Revive Therapeutics Ltd.

Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended March 31, 2019 and 2018

(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, 2019	June 30, 2018
ASSETS		
Current assets		
Cash and cash equivalents	$ **829,844**	$ 1,060,516
Prepaid expenses	**29,422**	25,770
Investment (note 3)	**750,000**	-
Total current assets	**1,609,266**	1,086,286
Non-current assets		
Intangible assets (note 4)	**27,833**	28,498
Equipment (note 5)	**4,580**	5,633
Total non-current assets	**32,413**	34,131
Total assets	$ **1,641,679**	$ 1,120,417
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (notes 6 and 12)	$ **262,021**	$ 299,300
Total liabilities	**262,021**	299,300
Shareholders' equity		
Share capital (note 7)	**9,341,973**	8,423,540
Shares to be issued	**-**	9,000
Warrants and broker and finder warrants (notes 8 and 9)	**425,421**	-
Contributed surplus (note 10)	**2,087,271**	1,984,052
Accumulated deficit	**(10,475,007)**	(9,595,475)
Total shareholders' equity	**1,379,658**	821,117
Total liabilities and shareholders' equity	$ **1,641,679**	$ 1,120,417

Nature of operations and going concern (note 1)
Contingency (note 13)
Subsequent event (note 15)

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, 2019	Three Months Ended March 31, 2018	Nine Months Ended March 31, 2019	Nine Months Ended March 31, 2018
Expenses				
Research costs	**$ 10,799**	$ 47,559	**$ 58,423**	$ 225,281
Salaries and benefits (note 12(b))	**155,736**	151,765	**446,029**	447,248
Stock-based compensation (notes 10(i)(ii)(iii)(iv)(v)(vi)) and 12(b))	**12,131**	77,088	**103,219**	158,344
Office expenses (note 14)	**26,435**	29,651	**96,236**	91,759
Consulting fees	**-**	40,400	**22,819**	181,915
Professional fees (note 12(a)(i)(ii))	**36,384**	45,054	**124,533**	143,361
Rent	**8,657**	8,733	**25,870**	27,118
Depreciation and amortization (notes 4 and 5)	**804**	715	**2,403**	2,145
Comprehensive loss for the period	**$ (250,946)**	$ (400,965)	**$ (879,532)**	$ (1,277,171)
Comprehensive loss per share - basic and diluted (note 11)	**$ (0.00)**	$ (0.01)	**$ (0.01)**	$ (0.02)
Weighted average common shares outstanding - basic and diluted	**66,827,393**	57,362,648	**66,166,063**	55,285,220

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

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

Nine Months Ended March 31,	2019	2018
Cash flow from operating activities		
Comprehensive loss for the period	**$ (879,532)**	$ (1,277,171)
Adjustments for:		
Depreciation and amortization	**2,403**	2,145
Stock-based compensation	**103,219**	158,344
Net change in non-cash working capital:		
Other receivables	**-**	2,456
Prepaid expenses	**(3,652)**	(21,813)
Accounts payable and accrued liabilities	**(37,279)**	3,364
Net cash and cash equivalents used in operating activities	**(814,841)**	(1,132,675)
Investing activities		
Purchase of investment	**(750,000)**	-
Purchase of equipment	**(685)**	(1,542)
Net cash and cash equivalents used in investing activities	**(750,685)**	(1,542)
Financing activities		
Proceeds from issuance of shares and warrants	**1,334,854**	-
Proceeds from exercise of warrants (including finder warrants)	**-**	652,743
Net cash and cash equivalents provided by financing activities	**1,334,854**	652,743
Net change in cash and cash equivalents	**(230,672)**	(481,474)
Cash and cash equivalents, beginning of period	**1,060,516**	1,768,676
Cash and cash equivalents, end of period	**$ 829,844**	$ 1,287,202

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

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

	Share capital						
	Number of shares	Amount	Shares to be issued	Warrants and broker and finder warrants	Contributed surplus	Accumulated deficit	Total shareholders' equity
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	3,626,350	652,743		-	-	-	652,743
Reclassification of fair value of warrants and finder warrants exercised	-	147,582	-	(147,582)	-	-	-
Stock-based compensation (note 10(i)(ii)(iii))	-	-	-	-	158,344	-	158,344
Comprehensive loss for the period	-	-	-	-	-	(1,277,171)	(1,277,171)
Balance, March 31, 2018	**57,519,917**	**$ 8,249,065**	**$ -**	**$ 93,376**	**$ 1,888,465**	**$ (9,081,798)**	**$ 1,149,108**

