prior year. The Company recorded a gain of \$51,928 (year ended June 30, 2017- \$nil) in the consolidated statements of comprehensive loss.

REV-002

On June 17, 2013, Revive and Xenexus Pharmaceuticals Pty Ltd. ("Xenexus") entered into a patent assignment agreement (the "REV-002 Agreement"), which replaced and superseded a patent license agreement (the "REV-002 License") between Revive and Xenexus dated April 3, 2013. The REV-002 Agreement and its predecessor grant Revive the right to commercially exploit U.S. patent No. 9238018, titled 'The Use of Bucillamine in the Treatment of Gout' which was then subsequently replaced by U.S. patent No. 9662305. Pursuant to the REV-002 License, the Company was required to pay an initial license fee 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, which was replaced by U.S. patent No. 9238018, titled 'The Use of Bucillamine in the Treatment of Gout' which was then subsequently replaced by U.S. patent No. 9662305, 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, 2018, 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.
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5. Intangible Assets (continued)

REV-002 (continued)

On December 1, 2015, the Company announced final results from its Phase II-A clinical study in patients with gout in the U.S.

During the year ended June 30, 2018, the Company incurred \$nil in REV-002 research costs for consulting services of clinical trial design and research (year ended June 30, 2017 – \$50,983).

REV-004 and REV-005

During the year ended June 30, 2018, the Company incurred \$88,057 research costs for REV - 004 (year ended June 30, 2017 - \$264,419) and \$nil research costs for REV-005 (year ended June 30, 2017 - \$nil).

CANNABINOIDS

During the year ended June 30, 2018, the Company incurred \$243,211 research costs for cannabinoids (year ended June 30, 2017 - \$92,814).

OTHER

During the year ended June 30, 2018, the Company incurred \$41,924 (year ended June 30, 2017 - \$nil) general research costs not specifically allocated to any particular project.

6. Equipment

Cost	Computer Equipment	Office Equipment	Total
Balance, June 30, 2016 and June 30, 2017	\$ 5,629	\$ 7,737	\$ 13,366
Additions	1,542	-	1,542
Balance, June 30, 2018	\$ 7,171	\$ 7,737	\$ 14,908
Accumulated depreciation	Computer Equipment	Office Equipment	Total
Balance, June 30, 2016	\$ 2,635	\$ 3,279	\$ 5,914
Depreciation during the year	898	891	1,789
Balance, June 30, 2017	\$ 3,533	\$ 4,170	\$ 7,703
Depreciation during the year	860	712	1,572
Balance, June 30, 2018	\$ 4,393	\$ 4,882	\$ 9,275

Revive Therapeutics Ltd.

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6. Equipment (continued)

Carrying value	Computer Equipment	Office Equipment	Total
Balance, June 30, 2017	\$ 2,096	\$ 3,567	\$ 5,663
Balance, June 30, 2018	\$ 2,778	\$ 2,855	\$ 5,633

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, 2018	As at June 30, 2017
Accounts payable	\$ 213,162	\$ 237,204
Accrued liabilities	80,894	71,298
HST payable	5,244	-
	\$ 299,300	\$ 308,502

	As at June 30, 2018	As at June 30, 2017
Less than 1 month	\$ 170,485	\$ 126,351
1 to 3 months	1,228	27,367
Greater than 3 months	127,587	154,784
	\$ 299,300	\$ 308,502

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.

Revive Therapeutics Ltd.

Notes to Consolidated Financial Statements For the Years Ended June 30, 2018 and 2017 (Expressed in Canadian dollars)

8. Share Capital (continued)

b) Common shares issued

As at June 30, 2018, the issued share capital amounted to \$8,423,540 and there were nil shares held in escrow. Changes in issued share capital are as follows:

	Number of Common Shares	Amount
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 finder warrants issued in private placement (i)	-	(26,900)
Transaction costs in private placement (i)	-	(103,066)
Exercise of warrants	6,510,200	1,148,260
Reclassification of fair value of warrants exercised	-	249,664
Valuation of warrants issued upon exercise of finder warrants (ii)	-	(7,535)
Transaction costs relating to warrant exercise	-	(3,945)
Balance, June 30, 2017	53,893,567	\$ 7,448,740
Exercise of warrants and finder warrants (note 9)	4,457,715	792,169
Reclassification of fair value of warrants exercised (iii)	-	182,631
Balance, June 30, 2018	58,351,282	\$ 8,423,540

(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 \$126,139 in cash finder's fees and other transaction costs of which, \$103,066 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 consisting of one common share and one-half of a Warrant for \$0.10 until June 18, 2018. The fair value of the Finder's Warrants was estimated to be \$26,900 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.

