
**Canadian Securities Exchange**

**Form 2A**

**Listing Statement**

**July 15, 2019**

# NOTE TO READER

The Listing Statement makes reference to Revive Therapeutics Ltd.'s ("**Revive**" or the "**Company**") Annual Information Form for the financial year ended June 30, 2018 ("**AIF**"), the Management's Discussion and Analysis for the year ended June 30, 2018 ("**MD&A (June 30/18)**"), the Interim Management's Discussion and Analysis for the three and nine months ended March 31, 2019 ("**MD&A (March 31, 2019)**"), and Management Information Circular for the annual and special meeting of shareholders held on December 19, 2018 ("**MIC**", together with the AIF, the MD&A (June 30/18) and the MD&A (March 31, 2019), the "**Disclosure Documents"**). Each of the Disclosure Documents have been filed under the Company's profile on SEDAR (www.sedar.com). Certain sections of the Canadian Securities Exchange ("**CSE**") form of Listing Statement have been included as schedules following the Disclosure Documents to provide additional disclosure on the Company, as required by the CSE.

# TABLE OF CONTENTS

1. Table of Concordance
2. Schedule A: Annual Information Form for the financial year ended June 30, 2018
3. Schedule B: Management's Discussion and Analysis for the year ended June 30, 2018
4. Schedule C:
    (i) Interim Management's Discussion and Analysis for the three and nine months ended March 31, 2019
    (ii) Interim Management's Discussion and Analysis for the three and six months ended December 31, 2018
    (iii) Interim Management's Discussion and Analysis for the three months ended September 30, 2018
5. Schedule D: Management Information Circular for the annual and special meeting of shareholders held on December 19, 2018
6. Schedule E:
    (i) Audited Consolidated Financial Statements of the Company for the years ended June 30, 2018 and 2017
    (ii) Audited Consolidated Financial Statements of the Company for the years ended June 30, 2017 and 2016
    (iii) Audited Consolidated Financial Statements of the Company for the years ended June 30, 2016 and 2015
7. Schedule F:
    (i) Unaudited Interim Consolidated Financial Statements for the three and nine months ended March 31, 2019 and 2018
    (ii) Unaudited Interim Consolidated Financial Statements for the three and six months ended December 31, 2018 and 2017
    (iii) Unaudited Interim Consolidated Financial Statements for the three months ended September 30, 2018 and 2017
8. Schedule G: Consolidated Capitalization
9. Schedule H: Options to Purchase Securities
10. Schedule I: Capitalization
11. Schedule J: Securities Convertible/Exchangeable into Common Shares
12. Schedule K: Certificate of the Issuer

# TABLE OF CONCORDANCE

This table provides the corresponding section to page numbers between the CSE Form 2A Listing Statement and the applicable Disclosure Document or schedule to this Listing Statement.

| | Information Required by Form 2A Listing Statement | Corresponding Schedule or Item in Disclosure Document | Disclosure Document and Page Number |
|---|---|---|---|
| **1.** | **Table of Contents** | Table of Contents | AIF Page 2 |
| **2.** | **Corporate Structure** | | |
| | 2.1 Name | Corporate Structure – Name, Address and Incorporation | AIF Page 5 |
| | 2.2 Incorporating Statute | Corporate Structure – Name, Address and Incorporation | AIF Page 5 |
| | 2.3 Intercorporate Relationships | Corporate Structure – Intercorporate Relationships | AIF Page 5 |
| | 2.4 Requalifying/ Fundamental Change | Not Applicable | - |
| | 2.5 Non-Corporate/ non-Canadian issuers | Not Applicable | - |
| **3.** | **General Development of the Business** | | |
| | 3.1 Development of business over past 3 financial years (and subsequent period) | General Development of the Business – Three Year History | AIF Pages 5 – 9 |
| | 3.2 Significant Acquisitions and Dispositions | General Development of the Business – Significant Acquisitions | AIF Page 9 |
| | 3.3 Material trends, commitments, events or uncertainties | Cautionary Note Regarding Forward Looking Statements | AIF Pages 3 – 5 |
| | | Regulatory Overview | AIF Pages 9 – 18 |
| | | Risk Factors | AIF Pages 32 – 42 |
| **4.** | **Narrative Description of the Business** | | |
| | 4.1 Description of business | Business of Revive – Overview | AIF Pages 19 – 27 |
| | 4.1(1)(a) Objectives within 12 month period | Business of Revive – Overview – Strategy | AIF Pages 19 – 20 |

| | Information Required by Form 2A Listing Statement | Corresponding Schedule or Item in Disclosure Document | Disclosure Document and Page Number |
|---|---|---|---|
| | | Business of Revive – List of Product Candidates | AIF Pages 25 – 26 |
| | 4.1(1)(b) Significant event or milestone that must occur for business objectives to be accomplished, time period for occurrence and costs related to each event | Business of Revive – List of Product Candidates | AIF Pages 25 – 26 |
| | 4.1(1)(c) Total funds available and breakdown of funds | Financial Highlights – Liquidity and Financial Position | MD&A March 31/19 Pages 16 – 17 |
| | 4.1(1)(d) Principal purposes for which funds will be used | Financial Highlights – Liquidity and Financial Position | MD&A March 31/19 Pages 16 – 17 |
| | 4.1(2)(a) Methods of distribution and principal markets for products and services | Business of Revive – Overview | AIF Pages 19 – 20 |
| | 4.1(2)(b) Information concerning production and sales | Not Applicable | - |
| | 4.1(2)(c) Information concerning the development of products and services | Business of Revive – Products Under Development | AIF Pages 20 – 25 |
| | | Business of Revive – List of Product Candidates | AIF Pages 25 – 26 |
| | 4.1(3)(a) Proposed method of providing services | Not Applicable | - |
| | 4.1(3)(b) Lease or Mortgage Information | Not Applicable | - |
| | 4.1(3)(c) Specialized skill and knowledge requirements | Business of Revive – Specialized Skill and Knowledge | AIF Page 26 |
| | 4.1(3)(d) Sources, pricing and availability of raw materials, component parts or finished products | Not Applicable | - |
| | 4.1(3)(e) Intellectual property, Intangibles Intellectual Property | Business of Revive – Intangible Properties | AIF Page 27 |
| | 4.1(3)(f) Seasonality of the business Cultivation | Not Applicable | - |

| | Information Required by Form 2A Listing Statement | Corresponding Schedule or Item in Disclosure Document | Disclosure Document and Page Number |
|---|---|---|---|
| | 4.1(3)(g) The impact on operations of termination or renegotiation of contracts in the 12 months following the date of the Listing Statement | Not Applicable | - |
| | 4.1(3)(h) The impact of environmental protection requirements | Not Applicable | - |
| | 4.1(3)(i) Number of employees | Business of Revive – Employees | AIF Page 27 |
| | 4.1(3)(j) Foreign operations risk | Not Applicable | - |
| | 4.1(3)(k) Dependence on contracts | Not Applicable | - |
| | 4.1(3)(l) The impact on operations of termination or renegotiation of contracts in the current financial year | Not Applicable | - |
| | 4.1(4) Competitive conditions in principal markets and competitive advantage | Business of Revive – Competitive Conditions | AIF Page 26 |
| | 4.1(5) Lending operations, investment policies and lending and investment restrictions | Not Applicable | - |
| | 4.1(6) Bankruptcy, receivership or similar proceedings | Not Applicable | - |
| | 4.1(7) Material restructuring transaction | Not Applicable | - |
| | 4.1(8) Social or environmental policies | Not Applicable | - |
| | 4.2 Disclosure by issuers with asset backed securities | Not Applicable | - |
| | 4.3 Disclosure by issuers with mineral projects | Not Applicable | - |
| | 4.4 Disclosure by issuers with oil and gas operations | Not Applicable | - |

| | Information Required by Form 2A Listing Statement | Corresponding Schedule or Item in Disclosure Document | Disclosure Document and Page Number |
|---|---|---|---|
| **5.** | **Selected Consolidated Financial Information** | | |
| | 5.1 Annual Information – Financial data for the last 3 completed financial years, and any subsequent period where financial statements have been prepared, accompanied by discussion | Selected Annual Financial Information | MD&A (June 30/18) Pages 27 – 28 |
| | | Schedule E – | - |
| | | (i) Audited Consolidated Financial Statements of the Company for the years ended June 30, 2018 and 2017 | |
| | | (ii) Audited Consolidated Financial Statements of the Company for the years ended June 30, 2017 and 2016 | - |
| | | (iii) Audited Consolidated Financial Statements of the Company for the years ended June 30, 2016 and 2015 | - |
| | | Schedule F – | |
| | | (i) Unaudited Interim Consolidated Financial Statements for the three and nine months ended March 31, 2019 and 2018 | - |
| | | (ii) Unaudited Interim Consolidated Financial Statements for the three and six months ended December 31, 2018 and 2017 | - |
| | | (iii) Unaudited Interim Consolidated financial statements for the three months ended September 30, 2018 and 2017 | - |
| | 5.2 Quarterly Information - for 8 most recently completed quarters | Summary of Quarterly Results | MD&A (June 30/18) Pages 26 – 27 |
| | 5.3 Dividends - Restrictions on paying dividends and dividend policy | Dividends and Distributions | AIF Page 27 |

| | Information Required by Form 2A Listing Statement | Corresponding Schedule or Item in Disclosure Document | Disclosure Document and Page Number |
|---|---|---|---|
| | 5.4 Foreign GAAP | Not Applicable | - |
| **6.** | **Management's Discussion and Analysis ("MD&A")** | | |
| | Annual MD&A | Schedule B – Management's Discussion and Analysis for the year ended June 30, 2018 | - |
| | Interim MD&A | Schedule C – | |
| | | (i) Interim Management's Discussion and Analysis for the three and nine months ended March 31, 2019 | - |
| | | (ii) Interim Management's Discussion and Analysis for the three and six months ended December 31, 2018 | - |
| | | (iii) Interim Management's Discussion and Analysis for the three months ended September 30, 2018 | - |
| **7.** | **Market for Securities** | | |
| | 7.1 Exchanges / quotation / trade reporting systems | Market for Securities – Trading Price and Volume, Prior Sales | AIF Pages 27 – 29 |
| **8.** | **Consolidated Capitalization** | | |
| | 8.1 Material change and effect on share and loan capital since recently completed fiscal year | Schedule G – Consolidated Capitalization | - |
| **9.** | **Options to Purchase Securities** | | |
| | 9.1 Options to purchase securities | Schedule H – Options to Purchase Securities | - |
| **10.** | **Description of the Securities** | | |

| | Information Required by Form 2A Listing Statement | Corresponding Schedule or Item in Disclosure Document | Disclosure Document and Page Number |
|---|---|---|---|
| | 10.1 Description of all material attributes and characteristics of each class of equity securities | Description of Capital Structure | AIF Page 27 |
| | 10.2 Description of debt securities being listed, if any | Not Applicable | - |
| | 10.4 Description of other securities being listed | Not Applicable | - |
| | 10.5 Modification of terms or amendment or variation of any rights attached to securities being listed | Not Applicable | - |
| | 10.6 Limitations or qualifications on rights attaching to securities being listed as a result of other classes of securities | Not Applicable | - |
| | 10.7 Prior Sales | General Development of the Business – Three Year History | AIF Pages 6 – 9 |
| | | Market for Securities – Prior Sales | AIF Pages 28 – 29 |
| | | Schedule J – Securities Convertible/Exchangeable into Common Shares | - |
| | 10.8 Stock Exchange Price | Market for Securities – Trading Price and Volume | AIF Page 27 – 28 |
| **11.** | **Escrowed Securities** | | |
| | 11.1 Table of escrowed securities | Escrowed Securities | AIF Page 29 |
| **12.** | **Principal Shareholders** | | |
| | 12.1 Principal Shareholders as of specified date not more than 30 days before date of listing | Not Applicable | - |
| **13.** | **Directors and Officers** | | |
| | 13.1 Name, municipality of residence, position(s) within past 5 years of each director and officer | Directors and Officers – Name, Occupation and Security Holding | AIF Pages 29 – 30 |

| | Information Required by Form 2A Listing Statement | Corresponding Schedule or Item in Disclosure Document | Disclosure Document and Page Number |
|---|---|---|---|
| | 13.2 Term of office of directors | Directors and Officers – Name, Occupation and Security Holding | AIF Pages 29 – 30 |
| | 13.3 Number and percentage of securities owned | Directors and Officers – Name, Occupation and Security Holding | AIF Pages 29 – 30 |
| | 13.4 Board committees and members | Directors and Officers – Name, Occupation and Security Holding | AIF Pages 29 – 30 |
| | 13.5 Principal occupation if that occupation is acting as a director or officer of another company | Directors and Officers – Name, Occupation and Security Holding | AIF Pages 29 – 30 |
| | 13.6 Cease trade order or bankruptcy | Directors and Officers – Cease Trade Orders, Bankruptcies, Penalties or Sanctions | AIF Page 30 |
| | 13.7 & 13.8 Penalties and sanctions | Directors and Officers – Cease Trade Orders, Bankruptcies, Penalties or Sanctions | AIF Page 30 |
| | 13.9 Bankruptcy proceedings | Directors and Officers – Cease Trade Orders, Bankruptcies, Penalties or Sanctions | AIF Page 30 |
| | 13.10 Material Conflicts of Interest | Directors and Officers – Conflicts of Interest | AIF Page 31 |
| | 13.11 Information regarding members of management | Directors and Officers – Name, Occupation and Security Holdings | AIF Page 30 |
| **14.** | **Capitalization** | | |
| | 14.1 Chart with respect to each class of securities to be listed, including public float, freely-tradeable float, public security holders (registered), public security holders (beneficial), non-public security holders (registered) | Schedule I – Capitalization | - |

| | Information Required by Form 2A Listing Statement | Corresponding Schedule or Item in Disclosure Document | Disclosure Document and Page Number |
|---|---|---|---|
| | 14.2 Chart with respect to securities convertible or exchangeable into class of listed securities | General Development of the Business – Three Year History | AIF Pages 6 – 9 |
| | | Market for Securities – Prior Sales | AIF Pages 28 – 29 |
| | | Schedule J – Securities Convertible/Exchangeable into Common Shares | - |
| | 14.3 Listed securities reserved for issuance not included in item 14.2 | Not Applicable | - |
| **15.** | **Executive Compensation** | | |
| | 15.1 Statement of Executive Compensation | Executive Compensation | MIC Pages 7 – 14 |
| **16.** | **Indebtedness of Directors and Executive Officers** | | |
| | 16.1 Aggregate Indebtedness | Not Applicable | - |
| | 16.2 Indebtedness of Directors and Officers under (1) Securities Purchase and (2) Other Programs | Not Applicable | - |
| **17.** | **Risk Factors** | | |
| | 17.1 Risk factors related to the Company and its business | Risk Factors | AIF Pages 32 – 42 |
| | 17.2 Risk of additional contribution | Not Applicable | - |
| | 17.3 Other material risk factors | Risk Factors | AIF Pages 32 – 42 |
| **18.** | **Promoters** | | |
| | 18.1 Identity of promoters, shares held and assets acquired from or transferred to the Company by promoters | Promoter | AIF Page 31 |
| | 18.2 Promoter subject to cease trade order, bankruptcy, penalties or sanctions | Not Applicable | - |
| **19.** | **Legal Proceedings** | | |

| | Information Required by Form 2A Listing Statement | Corresponding Schedule or Item in Disclosure Document | Disclosure Document and Page Number |
|---|---|---|---|
| | 19.1 Material legal proceedings | Legal Proceedings and Regulatory Actions | AIF Page 31 |
| | 19.2 Regulatory actions | Legal Proceedings and Regulatory Actions | AIF Page 31 |
| **20.** | **Interests of Management and Others in Material Transactions** | | |
| | 20.1 Management interests in material transactions | Interest of Management and Others in Material Transactions | AIF Page 31 |
| **21.** | **Auditors, Transfer Agents and Registrars** | | |
| | 21.1 Name and address of the auditor for the Company | Interests of Experts | AIF Page 32 |
| | 21.2 Name and location of transfer agent for each class of securities | Transfer Agent and Registrar | AIF Page 31 |
| **22.** | **Material Contracts** | | |
| | 22.1 Particulars for each material contract | Material Contracts | AIF Page 31 |
| | 22.2 Copies of co-tenancy, unitholders' or limited partnership agreements | Not Applicable | - |
| **23.** | **Interest of Experts** | | |
| | 23.1 Direct or indirect interests of experts in the property of the Company or a Related Party | Interests of Experts | AIF Page 32 |
| | 23.2 Direct or indirect interests of experts in the securities of the Company or a Related Party | Not Applicable | - |
| | 23.3 Statement to the effect that ownership interest is less than 1% | Not Applicable | - |
| | 23.4 Disclosure that expert is, or is expected to be, appointed as a director or officer of the Company | Not Applicable | - |
| **24.** | **Other Material Facts** | | |

| | Information Required by Form 2A Listing Statement | Corresponding Schedule or Item in Disclosure Document | Disclosure Document and Page Number |
|---|---|---|---|
| | 24.1 Describe other material facts not disclosed elsewhere | Not Applicable | - |
| **25.** | **Financial Statements** | | |
| | 25.1 Audited financial statements for the past three years, and financial statements for any completed interim period of the current fiscal year | Schedule E –<br>(i) Audited Consolidated Financial Statements of the Company for the years ended June 30, 2018 and 2017;<br>(ii) Audited Consolidated Financial Statements of the Company for the years ended June 30, 2017 and 2016;<br>(iii) Audited Consolidated Financial Statements of the Company for the years ended June 30, 2016 and 2015<br><br>Schedule F –<br>(i) Unaudited Interim Consolidated Financial Statements for the three and nine months ended March 31, 2019 and 2018;<br>(ii) Unaudited Interim Consolidated Financial Statements for the three and six months ended December 31, 2018 and 2017;<br>(iii) Unaudited Interim Consolidated financial statements for the three months ended September 30, 2018 and 2017 | -<br>-<br>-<br>-<br>-<br>- |
| | 25.2 Additional information for issuers re-qualifying for listing following a fundamental change | Not Applicable | - |
| **26.** | **Certificate of the Company** | Schedule K | - |

# Schedule A

## Annual Information Form for the financial year ended June 30, 2018


# ANNUAL INFORMATION FORM

## FOR THE FINANCIAL YEAR ENDED JUNE 30, 2018

**April 10, 2019**

**TABLE OF CONTENTS**


Cautionary Note Regarding Forward-Looking Statements ..... 3
Use of Market and Industry Data ..... 5
Corporate Structure ..... 5
General Development of the Business ..... 5
Regulatory Overview ..... 9
Business of Revive ..... 19
Description of Capital Structure ..... 27
Dividends and Distributions ..... 27
Market for Securities ..... 27
Escrowed Securities ..... 29
Directors and Officers ..... 29
Promoter ..... 31
Legal Proceedings and Regulatory Actions ..... 31
Interest of Management and Others in Material Transactions ..... 31
Transfer Agent and Registrar ..... 31
Material Contracts ..... 31
Interests of Experts ..... 32
Risk Factors ..... 32
Audit Committee ..... 42
Additional Information ..... 43
Appendix “A” Glossary ..... 1
Appendix “B” Audit Committee Charter ..... 1

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual information form ("**AIF**") contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "**forward-looking statements**"). These statements relate to future events or to the future performance of Revive Therapeutics Ltd. (referred to herein as "**Revive**" or the "**Company**"). All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this AIF speak only as of the date of this AIF or as of the date specified in such statement.