	Number of shares	Amount	Shares to be issued	Warrants and broker and finder warrants	Contributed surplus	Accumulated deficit	Total shareholders' equity
Balance, June 30, 2018	**58,351,282**	**$ 8,423,540**	**$ 9,000**	**$ -**	**$ 1,984,052**	**$ (9,595,475)**	**$ 821,117**
Common shares issued in private placement (note 7(b)(ii))	14,010,000	1,401,000	-	-	-	-	1,401,000
Valuation of warrants issued in private placement (note 7(b)(ii))	-	(444,452)	-	444,452	-	-	-
Valuation of finder warrants issued in private placement (note 7(b)(ii))	-	(1,954)	-	1,954	-	-	-
Transaction costs in private placements (note 7(b)(ii))	-	(45,161)	-	(20,985)	-	-	(66,146)
Common shares issued for exercise of warrants	50,000	9,000	(9,000)	-	-	-	-
Stock-based compensation (note 10(ii)(iii)(iv)(v)(vi))	-	-	-	-	103,219	-	103,219
Comprehensive loss for the period	-	-	-	-	-	(879,532)	(879,532)
Balance, March 31, 2019	**72,411,282**	**$ 9,341,973**	**$ -**	**$ 425,421**	**$ 2,087,271**	**$ (10,475,007)**	**$ 1,379,658**

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"; 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 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 $10,475,007 as at March 31, 2019 (June 30, 2018 - $9,595,475). As at March 31, 2019, the Company had cash and cash equivalents of $829,844 (June 30, 2018 - $1,060,516) and a working capital of $1,347,245 (June 30, 2018 - $786,986). 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 27, 2019, 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, 2018, except as noted below. Any subsequent changes to IFRS that are given effect in the Company’s annual consolidated financial statements for the year ending June 30, 2019 could result in restatement of these unaudited condensed interim consolidated financial statements.

Accounting policies adoptions and changes

Privately-held investments

All privately-held investments (other than options and warrants) are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at each reporting period, the fair value of an investment may (depending upon the circumstances) be adjusted using one or more of the valuation indicators described below. These are included in Level 3 in Note 3. Options and warrants of private companies are valued using a an option pricing model when there are sufficient and reliable observable market inputs; if no such market inputs are available, the warrants and options are valued using alternative methods representing fair value.

2. Significant Accounting Policies (continued)

Accounting policies adoptions and changes (continued)

Privately-held investments (continued)

The determinations of fair value of the Company’s privately-held investments at other than initial cost are subject to certain limitations. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable.

Use of the valuation approach described below may involve uncertainties and determinations based on the Company’s judgment and any value estimated from these techniques may not be realized or realizable.

Company-specific information is considered when determining whether the fair value of a privately-held investment should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will take into account trends in general market conditions and the share performance of comparable publicly-traded companies when valuing privately-held investments.

The absence of the occurrence of any of these events, any significant change in trends in general market conditions, or any significant change in share performance of comparable publicly-traded companies indicates generally that the fair value of the investment has not materially changed. The fair value of a privately-held investment may be adjusted if:

a. there has been a significant subsequent equity financing provided by outside investors at a valuation different than the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place;

b. there have been significant corporate, political or operating events affecting the investee company that, in management’s opinion, have a material impact on the investee company’s prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management’s judgment and any value estimated may not be realized or realizable;

c. the investee company is placed into receivership or bankruptcy;

d. based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern; and

e. important positive/negative management changes by the investee company that the Company’s management believes will have a very positive/negative impact on the investee company’s ability to achieve its objectives and build value for shareholders.

Adjustments to the fair value of a privately-held investment will be based upon management’s judgment and any value estimated may not be realized or realizable. The resulting values for non-publicly traded investments may differ from values that would be realized if a ready market existed.

In addition, the amounts at which the Company’s privately-held investments could be disposed of currently may differ from the carrying value assigned.

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

Accounting policies adoptions and changes (continued)

IFRS 9 Financial Instruments ("IFRS 9")

On July 24, 2014, the IASB issued the completed IFRS 9, Financial Instruments, (IFRS 9 (2014)) to come into effect on January 1, 2018 with early adoption permitted.