Revive Therapeutics Ltd.

Notes to Consolidated Financial Statements For the Years Ended June 30, 2018 and 2017 (Expressed in Canadian dollars)

8. Share Capital (continued)

b) Common shares issued (continued)

(ii) On March 1, 2017, 294,700 finder warrants were exercised (note 10) for 294,700 common shares and 147,350 warrants (note 9) were issued with the same exercise price and expiry terms as the warrants issued in the Offering as described in note 8(b)(i) above. The fair value of the warrants was estimated to be \$7,535 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.

On June 18, 2018, 127,750 finder warrants were exercised (note 10) for 127,750 common shares and 63,875 warrants (note 9) were issued with the same exercise price and expiry terms as the warrants issued in the offering as described in note 8(b)(i) above. The fair value of the warrants was estimated to have a nominal value using a valuation model incorporating Black-Scholes on the following assumptions: dividend yield of 0%; volatility of 121.07%; risk-free interest rate of 1.92%; and expected life of 0.01 years.

(iii) Proceeds of \$9,000 was received during the year ended June 30, 2018 for exercise of 50,000 warrants for which 50,000 common shares were not issued until subsequent to June 30, 2018. The \$9,000 was recorded in shares to be issued on the consolidated statements of financial position as at June 30, 2018.

9. Warrants

The following table reflects the continuity of warrants for the years ended June 30, 2018 and 2017:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2016	9,219,965	\$ 0.54
Issued in private placement (note 8(b)(i))	7,500,000	0.18
Exercised	(6,215,500)	0.18
Issued upon exercise of finder warrants (note 8(b)(ii))	147,350	0.18
Expired	(4,996,500)	0.85
Balance, June 30, 2017	5,655,315	\$ 0.18
Exercised	(4,379,965)	0.18
Issued upon exercise of finder warrants (note 8(b)(ii))	63,875	0.18
Expired	(1,339,225)	0.18
Balance, June 30, 2018	-	\$ -

No warrants were outstanding as at June 30, 2018.

Revive Therapeutics Ltd.

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9. Warrants (continued)

The following table reflects warrants issued and outstanding as at June 30, 2017:

Expiry Date and Description	Exercise Price (\$)	Fair Value (\$)	Number of Warrants Outstanding
June 18, 2018	0.18	256,014	5,655,315
Transaction costs allocated	-	(25,858)	-
	0.18	230,156	5,655,315

10. Broker and Finder Warrants

The following table reflects the continuity of broker and finder warrants for the years ended June 30, 2018 and 2017:

	Number of Broker Warrants	Weighted Average Exercise Price
Balance, June 30, 2016	349,755	\$ 0.60
Issued in private placement (note 8(b)(i))	492,450	0.10
Expiry	(349,755)	0.60
Exercised	(294,700)	0.10
Balance, June 30, 2017	197,750	\$ 0.10
Expiry	(70,000)	0.10
Exercised	(127,750)	0.10
Balance, June 30, 2018	-	\$ -

No broker and finder warrants were outstanding as at June 30, 2018.

The following table reflects broker and finder warrants issued and outstanding as at June 30, 2017:

Expiry Date	Exercise Price (\$)	Fair Value (\$)	Number of Broker Warrants Outstanding
June 18, 2018	0.10	10,802	197,750

Revive Therapeutics Ltd.

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11. Stock Options

The following table reflects the continuity of stock options for the years ended June 30, 2018 and 2017:

	Number of Stock Options	Weighted Average Exercise Price
Balance, June 30, 2016	1,553,151	\$ 0.62
Grant (i)	965,000	0.28
Balance, June 30, 2017	2,518,151	0.49
Grant (ii)(iii)(iv)	950,000	0.25
Balance, June 30, 2018	3,468,151	\$ 0.42

The following table reflects the actual stock options issued and outstanding as at June 30, 2018:

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	5.03	38,151	38,151	\$ 9,270
January 31, 2024	0.66	5.59	590,000	590,000	265,568
February 10, 2025	0.60	6.62	925,000	925,000	345,058
April 10, 2027 (i)	0.28	8.78	965,000	865,000	212,732
November 1, 2022 (ii)	0.20	4.34	250,000	125,000	31,336
November 29, 2022 (iii)	0.325	4.42	350,000	175,000	92,289
June 8, 2023 (iv)	0.205	4.94	350,000	-	59,785
			3,468,151	2,718,151	\$ 1,016,038

The following table reflects the actual stock options issued and outstanding as at June 30, 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	6.03	38,151	38,151	\$ 9,270
January 31, 2024	0.66	6.59	590,000	590,000	265,568
February 10, 2025	0.60	7.62	925,000	925,000	345,058
April 10, 2027 (i)	0.28	9.78	965,000	432,500	212,732
			2,518,151	1,985,651	\$ 832,628

Revive Therapeutics Ltd.