The following table outlines certain significant forward-looking statements made in this AIF, the material assumptions used to develop such forward-looking statements, and material risk factors that could cause actual results to differ materially from the results anticipated in these forward-looking statements.

| Forward-Looking Statements | Assumptions | Risk Factors |
|---|---|---|
| The Company's (i) development of product candidates, (ii) demonstration of such product candidates' safety and efficacy in clinical trials, and (iii) obtaining regulatory approval to commercialize these product candidates. | Financing will be available for development of new product candidates and conducting clinical studies; the actual results of the clinical trials will be favourable; development costs will not exceed Revive's expectations; the Company will be able to retain and attract skilled staff; the Company will be able to recruit suitable patients for clinical trials; all requisite regulatory and governmental approvals to commercialize the product candidates will be received on a timely basis upon terms acceptable to Revive; applicable economic conditions are favourable to Revive. | Availability of financing in the amount and time frame needed for the development and clinical trials may not be favourable; increases in costs; the Company's ability to retain and attract skilled staff; the Company's ability to recruit suitable patients for clinical trials; timely and favourable regulatory and governmental compliance, acceptances, and approvals; interest rate and exchange rate fluctuations; changes in economic conditions. |
| The Company's ability to obtain the substantial capital it requires to fund research and operations. | Financing will be available for Revive's research and operations and the results thereof will be favourable; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to Revive. | Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in cost of research and operations; interest rate and exchange rate fluctuations; adverse changes in economic conditions. |
| Factors affecting pre-clinical research, clinical trials and regulatory approval process of the Company's product candidates. | Actual costs of pre-clinical research, clinical and regulatory processes will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; the Company will be able to recruit suitable patients for clinical trials; the Company will be able to complete pre-clinical research and clinical studies on a timely basis with favourable results; all applicable regulatory and governmental approvals for product candidates will be received on a timely basis with terms acceptable to Revive; debt and equity markets, exchange and interest | Revive's product candidates may require time-consuming and costly pre-clinical and clinical studies and testing and regulatory approvals before commercialization; the Company's ability to retain and attract skilled staff; the Company's ability to recruit suitable patients for clinical trials; adverse changes in regulatory and governmental processes; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company will not be adversely affected by market |

| Forward-Looking Statements | Assumptions | Risk Factors |
|---|---|---|
| | rates, and other applicable economic and political conditions are favourable to Revive; there will be a ready market for the product candidates. | competition. |
| The Company's ability to commercialize on its own or find and enter into agreements with potential partners to bring viable product candidates to commercialization. | Revive will be able to commercialize on its own or to find a suitable partner and enter into agreements to bring product candidates to market within a reasonable time frame and on favourable terms; the costs of commercializing on its own or entering into a partnership will be consistent with Revive's expectations; partners will provide necessary financing and expertise to bring product candidates to market successfully and profitably. | Revive will not be able to commercialize on its own or find a partner and/or enter into agreements within a reasonable time frame; if the Company enters into agreements, these agreements may not be on favourable terms to Revive; costs of entering into agreements may be excessive; potential partners will not have the necessary financing or expertise to bring product candidates to market successfully or profitably. |
| The Company's ability to obtain and protect the Company's intellectual property rights and not infringe on the intellectual property rights of others. | Patents and other intellectual property rights will be obtained for viable product candidates; patents and other intellectual property rights obtained will not infringe on others. | Revive will not be able to obtain appropriate patents and other intellectual property rights for viable product candidates; patents and other intellectual property rights obtained will be contested by third parties; no proof that acquiring a patent will make the product more competitive. |
| The Company's ability to source markets which have demand for its products and successfully supply those markets in order to generate sales. | The anticipated markets for the Company's potential products and technologies will continue to exist and expand; the Company's products will be commercially viable and it will successfully compete with other research teams who are also examining potential products and therapeutics with regards to cannabinoids, gout, cystinuria, Wilson's disease, rare diseases, pain, inflammatory skin diseases, liver diseases, inflammation, autoimmune, and central nervous system disorders. | The anticipated market for the Company's potential products and technologies will not continue to exist and expand for a variety of reasons, including competition from other products and the degree of commercial viability of the potential product. |
| Future actions with respect to and potential impacts of pending claims. | Revive will be able to settle or otherwise obtain disposition of claims against it on favourable terms. | Revive may will not be able to settle pending claims on favourable terms; claims may be adjudicated in a manner that is not favourable to Revive. |

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Revive's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this AIF.

Forward looking statements involve known and unknown risks, uncertainties and other factors that may cause Revive's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward looking statements. All forward looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward looking statements, unless required by law.

## USE OF MARKET AND INDUSTRY DATA

This AIF includes market and industry data that has been obtained from third party sources, including industry publications, as well as industry data prepared by the Company's management on the basis of its knowledge of and experience in the industry in which the Company operates (including management's estimates and assumptions relating to the industry based on that knowledge). Management's knowledge of the industry has been developed through its experience and lengthy participation in the industry. Management believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although believed to be reliable, the Company's management has not independently verified any of the data from third party sources referred to in this AIF or ascertained the underlying economic assumptions relied upon by such sources.

## CORPORATE STRUCTURE

### Name, Address and Incorporation

Revive Therapeutics Inc. ("**Old Revive**") was incorporated on August 7, 2012, under the *Business Corporations Act* (Ontario) (the "**OBCA**"). On December 30, 2013, Old Revive completed a reverse take-over ("**RTO**") of Mercury Capital II Limited ("**Mercury**").

Pursuant to the RTO, Old Revive, Mercury, and a subsidiary of Mercury completed a triangular amalgamation under the OBCA pursuant to which shares of Old Revive were exchanged for shares of Mercury on the basis of one (1) Mercury share for each one (1) Old Revive share, all of the outstanding shares of Old Revive were acquired by Mercury Capital III Limited ("**Mercury AcquisitionCo**"), Old Revive and Mercury AcquisitionCo were amalgamated, and the resulting company, named Revive Therapeutics Inc. ("**Revive Inc.**"), continued as a wholly-owned subsidiary of Mercury (the "**Amalgamation**"). Upon completion of the Amalgamation, Mercury's articles of incorporation were amended to change its name to "Revive Therapeutics Ltd."

Mercury was incorporated under the OBCA on March 27, 2012. Prior to the completion of the RTO, Mercury was classified as a capital pool company under the policies of the TSX Venture Exchange ("**TSX-V**"), and accordingly, had no commercial operations, and no significant assets other than cash. Completion of the RTO constituted a qualifying transaction as defined by the TSX-V for Mercury.

The Company's head and registered office is located at 5 Director Court, Suite 105, Vaughan, Ontario, L4L 4S5.

### Intercorporate Relationships

The Company owns 100% of the issued and outstanding shares of Revive Inc., which is its only subsidiary.

## GENERAL DEVELOPMENT OF THE BUSINESS

The Company is focused on the research, development and commercialization of novel cannabinoid-based products. The business of the Company was previously focused on the advancement of repurposing the drug bucillamine for

the treatment of gout (pain from flares) and cystinuria (kidney stones). As at June 30, 2018, the Company had changed its primary business to focus on the research, development and commercialization of novel cannabinoid-based products.

**Three Year History**

*Business Developments related to Bucillamine during the Last Three Financial Years*

The Company's efforts were initially focused on the development of the drug bucillamine for the potential treatment of cystinuria ("**REV-004**") and acute gout flares ("**REV-002**"). Below is an overview of the Company's business developments in relation to the drug bucillamine during the last three financial years.

With respect to the Company's REV-004 program, the United States Food and Drug Administration ("**FDA**") granted the Company orphan drug designation for the use of bucillamine in the treatment of cystinuria. As result, the Company submitted an investigational new drug application ("**IND**") with the FDA to conduct a Phase II-A clinical study for the use of bucillamine for the treatment of cystinuria. On July 6, 2016, the Company announced that the FDA had accepted its IND. The Phase II-A clinical trial was a multi-center, dose escalation trial focused on assessing the safety and effectiveness of bucillamine on urinary cystine excretion and cystine capacity in patients with cystinuria. The primary outcome measures were the incidence of treatment-emergent adverse events along with secondary outcome measuring 24-hour urine cysteine excretion and 24-hour urine cystine capacity. The Company initiated the U.S. Phase II-A clinical study in February 2017. The Company initially sought out a development and commercialization partner to advance the REV-004 program; however, the Company has decided to halt the clinical study and commence closing study procedures as it focuses its attention on the research, development and commercialization of novel cannabinoid-based products. See "*Regulatory Overview - U.S. Government Regulation*" for a description of the FDA's Orphan Drug Designation and Clinical Trials process.

With respect to the Company's REV-002 program, in November 2014, the FDA accepted the Company's IND application to conduct a Phase II-A clinical study for REV-002 for the treatment of acute gout flares. The Company completed the Phase II-A clinical study in patients with acute gout flares in the U.S. and is in the process of closing out the study. On December 1, 2015, the Company announced positive final results from its Phase II-A clinical study of REV-002. The final primary endpoint results were reported for 74 subjects that had completed the seven-day treatment period. In February 2016, the Company received positive feedback from the FDA with respect to the Company's proposed Phase II-B clinical study for acute gout flares, and based on this feedback the Company submitted a Phase II-B protocol to the FDA in the first half of 2016. The Company obtained approval to conduct a Phase II-B clinical study in the U.S. The Company did not intend to independently conduct Phase II-B trials, and initially sought pharmaceutical development and commercial partners for the continued development of REV-002; however the Company has since shifted its attention away from the development of the REV-004 program as it focuses its attention on the research, development and commercialization of novel cannabinoid-based products. See "*Regulatory Overview - U.S. Government Regulation*" for a description of the FDA's Orphan Drug Designation and Clinical Trials process.

The Company is presently in the process of winding down the aspect of its business related to the development of the drug bucillamine.

*Business Developments related to Cannabinoid-based Products during the Last Three Financial Years*

Since January 2017, the Company has been focused on the research, development and commercialization of novel cannabinoid-based products. Below is an overview of the Company's business developments with respect to cannabinoids over the last three financial years.

In February 2017, the Company announced that it was expanding its product pipeline through the development of cannabinoid-based therapeutics targeting liver diseases. The Company has announced a number of agreements relating to this expansion of its product pipeline, including the following:

- In September 2017, the Company, through Revive Inc., and South Carolina Research Foundation ("**SCRF**") entered into a license agreement (the "**SCRF License Agreement**"), under which Revive Inc.

was granted an exclusive license by SCRF to develop and commercialize certain intellectual property protected by a portfolio of patents based on cannabinoid-based therapeutics, such as cannabidiol ("**CBD**"), in the treatment of liver diseases. See "*Products Under Research and Development Programs in Liver Diseases*".

- In October 2017, the Company, through Revive Inc., entered into a research collaboration with Sanyal Biotechnology LLC ("**SanyalBio**") focused on advancing cannabinoids for the potential treatment of liver diseases. This research collaboration led the Company to announce on January 30, 2018 the advancement of a research program to evaluate CBD in the treatment of autoimmune hepatitis ("**AIH**"), a rare liver disease. This research program is also overseen by SanyalBio.

- In March 2018, the Company and Ehave, Inc., a healthcare company dedicated to empowering the mental health community with next-generation digital solutions, announced that they had entered into a collaboration agreement to enable enhanced patient and clinical research data management for Revive's research initiatives involving medical cannabis for the treatment of liver diseases.

- In June 2018, the Company, through Revive Inc., entered into a supply agreement and a collaboration agreement for medical cannabis products and therapies (the "**WeedMD Agreements**") with WeedMD Inc. ("**WeedMD**"), a federally-licensed producer and distributor of medical cannabis. Under the WeedMD Agreements, WeedMD will supply Revive Inc. with CBD for the research program evaluating CBD in the treatment of liver disease, specifically non-alcoholic steatohepatitis and AIH. WeedMD will support the Company's research, development and potential commercialization of CBD in the treatment of liver disease. Additionally, Revive and WeedMD agreed to identify opportunities for developing and commercializing medical cannabis products and therapies for potential collaboration in other treatments.

The Company's efforts to develop cannabinoid-based therapeutics targeting liver diseases resulted in the Company announcing in June, 2018 that it had been granted Orphan Drug Designation from the FDA for the use of CBD in the treatment of AIH. See "*Regulatory Overview – U.S. Government Regulation*" for a description of the FDA's orphan drug designation.

In addition to focusing on the development of cannabinoid-based therapeutics targeting liver diseases, during 2017 and 2018 the Company, through Revive Inc., engaged and successfully completed a research program with the University of Wisconsin-Madison (the "**University of Wisconsin-Madison Research Program**") focused on the development of a technology to potentially deliver cannabinoids via the topical route. The research project evaluated tannin-chitosan based hydrogel formulations in combination with synthetic cannabidiol in anti-inflammatory and permeability models. The results demonstrated a new and stable formulation of the tannin-chitosan composites and synthetic cannabidiol (the "**Formulation**"). The Formulation shown to attenuate LPS-induced macrophage activation in a dose-response manner, showing a reduction for inducible nitric oxide synthase (iNOS), as well as an increase on intracellular production of tumor necrosis factor alpha (TNF-a) as the concentration of CBD is increased. Thus, the Formulation exhibited anti-inflammatory properties and suggested that the tannin-chitosan composites have anti-inflammatory activity that may complement synthetic cannabidiol. Also, the Formulation successfully demonstrated that the addition of tannin-chitosan composite to synthetic cannabidiol directly influenced its topical diffusion properties and the tannin-chitosan composite was able to reduce synthetic cannabidiol permeability through the simulated skin membrane, thus increasing the time for its availability and enabling the potential to be developed as a controlled or sustained release delivery system that may lead to single-dose treatments. The successful completion of the University of Wisconsin-Madison Research Program led the Company to announce on April 30, 2018 that it had, through Revive Inc., entered into an exclusive worldwide license agreement with the Wisconsin Alumni Research Foundation ("**WARF**") for the commercialization of the Company's cannabinoid delivery technology (the "**WARF License Agreement**"). Under the terms of the WARF License Agreement, the Company gained exclusive worldwide rights to intellectual property for the development and commercialization of cannabinoid-based products for therapeutic and/or prophylactic purposes delivered via topical, subcutaneous, buccal-mucosal or oral applications. See "*Exclusive Worldwide License Agreement with WARF*".

The Company also entered into other agreements relating to its new focus on the research, development and commercialization of novel cannabinoid-based products. These agreements include the following:

- In November 2017, the Company, through Revive Inc., entered into a license and development agreement with Nexalogy Environics Inc., (a wholly owned subsidiary of Datametrix AI Limited) to develop the actionable intelligence component in Revive's proprietary patient-focused program enabled by blockchain technology dedicated to the medical cannabis industry. This agreement was completed in May 2018.

- In December 2017, the Company, through Revive Inc., entered into a collaboration agreement with Chemi Pharmaceutical Inc., a licensed dealer for cannabis pursuant to the *Controlled Drugs and Substances Act* under Health Canada and in possession of a laboratory approved by the FDA. As of the date of this AIF, no activities have been performed by either party under this agreement.

*Other Business Developments during the Last Three Financial Years*

On November 25, 2015, the Company announced that it had been listed for trading on the OTCQB® Market exchange in the United States under the symbol "RVVTF".

On June 17, 2016, the Company completed a rights offering for gross proceeds of $844,693.

On August 18, 2016, the Company completed a non-brokered private placement of units for gross proceeds of $1,500,000 (the "**August 2016 Offering**"). Pursuant to the August 2016 Offering, the Company issued 15,000,000 units at $0.10 per unit. Each unit consisted of one common share and one-half of one common share purchase warrant. The Company paid $113,765 in cash finder's fees and other transaction costs of which, $90,692 was allocated to share capital and $23,073 was allocated to the common share purchase warrants. The Company also issued 492,450 finder's warrants to qualified arm's length finders. The finder's warrants entitled the holder to acquire one unit for $0.10 until June 18, 2018.

*Business Developments Subsequent to the Financial Year Ended June 30, 2018*

Since its June 30, 2018 financial year end, the Company has continued its focus on the research, development and commercialization of novel cannabinoid-based products.

In August 2018, the Company, through Revive Inc., and AXIM Biotechnologies, Inc. ("**Axim**") entered into a distribution and license agreement (the "**Axim Agreement**") related to the exclusive commercialization in Canada of Axim's CanChew™ product, a CBD-based controlled release chewing gum. The Company intends to market this product in Canada under the brand RELICANN™, which was announced by the Company on September 11, 2018. See "*Proposed buccal cannabinoid delivery technology*".

Also in August 2018, the Company announced that it had submitted an application to the FDA seeking orphan drug designation of CBD for the treatment of hepatic ischemia and reperfusion injury ("**IRI**") during liver transplantation. In November 2018, the FDA granted orphan drug designation for CBD in the prevention of IRI resulting from solid organ transplantation. See "*Regulatory Overview – U.S. Government Regulation*" for a description of the FDA's Orphan Drug Designation.

On February 5, 2019, the Company completed the first tranche of a non-brokered private placement for a total of 10,960,000 units, at a price of $0.10 per unit for gross proceeds of $1,096,000 (the "**February Offering**"). Each unit consisted of one common share of Revive and one whole common share purchase warrant. Each common share purchase warrant entitles the holder to acquire one common share for $0.15 per common share for 24 months following closing of the February Offering.

In conjunction with the completion of the February Offering, Revive entered into a series of agreements (collectively the "**HHL Transactions**") with Herman Holdings Limited ("**HHL**"). The HHL Transactions received approval of the TSX-V and consist of the following:

(1) Revive and HHL 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 will have the right to appoint one director to the board of directors of Revive (the "**Board**") and to nominate one member of the Board at each shareholder meeting thereafter for as long as the definitive agreement is in effect.

(2) In connection with the closing of the first tranche of the February Offering, Revive 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 TSX-V, Revive will be required to provide a notice to the TSX-V for further review.

(3) The Company 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 proposed extraction operations of Revive and the JVCo.

On February 11, 2019, the Company completed the second tranche of the February Offering. The second tranche of the February Offering consisted of the sale of 3,050,000 units, for the aggregate gross proceeds of both tranches of the February Offering of $1,401,000. In connection with the closing of the second tranche of the February Offering, Revive 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. As a result, the Company holds 2,500,000 HHL shares in the aggregate or approximately 6.7% of the issued and outstanding HHL shares.

**Significant Acquisitions**

The Company did not complete any acquisitions during the financial year ended June 30, 2018, for which disclosure is required under Part 8 of National Instrument of 51-102 - *Continuous Disclosure Obligations* ("**NI 51-102**").

## REGULATORY OVERVIEW

**Regulatory Framework in Canada for Cannabis**

The following summary addresses the primary Canadian federal laws and regulations associated with the production and distribution of legal cannabis and related products. It does not address the laws and regulations of any other jurisdiction.

***Background***

On October 17, 2018, the *Cannabis Act* (Canada) and the *Cannabis Regulations* came into force, legalizing the sale of cannabis for adult recreational use. Prior to the *Cannabis Act* (Canada) and the *Cannabis Regulations* coming into force, only the sale of medical cannabis was legal and was regulated by the Access to Cannabis for Medical Purposes Regulations ("**ACMPR**") made under the *Controlled Drugs and Substances Act* (Canada) ("**CDSA**"). The *Cannabis Act* (Canada) and the *Cannabis Regulations* replaced the CDSA and the ACMPR as the governing laws and regulations in respect of the production, sale and distribution of medical cannabis and related oil extract. Given that the *Cannabis Act* (Canada) and the *Cannabis Regulations* are very new, the impact of such regulatory changes on the Company's business is unknown. See "*Risk Factors – Changes in laws and regulations*".

The *Cannabis Act* (Canada) provides a licensing and permitting scheme for the production, importation, exportation, testing, packaging, labelling, sending, delivery, transportation, sale, possession and disposal of cannabis for non-medicinal use (i.e. adult use), to be implemented by regulations made under the *Cannabis Act* (Canada). The *Cannabis Act* (Canada) maintains separate access to cannabis for medical purposes, including providing that import and export licences and permits will only be issued in respect of cannabis for medical or scientific purposes

or in respect of industrial hemp. The *Cannabis Regulations*, among other things, set out regulations relating to the following matters: (i) licences, permits and authorizations; (ii) security clearances; (iii) cannabis tracking system; (iv) cannabis products; (v) packaging and labelling; (vi) cannabis for medical purposes; and (vii) drugs containing cannabis.

***Licences, Permits and Authorizations***

The *Cannabis Regulations* establish six classes of licences under the *Cannabis Act* (Canada): (i) cultivation licences; (ii) processing licences; (iii) analytical testing licences; (iv) sales for medical purposes licences; (v) research licences; and (vi) cannabis drug licences. The *Cannabis Regulations* also create subclasses for cultivation licences (standard cultivation, micro-cultivation and nursery) and processing licences (standard processing and micro-processing). Different licences and each subclass therein, carry differing rules and requirements that are intended to be proportional to the public health and safety risks posed by each licence category and each subclass. The *Cannabis Regulations* provide that all licences issued under the *Cannabis Act* (Canada) will be valid for a period of no more than five years.