IFRS 9 (2014) includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39 Financial Instruments: recognition and measurement, for the classification and measurement of financial liabilities.

The Company adopted IFRS 9 in its consolidated financial statements on July 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening accumulated deficit balance on July 1, 2018. The impact on the classification and measurement of its financial instruments is set out below.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the consolidated statement of loss and comprehensive loss for the year. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

Classification	IAS 39	IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost

The original carrying value of the Company's financial instruments under IAS 39 has not changed under IFRS 9.

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

Accounting policies adoptions and changes (continued)

Recent accounting pronouncements

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.

3. Investment

In connection with the closing of the the Offering in February 2019, Revive acquired an aggregate of 2,500,000 common shares of HHL at a price of $0.30 per common share of HHL for gross proceeds of $750,000 representing 6.71% of the issued and outstanding HHL Shares. Pursuant to the subscription agreement for common shares of HHL, in the event that HHL undertakes business in the United States or another jurisdiction which is unacceptable to the TSXV, Revive will be required to provide a notice to the TSXV for further review.

4. Intangible Assets

Cost	**REV-002**
Balance, June 30, 2018	$ 35,876
Additions	685
Balance, March31, 2019	$ 36,561

Accumulated amortization	**REV-002**
Balance, June 30, 2018	$ 7,378
Amortization during the period	1,350
Balance, March 31, 2019	$ 8,728

Carrying value	**REV-002**
Balance, June 30, 2018	$ 28,498
Balance, March 31, 2019	$ 27,833

(Expressed in Canadian dollars)

4. Intangible Assets (continued)

REV-002

During the three and nine months ended March 31, 2019, the Company incurred $nil and $1,156, respectively (three and nine months ended March 31, 2018 - ($4,465) and ($53,418)) in REV−002 research costs for consulting services of clinical trial design and research.

REV-004 and REV-005

During the three and nine months ended March 31, 2019, the Company incurred $333 and $4,898, respectively (three and nine months ended March 31, 2018 - $5,479 and $90,229, respectively) research costs for REV - 004 and $nil (three and nine months ended March 31, 2018 - $nil) research costs for REV-005.

CANNABINOIDS

During the three and nine months ended March 31, 2019, the Company incurred $10,066 and $46,576, respectively (three and nine months ended March 31, 2018 - $30,780 and $151,391, respectively) research costs for cannabinoids.

OTHER

During the three and nine months ended March 31, 2019, the Company incurred $400 and $5,793, respectively (three and nine months ended March 31, 2018 - $15,765 and $37,079, respectively) general research costs not specifically allocated to any particular project.

5. Equipment

Cost	**Computer Equipment**	**Office Equipment**	**Total**
Balance, June 30, 2018 and March 31, 2019	$ 7,171	$ 7,737	$ 14,908

Accumulated depreciation	**Computer Equipment**	**Office Equipment**	**Total**
Balance, June 30, 2018	$ 4,393	$ 4,882	$ 9,275
Depreciation during the period	625	428	1,053
Balance, March 31, 2019	$ 5,018	$ 5,310	$ 10,328

Carrying value	**Computer Equipment**	**Office Equipment**	**Total**
Balance, June 30, 2018	$ 2,778	$ 2,855	$ 5,633
Balance, March 31, 2019	$ 2,153	$ 2,427	$ 4,580

(Expressed in Canadian dollars)

6. 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, 2019	As at June 30, 2018
Accounts payable	**$ 187,060**	$ 213,162
Accrued liabilities	**72,923**	80,894
HST payable	**2,038**	5,244
	$ 262,021	$ 299,300

	As at March 31, 2019	As at June 30, 2018
Less than 1 month	**$ 116,691**	$ 170,485
1 to 3 months	**(31,554)**	1,228
Greater than 3 months	**176,884**	127,587
	$ 262,021	$ 299,300

7. 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, 2019, the issued share capital amounted to $9,341,973 and there were nil shares held in escrow. Changes in issued share capital are as follows:

	Number of Common Shares	Amount
Balance, June 30, 2017	**53,893,567**	**$ 7,448,740**
Exercise of warrants and broker warrants	3,626,350	652,743
Reclassification of fair value of warrants exercised	-	147,582
Balance, March 31, 2018	**57,519,917**	**$ 8,249,065**