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11. Stock Options (continued)

(i) On April 10, 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. The fair value of the stock options was estimated to be \$212,732 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 119.21%; risk-free interest rates of 1.01%; and expected life of 4 years. 665,000 of these options vest as to one-half on the date of grant and one-half on the one year anniversary of the date of grant. The remaining 300,000 options vest as to one-third on the date of grant, 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, 2018, \$82,761 (2017 - \$129,970) was recorded as stock-based compensation in the consolidated statements of comprehensive loss.

(ii) On November 1, 2017, the Company granted 250,000 stock options to a consultant of the Company at an exercise price of \$0.20 per share expiring on November 1, 2022. The fair value of the stock options was estimated to be \$31,336 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 114.34%; risk-free interest rates of 1.57%; and expected life of 5 years. These options vest as to one quarter (1/4) of the options on the date which is three (3) months from the date said options are granted, one quarter (1/4) of the options on the date which is six (6) months from the date of grant, one quarter (1/4) of the options on the date which is nine (9) months from the date of grant, and the final one quarter (1/4) of the options on the date which is twelve (12) months from the date of grant. During the year ended June 30, 2018, \$27,756 (2017 - \$nil) were recorded as stock-based compensation in the consolidated statements of comprehensive loss.

(iii) On November 29, 2017, the Company granted 350,000 stock options to a consultant of the Company at an exercise price of \$0.325 per share expiring on November 29, 2022. The fair value of the stock options was estimated to be \$92,289 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 115.58%; risk-free interest rates of 1.57%; and expected life of 5 years. These options vest as to one quarter (1/4) of the options on the date which is three (3) months from the date said options are granted, one quarter (1/4) of the options on the date which is six (6) months from the date of grant, one quarter (1/4) of the options on the date which is nine (9) months from the date of grant, and the final one quarter (1/4) of the options on the date which is twelve (12) months from the date of grant. During the year ended June 30, 2018, \$77,611 (2017 - \$nil) was recorded as stock-based compensation in the consolidated statements of comprehensive loss.

(iv) On June 8, 2018, the Company granted 350,000 stock options to a consultant of the Company at an exercise price of \$0.205 per share expiring on June 8, 2023. The fair value of the stock options was estimated to be \$59,785 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 121.07%; risk-free interest rates of 2.11%; and expected life of 5 years. These options vest as to one quarter (1/4) of the options on the date which is three (3) months from the date said options are granted, one quarter (1/4) of the options on the date which is six (6) months from the date of grant, one quarter (1/4) of the options on the date which is nine (9) months from the date of grant, and the final one quarter (1/4) of the options on the date which is twelve (12) months from the date of grant. During the year ended June 30, 2018, \$7,476 (year ended June 30, 2017 - \$nil) was recorded as stock-based compensation in the consolidated statements of comprehensive loss.

Revive Therapeutics Ltd.

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12. Net Loss per Common Share

The calculation of basic and diluted loss per share for the year ended June 30, 2018 was based on the loss attributable to common shareholders of \$1,790,848 (2017 - \$1,615,900) and the weighted average number of common shares outstanding of 55,873,454 (2017 - 47,687,315).

Diluted loss per share did not include the effect of nil warrants (2017 - 5,655,315), nil finder warrants (2017 - 197,750) and 3,468,151 stock options (2017 - 2,518,151) as they are anti-dilutive.

13. Income Taxes

Reconciliation of statutory tax rate

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2017 - 26.5%) to the effective tax rate is as follows:

	Year ended June 30, 2018	Year ended June 30, 2017
Loss before recovery of income taxes	\$ (1,790,848)	\$ (1,615,900)
Statutory tax rate	26.5%	26.5%
Expected income tax recovery	\$ (474,575)	\$ (428,214)
Tax rate changes and other adjustments	-	500
Share-based compensation and non-deductible expenses	45,620	39,050
Amounts booked directly into equity	-	(41,600)
Change in tax benefits not recognized	428,955	430,264
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:

	2018	2017
Intangible assets	\$ 71,340	\$ 68,960
Share issuance costs	182,750	343,860
Non-capital losses carried forward	8,832,380	7,055,540
Other temporary difference	6,490	6,160
	\$ 9,092,960	\$ 7,474,520

Revive Therapeutics Ltd.