The *Cannabis Regulations* permit cultivation licence holders to conduct both outdoor and indoor cultivation of cannabis, however no licensed activities (except for destruction, antimicrobial treatment and distribution) can take place in a "dwelling-house". The implications of the proposal to allow outdoor cultivation are not yet known, but such a development could be significant as it may reduce start-up capital required for new entrants in the cannabis industry. It may also ultimately lower prices as capital expenditure requirements related to growing outside are typically much lower than those associated with indoor growing.

***Security Clearances***

Certain people associated with cannabis licensees, including individuals occupying a "key position" such as directors, officers, large shareholders and individuals identified by the Canadian Minister of Health (the "**Minister**"), must hold a valid security clearance issued by the Minister. Under the *Cannabis Regulations*, the Minister may refuse to grant security clearances to individuals with associations to organized crime or with past convictions for, or an association with, drug trafficking, corruption or violent offences. This was largely the approach in place under the ACMPR and other related regulations governing the licensed production of cannabis for medical purposes. Individuals who have histories of non-violent, lower-risk criminal activity (for example, simple possession of cannabis, or small-scale cultivation of cannabis plants) are not precluded from participating in the legal cannabis industry, and the grant of security clearance to such individuals is at the discretion of the Minister and such applications will be reviewed on a case-by-case basis.

Security clearances issued under the ACMPR are considered to be security clearances for the purposes of the *Cannabis Act* (Canada) and the *Cannabis Regulations*. In addition, the *Cannabis Regulations* provide a three-month grace period for current licence holders to identify those individuals that require security clearances and to apply for such security clearances (i.e. until January 17, 2019).

***Cannabis for Medical Purposes***

With the *Cannabis Act* (Canada) and the *Cannabis Regulations* coming into force on October 17, 2018, the medical cannabis regime migrated from the CDSA and the ACMPR to the *Cannabis Act* (Canada) and the *Cannabis Regulations*. The medical cannabis regulatory framework under the *Cannabis Act* (Canada) and the *Cannabis Regulations* remains substantively the same as existed under the CDSA and the ACMPR, with adjustments to create consistency with rules for non-medical use, improve patient access and reduce the risk of abuse within the medical access system.

Under Part 14 of the *Cannabis Regulations*, patients have three options for obtaining cannabis for medical purposes: (i) they can continue to access cannabis by registering with licensed producers; (ii) they can register with Health Canada to produce a limited amount of cannabis for their own medical purposes; or (iii) they can designate someone else to produce cannabis for them. With respect to (ii) and (iii), starting materials, such as marijuana plants or seeds, must be obtained from licensed producers. It is possible that (ii) and (iii) could significantly reduce the addressable market for the Company's products and could materially and adversely affect the business, financial condition and

results of operations of the Company. However, management of the Company believes that many patients may be deterred from opting to proceed with options (ii) or (iii) since such steps require applying for and obtaining registration from Health Canada to grow cannabis, as well as the up-front costs of obtaining equipment and materials to produce such cannabis.

***Cannabis Tracking System***

Under the *Cannabis Act* (Canada), the Minister is authorized to establish and maintain a national cannabis tracking system. The purpose of this system will be to track cannabis throughout the supply chain to help prevent diversion of cannabis into, and out of, the legal market. The *Cannabis Regulations* provide the Minister with the authority to make a ministerial order that would require certain persons named in such order to report specific information about their authorized activities with cannabis, in the form and manner specified by the Minister. The Minister has introduced the Cannabis Tracking and Licensing System, and licence holders are required to use this system to, among other things, submit monthly reports to the Minister.

***Health Products***

Health Canada has taken a scientific, evidenced-based approach for the oversight of health products with cannabis that are approved with health claims, including prescription and nonprescription drugs, natural health products, veterinary drugs and veterinary health products, and medical devices.

**Regulatory Framework for Drugs**

***Government Regulation and Product Approval***

Drugs are evaluated for safety, efficacy, and manufacturing quality as a condition of market access, and promotional messages must adhere to approved product labelling. Drug prices also are regulated in most countries with national health insurance systems. Regulation of market access and promotion derives from uncertainty about the real-life value of drugs. Real-life product characteristics can only be determined from accumulated experience over large numbers of patients in carefully designed epidemiological trials or observational studies.

As a biopharmaceutical company with pre-clinical and clinical stage programs that intends to test, register and commercialize products in Canada and the United States and other jurisdictions, the Company is subject to extensive regulation by various regulatory authorities. The primary regulatory agency in the United States is the FDA and in Canada it is Health Canada. Along with the foregoing, there are other federal, state, and local regulatory agencies. In the United States, the Federal Food, Drug, and Cosmetic Act (the "**FDCA**"), and its implementing regulations set forth, among other things, requirements for the research, testing, development, manufacture, quality control, safety, effectiveness, approval, labeling, storage, record keeping, reporting, distribution, import, export, advertising and promotion of our products. Although the discussion below focuses on regulation in the United States, the Company anticipates seeking approval for, and marketing of, its products in other countries.

Generally, the Company's activities outside the United States will be subject to regulation that is similar in nature and scope as that imposed in the United States, although there can be important differences. Approval in the United States or Canada does not assure approval by other regulatory agencies, although often test results from one country may be used in applications for regulatory approval in another country.

The process of obtaining regulatory marketing approvals and the subsequent compliance with appropriate federal, state, local and foreign statutes and regulations requires the expenditure of substantial time and financial resources and may not be successful. See "*Risk Factors*".

The Company does not engage in any U.S. marijuana-related activities as defined in Canadian Securities Administrators Staff Notice 51-352 - *Issuers with U.S. Marijuana-Related Activities*. The Company has a research and/or business relationship with Sanyal Biotechnology LLC which is based in the U.S. and/or is a U.S. based company. Sanyal Biotechnology provides contract research services investigating the use of Cannabidiol in experimental models of autoimmune hepatitis. Revive intends to source CBD from a authorized licensed producer in Canada.

***New Drug Submissions (NDS) – Health Canada***

To obtain approval to market a drug in Canada, a sponsor usually requests a pre-submission meeting with the review division of Health Canada responsible for the therapeutic field. If the meeting is granted, the sponsor must submit a Pre-Submission Information package to the Therapeutic Products Directorate ("**TPD**") to meet with the review division. This process occurs prior to submitting the New Drug Submission ("**NDS**") application. The purpose of the pre-submission meeting is to review the evidence (non-clinical and clinical research, quality information, indication) that will be submitted in the NDS application.

During the drug development process, the sponsor prepares study reports. Once the sponsor releases the last study required for the submission, the sponsor completes the NDS application and submits it to TPD. Prior to submitting the NDS and if applicable based on the intended use of the product in the identified patient population, the sponsor may submit in advance a request for priority review status.

After submitting the NDS application, the file undergoes a screening process prior to being accepted for review. TPD has 45 calendar days from receipt to complete the screening review process. If granted a priority review, the screening period is reduced to 25 calendar days.

After a comprehensive review of an NDS application, Health Canada will issue a Notice of Compliance ("**NOC**") if the product is approved or a Notice of Noncompliance if further questions remain. If a NOC is issued, a Drug Identification Number (DIN) is also issued that is required to be printed on each label of the product, as well as the final version of the Product Monograph that has been agreed to between Health Canada and the sponsor.

The average target time for reaching a first decision on an NDS is 300 calendar days, unless the submission has received a priority review in which case the time is 180 calendar days.

Fees are levied for a review of an NDS application.

***U.S. Government Regulation***

The FDA is the main regulatory body that controls pharmaceuticals in the United States, and its regulatory authority is based in the FDCA. Pharmaceutical products are also subject to other federal, state, and local statutes. A failure to comply explicitly with any requirements during the product development, approval, or post-approval periods, may lead to administrative or judicial sanctions. These sanctions could include the imposition by the FDA or an Investigational Review Board ("**IRB**") of a hold on clinical trials, refusal to approve pending marketing applications or supplements, withdrawal of approval, warning letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, civil penalties, or criminal prosecution. As presented on the section of the FDA's website titled "Drug Review Process: Ensuring Drugs are Safe and Effective[1]", the steps required before a new drug may be marketed in the United States generally include:

- completion of preclinical studies, animal studies, and formulation studies in compliance with the FDA's Good Laboratory Practice, regulations;
- submission to the FDA of an IND application to support human clinical testing in the United States;
- approval by an IRB at each clinical site before each trial may be initiated;
- performance of adequate and well-controlled clinical trials in accordance with federal regulations and with Good Clinical Practices ("**GCP**"), and regulations to establish the safety and efficacy of the investigational product candidate for each target indication;
- submission of a New Drug Application ("**FDA-NDA**") to the FDA;
- satisfactory completion of an FDA Advisory Committee review, if applicable;
- satisfactory completion of an FDA inspection of the manufacturing facilities at which the investigational product candidate is produced to assess compliance with the FDA's Current Good Manufacturing Practice ("**cGMP**") regulations, and to assure that the facilities, methods, and controls are adequate; and
- FDA review and approval of the FDA-NDA.

[1] https://www.fda.gov/Drugs/ResourcesForYou/Consumers/ucm143534.htm

Clinical Trials

An IND is a request for authorization from the FDA to administer an investigational product candidate to humans. This authorization is required before interstate shipping and administration of any new drug product to humans in the United States that is not the subject of an approved FDA-NDA. A 30-day waiting period after the submission of each IND is required prior to the commencement of clinical testing in humans. If the FDA has neither commented on nor questioned the IND within this 30-day period, the clinical trial proposed in the IND may begin. Clinical trials involve the administration of the investigational product candidate to healthy volunteers or patients with the disease under study, under the supervision of qualified investigators following GCPs, an international standard meant to protect the rights and health of patients with the disease under study and to define the roles of clinical trial sponsors, administrators, and monitors. Clinical trials are conducted under protocols that detail the parameters to be used in monitoring safety, and the efficacy criteria to be evaluated. Each protocol involving testing on patients in the United States and subsequent protocol amendments must be submitted to the FDA as part of the IND.

As set out in the July 1997 publication "ICH E8 Guideline – General Considerations for Clinical Trials[2]", published by the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use, the three phases of clinical investigation are as follows:

- Phase 1/Phase I. Phase 1 includes the initial introduction of an investigational product candidate into humans. Phase 1 clinical trials may be conducted in patients with the target disease or condition, or in healthy volunteers. These studies are designed to evaluate the safety, metabolism, PK, and pharmacologic actions of the investigational product candidate in humans, the side effects associated with increasing doses, and if possible, to gain early evidence on effectiveness. During Phase 1 clinical trials, sufficient information about the investigational product's PK and pharmacological effects may be obtained to inform the design of Phase 2 clinical trials. The total number of participants included in Phase 1 clinical trials varies, but is generally in the range of 20 to 80.
- Phase 2/Phase II. Phase 2 includes the controlled clinical trials conducted to evaluate the effectiveness of the investigational product for a particular indication(s) in patients with the disease or condition under study, to determine dosage tolerance and optimal dosage, and to identify possible adverse side effects and safety risks associated with the product candidate. Phase 2 clinical trials are typically well-controlled, closely monitored, conducted in a limited subject population, and usually involve no more than several hundred participants
- Phase 3/Phase III. Phase 3 clinical trials are controlled clinical trials conducted in an expanded subject population at geographically dispersed clinical trial sites. They are performed after preliminary evidence suggesting effectiveness of the investigational product has been obtained, are intended to further evaluate dosage, clinical effectiveness and safety, to establish the overall benefit-risk relationship of the product candidate, and to provide an adequate basis for drug approval. Phase 3 clinical trials usually involve several hundred to several thousand participants. In most cases, the FDA requires two adequate and well controlled Phase 3 clinical trials to demonstrate the efficacy of the drug.

The decision to terminate development of an investigational product may be made by either a health authority body, such as the FDA or IRB/ethics committees, or by a company for various reasons. The FDA may order the temporary, or permanent, discontinuation of a clinical trial at any time, or impose other sanctions, if it believes that the clinical trial either is not being conducted in accordance with FDA requirements or presents an unacceptable risk to the clinical trial patients. In some cases, clinical trials are overseen by an independent group of qualified experts organized by the trial sponsor or the clinical monitoring board. This group provides authorization for whether or not a trial may move forward at designated check points. These decisions are based on the limited access to data from the ongoing trial. The suspension or termination of development can occur during any phase of clinical trials if it is determined that the participants or patients are being exposed to an unacceptable health risk. In addition, there are requirements for the registration of ongoing clinical trials of products on public registries and the disclosure of certain information pertaining to the trials, as well as clinical trial results after completion.

[2] http://www.ich.org/fileadmin/Public_Web_Site/ICH_Products/Guidelines/Efficacy/E8/Step4/E8_Guideline.pdf

New Drug Applications (NDA) – FDA

In order to obtain approval to market a drug in the United States, a marketing application must be submitted to the FDA that provides data establishing the safety and effectiveness of the product candidate for the proposed indication. The application includes all relevant data available from pertinent preclinical studies and clinical trials, including negative or ambiguous results, as well as positive findings, together with detailed information relating to the product's chemistry, manufacturing, controls, and proposed labeling, among other things. Data can come from company-sponsored clinical trials intended to test the safety and effectiveness of a product, or from a number of alternative sources, including studies initiated by investigators. To support marketing approval, the data submitted must be sufficient in quality and quantity to establish the safety and effectiveness of the investigational product candidate to the satisfaction of the FDA. In most cases, the NDA must be accompanied by a substantial user fee; there may be some instances in which the user fee is waived. The FDA will initially review the FDA-NDA for completeness before it accepts the FDA-NDA for filing. The FDA has 60 days from its receipt of an FDA-NDA to determine whether the application will be accepted for filing based on the agency's threshold determination that it is sufficiently complete to permit substantive review. After the FDA-NDA submission is accepted for filing, the FDA begins an in-depth review. The FDA has agreed to certain performance goals in the review of FDA-NDAs. Most such applications for standard review products are reviewed within ten to twelve months. The FDA can extend this review by three months to consider certain late submitted information or information intended to clarify information already provided in the submission. The FDA reviews the FDA-NDA to determine, among other things, whether the proposed product is safe and effective for its intended use, and whether the product is being manufactured in accordance with cGMP. The FDA may refer applications for novel products that present difficult questions of safety or efficacy to an advisory committee, typically a panel that includes clinicians and other experts, for review, evaluation, and a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

Before approving an FDA-NDA, the FDA will inspect the facilities at which the product is manufactured. The FDA will not approve the product unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and are adequate to assure consistent production of the product within required specifications. Additionally, before approving an FDA-NDA, the FDA will typically inspect one or more clinical sites to assure compliance with GCP. After the FDA evaluates the FDA-NDA and the manufacturing facilities, it issues either an approval letter or a complete response letter. A complete response letter generally outlines the deficiencies in the submission and may require substantial additional testing or information in order for the FDA to reconsider the application. If, or when, those deficiencies have been addressed to the FDA's satisfaction in a resubmission of the FDA-NDA, the FDA will issue an approval letter. Notwithstanding the submission of any requested additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval.

An approval letter authorizes commercial marketing of the drug with specific prescribing information for specific indications. Product approval may require substantial post-approval testing and surveillance to monitor the drug's safety or efficacy. Once granted, product approvals may be withdrawn if compliance with regulatory standards is not maintained or problems are identified following initial marketing.

Disclosure of Clinical Trial Information

Sponsors of clinical trials of certain FDA-regulated products, including prescription drugs, are required to register and disclose certain clinical trial information (though not specifically required for Phase 1 trials) on a public website maintained by the U.S. National Institutes of Health, or NIH. Information related to the product, patient population, phase of investigation, study sites and investigator, and other aspects of the clinical trial is made public as part of the registration. Sponsors are also obligated to disclose the results of these trials after completion. Disclosure of the results of these trials can be delayed until the product or new indication being studied has been approved. Competitors may use this publicly available information to gain knowledge regarding the design and progress of our development programs.

Advertising and Promotion

As set out in the FDA`s website discussion[3] on the "The Prescription Drug Marketing Act of 1987", the FDA and other federal regulatory agencies closely regulate the marketing and promotion of drugs through, among other things, standards and regulations for direct-to-consumer advertising, communications regarding unapproved uses, industry-sponsored scientific and educational activities, and promotional activities involving the Internet. A product cannot be commercially promoted before it is approved. After approval, product promotion can include only those claims relating to safety and effectiveness that are consistent with the labeling (package insert) approved by the FDA. Healthcare providers are permitted to prescribe drugs for "off-label" uses – that is, uses not approved by the FDA and, therefore, not described in the drug's labeling – because the FDA does not regulate the practice of medicine. However, FDA regulations impose stringent restrictions on manufacturers' communications regarding off-label uses.

Post-Approval Regulations

As set out in the FDA`s website discussion[4] on "Post Marketing Requirements and Commitments", after regulatory approval of a drug is obtained, a company is required to comply with a number of post-approval requirements. For example, as a condition of approval of an FDA-NDA, the FDA may require post-marketing testing, including Phase 4 clinical trials, and surveillance to further assess and monitor the product's safety and effectiveness after commercialization. In addition, as a holder of an approved FDA-NDA, a company would be required to report adverse reactions and production problems to the FDA, to provide updated safety and efficacy information, and to comply with requirements concerning advertising and promotional labeling for any of its products. Also, quality control and manufacturing procedures must continue to conform to cGMP after approval to assure and preserve the long-term stability of the drug or biological product. The FDA periodically inspects manufacturing facilities to assess compliance with cGMP, which imposes extensive procedural and substantive record keeping requirements. In addition, changes to the manufacturing process are strictly regulated, and, depending on the significance of the change, may require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from cGMP and impose reporting and documentation requirements upon a company and any third-party manufacturers that a company may decide to use. Accordingly, manufacturers must continue to expend time, money, and effort in the area of production and quality control to maintain compliance with cGMP and other aspects of regulatory compliance.

Controlled Substances

As described in Brian T. Yeh's 2012 publication[5] "The Controlled Substances Act: Regulatory Requirements", the United States federal Controlled Substances Act of 1970 (the "**CSA**"), and its implementing regulations establish a "closed system" of regulations for controlled substances. The CSA imposes registration, security, recordkeeping and reporting, storage, manufacturing, distribution, importation, and other requirements under the oversight of the U.S. Drug Enforcement Administration (the "**DEA**"). The DEA is the federal agency responsible for regulating controlled substances, and requires those individuals or entities that manufacture, import, export, distribute, research, or dispense controlled substances to comply with the regulatory requirements in order to prevent the diversion of controlled substances to illicit channels of commerce.

Facilities that research, manufacture, distribute, import or export any controlled substance must register annually with the DEA. The DEA registration is specific to the particular location, activity(ies), and controlled substance schedule(s). For example, separate registrations are required for importation and manufacturing activities, and each registration authorizes which schedules of controlled substances the registrant may handle. However, certain coincident activities are permitted without obtaining a separate DEA registration, such as distribution of controlled substances by the manufacturer that produces them.

The DEA categorizes controlled substances into one of five schedules – Schedule I, II, III, IV, or V – with varying qualifications for listing in each schedule. Schedule I substances by definition have a high potential for abuse, have no currently "accepted medical use" in treatment in the United States, and lack accepted safety for use under medical

[3] https://www.fda.gov/regulatoryinformation/lawsenforcedbyfda/significantamendmentstothefdcact/prescriptiondrugmarketingactof1987/default.htm
[4] https://www.fda.gov/drugs/guidancecomplianceregulatoryinformation/post-marketingphaseivcommitments/default.htm
[5] Yeh, BT. The Controlled Substances Act: Regulatory Requirements.
https://www.amazon.com/Controlled-Substances-Act-Regulatory-Requirements-ebook/dp/B00BUBS8FC

supervision. They may be used only in federally-approved research programs and may not be marketed or sold for dispensing to patients in the United States. Pharmaceutical products having a currently accepted medical use that are otherwise approved for marketing may be listed as Schedule II, III, IV, or V substances, with Schedule II substances presenting the highest potential for abuse and physical or psychological dependence, and Schedule V substances presenting the lowest relative potential for abuse and dependence. The regulatory requirements are more restrictive for Schedule II substances than for Schedule III substances. For example, all Schedule II drug prescriptions must be signed by a physician, physically presented to a pharmacist in most situations, and cannot be refilled.