(Expressed in Canadian dollars)

7. Share Capital (continued)

b) Common shares issued (continued)

	Number of Common Shares	Amount
Balance, June 30, 2018	**58,351,282**	**$ 8,423,540**
Common shares issued in private placement (ii)	14,010,000	1,401,000
Valuation of warrants issued in private placement (ii)	-	(444,452)
Valuation of finder warrants issued in private placement (ii)	-	(1,954)
Transaction costs in private placement (ii)	-	(45,161)
Common shares issued for exercise of warrants (i)	50,000	9,000
Balance, March 31, 2019	**72,411,282**	**$ 9,341,973**

(i) 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 issued on July 16, 2018.

(ii) On February 4, 2019, the Company completed the first tranche of the non-brokered private placement previously announced in the December 7, 2018 and January 23, 2019 news releases for a total of 10,960,000 units (“Units”), at a price of $0.10 per Unit for gross proceeds of $1,096,000 (the “Offering”).

Each Unit consisted of one common share of Revive (a “Common Share”) and one whole Common Share purchase warrant (each warrant, a “Warrant”). Each Warrant entitles the holder to acquire one Common Share for $0.15 per Common Share for 24 months following closing of the Offering. Eligible finders were paid a cash fee of 6% of the gross proceeds from the Units sold with their assistance and were issued Warrants equal to 6% of the number of Units sold with their assistance. The fair value of the Warrants was estimated to be $347,980 using a valuation model incorporating Black-Scholes on the following assumptions: dividend yield of 0%; volatility of 107.92%; risk-free interest rate of 1.84%; and expected life of 2 years. The Company incurred total transaction costs of $$52,656 including $4,200 cash fee to finders. The Company also issued 42,000 finders' warrants with each finder's warrant exercisable into one Common Share for $0.15 per Common Share for 24 months following closing of the Offering. The fair value of the finders' warrants was estimated to be $1,954 using a valuation model incorporating Black-Scholes on the following assumptions: dividend yield of 0%; volatility of 107.92%; risk-free interest rate of 1.84%; and expected life of 2 years.

In conjunction with the completion of the Offering, Revive has also entered into a series of agreements (collectively “HHL Transactions”) with Herman Holdings Limited (“HHL”). The HHL Transactions have received approval of the TSXV Venture Exchange (“TSX-V”) and consist of the following:

(1) Revive and HHL have entered into a binding letter of intent (“JV LOI”) pursuant to which Revive and HHL will establish and hold interests on a 60%/40% basis in a new corporation (“JVCo”) with a business in extraction and marketing of cannabis oils and which, pursuant to the terms of the JV LOI and in accordance with applicable laws and the policies of the TSX-V, will pursue an application for a Standard Processing License under the Cannabis Act (Canada).

Pursuant to the terms of the JV LOI, each of Revive and HHL will have the right to appoint one member of the board of the JVCo and shall have the right to appoint the third director of JVCo jointly. The JV LOI also provides that upon entering into the definitive joint venture agreement, HHL shall have the right to appoint one director to the board of Revive and to nominate one member of the board of Revive at each shareholder meeting thereafter for as long as the definitive agreement is in effect.

(Expressed in Canadian dollars)

7. Share Capital (continued)

b) Common shares issued (continued)

(ii) (continued)

(2) In connection with the closing of the first tranche of the Offering, Revive has acquired an aggregate of 1,820,000 common shares of HHL at a price of $0.30 per common share of HHL for gross proceeds of $546,000 representing 4.1% of the issued and outstanding HHL Shares. Pursuant to the subscription agreement for common shares of HHL, in the event that HHL undertakes business in the United States or another jurisdiction which is unacceptable to the TSXV, Revive will be required to provide a notice to the TSXV for further review.

(3) Revive has entered into a supply agreement with a wholly-owned subsidiary of Richmond Cannabis Co. (“Richmond”), a partner of HHL, pursuant to which Richmond undertakes to supply in accordance with applicable laws and upon receipt of all required licenses, the cannabis required for the extraction operations of Revive and the JV Co.

(iii) On February 11, 2019, the Company completed the second tranche of the Offering. The second tranche of the Offering consisted of the sale of 3,050,000 Units, for the aggregate gross proceeds of both tranches of the Offering of $1,401,000. The fair value of the Warrants issued in the second tranche of the Offering was estimated to be $96,472 using a valuation model incorporating Black-Scholes on the following assumptions: dividend yield of 0%; volatility of 107.49%; risk-free interest rate of 1.77%; and expected life of 2 years. The Company incurred total transaction costs of $13,490.