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13. Income Taxes (continued)

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

2031	5,660
2032	107,700
2033	138,110
2034	545,680
2035	1,851,510
2036	2,715,260
2037	1,691,700
2038	<u>1,776,760</u>
	<u>8,832,380</u>

Share issuance costs will be fully amortized in 2022. 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.

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.

Years Ended June 30,	2018	2017
Marrelli Support Services Inc. ("Marrelli Support") (i)	\$ 51,631	\$ 48,172
DSA Corporate Services ("DSA") (ii)	\$ 23,546	\$ 21,730

(i) Marrelli Support was owed \$2,416 as at June 30, 2018 (June 30, 2017 - \$2,511) 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 July 14, 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 \$4,470 as at June 30, 2018 (June 30, 2017 - \$2,225) 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.

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

(b) Remuneration of directors and key management personnel of the Company, excluding consulting fees for the periods ended June 30, 2018 and 2017 was as follows:

Years Ended June 30,	2018	2017
Stock-based compensation	\$ 48,456	\$ 76,097
Salaries and benefits	\$ 500,000	\$ 500,000

(c) Major shareholders:

As at June 30, 2018, 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, 11.77% 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, 11.77% the issued and outstanding shares of the Company on a partially diluted basis, 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.

15. Commitments and Contingency

Commitments

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 1, 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 consolidated financial statements.

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15. Commitments and Contingency (continued)

Commitments (continued)

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 consolidated financial statements.

In June 2017, the Company entered a new lease agreement commencing on September 2017 for a 24-month period. The Company is required to pay minimum annual lease payment of \$15,468.

The Company has entered into various clinical trial arrangements and is committed to fund these trials as they occur. As at June 30, 2018, the Company is committed to funding a maximum cost of clinical trials of approximately \$8,000 per patient, in addition to other ad-hoc and clinical trial related fees.

The Company has also entered into a licensing arrangement with South Carolina Research Foundation and Wisconsin Alumni Research Foundation, whereby certain milestone payments and royalties are payable upon the achievement of certain events. The Company will record these amounts as the events occur. No events occurred during the year ended June 30, 2018.

The Company has entered into a consulting agreement, whereby the third-party consultant may provide services to the Company to facilitate corporate and business development and other activities requested by the Company. The Company is required to pay a monthly fee of \$10,000 plus HST expiring on September 30, 2018.

The Company has entered into an agreement with Sanyal Biotechnology LLC ("Sanyal") whereby Sanyal shall conduct a pilot study for autoimmune hepatitis ("AIH") induction on mice. The Company is required to pay US\$30,000 to Sanyal in installments upon successful demonstration by Sanyal. The Company will record these amounts as the events occur. No events occurred during the year ended June 30, 2018.

Contingency

The Company is in dispute with a supplier over invoices in the amount of \$827,574 plus interest for which the supplier has sought arbitration. The dispute is in arbitration. 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 eventual resolution of this liability will be based on additional information and the occurrence of future events.

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16. Office Expenses

Years Ended June 30,	2018	2017
Reporting issuer costs	\$ 47,120	\$ 54,107
Administrative	30,409	18,379
Insurance	35,706	36,142
Travel and accommodation	4,029	10,936
Meals and entertainment	4,994	6,177
Bank charges	2,722	4,949
Interest income	(4,454)	(3,128)
	\$ 120,526	\$ 127,562

17. Subsequent Events

Subsequent to June 30, 2018, 50,000 common shares were issued for exercise of warrants.

Effective August 17, 2018, the Company has entered into a distribution and licensing agreement with a third-party and is committed to purchase a minimum amount of product supplied by third-party as follows: US\$10,000 for the calendar year 2018, US\$50,000 for the calendar year 2019, and US\$60,000 for the calendar year 2020.

In August 21, 2018, the Company has entered into a consulting agreement with a third-party and is committed to issue 25,000 stock options per month of services at a purchase price of \$0.205 which equates to a total of 75,000 stock options vesting on November 21, 2018.

On October 11, 2018, the Company granted a consultant of the Company 500,000 stock options at an exercise price of \$0.19 per share expiring on October 11, 2020.