The DEA inspects all manufacturing facilities to review security, record keeping, reporting, and handling prior to issuing a controlled substance registration. The specific security requirements vary by the type of business activity and the schedule and quantity of controlled substances handled. The most stringent requirements apply to manufacturers of Schedule I and Schedule II substances. Required security measures commonly include background checks on employees and physical control of controlled substances through storage in approved vaults, safes, and cages, and through use of alarm systems and surveillance cameras. Manufacturing facilities must maintain records documenting the manufacture, receipt, and distribution of all controlled substances. Manufacturers must submit periodic reports to the DEA of the distribution of Schedule I and II controlled substances, Schedule III narcotic substances, and other designated substances. In addition to an importer or exporter registration, importers and exporters must obtain a permit for every import or export of a Schedule I and II substance or Schedule III, IV, and V narcotic, and submit import or export declarations for Schedule III, IV, and V non-narcotics.

For drugs manufactured in the United States, the DEA establishes annually an aggregate quota for the amount of substances within Schedules I and II that may be manufactured or produced in the United States based on the DEA's estimate of the quantity needed to meet legitimate medical, scientific, research, and industrial needs.

The states also maintain separate controlled substance laws and regulations, including licensing, record keeping, security, distribution, and dispensing requirements. State Authorities, including Boards of Pharmacy, regulate use of controlled substances in each state. Failure to maintain compliance with applicable requirements, particularly as manifested in the loss or diversion of controlled substances, can result in enforcement action that could have a material adverse effect on our business, operations and financial condition. The DEA may seek civil penalties, refuse to renew necessary registrations, or initiate proceedings to revoke those registrations. In certain circumstances, violations could lead to criminal prosecution.

Marketing Exclusivity

As discussed in the May 19, 2015 issue[6] of the "FDA/CDER SBIA Chronicles" published by the FDA, upon FDA-NDA approval of a new chemical entity, which for this purpose is defined as a drug that contains no active moiety that has been approved by the FDA in any other FDA-NDA, that drug receives five years of marketing exclusivity during which the FDA cannot approve any abbreviated new drug application seeking approval of a generic version of that drug. Certain changes to the scope of an approval for a drug, such as the addition of a new indication to the package insert, are associated with a three-year period of exclusivity during which the FDA cannot approve an Abbreviated New Drug Application ("**ANDA**") for a generic drug that includes the change. A Section 505(b)(2) FDA-NDA may be eligible for three-year marketing exclusivity, assuming the FDA-NDA includes reports of new clinical studies (other than bioequivalence studies) essential to the approval of the FDA-NDA.

An ANDA may be submitted one year before marketing exclusivity expires if a Paragraph IV certification is filed. In this case, the 30 months stay, if applicable, runs from the end of the five-year marketing exclusivity period. If there is no listed patent in the FDA's Approved Drug Products with Therapeutic Equivalence Evaluations, commonly known as the Orange Book, there may not be a Paragraph IV certification, and, thus, no ANDA may be filed before the expiration of the exclusivity period.

Additionally, six months of marketing exclusivity in the United States is available under Section 505A of the FDCA if, in response to a written request from the FDA, a sponsor submits and the agency accepts requested information relating to the use of the approved drug in the pediatric population. This six-month pediatric exclusivity period is not

[6] SBIA Chronicles. Patents and Exclusivity. May 19, 2015.
https://www.fda.gov/downloads/Drugs/DevelopmentApprovalProcess/SmallBusinessAssistance/UCM447307.pdf

a stand-alone exclusivity period, but rather is added to any existing patent or non-patent exclusivity period for which the drug product is eligible.

Patent Term Extension

As set out in the FDA`s website discussion[7] "Small Business Assistance: Frequently Asked Questions on the Patent Term Restoration Program", the term of a patent that covers an FDA approved drug may be eligible for patent-term extension, which provides patent-term restoration as compensation- for the patent term lost during the FDA regulatory review process. The United States Federal Drug Price Competition and Patent Term Restoration Act of 1984 permits a patent-term extension of up to five years beyond the expiration of the patent. The length of the patent-term extension is related to the length of time the drug is under regulatory review. Patent extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval and only one patent applicable to an approved drug may be extended. Similar provisions are available in Canada, Europe and other foreign jurisdictions to extend the term of a patent that covers an approved drug.

Compliance

During all phases of development (pre- and post-marketing), failure to comply with applicable regulatory requirements may result in administrative or judicial sanctions. These sanctions could include the FDA's imposition of a clinical hold on trials, refusal to approve pending applications, withdrawal of an approval, warning letters, product recalls, product seizures, total or partial suspension of production or distribution, product detention, or refusal to permit the import or export of products, injunctions, fines, civil penalties, or criminal prosecution. Any agency or judicial enforcement action could have a material adverse effect.

***Other Special Regulatory Procedures***

Fast Track Designation

According to the discussion[8] on the FDA's website on "Fast Track", under the Fast Track program, the sponsor of an IND may request the FDA to designate the drug candidate as a Fast Track drug if it is intended to treat a serious condition and fulfill an unmet medical need. The FDA must determine if the drug candidate qualifies for Fast Track designation within 60 days of receipt of the sponsor's request. Once the FDA designates a drug as a Fast Track candidate, it is required to facilitate the development and expedite the review of that drug by providing more frequent communication with and guidance to the sponsor.

In addition to other benefits such as the ability to use surrogate endpoints and have greater interactions with the FDA, the FDA may initiate review of sections of a Fast Track drug's FDA-NDA before the application is complete. This rolling review is available if the applicant provides, and the FDA approves, a schedule for the submission of the remaining information and the applicant pays applicable user fees. However, the FDA's review period for filing and reviewing an application does not begin until the last section of the FDA-NDA has been submitted. Additionally, the Fast Track designation may be withdrawn by the FDA if the FDA believes that the designation is no longer supported by data emerging in the clinical trial process.

Breakthrough Therapy Designation

According to discussion [9] on the FDA's website on "Breakthrough Therapy", the FDA may provide the Breakthrough Therapy designation to drugs to expedite the development and review of a candidate that is planned for use to treat a serious or life-threatening disease or condition when preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints. A Breakthrough Therapy designation includes all of the Fast Track program features, as well as more intensive FDA guidance on an efficient drug development program. The FDA also has an organizational commitment to involve senior management in such guidance.

[7] https://www.fda.gov/drugs/developmentapprovalprocess/smallbusinessassistance/ucm069959.htm
[8] https://www.fda.gov/ForPatients/Approvals/Fast/ucm405399.htm
[9] https://www.fda.gov/ForPatients/Approvals/Fast/ucm405397.htm

Orphan Drug Designation

As set out in the FDA website discussion[10] on "Designating an Orphan Product: Drugs and Biological Products", the FDA may grant Orphan Drug Designation to drugs intended to treat a rare disease or condition that affects fewer than 200,000 individuals in the United States, or, if the disease or condition affects more than 200,000 individuals in the United States, if there is no reasonable expectation that the cost of developing and making the drug would be recovered from sales in the United States.

In the United States, Orphan Drug Designation entitles a party to financial incentives, such as opportunities for grant funding towards clinical trial costs, tax credits for certain research, and user fee waivers under certain circumstances. In addition, if a product receives the first FDA approval for the indication for which it has Orphan Drug Designation, the product is entitled to seven years of market exclusivity, which means the FDA may not approve any other application for the same drug for the same indication for a period of seven years, except in limited circumstances, such as a showing of clinical superiority over the product with orphan drug exclusivity. Orphan drug exclusivity does not prevent the FDA from approving a different drug for the same disease or condition, or the same drug for a different disease or condition.

Priority Review (United States)

Based on results of the Phase 3 clinical trial(s) submitted in an FDA-NDA, upon the request of an applicant, a priority review designation may be granted to a product by the FDA, which sets the target date for FDA action on the application at six months from the FDA's decision on priority review application, or eight months from the FDA-NDA filing. According to the FDA website discussion[11] on "Priority Review", this status is given where preliminary estimates indicate that a product, if approved, has the potential to provide a safe and effective therapy where no satisfactory alternative therapy exists, or a significant improvement compared to marketed products is possible. If criteria are not met for priority review, the standard FDA review period is ten months from the FDA's decision on priority review application, or 12 months from the FDA-NDA filing. The priority review designation does not change the scientific/medical standard for approval or the quality of evidence necessary to support approval.

Accelerated Approval

As set out in the FDA website discussion[12] on "Accelerated Approval", under the FDA's accelerated approval regulations, the FDA may approve a drug for a serious or life-threatening illness that provides meaningful therapeutic benefit to patients over existing treatments based upon a surrogate endpoint that is reasonably likely to predict clinical benefit. This approval mechanism is provided for under 21CRF314 Subpart H and Subpart E. In this case, clinical trials are conducted in which a surrogate endpoint is used as the primary outcome for approval. A surrogate endpoint is reasonably likely to predict clinical benefit, or an effect on a clinical endpoint that can be measured earlier than an effect on irreversible morbidity or mortality, that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity, or prevalence of the condition and the availability or lack of alternative treatments. This surrogate endpoint substitutes for a direct measurement of how a patient feels, functions, or survives and is considered reasonably likely to predict clinical benefit. Such surrogate endpoints may be measured more easily or more rapidly than clinical endpoints. A drug candidate approved on this basis is subject to rigorous post-marketing compliance requirements, including the completion of Phase 4 or post-approval clinical trials to confirm the effect on the clinical endpoint. When the Phase 4 commitment is successfully completed, the biomarker is deemed to be a surrogate endpoint. Failure to conduct required post-approval studies or confirm a clinical benefit during post-marketing studies, could lead the FDA to withdraw the drug from the market on an expedited basis. All promotional materials for drug candidates approved under accelerated regulations are subject to prior review by the FDA.

[10] https://www.fda.gov/forindustry/developingproductsforrarediseasesconditions/howtoapplyfororphanproductdesignation/default.htm
[11] https://www.fda.gov/forpatients/approvals/fast/default.htm
[12] https://www.fda.gov/ForPatients/Approvals/Fast/ucm405447.htm

## BUSINESS OF REVIVE

### Overview

The Company is a company focused on the research, development, and commercialization of novel cannabinoid-based products. Revive is commercializing novel delivery and patent-protected cannabis-based products in the multi-billion dollar cannabis and health and wellness market. The Company's novel cannabinoid delivery technology is being advanced to fill the medical needs for diseases and disorders such as pain and inflammation. Revive's cannabinoid pharmaceutical portfolio partially focuses on rare liver diseases, and the FDA has granted the Company orphan drug designations for CBD in the treatment of AIH and for CBD in the prevention of IRI resulting from solid organ transplantation. See "*List of Product Candidates*", "*Research and Development Programs in Liver Diseases*" and "*Intangible Properties*".

Together with its suppliers and contractors, the Company has expertise in pre-clinical and clinical research, regulatory, and business development activities. The Company's goal is to use these core competencies to advance its product candidates along the regulatory and clinical pathway toward commercial approval. The Company believes it has the ability to manage and perform the key critical aspects of the drug or product development process, including conducting or managing pre-clinical studies, clinical trials, developing and executing strategies for the protection of intellectual property, and interacting with regulatory authorities. The Company is actively seeking development and commercial partnerships that might facilitate these activities. In the meantime, it plans to advance its drug and product candidates and technologies toward commercial approval in the most efficient and expeditious manner.

The Company is also actively engaging in a review of certain complimentary assets that it may consider acquiring or licensing. For example it licensed a potential novel delivery technology asset from WARF. The Company also entered into the SCRF License Agreement with SCRF, pursuant to which it was granted an exclusive license to develop and commercialize a portfolio of patents based on cannabinoid-based therapeutics, such as CBD, in the treatment of AIH. See "*Research and Development Programs in Liver Diseases*" and "*Intangible Properties*".

#### *Strategy*

Upon licensing a product candidate, the Company's strategy is to apply its expertise and its partners' expertise to advance the product toward regulatory approval and commercial sale in major markets, including the U.S. and Canada. These activities include implementing intellectual property protection and registration strategies, formulating or reformulating existing drug products, performing or managing clinical trials in target jurisdictions, undertaking or managing the collection, collation and interpretation of research and clinical data, and submitting such data to the relevant regulatory authorities in compliance with applicable protocols and standards.

The Company may also develop next-generation versions of its product candidates, which will aim to improve upon the product candidate, and may have the potential to treat existing diseases better or new diseases that would otherwise remain untreated by the original product. The Company may also develop and commercialize cannabinoid-based products for the medical and recreational marijuana markets.

In order to augment its ability to develop product candidates and effectively market any products in respect of which it obtains regulatory approval, the Company may seek to enter into an agreement or partnership with licensed producers of medical marijuana and biopharmaceutical companies that have development and/or sales and marketing capabilities. Entering into an agreement or partnership with an organization that has these capabilities may enable the Company to increase profitability and further accelerate development of its product candidates or enable it to develop the candidate in more than one indication, simultaneously.

In order to optimize the development of its product candidates, the Company outsources certain aspects of its research and product development activities. Factors that the Company considers in determining which activities to outsource include cost, relative expertise, capacity, and quality assurance. Product development functions that the Company has chosen to historically outsource include pre-clinical activities in support of regulatory filings, clinical trials, and manufacturing. The Company believes that its relationships with external laboratories enable it to complete pre-clinical testing faster and more efficiently than it can perform these activities in-house. Additionally, the Company will engage with independent contract research organizations that are specifically equipped to manage

future clinical trial and research projects, thus alleviating the need for it to commit redundant internal resources. For now, the Company believes that it is more efficient to outsource product manufacturing to contract manufacturing organizations and third-party suppliers.

The Company is in discussions with Canadian late-stage and licensed producers of cannabis to evaluate strategic collaborations for the Company's products, cannabinoid delivery system, liver research program, and intellectual property in developing and commercializing products for the cannabis and health and wellness market. The Company has secured and is also evaluating exclusive rights to unique cannabis-based products and technologies for the Canadian market. See "*Proposed buccal cannabinoid delivery technology*" and "*Intangible Properties*".

**Products Under Development**

***Cannabinoids***

There are over 100 known cannabinoid compounds derived from the cannabis plant. The two primary cannabinoids used widely for medical and/or pharmaceutical purposes are Tetrahydrocannabinol ("**THC**") and CBD. It is widely known that THC is a major psychoactive cannabinoid and is a partial agonist of the cannabinoid receptor type 1 (CB1) and cannabinoid receptor type 1 (CB2) receptors and is widely used in pain management. CBD acts on many of the same receptors as THC, but without the psychoactive side effects. Clinical and pre-clinical data suggest that THC has positive effects on treating pain and CBD has positive effects on treating pain as well as, but is not limited to, a number of inflammatory diseases, skin disorders, and liver diseases.

Due to the mounting data from pre-clinical and clinical research the therapeutic effects of cannabis and the safety benefits of cannabinoids has led to significant interest from small-to-medium sized specialty pharmaceutical companies. Currently there are a number of cannabinoid products approved in US or EU: Sativex™ (GW Pharma), Marinol™ (AbbVie), Cesamet™ (Meda), and dronabinol, a synthetic THC (Insys). There are many companies supplying synthetic cannabinoids, cannabis extracts, and herbal cannabis to researchers for pre-clinical and clinical investigation for a number of diseases including cancer, diabetes, neuromuscular disorders, treatment of nausea, loss of appetite, pain relief, and muscle relaxation for cancer, HIV, multiple sclerosis, and arthritis patients. The cannabinoid-based medical use and pharmaceutical market is expected to grow significantly due to the potential benefits these products may provide over existing therapies.

The Company is focused on commercializing differentiated branded cannabis-based products, including products that have patent protection and best-in-class with first mover advantage offering a better alternative over conventional cannabis-based products in the market. The Company has assembled rights to a patent portfolio related to cannabinoid delivery systems and cannabinoid uses for liver diseases. See "*Intangible Properties*".

*Drug delivery technology*

The Company is focused on commercializing novel delivery technologies to effectively deliver cannabinoids through the skin and/or directly into the affected area of the skin, otherwise known as topical delivery and also via the mouth, otherwise known as buccal delivery.

The potential advantages of these delivery mechanisms of cannabinoids are:

- better bioavailability, while bypassing the first-pass hepatic metabolism;
- faster and/or reliable onset of action;
- precise dosing that is consistent, accurate and repeatable;
- avoid irritation in the lungs, throat and stomach;
- ease of use for improved consumer and patient adherence and compliance;
- higher acceptance for those who find smoking or swallowing difficult; and
- potential for improved blood circulation to brain, cognitive function, and hygiene.

<u>Proposed topical drug delivery technology</u>

The Company's topical cannabinoid delivery technology will initially deliver CBD in combination with chitosan and tannins in a controlled or sustained release fashion, systemically or locally, through the skin. The chitosan has

blood-clotting and antimicrobial properties and tannins have antibacterial, antifungal, antioxidant and wound healing properties. The combination of cannabinoids, tannin, and chitosan has the potential to become a unique delivery technology to serve broad market opportunities for the health and wellness, medical and pharmaceutical cannabinoid markets. The Company's cannabinoid delivery technology was founded by Dr. Jess D. Reed, Ph.D., Professor of Animal Sciences at the University of Wisconsin-Madison. See "*Exclusive Worldwide Licence Agreement with WARF*".

Proposed buccal cannabinoid delivery technology

The Company's buccal delivery technology, based on microencapsulation, will initially deliver either THC or CBD alone or as a combination of THC and CBD for the recreational and medical cannabis and health and wellness market. The initial format will be in the form of a chewing gum. In its natural form, cannabinoids are lipophilic, not water-soluble, and tend to stick to the chewing gum matrix, therefore diminishing effective release into the bloodstream. Microencapsulation renders cannabinoids soluble and dramatically increases the bioavailability of CBD, while largely bypassing the first pass hepatic metabolism. The Company is also investigating rapid dissolving applications to deliver cannabinoids via the buccal route.

The Company's buccal delivery technology involving chewing gum is from Axim. The Company, through Revive Inc., and Axim entered into the Axim Agreement in connection with the exclusive commercialization of Axim's CanChew™ product, a CBD-based controlled release chewing gum, in Canada. Pursuant to the Axim Agreement, Axim has appointed the Company as its exclusive distributor of the CanChew™ product in Canada and it also includes a grant to Revive from Axim of an exclusive, fully paid-up, royalty-free sublicensable right and license to use the certain patents and know-how in connection with the marketing, distribution and sale of the CanChew™ product in Canada. The Company intends to market this product under the brand name RELICANN™. The Company is in the process of seeking regulatory approval for RELICANN™. Under the terms of the Axim Agreement, the Company has annual minimum purchase amount obligations, which increase each year for the term of the agreement.

Exclusive Worldwide License Agreement with WARF

Based on the results of the University of Wisconsin-Madison Research Program, the Company, through Revive Inc., entered into the WARF License Agreement. Pursuant to the WARF License Agreement, the Company gained exclusive, royalty-bearing, worldwide rights to intellectual property for the development and commercialization of cannabinoid-based products for therapeutic and/or prophylactic purposes delivered via topical, subcutaneous, buccal-mucosal or oral applications; including seeking out the necessary regulatory approvals necessary for the development and commercialization of such products. Under the terms of the WARF License Agreement, the Company agreed to pay WARF a one-time fee, certain milestone payments, as well as escalating annual minimum royalty payments commencing in 2027.

*Potential Target Markets*

The Company is expanding its product pipeline with novel cannabinoid-centric treatments for liver diseases pain, inflammation and skin disorders.