In connection with the closing of the second closing of the Offering, Revive has acquired an additional 680,000 common shares of HHL at a price of $0.30 per common share of HHL for gross proceeds of $204,000. The Company holds 2,500,000 HHL shares in the aggregate or approximately 6.7% of the issued and outstanding HHL shares.

8. Warrants

The following table reflects the continuity of warrants for the periods ended March 31, 2019 and 2018:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2017	**5,655,315**	**$ 0.18**
Exercised	(3,626,350)	0.18
Balance, March 31, 2018	**2,028,965**	**$ 0.18**
Balance, June 30, 2018	**-**	**$ -**
Issued	14,010,000	0.15
Balance, March 31, 2019	**14,010,000**	**$ 0.15**

(Expressed in Canadian dollars)

8. Warrants (continued)

The following table reflects warrants issued and outstanding as at March 31, 2019:

Expiry Date and Description	Exercise Price ($)	Fair Value ($)	Number of Warrants Outstanding
February 4, 2021	0.15	347,980	10,960,000
February 8, 2021	0.15	96,472	3,050,000
Transaction costs		(20,985)	
	0.15	**423,467**	**14,010,000**

9. Broker and Finder Warrants

The following table reflects the continuity of broker and finder warrants for the periods ended March 31, 2019 and 2018:

	Number of Broker Warrants	Weighted Average Exercise Price
Balance, June 30, 2017 and March 31, 2018	**197,750**	**$ 0.10**
Balance, June 30, 2018	**-**	**$ -**
Issued	42,000	0.15
Balance, March 31, 2019	**42,000**	**$ 0.15**

The following table reflects broker and finder warrants issued and outstanding as at March 31, 2019:

Expiry Date	Exercise Price ($)	Fair Value ($)	Number of Broker Warrants Outstanding
February 4, 2021	0.15	1,954	42,000
	0.15	**1,954**	**42,000**

(Expressed in Canadian dollars)

10. Stock Options

The following table reflects the continuity of stock options for the periods ended March 31, 2019 and 2018:

	Number of Stock Options	Weighted Average Exercise Price
Balance, June 30, 2017	**2,518,151**	**$ 0.49**
Grant (ii)(iii)	600,000	0.27
Balance, March 31, 2018	**3,118,151**	**$ 0.45**
Balance, June 30, 2018	**3,470,375**	**$ 0.42**
Granted (v)(vi)	575,000	0.19
Balance, March 31, 2019	**4,045,375**	**$ 0.39**

The following table reflects the actual stock options issued and outstanding as at March 31, 2019:

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	4.28	40,375	40,375	$ 9,270
January 31, 2024	0.66	4.84	590,000	590,000	265,568
February 10, 2025	0.60	5.87	925,000	925,000	345,058
April 10, 2027 (i)	0.28	8.03	965,000	865,000	212,732
November 1, 2022 (ii)	0.20	3.59	250,000	250,000	31,336
November 29, 2022 (iii)	0.325	3.67	350,000	350,000	92,289
June 8, 2023 (iv)	0.205	4.19	350,000	262,500	59,785
August 21, 2023 (v)	0.205	4.39	75,000	25,000	10,070
October 11, 2020 (vi)	0.19	1.53	500,000	166,667	56,765
			4,045,375	**3,474,542**	**$ 1,082,873**

10. 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 three and nine months ended March 31, 2019, $nil (three and nine months ended March 31, 2018 - $26,227 and $79,847, respectively) was recorded as stock-based compensation in the unaudited condensed interim 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 three and nine months ended March 31, 2019, $nil and $3,580, respectively (three and nine months ended March 31, 2018 - $11,134 and $21,850, respectively) were recorded as stock-based compensation in the unaudited condensed interim 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 three and nine months ended March 31, 2019, $nil and $14,979, respectively (three and nine months ended March 31, 2018 - $39,727 and $56,647, respectively) was recorded as stock-based compensation in the unaudited condensed interim 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 three and nine months ended March 31, 2019, $3,890 and $46,020, respectively (three and nine months ended March 31, 2018 - $nil) was recorded as stock-based compensation in the unaudited condensed interim consolidated statements of comprehensive loss.