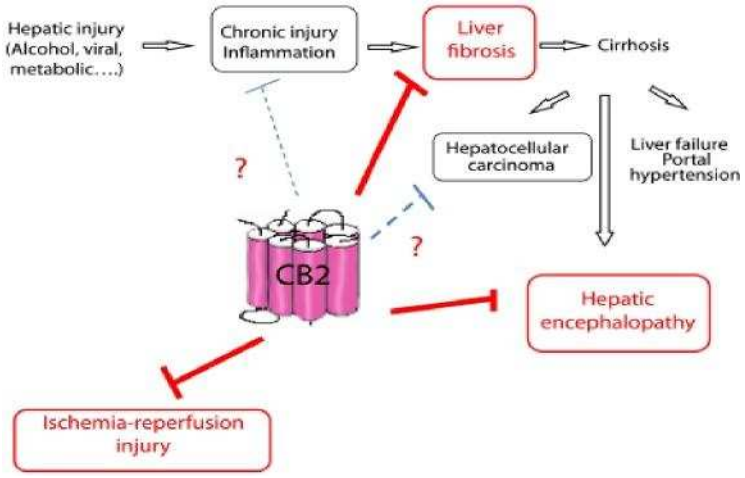
Liver diseases

Liver disease is described by irregular functioning of the liver, causing disorders like hepatitis, fatty liver, and cirrhosis. There are over 100 described diseases of the liver[13] affecting at least 30 million people alone in the U.S.[14] A number of factors are driving the liver disease treatment market, which include rapidly changing lifestyle patterns such as increasing alcohol consumption, unhealthy diets, and increasing prevalence of liver diseases. Liver diseases can result from injury to the liver caused by hepatitis C virus, hepatitis B virus, obesity, chronic excessive alcohol use, or autoimmune diseases. Major drug categories used in the treatment of liver diseases includes anti-rejection drugs, vaccines, immunosuppressant, chemotherapy drugs, and antiviral drugs. According to Allied Market

[13] https://www.liver.ca/patients-caregivers/liver-diseases/
[14] https://liverfoundation.org/for-patients/about-alf/

Research, titled, "World Liver Disease Treatment Market - Opportunities and Forecast, 2014 - 2022", the global market for liver disease treatment is projected to reach $19.5 billion by 2022.

Recent data have unraveled a key role of CB2 receptors during chronic and acute liver injury, including fibrogenesis associated to chronic liver diseases, ischemia-reperfusion (I/R)-induced liver injury, and hepatic encephalopathy associated to acute liver failure. It has recently been shown that hepatic CB2 receptors are highly upregulated in several pathological conditions. Overall, the figure below indicates CB2 as a target for following liver indications: fibrosis, I/R-induced injury, and hepatic encephalopathy.




Research has also indicated that the non-psychoactive cannabinoid, CBD, protects against hepatic ischemia/reperfusion injury by attenuating inflammatory signaling and response, oxidative/nitrative stress, and cell death. CBD significantly reduced the extent of liver inflammation, oxidative/nitrative stress, and cell death and also attenuated the bacterial endotoxin-triggered. CBD may represent a novel, protective strategy against I/R injury by attenuating key inflammatory pathways and oxidative/nitrative tissue injury, independent of classical CB1/2 receptors. These results emphasize that CBD represents a potential therapeutic option to protect the liver against hypoxia-reoxygenation injury. The available data suggest that CB2 agonists may offer novel perspectives in prevention of hepatic I/R injury. CB2 receptor mediates protection against hepatic ischemia/reperfusion injury. Potentially targeting the CB2 receptor may represent a novel protective strategy against I/R injury.

Based on research, CB2 agonists have demonstrated potential for alcoholic steatohepatitis. β-caryophyllene ("**BCP**"), a CB2 receptor agonist, also known as the "dietary cannabinoid / phytocannabinoid," has been demonstrated to protect against alcoholic steatohepatitis by attenuating inflammation and metabolic dysregulation in mice.[15] Given the safety of BCP in humans, this food additive has a high translational potential in treating or preventing hepatic injury associated with oxidative stress, inflammation, and steatosis. Given the excellent safety profile of BCP in humans, it has tremendous therapeutic potential in a multitude of diseases associated with inflammation and oxidative stress, even those outside of the liver indication. Chronic treatment with BCP attenuated the chronic and binge alcohol-induced liver injury and inflammation by attenuating the pro-inflammatory phenotypic M1 switch of Kupffer cells and by decreasing the expression of vascular adhesion molecules ICAM-1, E-Selectin, and P-Selectin, as well as the neutrophil infiltration. The protective effects of BCP against alcohol-induced liver injury were attenuated in CB2 knockout mice, indicating that the beneficial effects of this natural product in liver injury involve CB2 receptor activation. In a separate study, BCP was used to investigate the role of the CB2 receptors in mediating alcohol intake and ethanol-induced conditioned place preference and sensitivity in mice. The results indicated that BCP dose-dependently reduced alcohol consumption and preference. Overall, the CB2 receptor system appears to be involved in alcohol dependence and sensitivity and may represent a potential pharmacological target for the treatment of alcoholism. These data identify CB2 agonists as potential therapeutic agents for the management of alcoholic liver disease and identify the CB2 receptor as a potential therapeutic target. In summary, BCP represents untapped compound potential from a therapeutic perspective, has demonstrated safety profiles in humans, and there is minimal competition to date in terms of investigation and

[15] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5758392/

commercialization. There is an opportunity to formulate this, synthesize analogues, and investigate clinical efficacy. This compound is of particular interest as it is a CB2 agonist, not psychoactive, and is referred to in the literature as a "dietary cannabinoid." The chemical structure is significantly different compared to the cannabinoid structure class as whole.

Research has also suggested that cannabinoids have shown potential for non-alcoholic fatty liver disease ("**NAFLD**"). A study in 2015 investigating two non-psychoactive cannabinoids, Δ9-Tetrahydrocannabivarin ("**THCV**") and CBD, as potential therapeutics to for NAFLD. The result of this study, from in vitro and in vivo models, demonstrated that both THCV and CBD directly reduced accumulated lipid levels in vitro in a hepatosteatosis model and adipocytes.[16]

Based on previous research CB2 agonists have shown potential for liver injury and regeneration. A study in the literature that has previously investigated the impact of CB2 receptors on the regenerative process associated with liver injury using JWH133, a CB2 synthetic CB2 receptor agonist.[17] These results suggested that CB2 agonists display potent hepatoprotective properties, in addition to their antifibrogenic effects. CB2 receptors reduce liver injury and promote liver regeneration following acute insult, via distinct paracrine mechanisms involving hepatic myofibroblasts.

Research also suggests that cannabis' anti-inflammatory and protective properties help in the treatment of hepatitis. One study found that cannabinoids' anti-inflammatory properties effectively reduced inflammation of a damaged liver and researchers therefore suggested that cannabis could be developed as a potential drug for hepatitis.[18] Another study found that cannabinoids appeared to have immunosuppressive and profibrogenic effects in patients with chronic hepatitis C.[19]

The Company is in the research and development phase of next generation or novel uses of cannabinoids for the treatment of a variety of liver diseases.

Research and Development Programs in Liver Diseases

Liver disease is a major cause of morbidity and mortality and the prognosis is often poor. In many liver diseases (such as viral hepatitis, AIH and alcoholic liver disease), activated T lymphocytes and macrophages appear to play an important role in liver damage. AIH is an inflammatory liver disease characterized by the presence of high transaminases, circulating autoantibodies, hypergammaglobulinemia, histological evidence of hepatitis, and responsiveness to immunosuppressive treatment. The ten year survival rate in untreated patients is approximately 10%. The two known types of AIH (type I and type II) are treated with corticosteroids such as prednisone as well as other immunosuppressive drugs such as azathioprine, mycophenylate mofetil, cyclosporine or tacrolimus. Patients who progress to end stage live disease and/or cirrhosis may also need a liver transplant. Therefore, alternative treatment options are needed. Therapeutic approaches that either inhibit immune-mediated mechanisms or directly inhibit liver cell damage show promise. These studies have addressed the mechanism underlying the use of CAM therapy in ameliorating hepatitis and liver damage. While extensive studies have been performed to elucidate the mechanism of viral hepatitis, there is paucity of information on the pathogenesis of AIH and a dire need for the development of CAM therapy to treat such patients.

The Company is investigating the process of conducting further research and development work with CBD in relevant AIH animal models. The overall objective is to support CBD for the potential treatment of AIH that the Company may potentially advance to further pre-clinical and human clinical research and partner with companies with a focus on liver diseases and specialty cannabinoid treatments. The Company was granted orphan drug designation for CBD in the treatment of AIH by the FDA.

Pursuant to the SCRF License Agreement, the Company, through Revive Inc., was granted an exclusive license from SCRF to develop and commercialize a portfolio of patents based on cannabinoid-based therapeutics, such as CBD, in the treatment of AIH. Under the agreement, the Company agreed to pay SCRF a one time fee for entering

[16] https://www.ncbi.nlm.nih.gov/pubmed/25595882
[17] https://aasldpubs.onlinelibrary.wiley.com/doi/pdf/10.1002/hep.23779
[18] https://www.ncbi.nlm.nih.gov/pubmed/14645663
[19] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4425004/

into the license, as well as certain milestone payments to SCRF. The Company also agreed to pay SCRF escalating annual minimum royalty payments commencing in 2020.

The Company, through Revive Inc., has also entered into a research collaboration with SanyalBio focused on advancing cannabinoids for the potential treatment of liver diseases. The collaboration will initially focus on the use of CBD on a novel AIH model based on SanyalBio's DIAMOND™ model designed and developed by SanyalBio specifically for Revive. This research collaboration is expected to generate a better model of AIH which will enable SanyalBio to further advance the research of cannabinoids for the treatment of AIH and other liver diseases, and the research will provide meaningful information to support future clinical research and partnering discussions for Revive.

According to the U.S. Organ Procurement and Transplantation Network, there are approximately 115,000 patients waiting for solid organ transplants in the United States, with the four most common organs transplanted being liver, kidney, heart and lung. IRI in organ transplantation can result in a higher incidence of acute and chronic rejection, as well as long-term morbidity and mortality. Quickly restoring blood supply of ischemic organs as soon as possible is crucial for avoiding or reducing injury from ischemia, whereas strategies used to attenuate the damage induced by reperfusion, including ischemic preconditioning, ischemic postconditioning, and machine perfusion. These strategies are expensive, sometimes hard to perform in clinical surgeries, and difficult in maintaining organ functions in the case of acute injuries. With the shortage of organs and expensive medical strategies, it is clear that therapies need to be researched to optimize the quality of the organs that are available and to attenuate injury to transplanted organs. The Company believes that the immunosuppressant and anti-inflammatory protective effects of CBD may provide a novel, more beneficial strategy to attenuate the damage induced by ischemia and reperfusion during solid organ transplantation. The Company submitted an application to the FDA seeking orphan drug designation of CBD for the treatment of hepatic IRI during liver transplantation. The application resulted in the FDA granting orphan drug designation for CBD in the prevention of IRI resulting from solid organ transplantation.

Pain

According to a research report conducted by Research Report Insights, the global market for neuropathic pain valued at over US $5 Billion and is estimated to grow to US $8.3 Billion by 2024.

The Company's proposed topical cannabinoid products would be designed to provide safe, effective relief from the pain of peripheral neuropathies. Peripheral neuropathies, or also known as neuropathic pain, are medical conditions caused by damage to the nerves in the peripheral nervous system. The peripheral nervous system includes nerves that run from the brain and spinal cord to the rest of the body. These conditions are caused from injured peripheral nerves, following herpes zoster, shingles, diabetes, chemotherapy, HIV, and other diseases. Peripheral neuropathies can also be caused by trauma or may result from surgical procedures. Additional neuropathic pain indications include lower back pain, cancer-related neuropathic pain, complex regional pain syndrome, and postoperative neuropathic pain.

Peripheral neuropathic pain generally is treated with tricyclic antidepressants, anticonvulsants such as duloxetine, depakote, pregabalin, gabapentin and topiramate, and serotonin/norepinephrine reuptake inhibitors, or SNRIs. Although tricyclic antidepressants, anticonvulsants, and SNRIs often show efficacy in treating neuropathic pain, they also have many drawbacks, including poor tolerability with side effects in most patients.

The Company's proposed topical cannabinoid products may have the potential to treat a number of neuropathic pain indications more safely and effectively than that of traditional cannabinoid products and current natural health and drug treatments for these indications. See "*Drug delivery technology*."

The Company's proposed topical cannabinoid products will also expand use in additional pain disorders in the future.

Inflammatory skin disorders

Inflammatory skin disorders are the result of immune system reactions that involve the skin. Psoriasis is a chronic inflammatory skin disease that affects approximately 7.5 million people in the US.[20] The disease is characterized by an errant immune-system response that drives inflammation and thickening of the skin caused by rapid turnover of skin cells. Psoriasis and other inflammatory skin diseases such as atopic dermatitis can cause tremendous discomfort. The healthcare market has seen an increase in the introduction of systemic therapies, including biologics, to treat patients with moderate-to-severe psoriasis and atopic dermatitis. For the majority of affected patients with less severe disease burden, topical corticosteroids are the predominant therapies prescribed. None of the currently approved therapies are without side effects, and none are well-suited for chronic use. Currently, in the United States, psoriasis is a $5 billion market, of which 90% are from drugs targeting moderate to severe psoriasis patients where the skin manifestation affects more than 3% of the body.[21]

The Company's proposed topical cannabinoid products may have the potential to treat a number of inflammatory skin disorders more safely and effectively than that of traditional cannabinoid products and current natural health and drug treatments for these indications. The Company's proposed topical cannabinoid products may also be explored for additional inflammatory skin disorders and wound healing indications in the future.

**List of Product Candidates**

The following chart sets out the Company's product candidates that are described in this AIF, including the program name, status, expected milestones, the amount spent on the product candidate during the financial year ended June 30, 2018, the estimated cost to complete the product candidate and the Company's commercialization rights with respect to the product candidate.

| Program | Status | Next Milestone | Amount Spent during Financial Year ended June 30, 2018 | Estimated Cost to Complete (2019) | Commercialization Rights |
|---|---|---|---|---|---|
| Cannabinoids for Liver Diseases | Signed SCRF License Agreement.<br><br>Initiated research study with SanyalBio. | Initiate research in various research models of liver diseases<br><br>Complete research study of CBD in AIH animal model | Approximately $29,000 was spent during the year ended June 30, 2018 | $50,000 | Worldwide |
| Cannabinoid Delivery Technology | Signed WARF License Agreement.<br><br>Completed the University of Wisconsin-Madison Research Program. | Conduct research and development of formulations<br><br>Conduct research studies in various disease models | Approximately $179,000 was spent during the year ended June 30, 2018 | $100,000 | Worldwide |

[20] https://www.aad.org/media/stats/conditions/skin-conditions-by-the-numbers
[21] https://decisionresourcesgroup.com/drg-blog/biologics-continue-flare-psoriasis-market-indicating-opportunities-larger-dermatology-space/

| Program | Status | Next Milestone | Amount Spent during Financial Year ended June 30, 2018 | Estimated Cost to Complete (2019) | Commercialization Rights |
|---|---|---|---|---|---|
| Cannabinoid Products | Signed Axim Agreement with Axim for CBD-based chewing gum. | Regulatory approval to market in Canada (as of the date of this AIF, the Company has submitted the application for regulatory approval to Health Canada)<br><br>Commercialization in Canada | Approximately $35,000 was spent during the year ended June 30, 2018 | $75,000 | Canada |

**Competitive Conditions**

The Company's competitors include multinational pharmaceutical companies and specialized biotechnology companies, medical cannabis licensees, universities, and other research institutions that are conducting research in cannabinoid products.

The Company plans to compete in a growing cannabis industry with an increasing number of participants subject to rapid changes and developments. The Company will face the challenge of competing with companies of varying sizes and at varying stages of licensing and levels of development of related products in the cannabis industry. Other companies working in cannabinoid research may develop products targeting the same conditions that the Company may be focusing on, and such competing products may be superior to the Company's potential products.

More established companies may have a competitive advantage over the Company due to their greater size, capital resources, cash flows, and institutional experience. Compared to the Company, many of competitors may have significantly greater financial, technical, and human resources at their disposal. Due to these factors, competitors may have an advantage in marketing their approved products and may obtain regulatory approval of their product candidates before the Company can, which may limit the Company's ability to develop or commercialize its product candidates. Competitors may also develop drugs that are safer, more effective, more widely used, and less expensive, and may also be more successful in manufacturing and marketing their products. These advantages could materially impact the Company's ability to develop and commercialize its products.

Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of the Company's competitors. Smaller and other early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties also compete with the Company in recruiting and retaining qualified personnel, establishing clinical trial sites and subject registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, the Company's programs. See "*Risk Factors*".

**Specialized Skill and Knowledge**

Numerous aspects of the Company's business require specialized skills and knowledge, including those relating to business operations, regulatory compliance and finance. Furthermore, the research and development of alternative uses for pharmaceutical compounds such as cannabinoids requires specialized scientific and medical skill and knowledge. Revive has been successful to date in identifying and retaining employees and contractors with the aforementioned skills and knowledge. See "*Risk Factors*".

### Intangible Properties

The Company has assembled rights to a patent portfolio related to cannabinoid delivery systems and cannabinoid uses for specific diseases pursuant to agreements entered into by Revive Inc. with each of WARF, SCRF and Axim. This patent portfolio includes six issued U.S. patents and one issued Canadian patent.

The Company has also been assigned exclusive rights in certain patents in the United States related to the use of the drug bucillamine in the treatment of gout.

The Company expects its intellectual property portfolio to be significant to its business going forward. See "*Risk Factors*".

### Employees

As of the date of this AIF, Revive has 3 employees. The Company also retains, from time to time, contractors and consultants to perform specialized services. See "*Risk Factors*".

### Reorganizations

Since July 1, 2015, the Company and its subsidiary have not been the subject of a material reorganization.

## DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of the Company consists of an unlimited number of common shares. As at the date of this AIF, there are 72,411,282 common shares issued and outstanding. All common shares are fully paid and have no par value.

Each common share entitles the holder thereof to receive notice of any meetings of the shareholders of Revive, to attend and to cast one vote per common share at all such meetings. Holders of common shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the common shares entitled to vote in any election of directors may elect all of the directors standing for election. Holders of common shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Board at its discretion from funds legally available therefore and, upon the liquidation, dissolution or winding up of Revive, are entitled to receive on a pro rata basis the net assets of the Company for payment of debts and liabilities. The common shares do not carry any pre-emptive, subscription, redemption, retraction or conversion rights, nor do they contain any sinking or purchase fund provisions.

## DIVIDENDS AND DISTRIBUTIONS

The Company has not paid any dividends on its common shares since its incorporation. The Company is not in production and has no present intention of paying dividends on its common shares, as it anticipates that all available funds will be invested to finance the development of its business.

## MARKET FOR SECURITIES

### Trading Price and Volume

The Company's common shares currently trade on the TSX-V under the symbol "RVV", on the OTCQB® under the symbol "RVVTF" and the Frankfurt Stock Exchange in Germany under the symbol "31R". The following table sets forth the volume of trading and price ranges of the common shares on the TSX-V for each month during the period from July 2017, to June 2018:

**TRADING PRICE AND VOLUME**

| Period | High ($) | Low ($) | Volume |
|---|---|---|---|
| June 2018 | 0.295 | 0.15 | 7,847,300 |
| May 2018 | 0.245 | 0.185 | 1,994,960 |

| TRADING PRICE AND VOLUME | | | |
|---|---|---|---|
| **Period** | **High ($)** | **Low ($)** | **Volume** |
| April 2018 | 0.23 | 0.175 | 2,926,650 |
| March 2018 | 0.27 | 0.21 | 3,135,220 |
| February 2018 | 0.33 | 0.21 | 5,094,370 |
| January 2018 | 0.51 | 0.31 | 20,530,880 |
| December 2017 | 0.475 | 0.24 | 27,538,640 |
| November 2017 | 0.375 | 0.15 | 25,262,140 |
| October 2017 | 0.215 | 0.16 | 3,912,640 |
| September 2017 | 0.2 | 0.13 | 3,317,320 |
| August 2017 | 0.2 | 0.15 | 2,462,070 |
| July 2017 | 0.205 | 0.18 | 2,259,360 |

**Prior Sales**

Outstanding securities issued by the Company that are not traded or listed on a marketplace consist of common share purchase warrants and stock options. Both can be exercised to acquire common shares during a specified period of time by paying the stated exercise price to the Company.

***(a) Warrants***

As at June 30, 2018, the Company had no warrants issued and outstanding.

As at the date of this AIF, the Company had 14,010,000 warrants issued and outstanding. Each warrant entitles the holder to acquire one common share at a price of $0.15 per common share. See "*Business Developments Subsequent to the Financial Year Ended June 30, 2018*".

***(b) Stock Options***

The Company has an incentive stock option plan for the purchase of common shares for its directors, officers, employees, management company employee or consultants of the Company or a subsidiary of the Company. The aggregate number of common shares reserved for issuance under the stock option plan is 10% of the issued and outstanding shares at the time of grant.

As at June 30, 2018, the Company had 3,470,375 options issued and outstanding.

As at the date of this AIF, the Company had 4,045,375 options issued and outstanding, as summarized in the table below:

| Number of Options | Issue/Exercise Price per Option | Date of Issue |
|---|---|---|
| 40,375 | $0.30 | 09-Jul-13 |
| 590,000 | $0.66 | 31-Jan-14 |
| 925,000 | $0.60 | 11-Feb-15 |
| 965,000 | $0.28 | 10-Apr-17 |

| | | |
|---|---|---|
| 250,000 | $0.20 | 01-Nov-17 |
| 350,000 | $0.325 | 29-Nov-17 |
| 350,000 | $0.205 | 08-Jun-18 |
| 75,000 | $0.205 | 21-Aug-18 |
| 500,000 | $0.19 | 11-Oct-18 |

## ESCROWED SECURITIES

To the knowledge of the Company, there are no common shares of the Company held in escrow or subject to a contractual restriction on transfer as at the date of this AIF.

## DIRECTORS AND OFFICERS

### Name, Occupation and Security Holding

The following table sets forth, for each of the directors and executive officers of the Company as at the date of this AIF, the person's name, municipality of residence, position with the Company, principal occupation during the preceding five years and, if a director, the year in which the person became a director. Each of the directors of the Company has been appointed to serve until the next annual meeting of shareholders of the Company.

| Name and Municipality of Residence | Principal Occupation during the last five years | Director Since | Position with the Company | Number of Common Shares Beneficially Owned or Controlled[1] |
|---|---|---|---|---|
| Fabio Chianelli<br>*Woodbridge, Ontario Canada* | President of Revive July 2016 to present); CEO of Revive (Jan. 2014 to June. | Jan. 2014 | President and Director | 6,870,600 |
| Craig Leon[2]<br>*Toronto, Ontario Canada* | CEO of Revive (July 2016 to present) | Jan. 2014 | Director | 1,380,000 |
| Carlo Sansalone[2]<br>*Vaughan, Ontario Canada* | President of Sanscon Construction Ltd. (Jan. 1999 to present). | Jan. 2014 | Director | 1,951,666 |
| William Jackson[2]<br>*Hamilton, Ontario Canada* | CEO of Atwill Medical Solutions (Jul. 2011 to present); co-founder and various senior management roles, including CFO, COO, Chief Business Officer, and director at Covalon Technologies Ltd. (Dec. 2004 to Jan. 2013); Director of Titan Medical Inc. (Apr. 2008 to Jun. 2010). | Jan. 2014 | Director | Nil |
| Carmelo Marrelli<br>*Woodbridge, Ontario* | President of Marrelli Support Services Inc. (Feb. 2009 to present); Partner at Marrelli & Drake Corporate Services (Jan. 2001 to Jan. 2009) | N/A | CFO | Nil |
| Beverly J. Incledon<br>*George Town, Cayman* | VP, Research & Development of Ironshore Pharmaceuticals and Development (Jan. 2014 to present); | N/A | Vice President, Research & | Nil |

| | | |
|---|---|---|
| *Islands* | President of Concept 2 Clinic Inc. (Jan. 2010 to Jan. 2014); VP, Research & Development of Pacgen Biopharmaceutics Corporation (Apr. 2009 to Jan. 2010); Director of Research & Development of Eli Lily Canada, Inc. (Apr. 2006 to Apr. 2009). | Development |

Notes:
(1) The information as to voting securities beneficially owned, controlled or directed, not being within the knowledge of the Company, has been furnished by the respective nominees individually.
(2) Member of the Audit Committee.

As at the date of this AIF, the current officers and directors of the Company as a group, directly or indirectly, beneficially own or exercise control or direction over 10,202,266 common shares, representing approximately 14.09% of the Company's issued and outstanding common shares.

**Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

No director or executive officer of the Company is, as at the date of this AIF, or has been, was within ten years before the date of this AIF, a director or chief executive officer or chief financial officer of any company that:

(i) was the subject of an order (as defined in Form 51-102F2 – *Annual Information Form* of NI 51-102) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(ii) was subject to an order that was issued after such individual ceased to be a director, chief executive officer, or chief financial officer, and which resulted from an event that occurred while that individual was acting in the capacity as a director, chief executive officer, or chief financial officer.

No director, executive officer, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, or personal holding company of any such individual

(i) is at the date hereof, or has been within the ten years before the date of this AIF, a director or executive officer of any company that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(ii) has, within the ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director, executive officer, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, or personal holding company of any such individual has been subject to

(i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

**Conflicts of Interest**

Other than as disclosed herein, there are no existing or potential material conflicts of interest between the Company or its subsidiary and any director or officer of the Company or its subsidiary.

There are potential conflicts of interest to which the directors and officers will be subject in connection with the operations. In particular, certain of the directors serve as directors and/or officers other companies whose operations may, from time to time, be in direct competition with the Company's operations, or with entities which may, from time to time, provide financing to, or make equity investments in, the Company's competitors.

Conflicts of interest, if any, will be subject to the procedures and remedies as provided under the OBCA. Under the OBCA, the Company's directors are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest, which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

## PROMOTER

No person or company, within the two most recently completed financial years or during the current financial year, has been a promoter of the Company.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Except as set forth below, the Company is not currently a party to any legal proceedings, nor is the Company currently contemplating any legal proceedings, which are material to its business. The Company is currently not aware of any existing or contemplated legal proceedings to which it is or was a party to, or to which any of its property is or was the subject of. The Company is not aware of any settlement agreements, penalties or sanctions that Company has entered into before a court relating to securities legislation or with a securities regulatory authority or that would be material to a reasonable investor in making an investment decision.

The Company is involved in an ongoing dispute with a supplier over invoices in the amount of $827,574 plus interest for which the supplier has sought arbitration. As of the date of this AIF, the dispute is in arbitration.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer or insider of the Company, or any associate or affiliate of any of them, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year of the Company that has materially affected or is reasonably expected to materially affect the Company.

## TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar for its common shares is Computershare Investor Services Inc., 510 Burrard Street, 3rd Floor, Vancouver, British Columbia, V6C 3B9.

## MATERIAL CONTRACTS

The Company has not entered into any material contract, other than those entered into in the normal course of business, within the most recently completed financial year, or before the most recently completed financial year that is still in effect.

## INTERESTS OF EXPERTS

MNP LLP, Chartered Accountants are the auditors of the Company and have confirmed that they are independent with respect to the Company within the meaning of the Chartered Professional Accountants of Ontario Rules of Professional Conduct.

## RISK FACTORS

Due to the nature of the Company's business, the legal and economic climate in which Revive operates and the present stage of development of its business, the Company may be subject to significant risks. An investment in the Company's shares should be considered highly speculative. The Company's future development and actual operating results may be very different from those expected as at the date of this AIF. There can be no certainty that the Company will be able to implement successfully its strategies. No representation is or can be made as to the future performance of the Company and there can be no assurance that the Company will achieve its objectives. An investor should carefully consider each of, and the cumulative effect of, the following risk factors.

### *Going-Concern Risk*

The Company's financial statements have been prepared on a going concern basis under which the Company is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. Revive's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing additional equity or debt financing or in achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

### *History of Operating Losses*

To date, Revive has a history of operating losses and may not achieve or sustain profitability. Since incorporation, Revive has accumulated net losses and expects such losses to continue as it commences product, clinical, and commercial development for its products and its technologies. Management expects to continue to incur substantial operating losses unless and until such time as sales generate sufficient revenues to fund continuing operations and may not be unable to sustain or increase profitability and failure to do so could adversely affect the Company's business, including its ability to raise additional funds.

### *Negative Operating Cash Flow*

The Company's business has incurred losses since its inception. Although the Company expects to become profitable, there is no guarantee that will happen, and the Company may never become profitable. The Company currently has a negative operating cash flow and may continue to have a negative operating cash flow for the foreseeable future. To date, the Company has not generated any revenues and a large portion of the Company's expenses are fixed, including expenses related to facilities, equipment, contractual commitments and personnel. As a result, the Company expects for its net losses from operations to improve. The Company's ability to generate additional revenues and potential to become profitable will depend largely on its ability to manufacture and market its products and services. There can be no assurance that any such events will occur or that the Company will ever become profitable. Even if the Company does achieve profitability, the Company cannot predict the level of such profitability. If the Company sustains losses over an extended period of time, the Company may be unable to continue its business.

### *Need for Additional Capital and Access to Capital Markets*

The Company will need additional capital to complete its current research, development, and commercial programs. It is anticipated that future research, additional pre-clinical and toxicology studies, manufacturing, and marketing initiatives, including that to prepare for market approval and successful product market launch, will require additional funds. Further financing may dilute the current holdings of shareholders and may thereby result in a loss for shareholders. There can be no assurance that the Company will be able to obtain adequate financing, or financing on terms that are reasonable or acceptable for these or other purposes, or to fulfill the Company's obligations under

the various license agreements. Failure to obtain such additional financing could result in delay or indefinite postponement of further research and development of the Company's products and technologies with the possible loss of license rights to these products and technologies.

***Dilution and Future Issuances of Shares***

The Company's articles permit the issuance of an unlimited number of common shares. The Company may issue additional common shares in the future, which may dilute a shareholder's holdings in the Company.

***Issuance of Debt***

From time to time, the Company may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with debt, which may increase the Company's debt levels above industry standards. The level of the Company's indebtedness from time to time could impair the Company's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

***Requirement to Generate Cash Flow for Financial Obligations***

Revive currently has negative operating cash flows. The Company's ability to generate sufficient cash flow from operations to make scheduled payments to the Company's contractors, service providers, and merchants will depend on future financial performance, which will be affected by a range of economic, competitive, regulatory, legislative, and business factors, many of which are outside of the Company's control. If the Company does not generate sufficient cash flow from operations to satisfy its contractual obligations, the Company may have to undertake alternative financing plans. The Company's inability to generate sufficient cash flow from operations or undertake alternative financing plans would have an adverse effect on the Company's business, financial condition, and results or operations, as well as its ability to satisfy the Company's contractual obligations. Any failure to meet the Company's financial obligations could result in termination of key contracts, which could harm the Company's ability to provide its products and technologies.

***Early Stage Development***

Revive has not begun to market any product or to generate revenues. The Company expects to spend a significant amount of capital to fund research and development and on further laboratory, animal studies and clinical trials. As a result, the Company expects that its operating expenses will increase significantly and, consequently, it will need to generate significant revenues to become profitable. Even if the Company does become profitable, it may not be able to sustain or increase profitability on a quarterly or annual basis. The Company cannot predict when, if ever, it will be profitable. There can be no assurances that the intellectual property of Revive, or other products or technologies it may acquire, will meet applicable regulatory standards, obtain required regulatory approvals, be capable of being produced in commercial quantities at reasonable costs, or be successfully marketed. The Company will be undertaking additional laboratory, animal studies, and clinical studies with respect to the intellectual property of Revive, and there can be no assurance that the results from such studies or trials will result in a commercially viable product or will not identify unwanted side effects.

***Ability to Manage Growth***

Recent rapid growth in all areas of Revive's business has placed, and is expected to continue to place, a significant strain on its managerial, operational and technical resources. The Company expects operating expenses and staffing levels to increase in the future. To manage such growth, the Company must expand its operation and technical capabilities and manage its employee base while effectively administering multiple relationships with various third parties. There can be no assurance that the Company will be able to manage its expanding operations effectively. Any failure to implement cohesive management and operating systems, to add resources on a cost-effective basis or to properly manage the Company's expansion could have a material adverse effect on the Company's business and results of operations.

***Delays in projected development goals***

The Company sets goals for, and makes public statements regarding, the expected timing of the accomplishment of objectives material to its success, the commencement and completion of clinical trials and the expected costs to develop its product candidates. The actual timing and costs of these events can vary dramatically due to factors within and beyond the Company's control, such as delays or failures in our clinical trials, issues related to the manufacturing of drug supply, uncertainties inherent in the regulatory approval process, market conditions and interest by partners in the Company's product candidates among other things. The Company may not make regulatory submissions or receive regulatory approvals as planned; its clinical trials may not be completed; or it may not secure partnerships for any of our product candidates. Any failure to achieve one or more of these milestones as planned would have a material adverse effect on our business, financial condition, and results of operations.

***Manufacturing, Pharmaceutical Development and Marketing Capability***

The Company has no, and does not expect to have any, in-house manufacturing, product development, or marketing capability. To be successful, a product must be manufactured and packaged in commercial quantities in compliance with regulatory requirements and in reasonable time frames and at accepted costs. The Company intends to contract with third parties to develop its products. No assurance can be given that the Company or its suppliers will be able to meet the supply requirements of the Company in respect of the product development or commercial sales. Production of therapeutic products may require raw materials for which the sources and amount of supply are limited, or may be hindered by quality or scheduling issues in respect of the third party suppliers over which the Company has limited control. An inability to obtain adequate supplies of raw materials could significantly delay the development, regulatory approval and marketing of a product. The Company has limited in-house personnel to internally manage all aspects of product development, including the management of multi-center clinical trials. The Company is significantly reliant on third party consultants and contractors to provide the requisite advice and management. There can be no assurance that the clinical trials and product development will not encounter delays which could adversely affect prospects for the Company's success.

To be successful, an approved product must also be successfully marketed. The market for a product developed by the Company may be large and require substantial sales and marketing capability. At the present time, Revive does not have any internal capability to market products or technologies. The Company intends to enter into one or more strategic partnerships or collaborative arrangements with pharmaceutical or cannabis companies or other companies with marketing and distribution expertise to address this need. If necessary, the Company will establish arrangements with various partners for geographical areas. There can be no assurance that the Company can market, or can enter into a satisfactory arrangement with a third party to market a product in a manner that would assure its acceptance in the market place. However, if a satisfactory arrangement with a third party to market and/or distribute a product is obtained, then the Company will be dependent on the corporate collaborator(s) who may not devote sufficient time, resources, and attention to the Company's programs, which may hinder efforts to market the products. Should the Company not establish marketing and distribution strategic partnerships and collaborative arrangements on acceptable terms, and undertake some or all of those functions, the Company will require significant additional human and financial resources and expertise to undertake these activities, the availability of which is not guaranteed.

The Company will rely on third parties for the timely supply of raw materials, equipment, contract manufacturing, and formulation or packaging services. Although the Company intends to manage these third party relationships to ensure continuity and quality, some events beyond the Company's control could result in complete or partial failure of these goods and services. Any such failure could have a material adverse effect on the financial conditions and result of operations of the Company.

The Company will rely on contract manufacturing organizations ("**CMOs**") to manufacture our product candidates for preclinical studies and clinical trials and rely on CMOs for manufacturing, filling, packaging, storing, and shipping of drug products in compliance with current good manufacturing practice, or cGMP, regulations applicable to our products. The FDA ensures the quality of drug products by carefully monitoring drug manufacturers' compliance with cGMP regulations. The cGMP regulations for drugs contain minimum requirements for the methods, facilities, and controls used in manufacturing, processing, and packing of a drug product. If our CMOs increase their prices or fail to meet our quality standards, or those of regulatory agencies such as the FDA, and cannot be replaced by other acceptable CMOs, our ability to obtain regulatory approval for and commercialize our product candidates may be materially adversely affected.

***Risks Related to Potential Inability to Protect Intellectual Property***

Revive's success is heavily dependent upon the Company's intangible property and technologies. The Company licenses certain of its product and technology from third parties and there can be no assurance that the Company will be able to continue licensing these rights on a continuous basis. The Company relies upon copyrights, trade secrets, unpatented proprietary know-how, and continuing technology innovation to protect the product and technology that the Company considers important to the development of its business. The Company relies on various methods to protect its proprietary rights, including confidentiality agreements with its consultants, service providers, and management that contain terms and conditions prohibiting unauthorized use and disclosure of the Company's confidential information. However, despite the Company's efforts to protect its intangible property rights, unauthorized parties may attempt to copy or replicate the Company's product or technology. There can be no assurances that the steps taken by the Company to protect its product and technology will be adequate to prevent misappropriation or independent third-party development of its product and technology. It is likely that other companies can duplicate a production process similar to the Company's. To the extent that any of the above could occur, the Company's revenue could be negatively affected, and in the future, the Company may have to litigate to enforce its intangible property rights, which could result in substantial costs and divert the Company management's attention and the Company's resources.

***Legal Proceedings***

In the course of the Company's business, the Company may from time to time have access to confidential or proprietary information of third parties, and these parties could bring a claim against the Company asserting that it has misappropriated their technologies and had improperly incorporated such technologies into the Company's products. Due to these factors, there remains a constant risk of intellectual property litigation affecting the Company's business. Additionally, Revive faces litigation risks arising from its use of independent contractors and research collaborations to advance research and development of its product pipeline candidates. The Company may be made a party to litigation involving intellectual property, commercial disputes, and other matters, and such actions, if determined adversely, could have a material adverse effect on Revive.

The Company is a party to an arbitration proceeding and cannot predict the outcome of this proceeding (including whether any arbitration award could have a material adverse effect on the Company). See "*Legal Proceedings and Regulatory Actions*".

***Litigation to Protect the Company's Intellectual Property***

The Company's future success and competitive position depends in part upon its ability to maintain its intellectual property portfolio. There can be no assurance that any patents will be issued on any existing or future patent applications. Even if such patents are issued, there can be no assurance that any patents issued or licensed to the Company will not be challenged. The Company's ability to establish and maintain a competitive position may be achieved in part by prosecuting claims against others who it believes to be infringing its rights. In addition, enforcement of the Company's patents in foreign jurisdictions will depend on the legal procedures in those jurisdictions. Even if such claims are found to be invalid, the Company's involvement in intellectual property litigation could have a material adverse effect on its ability to distribute any products that are the subject of such litigation. In addition, the Company's involvement in intellectual property litigation could result in significant expense, which could materially adversely affect the use responsibilities, whether or not such litigation is resolved in the Company's favour.

***Risk of Third Party Claims for Infringement***

A third party may claim that the Company has infringed such third party's rights or may challenge the right of the Company to its intellectual property. In such event, the Company will undertake a review to determine what, if any, action should be taken with respect to such claim. Any claim, whether or not with merit, could be time consuming to evaluate, result in costly litigation, cause delays in the operations of the Company or the development of its intellectual property or require the Company to enter into licensing arrangements that may require the payment of a licence fee or royalties to the owner of the intellectual property. Such royalty or licensing arrangements, if required, may not be available on terms acceptable to the Company.

***Regulatory Approval Licenses and Permits***

Revive may be required to obtain and maintain certain permits, licenses, and approvals in the jurisdictions where its products or technologies are being researched, developed, or commercialized. There can be no assurance that the Company will be able to obtain or maintain any necessary licenses, permits, or approvals. Any material delay or inability to receive these items is likely to delay and/or inhibit the Company's ability to conduct its business, and would have an adverse effect on its business, financial condition, and results of operations.

***Raw Material and Product Supply***

Raw materials and supplies are generally available in quantities to meet the needs of the Company's business. The Company will be dependent on third-party manufacturers for the products and technologies that it markets. An inability to obtain raw materials or product supply could have a material adverse impact on the Company's business, financial condition, and results of operations.

***Agricultural Operations Risk***

The Company is dependent on the growth and production of industrial cannabis and hemp, an agricultural product. As such, the risks inherent in engaging in agricultural businesses apply to the Company. Potential risks include the risk that crops may become diseased or victim to insects or other pests and contamination, or subject to extreme weather conditions such as excess rainfall, freezing temperature, or drought, all of which could result in low crop yields, decreased availability of industrial hemp and cannabis, and higher acquisition prices. Although the Company sources or plans to source its cannabis or CBD-hemp oil from hemp grown in permitted environments, there can be no guarantee that an agricultural event will not adversely affect the Company's business and operating results.