10. Stock Options (continued)

(v) On August 21, 2018, the Company 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 expiring August 21, 2023. The fair value of the stock options was estimated to be $10,070 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 121.01%; risk-free interest rates of 2.18%; and expected life of 5 years. These 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 three and nine months ended March 31, 2019, $1,242 and $6,419, respectively (three and nine months ended March 31, 2018 - $nil) was recorded as stock-based compensation in the unaudited condensed interim consolidated statements of comprehensive loss.

(vi) 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. The fair value of the stock options was estimated to be $56,765 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 121.58%; risk-free interest rates of 2.27%; and expected life of 2 years. These 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 three and nine months ended March 31, 2019, $6,999 and $32,221, respectively (three and nine months ended March 31, 2018 - $nil) was recorded as stock-based compensation in the unaudited condensed interim consolidated statements of comprehensive loss.

11. Net Loss per Common Share

The calculation of basic and diluted loss per share for the three and nine months ended March 31, 2019 was based on the loss attributable to common shareholders of $250,946 and $879,532, respectively (three and nine months ended March 31, 2018 - $400,965 and $1,277,171, respectively) and the weighted average number of common shares outstanding of 66,827,393 and 66,166,063, respectively (three and nine months ended March 31, 2018 - 57,362,648 and 55,285,220, respectively).

Diluted loss per share did not include the effect of 14,010,000 warrants (three and nine months ended March 31, 2018 - 2,028,965), 42,000 finder warrants (three and nine months ended March 31, 2018 - 197,750) and 4,045,375 stock options (three and nine months ended March 31, 2018 - 3,118,151) as they are anti-dilutive.

(Expressed in Canadian dollars)

12. 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, 2019	Three Months Ended March 31, 2018	Nine Months Ended March 31, 2019	Nine Months Ended March 31, 2018
Marrelli Support Services Inc. ("Marrelli Support") (i)	**$ 10,701**	$ 12,326	**$ 39,475**	$ 41,253
DSA Corporate Services Inc. and DSA Filing Services Limited (together, known as "DSA") (ii)	**$ 12,397**	$ 5,584	**$ 25,930**	$ 19,891

(i) Marrelli Support was owed $2,355 as at March 31, 2019 (June 30, 2018 - $2,416) 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 $3,883 as at March 31, 2019 (June 30, 2018 - $4,470) for corporate secretarial and filing services. This amount was included in accounts payable and accrued liabilities. DSA consists of two private companies beneficially controlled by Carmelo Marrelli, the CFO of the Company. 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)

12. 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 March 31, 2019 and 2018 was as follows:

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018	Nine Months Ended March 31, 2019	Nine Months Ended March 31, 2018
Stock-based compensation	**$ -**	$ 15,356	**$ -**	$ 46,750
Salaries and benefits	**$ 125,000**	$ 125,000	**$ 375,000**	$ 375,000

(c) Major shareholders:

As at March 31, 2019, 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, 11.39% 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, 11.39% 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.

13. 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.

(Expressed in Canadian dollars)

14. Office Expenses

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018	Nine Months Ended March 31, 2019	Nine Months Ended March 31, 2018
Reporting issuer costs	**$ 17,035**	$ 19,018	**$ 47,391**	$ 46,366
Administrative	**(1,936)**	1,237	**21,869**	11,149
Insurance	**10,468**	8,642	**26,485**	27,500
Travel and accommodation	**564**	181	**1,469**	3,083
Meals and entertainment	**1,267**	978	**1,708**	4,534
Bank charges	**570**	727	**1,978**	2,175
Interest income	**(1,533)**	(1,132)	**(4,664)**	(3,048)
	$ 26,435	$ 29,651	**$ 96,236**	$ 91,759

15. Subsequent Events

On April 11, 2019, the Company entered into a non-binding letter of intent (the “LOI”) with Richmond Cannabis Co. (“Richmond”), a late stage Licensed Producer applicant under the Cannabis Act, for the purpose of entering into a Collaboration and Royalty agreement (the “Definitive Agreement”).

On April 17, 2019, the Company announced the grant of United States Patent No. 10,104,888, titled "Tannin-chitosan composites," by the United States Patent and Trademark Office. This patent expands Revive’s coverage for the delivery of cannabinoids in various delivery routes.