***Regulatory, Including Healthcare Laws and Compliance Risk***

In the United States, the Company's activities are potentially subject to additional regulation by various federal, state, and local authorities in addition to the FDA, including, among others, the Centers for Medicare and Medicaid Services, other divisions of Health and Human Services, or HHS, (for example, the Office of Inspector General), the Department of Justice, and individual U.S. Attorney offices within the Department of Justice, and state and local governments.

In Canada, the Company's activities are potentially subject to additional regulation by various federal and provincial authorities in addition to Health Canada, including among others, the Ontario Cannabis Store (OCS) and publicly-mandated organizations given a provincial sales license under the *Cannabis Act* (Canada).

Because of the breadth of these laws and the narrowness of available statutory and regulatory exemptions, it is possible that some of the Company's business activities could be subject to challenge under one or more of such laws. If the Company's operations are found to be in violation of any of the federal and state laws described above or any other governmental regulations that apply to it, the Company may be subject to penalties, including criminal and significant civil monetary penalties, damages, fines, imprisonment, exclusion from participation in government programs, injunctions, recall or seizure of products, total or partial suspension of production, denial or withdrawal of pre-marketing product approvals, private "qui tam" actions brought by individual whistleblowers in the name of the government, or refusal to allow the Company to enter into supply contracts, including government contracts, and the curtailment or restructuring of our operations, any of which could adversely affect the Company's ability to operate its business and its results of operations. To the extent that any of the Company's products are sold in a foreign country, we may be subject to similar foreign laws and regulations, which may include, for instance, applicable post-marketing requirements, including safety surveillance, anti-fraud and abuse laws, and implementation of corporate compliance programs and reporting of payments or transfers of value to healthcare professionals.

If clinical trials of the Company's product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, the Company's would incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of its product candidates

Before obtaining marketing approval from regulatory authorities for the sale of its product candidates, the Company must conduct preclinical studies in animals and extensive clinical trials in humans to demonstrate the safety and efficacy of the product candidates. Clinical testing is expensive and difficult to design and implement, can take many years to complete, and has uncertain outcomes. The outcome of preclinical studies and early clinical trials may not predict the success of later clinical trials and interim results of a clinical trial do not necessarily predict final results.

A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in advanced clinical trials due to lack of efficacy or unacceptable safety profiles, notwithstanding promising results in earlier trials. The Company does not know whether the clinical trials it may conduct will demonstrate adequate efficacy and safety to result in regulatory approval to market any of its product candidates in any jurisdiction. A product candidate may fail for safety or efficacy reasons at any stage of the testing process. A major risk the Company faces is the possibility that none of its product candidates under development will successfully gain market approval from the FDA, Health Canada, or other regulatory authorities, resulting in the Company being unable to derive any commercial revenue from them after investing significant amounts of capital in multiple stages of preclinical and clinical testing.

Revive will require acceptances and/or approvals from the FDA and other foreign health regulatory bodies for conducting human clinical studies and will require approval from the FDA and equivalent organizations in other countries before any drugs can be marketed. There is no assurance that such approvals will be forthcoming. Furthermore, the exact nature of the studies these regulatory agencies will require is not known and can be changed at any time by the regulatory agencies, increasing the financing risk and potentially increasing the time to market Revive faces, which could adversely affect Revive's business, financial condition or results of operations.

In both domestic and foreign markets, the development, formulation, manufacturing, packaging, labelling, handling, distribution, import, export, licensing, sale, and storage of pharmaceuticals are affected by a body of laws, governmental regulations, administrative determinations, including those by the Canadian Food Inspection Agency and the FDA, court decisions, and similar constraints. Such laws, regulations and other constraints can exist at the federal, provincial or local levels in Canada and at all levels of government in foreign jurisdictions. There can be no assurance that Revive and Revive's partners are in compliance with all of these laws, regulations and other constraints. Revive and its partners may be required to incur significant costs to comply with such laws and regulations in the future, and such laws and regulations may have an adverse effect on the business. The failure of Revive or its partners to comply with current or future regulatory requirements could lead to the imposition of significant penalties or claims and may have a material adverse effect on the business. In addition, the adoption of new laws, regulations or other constraints or changes in the interpretations of such requirements might result in significant compliance costs or lead Revive and its partners to discontinue product development and could have an adverse effect on the business.

***The Company's product candidates contain compounds that are classified as "controlled substances" in jurisdictions outside of Canada and are classified as cannabis in Canada. Outside of Canada they will be subject to controlled substance laws and regulations; within Canada they will be subject to the Cannabis Act (Canada) and Regulations. In all jurisdictions, failure to receive necessary approvals may delay the launch of the Company's products and failure to comply with these laws and regulations may adversely affect the results of the Company's business operations***

The Company's product candidates contain substances related to the cannabis plant and are subject to the *Cannabis Act* (Canada) and *Cannabis Regulations* in Canada. As a pharmaceutical product, cannabidiol will be subject to both the Food and Drugs Act and Regulations and the *Cannabis Act* (Canada) and *Cannabis Regulations*.

In addition, since the Company's product candidates contain controlled substances/cannabis, their regulatory approval may generate public controversy. Political and social pressures and adverse publicity could lead to delays in approval of, and increased expenses for our product candidates. These pressures could also limit or restrict the introduction and marketing of our product candidates. Adverse publicity from cannabis misuse or adverse side effects from cannabis or other cannabinoid products may adversely affect the commercial success or market penetration achievable for our product candidates. The nature of the Company's business attracts a high level of public and media interest, and in the event of any resultant adverse publicity, its reputation may be harmed.

Furthermore, if the Company's product candidates are classified as "controlled substances", they may be subject to import/export and research restrictions that could delay or prevent the development of the Company's products in various geographical jurisdictions.

***The lack of product for commercialization***

If the Company cannot successfully develop, manufacture and distribute its products, or if the Company experiences difficulties in the development process, such as capacity constraints, quality control problems or other disruptions, the Company may not be able to develop market-ready commercial products at acceptable costs, which would adversely affect the Company's ability to effectively enter the market. A failure by the Company to achieve a low-cost structure through economies of scale or improvements in cultivation and manufacturing processes would have a material adverse effect on the Company's commercialization plans and the Company's business, prospects, results of operations and financial condition.

***Controlled Substance Legislations***

Most countries are parties to the Single Convention on Narcotic Drugs 1961, which governs international trade and domestic control of narcotic substances, including cannabis. Countries may interpret/implement their treaty obligations in a way that creates a legal obstacle to our obtaining marketing approval for the Company's product candidates in those countries. These countries may not be willing or able to amend or otherwise modify their laws and regulations to permit the Company's product candidates to be marketed, or achieving such amendments to the laws and regulations may take a prolonged period of time.

***Changes in laws and regulations***

The Company endeavours to comply with all relevant laws, regulations and guidelines. To the Company's knowledge, it is in compliance with all such laws, regulations, and guidelines as described elsewhere in this prospectus.

On June 30, 2016, the Government of Canada established the Task Force on Cannabis Legalization and Regulation to seek input on the design of a new system to legalize, strictly regulate, and restrict access to adult-use recreational cannabis. On December 13, 2016, the Task Force completed its review and published a report outlining its recommendations.

On April 13, 2017, the federal government of Canada introduced the *Cannabis Act* (Canada). On June 20, 2018 the Senate approved the *Cannabis Act* (Canada) and the *Cannabis Act* (Canada) received Royal Assent on June 21, 2018. The *Cannabis Act* (Canada) came into effect on October 17, 2018. The *Cannabis Act* (Canada) creates a strict legal framework for controlling the production, distribution, sale and possession of recreational cannabis in Canada. The *Cannabis Act* (Canada) lifts the ban on the recreational use of cannabis in Canada dating back to 1923. The impact of any such new legislative system on the medical cannabis industry and the Company's business plan and operations is uncertain.

In addition, with the recent coming into effect of the *Cannabis Act* (Canada), there is no guarantee that provincial legislation regulating the distribution and sale of cannabis for recreational purposes will be enacted according to the terms announced by such provinces, or at all, or that any such legislation, if enacted, will create the opportunities for growth anticipated by the Company. For example, the Provinces of Ontario (Canada's most populous province), Québec, and New Brunswick have announced sales and distribution models that would create government-controlled monopolies over the legal retail and distribution of cannabis for recreational purposes in such provinces, which could limit the Company's opportunities in those provinces. On August 13, 2018, the Ontario government announced that it will consult with various government agencies, community groups, and industry stakeholders in order to structure a private retail model in Ontario for cannabis, which came into effect in April 2019.

***Competition***

The pharmaceutical industry is highly competitive and subject to rapid change. The industry continues to expand and evolve as an increasing number of competitors and potential competitors enter the market. Many of these

competitors and potential competitors have substantially greater financial, technological, managerial and research and development resources and experience than the Company has. Some of these competitors and potential competitors have more experience than the Company has in the development of pharmaceutical products, including validation procedures and regulatory matters. Other companies researching in the same disease areas may develop products that are competitive or superior to the Company's product candidates. Other companies working in cannabinoid research may develop products targeting the same diseases that the Company is focused on that are competitive or superior to its product candidates. In addition, there are non-FDA approved cannabis/cannabinoid preparations being made available from companies in the medical marijuana industry, which may be competitive to the Company's products. If the Company is unable to compete successfully, its commercial opportunities will be reduced and its business, results of operations and financial conditions may be materially harmed.

***Unproven Market for Products and Technologies***

The Company believes that the anticipated market for its potential products and technologies will continue to exist and expand. These assumptions may prove to be incorrect for a variety of reasons, including competition from other products and the degree of commercial viability of the potential product.

Even when product development is successful and regulatory approval has been obtained, the Company's ability to generate significant revenue depends on the acceptance of its products by physicians and patients. The Company cannot be sure you that its pharmaceutical cannabinoid product candidates will achieve the expected market acceptance and revenue if and when they obtain the requisite regulatory approvals. The market acceptance of any product depends on a number of factors, including the indication statement and warnings approved by regulatory authorities on the product label, continued demonstration of efficacy and safety in commercial use, physicians' willingness to prescribe the product, reimbursement from third-party payers such as government health care systems and insurance companies, the price of the product, the nature of any post-approval risk management plans mandated by regulatory authorities, competition, and marketing and distribution support. Any factors preventing or limiting the market acceptance of the Company's products could have a material adverse effect on our business, results of operations, and financial condition.

Because the cannabis industry is in a nascent stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in the Company and, few, if any, established companies whose business model the Company can follow or upon whose success the Company can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in the Company. There can be no assurance that the Company's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results.

***Commercialized products***

The Company is yet to bring a product to market. Even if if obtains regulatory approval for a product, the Company's future success will still depend on its ability to successfully commercialize our products, which depends on a number of factors beyond the Company's control, including the willingness of physicians to prescribe its products to patients, payers' willingness and ability to pay for the drug, the level of pricing achieved, patients' response to our products, the ability of its marketing partners to generate sales and our ability to manufacture products on a cost-effective and efficient basis. The Company is we are not successful in the commercialization of our products, its business, results of operations, and financial condition may be harmed.

***Product liability once in the production phase***

As a possible manufacturer and distributor of products designed to be ingested by humans, once the Company is in the production phase, it faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the products produced by the Company caused

injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the business, financial condition and operating results of the Company. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of products.

***The Company will be reliant on information technology systems and may be subject to damaging cyber-attacks.***

The Company has entered into agreements with third parties for hardware, software, telecommunications and other information technology ("**IT**") services in connection with its operations. The Company's operations depend, in part, on how well it protects networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as preemptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

The Company has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

***Effectiveness and Efficiency of Advertising and Promotional Expenditures***

Revive's future growth and profitability will depend on the effectiveness and efficiency of advertising and promotional expenditures, including the Company's ability to (i) create greater awareness of its products; (ii) determine the appropriate creative message and media mix for future advertising expenditures; and (iii) effectively manage advertising and promotional costs in order to maintain acceptable operating margins. There can be no assurance that advertising and promotional expenditures will result in revenues in the future or will generate awareness of the Company's technologies or products. In addition, no assurance can be given that the Company will be able to manage the Company's advertising and promotional expenditures on a cost-effective basis.

***Maintaining and Promoting the Company's Brands***

Revive believes that maintaining and promoting the Company's brands is critical to expanding the Company's customer base. Maintaining and promoting the Company's brands will depend largely on its ability to continue to provide quality, reliable, and innovative products, which the Company's may not do successfully. Revive may introduce new products and technologies that the Company's customers do not like, which may negatively affect the Company's brand and reputation. Maintaining and enhancing the Company's brands may require substantial investments, and these investments may not achieve the desired goals. If the Company fails to successfully promote and maintain its brands or if the Company incurs excessive expenses in this effort, the Company's business and financial results from operations could be materially adversely affected.

***Success of Quality Control Systems***

The quality and safety of the Company's products are critical to the success of the Company's business and operations. As such, it is imperative that the Company and its service providers' quality control systems operate

effectively and successfully. Quality control systems can be negatively impacted by the design of the quality control systems, the quality training program, and adherence by employees to quality control guidelines. Although the Company strives to ensure that all of its service providers have implemented and adhere to high-caliber quality control systems, any significant failure or deterioration of such quality control systems could have a material adverse effect on the Company's business and operating results.

***Lack of Diversity***

Larger companies have the ability to manage their risk through diversification. However, Revive currently lacks diversification in terms of the nature of its business. As a result, Revive could potentially be more impacted by factors affecting the pharmaceutical and cannabis industry in general than would be the case if the business was more diversified. Currently, Revive's primary focus is the development and commercialization of its cannabinoid-based products and technologies. Accordingly, Revive is dependent on its ability to develop and commercialize its products and technologies and any factor that materially adversely affects its ability to do so may have a material adverse effect on Revive's financial condition and results of operations.

***Key Personnel Risk***

Revive's success and future growth will depend, to a significant degree, on the continued efforts of the Company's directors and officers to develop the business and manage operations and on their ability to attract and retain key technical, scientific, sales and marketing staff or consultants. The loss of any key person or the inability to attract and retain new key persons could have a material adverse effect on the Company's business. Competition for qualified technical, scientific, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that the Company will be able to attract or retain key personnel in the future. The Company's inability to retain and attract the necessary personnel could materially adversely affect the Company's business and financial results from operations.

***Inability to Implement the Business Strategy***

The growth and expansion of Revive's business is heavily dependent upon the successful implementation of Revive's business strategy. There can be no assurance that Revive will be successful in the implementation of its business strategy.

***Uninsured or Uninsurable Risk***

The Company may become subject to liability for risks which are uninsurable or against which the Company may opt out of insuring due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for usual business activities. Payment of liabilities for which insurance is not carried may have a material adverse effect on the Company's financial position and operations.

***Conflict of Interest***

Certain of the directors of the Company are also directors and officers of other companies, some of which may be in the pharmaceutical sector, and conflicts of interest may arise between their duties as directors of the Company and as officers and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as apply under the applicable corporate statute.

***Difficulties with Forecasts***

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical marijuana industry in Canada. A failure in the demand for its products and services to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

***Fluctuations in Foreign Currency Exchange Rates***

Revive is subject to foreign currency risk. The strengthening or weakening of the Canadian or U.S. dollar versus other currencies will impact the translation of the Company's expenses and net revenues generated in these foreign currencies into Canadian and US dollars. The Company imports certain products from foreign countries, and so may become forced to pay higher rates for these products as a result of the weakening of the Canadian or U.S. dollar.

## AUDIT COMMITTEE

The audit committee of the Board ("**Audit Committee**") is responsible for monitoring the Company's systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents and monitoring the performance and independence of the Company's external auditors. The committee is also responsible for reviewing the Company's annual audited financial statements, unaudited quarterly financial statements and management's discussion and analysis of financial results of operations for both annual and interim financial statements and review of related operations prior to their approval by the full Board.

### Audit Committee Charter

The full text of the charter of the Audit Committee is attached hereto as Appendix "B".

### Composition of the Audit Committee

The Audit Committee members are Craig Leon, Carlo Sansalone, and William Jackson, each of whom is a director, and considered financially literate. Both Mr. Sansalone and Jackson are independent in accordance with NI 52-110.

To be considered independent, a member of the Audit Committee must not have any direct or indirect "material relationship" with the Company. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member's independent judgment.

To be considered financially literate, a member of the Audit Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

### Relevant Education and Experience

The following table summarizes the relevant education and experience of the members of the Audit Committee:

| Name of Member | Education | Experience |
|---|---|---|
| Craig Leon | B.A., McGill University (1990); M.B.A., York University (1993). | Mr. Leon brings extensive financial management and risk assessment experience to the Audit Committee. He served as CEO and Chairman of the board of directors of Titan Medical Inc., a publicly-listed medical device company from July 2008 to March 2013, and as CFO and COO of Redwood Asset Management Inc. from August 2003 to July 2009. Mr. Leon has held a variety of financial analysis and management positions, and has acted as a consultant for evaluating strategic investment opportunities and potential acquisition candidates. As such, he has experience in preparing, analyzing and evaluating financial statements |
| Carlo Sansalone | B.Comm., Ryerson University (2000). | Mr. Sansalone has acquired knowledge of effective financial management best practices and an understanding of how to help make a company cost-competitive and profitable through education, and experience as president of Sanscon Construction Ltd. |

| | | |
|---|---|---|
| William Jackson | Undergraduate and Graduate degrees Business and Accounting University of Western Ontario (1980) and University of Windsor (1982) | Mr. Jackson has over 20 years' experience with private and public companies, including senior management positions and directorships, and as such he has a comprehensive understanding of the accounting principles used by such companies to prepare financial statements. |

**Audit Committee Oversight**

Since the commencement of the last financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor that was not adopted by the Board.

**External Auditor Services Fees**

The following table discloses the service fees billed to the Company by its external auditor during the last two completed financial years:

| Financial Year Ending | Audit Fees[(1)] | Audit Related Fees[(2)] | Tax Fees[(3)] | All Other Fees[(4)] |
|---|---|---|---|---|
| June 30, 2018 | $20,000 | Nil | $4,000 | Nil |
| June 30, 2017 | $15,000 | Nil | Nil | Nil |

Notes:

(1) The aggregate fees billed for professional services rendered by the auditor for the audit of the Company's annual financial statements as well as services provided in connection with statutory and regulatory filings.

(2) The aggregate fees billed for professional services rendered by the auditor and consisted primarily of file quality review fees and fees for the review of quarterly financial statements and related documents.

(3) Aggregate fees billed for tax compliance, tax advice and tax planning professional services. These services included reviewing tax returns and assisting in responses to government tax authorities.

(4) No other fees were billed by the auditor of the Company other than those listed in the other columns.

**Exemption**

Since the Company is a "venture issuer" pursuant to NI 52-110 (its securities are not listed or quoted on any of the Toronto Stock Exchange, a market in the U.S., or a market outside of Canada and the U.S.), it is exempt from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

## ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

Additional information with respect to the Company, including directors' and officers' remuneration and indebtedness, principal holders of securities of the Company and securities authorized for issuance under equity compensation plans, as applicable, is contained in the Company's information circular dated November 6, 2018 a copy of which has been filed on SEDAR and is available at www.sedar.com.

Additional financial information is provided in the Company's audited annual financial statements and the management's discussion and analysis for its most recently completed financial year.

**APPENDIX "A"**
**GLOSSARY**

In this AIF, the following terms have the following meanings, unless there is something in the context or subject matter inconsistent therewith:

"**ACMPR**" has the meaning ascribed to it in "*Regulatory Overview"*;

"**AIF**" has the meaning ascribed to it in "*Cautionary Note Regarding Forward-Looking Statements"*;

"**AIH**" has the meaning ascribed to it in "*General Development of the Business"*;

"**Amalgamation**" has the meaning ascribed to it in "*Corporate Structure"*;

"**ANDA**" has the meaning ascribed to it in "*Regulatory Overview*";

"**Audit Committee**" has the meaning ascribed to it in "*Audit Committee"*;

"**August 2016 Offering**" has the meaning ascribed to it in "*General Development of the Business"*;

"**Axim**" has the meaning ascribed to it in "*General Development of the Business"*;

"**Axim Agreement**" has the meaning ascribed to it in "*General Development of the Business"*;

"**BCP**" has the meaning ascribed to it in "*Business of Revive"*;

"**Board**" has the meaning ascribed to it in "*General Development of the Business*";

"**CBD**" has the meaning ascribed to it in "*General Development of the Business"*;

"**CDSA**" has the meaning ascribed to it in "*Regulatory Overview*";

"**cGMP**" has the meaning ascribed to it in "*Regulatory Overview*";

"**CMOs**" has the meaning ascribed to it in "*Risk Factors*";

"**Company**" has the meaning ascribed to it in "*Cautionary Note Regarding Forward-Looking Statements"*;

"**CSA**" has the meaning ascribed to it in "*Regulatory Overview*";

"**DEA**" has the meaning ascribed to it in "*Regulatory Overview*";

"**FDA**" has the meaning ascribed to it in "*General Development of the Business*";

"**FDA-NDA**" has the meaning ascribed to it in "*Regulatory Overview*";

"**FDCA**" has the meaning ascribed to it in "*Regulatory Overview*";

"**February Offering**" has the meaning ascribed to it in "*General Development of the Business"*;

"**Formulation**" has the meaning ascribed to it in "*General Development of the Business"*;

"**GCP**" has the meaning ascribed to it in "*Regulatory Overview*";

"**HHL**" has the meaning ascribed to it in "*General Development of the Business*";

"**HHL Transactions**" has the meaning ascribed to it in "*General Development of the Business*";

"**IND**" has the meaning ascribed to it in "*General Development of the Business*";

"**IRB**" has the meaning ascribed to it in "*Regulatory Overview*";

"**IRI**" has the meaning ascribed to it in "*General Development of the Business*";

"**IT**" has the meaning ascribed to it in "*Risk Factors*";

"**JVco**" has the meaning ascribed to it in "*General Development of the Business*";

"**JV LOI**" has the meaning ascribed to it in "*General Development of the Business*";

"**Mercury**" has the meaning ascribed to it in "*Corporate Structure"*;

"**Mercury AcquisitionCo**" has the meaning ascribed to it in "*Corporate Structure"*;

"**Minister**" has the meaning ascribed to it in "*Regulatory Overview*";

"**NAFLD**" has the meaning ascribed to it in "*Business of Revive"*;

"**NDS**" has the meaning ascribed to it in "*Regulatory Overview*";

"**NI 51-102**" has the meaning ascribed to it in "*General Development of the Business*";

"**NI 52-110**" means National Instrument 52-110 - *Audit Committees* of the Canadian Securities Administrators;

"**NOC**" has the meaning ascribed to it in "*Regulatory Overview*";

"**OBCA**" has the meaning ascribed to it in "*Corporate Structure"*;

"**Old Revive**" has the meaning ascribed to it in "*Corporate Structure"*;

"**REV-002**" has the meaning ascribed to it in "*General Development of the Business*";

"**REV-004**" has the meaning ascribed to it in "*General Development of the Business*";

"**Revive**" has the meaning ascribed to it in "*Cautionary Note Regarding Forward-Looking Statements"*;

"**Revive Inc.**" has the meaning ascribed to it in "*Corporate Structure*";

"**Richmond**" has the meaning ascribed to it in "*General Development of the Business*";

"**RTO**" has the meaning ascribed to it in "*Corporate Structure"*;

"**SanyalBio**" has the meaning ascribed to it in "*General Development of the Business"*;

"**SCRF**" has the meaning ascribed to it in "*General Development of the Business"*;

"**SCRF License Agreement**" has the meaning ascribed to it in "*General Development of the Business"*;

"**THC**" has the meaning ascribed to it in "*Business of Revive"*;

"**THCV**" has the meaning ascribed to it in "*Business of Revive"*;

"**TPD**" has the meaning ascribed to it in "*Regulatory Overview*";

"**TSX-V**" has the meaning ascribed to it in "*Corporate Structure"*;

"**University of Wisconsin-Madison Research Program"** has the meaning ascribed to it in "*General Development of the Business"*;

"**WARF**" has the meaning ascribed to it in "*General Development of the Business"*;

"**WARF License Agreement**" has the meaning ascribed to it in "*General Development of the Business"*;

"**WeedMD**" has the meaning ascribed to it in "*General Development of the Business"*; and

"**WeedMD Agreements**" has the meaning ascribed to it in "*General Development of the Business"*.

Words importing the singular number only include the plural, and *vice versa*, and words importing any gender include all genders. All dollar amounts set forth in this annual information form are in Canadian dollars, except where otherwise indicated.

**APPENDIX "B"**
**AUDIT COMMITTEE CHARTER**

**REVIVE THERAPEUTICS LTD.**
**(the "Company")**

**CHARTER OF THE AUDIT COMMITTEE**
**OF THE BOARD OF DIRECTORS**

## I. PURPOSE

The Audit Committee is a committee of the board of directors (the "**Board**") of the Company. The function of the Audit Committee is to assist the Board in fulfilling its responsibilities to the shareholders of the Company, the securities regulatory authorities and stock exchanges, the investment community and others by:

(a) reviewing the annual and interim (quarterly) financial statements, related management discussion and analysis ("**MD&A**") and, where applicable, other financial information disclosed by the Company to any governmental body or the public, prior to its approval by the Board;

(b) overseeing the review of interim (quarterly) financial statements and/or MD&A by the Company's external auditor;

(c) recommending the appointment and compensation of the Company's external auditor, overseeing the external auditor's qualifications and independence and providing an open avenue of communication among the external auditor, financial and senior management and the Board;

(d) directly overseeing the work of the external auditor on the audit of annual financial statements; and

(e) monitoring the Company's financial reporting process and internal controls and compliance with legal and regulatory requirements related thereto.

The Audit Committee should primarily fulfill these responsibilities by carrying out the activities enumerated in Section III of this Charter. However, it is not the duty of the Audit Committee to prepare financial statements, to plan or conduct audits, to determine that the financial statements are complete and accurate and are in accordance with generally accepted accounting principles ("**GAAP**"), to conduct investigations, or to assure compliance with laws and regulations or the Company's internal policies, procedures and controls, as these are the responsibility of management and in certain cases the external auditor.

## II. COMPOSITION

1. The Audit Committee shall have a minimum of three members.

2. Every Audit Committee member must be a director of the Company. The Audit Committee shall be comprised of such directors as are determined by the Board, a majority of whom shall be independent within the meaning of National Instrument 52-110 – Audit Committees ("**NI 52-110**") of the Canadian Securities Administrators (or exempt therefrom), and free of any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee. Pursuant to the Business Corporations Act (Ontario) (the "**OBCA**") the majority of the Audit Committee members must not be officers, nor employees of the Company or any of its affiliates.

3. All members of the Audit Committee must have (or should gain within a reasonable period of time after appointment) a working familiarity with basic finance and accounting practices and otherwise be financially literate within the meaning of NI 52-110 (or exempt therefrom). Audit Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant.

4. The members of the Audit Committee shall be elected by the Board on an annual basis or until their successors shall be duly appointed. Audit Committee members shall hold office until the next annual meeting of shareholders subsequent to their appointment.

5. Unless a Chair is elected by the full Board, the members of the Audit Committee may designate a Chair by majority vote of the full Audit Committee membership.

6. The Secretary of the Audit Committee will be appointed by the Chair.

7. Any member of the Audit Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Audit Committee on ceasing to be a Director. The Board may fill vacancies on the Audit Committee by election from among the directors on the Board. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all its powers so long as a quorum remains.

## III. DUTIES AND RESPONSIBILITIES

1. The Audit Committee shall review and recommend to the Board for approval:

   (a) the Company's annual and interim financial statements, including any certification, report, opinion or review rendered by the external auditor, and review related MD&A;

   (b) press releases of the Company that contain financial information;

   (c) other financial information provided to any governmental body, stock exchange or the public as they see fit

   (d) documents referencing, containing or incorporating by reference the annual audited consolidated financial statements or interim financial results (e.g., prospectuses, press releases with financial results and Annual Information Form – when applicable) prior to their release; and

   (e) any other matter not mentioned herein but otherwise required pursuant to applicable laws, including, without limitation, NI 52-110 and the OBCA.

2. The Audit Committee, in fulfilling its mandate, will:

   (a) satisfy itself that adequate internal controls and procedures are in place to allow the Chief Executive Officer and the Chief Financial Officer to certify financial statements and other disclosure documents as required under securities laws;

   (b) review with management relationships with regulators, and the accuracy and timeliness of filing with regulatory authorities (when and if applicable);

   (c) ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures;

   (d) recommend to the Board the selection of the external auditor, consider the independence and effectiveness and approve the fees and other compensation to be paid to the external auditor;

   (e) review the performance of the external auditor and approve any proposed discharge and replacement of the external auditor when circumstances warrant;

   (f) review the annual audit plans of the internal and external auditors of the Company;

   (g) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;

(h) monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing any material differences of opinion or disagreements between management and the external auditor;

(i) periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper;

(j) arrange for the external auditor to be available to the Audit Committee and the full Board as needed. Ensure that the auditors communicate directly with the Audit Committee and are made accountable to the Board and the Audit Committee, as representatives of the shareholders to whom the auditors are ultimately responsible;

(k) ensure that the external auditors are prohibited from providing non-audit services and approve any permissible non-audit engagements of the external auditors, in accordance with applicable legislation;

(l) review with management and the external auditor the Company's major accounting policies, including the impact of alternative accounting policies and key management estimates and judgments that can materially affect the financial results;

(m) review with management their approach to controlling and securing corporate assets (including intellectual property) and information systems, the adequacy of staffing of key functions and their plans for improvements;

(n) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;

(o) review the expenses of the Chairman and President of the Company annually;

(p) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls, or auditing matters and the confidential, anonymous submission by the Company's employees of concerns regarding questionable accounting or auditing matters; and

(q) perform such other duties as required by the Company's incorporating statute and applicable securities legislation and policies, including, without limitation, NI 52-110 and the OBCA.

3. The Audit Committee may engage independent counsel and other advisors as it determines necessary to carry out its duties, and may set and pay the compensation of such counsel and advisors. The Audit Committee may communicate directly with the Company's internal and external counsel and advisors.

## IV. MEETING PROCEDURES

1. The Audit Committee shall meet at such times and places as the Audit Committee may determine, but no less than four times per year. The Audit Committee should meet within forty-five (45) days (sixty (60) days in the event the Company is a "venture issuer" (as such term is defined in National Instrument 51-102 – Continuous Disclosure Obligations)) following the end of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related MD&A, and shall meet within ninety (90) days (one hundred and twenty (120) days in the event the Company is a "venture issuer") following the end of the financial year end to review and discuss the audited financial results for the preceding year and the related MD&A as well as any press release, or in both cases, by such earlier times as may be required in order to comply with applicable law or any stock exchange regulation.

2. Members of the Audit Committee shall be provided with reasonable notice of the time and place of meetings, which shall be not less than twenty-four (24) hours. The notice period may be waived by all

members of the Audit Committee. Each of the Chairman of the Board, the external auditor, the Chief Executive Officer or the Chief Financial Officer shall be entitled to request that any member of the Audit Committee call a meeting.

3. The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their duties, members of the Audit Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Company with senior employees, officers and the external auditor of the Company, and others as they consider appropriate. The external auditor may, at its option, attend meetings of the Audit Committee.

4. In order to foster open communication, the Audit Committee or its Chair should meet at least annually with management and the external auditor in separate sessions to discuss any matters that the Audit Committee or each of these groups believes should be discussed privately. In addition, the Audit Committee or its Chair should meet with management quarterly in connection with the Company's interim financial statements.

5. Meetings of the Audit Committee may be conducted with members in attendance in person, by telephone or by video conference facilities.

6. Quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Audit Committee or such greater number as the Audit Committee shall by resolution determine.

7. A resolution in writing signed by all the members of the Audit Committee is valid as if it had been passed at a meeting of the Audit Committee.

8. The Audit Committee shall ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the Company.

# Schedule B

## Management's Discussion and Analysis for the year ended June 30, 2018

# REVIVE THERAPEUTICS LTD.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## FOR THE YEAR ENDED JUNE 30, 2018

## Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Revive Therapeutics Ltd. ("Revive" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended June 30, 2018. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual financial statements of the Company for the fiscal years ended June 30, 2018 and 2017, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. Information contained herein is presented as at October 26, 2018, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Revive's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or on SEDAR at **www.sedar.com**.

## Caution Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of (i) this MD&A; or (ii) as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

| Forward-looking Statements | Assumptions | Risk Factors |
|---|---|---|
| The Company's (i) development of new drug and product candidates, (ii) demonstration of such drug and product candidates' safety and efficacy in clinical trials, and (iii) obtaining regulatory approval to commercialize these drug and product candidates. | Financing will be available for development of new drug and product candidates and conducting clinical studies; the actual results of the clinical trials will be favourable; development costs will not exceed Revive's expectations; the Company will be able to retain and attract skilled staff; the Company will be able to recruit suitable patients for clinical trials; all requisite regulatory and governmental approvals to commercialize the drug and product candidates will be received on a timely basis upon terms acceptable to Revive; applicable economic conditions are favourable to Revive. | Availability of financing in the amount and time frame needed for the development and clinical trials may not be favourable; increases in costs; the Company's ability to retain and attract skilled staff; the Company's ability to recruit suitable patients for clinical trials; timely and favourable regulatory and governmental compliance, acceptances, and approvals; interest rate and exchange rate fluctuations; changes in economic conditions. |
| The Company's ability to obtain the substantial capital it requires to fund research and operations. | Financing will be available for Revive's research and operations and the results thereof will be favourable; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to Revive. | Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in cost of research and operations; interest rate and exchange rate fluctuations; adverse changes in economic conditions. |
| Factors affecting pre-clinical research, clinical trials and regulatory approval process of the Company's drug candidates. | Actual costs of pre-clinical research, clinical and regulatory processes will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; the Company will be able to recruit suitable patients for clinical trials; the Company will be able to complete pre-clinical research and clinical studies on a timely basis with favourable results; all applicable regulatory and governmental approvals for drug candidates will be received on a timely basis with terms acceptable to Revive; debt and equity markets, exchange and interest rates, and other applicable economic and political conditions are favourable to Revive; there will be a ready market for the drug and product candidates. | Revive's drug and product candidates may require time-consuming and costly pre-clinical and clinical studies and testing and regulatory approvals before commercialization; the Company's ability to retain and attract skilled staff; the Company's ability to recruit suitable patients for clinical trials; adverse changes in regulatory and governmental processes; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company will not be adversely affected by market competition. |

| Forward-looking Statements | Assumptions | Risk Factors |
|---|---|---|
| The Company's ability to commercialize on its own or find and enter into agreements with potential partners to bring viable drug and product candidates to commercialization. | Revive will be able to commercialize on its own or to find a suitable partner and enter into agreements to bring drug and product candidates to market within a reasonable time frame and on favourable terms; the costs of commercializing on its own or entering into a partnership will be consistent with Revive's expectations; partners will provide necessary financing and expertise to bring drug and product candidates to market successfully and profitably. | Revive will not be able to commercialize on its own or find a partner and/or enter into agreements within a reasonable time frame; if the Company enters into agreements, these agreements may not be on favourable terms to Revive; costs of entering into agreements may be excessive; potential partners will not have the necessary financing or expertise to bring drug and product candidates to market successfully or profitably. |
| The Company's ability to obtain and protect the Company's intellectual property rights and not infringe on the intellectual property rights of others. | Patents and other intellectual property rights will be obtained for viable drug and product candidates; patents and other intellectual property rights obtained will not infringe on others. | Revive will not be able to obtain appropriate patents and other intellectual property rights for viable drug and product candidates; patents and other intellectual property rights obtained will be contested by third parties; no proof that acquiring a patent will make the drug or product more competitive. |
| The Company's ability to source markets which have demand for its products and successfully supply those markets in order to generate sales. | The anticipated markets for the Company's potential products and technologies will continue to exist and expand; the Company's products will be commercially viable and it will successfully compete with other research teams who are also examining potential products and therapeutics with regards to cannabinoids, gout, cystinuria, Wilson's disease, rare diseases, pain, inflammatory skin diseases, liver diseases, inflammation, autoimmune, and central nervous system disorders. | The anticipated market for the Company's potential products and technologies will not continue to exist and expand for a variety of reasons, including competition from other products and the degree of commercial viability of the potential product. |
| Future actions with respect to and potential impacts of pending claims. | Revive will be able to settle or otherwise obtain disposition of claims against it on favourable terms. | Revive may will not be able to settle pending claims on favourable terms; claims may be adjudicated in a manner that is not favourable to Revive. |

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors"

section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

## The Company

The Company is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. Its common shares are listed for trading on the TSX Venture Exchange under the symbol "RVV", on the OTCBB under the symbol "RVVTF" and the Frankfurt Stock Exchange in Germany under the symbol "31R". The Company's registered and head office is located at 5 Director Court, Suite 105, Vaughan, Ontario, L4L 4S5 and its website is available at **www.revivethera.com**.

## Corporate Update

Over the last 18 months Revive has been focused on establishing strategic relationships and building its product and intellectual property portfolio with the aim of becoming a leading global specialty cannabis company. The next phase of the Company's growth plans is the development and commercialization of novel cannabis-based products and partnering with leading licensed producers of cannabis and pharmaceutical companies worldwide.

*Product Strategy:*

Revive is focused on commercializing differentiated cannabis-based products that have patent protection and are best-in-class with first mover advantage offering a better alternative over conventional cannabis-based products in the market. The Company's patent portfolio includes exclusive rights to five issued U.S. patents, one issued Canadian patent and two patent applications filed in the U.S., based on cannabinoid delivery systems and uses for specific diseases. The Company's strategy is to launch its cannabis-based products in Canada as recognized under the proposed regulations of Cannabis and Health Canada's Natural Health Products and Food and Drug regulations, with the objective to sell through legalized distribution channels, national retailers in the food, drug, mass market, and specialty and natural retail channels, be included in health insurance plans, and be distributed to countries globally.

The Company's advantageous position in Canada will allow it to gather invaluable patient data and real-world consumer experience of its products that will pave the way for new products, improved product labelling and marketing, expansion in major markets globally, and support potential new drug applications for future pharmaceutical cannabinoid-based products.

Revive's product portfolio will be a robust assortment of premium unique dosage offerings, such as, but not limited to, chewing gums, topicals, and alternate oral forms putting an emphasis on the cannabis and health and wellness market. The potential advantages of Revive's products over conventional dosage forms of cannabis aim to achieve the following:

- better bioavailability, while bypassing the first-pass hepatic metabolism;
- faster and/or reliable onset of action;
- precise dosing that is consistent, accurate and repeatable;
- avoid irritation in the lungs, throat and stomach;
- ease of use for improved consumer and patient adherence and compliance;
- higher acceptance for those who find smoking or swallowing difficult; and
- potential for improved blood circulation to brain, cognitive function, and oral hygiene.

*Business Development:*

Revive is in discussions with leading Canadian licensed producers of cannabis to evaluate strategic collaborations for the Company's products, cannabinoid delivery system, liver research program, and intellectual property in developing and commercializing products for the cannabis and health and wellness market. The Company has secured and is also evaluating exclusive rights to unique cannabis-based products and technologies for the Canadian market. Lastly, the Company seeks to partner its non-core pharmaceutical program, bucillamine for the potential treatment in cystinuria and gout.

*Overview:*

The Company is a specialty cannabis company focused on the research, development, and commercialization of novel cannabinoid-based products. Revive is commercializing patent-protected, best-in-class cannabis-based products with first mover advantage in the multi-billion dollar cannabis and health and wellness market. The Company's novel cannabinoid delivery technology is being advanced to fill the unmet medical needs for diseases and disorders such as pain, inflammation, and wound care. Revive's cannabinoid pharmaceutical portfolio focus' on rare liver diseases, which the FDA granted to the Company orphan drug designation for cannabidiol in the treatment of autoimmune hepatitis.

We have expertise in pre-clinical and clinical research, regulatory, and business development activities. Our goal is to use these core competencies to advance our product candidates along the regulatory and clinical pathway toward commercial approval. We believe we have the ability to manage and perform the key critical aspects of the drug or product development process, including conducting or managing pre-clinical studies, clinical trials, developing and executing strategies for the protection of intellectual property, and interacting with regulatory authorities. We are actively seeking development and commercial partnerships that might facilitate these activities. In the meantime, we are prepared to advance our drug and product candidates and technologies toward commercial approval in the most efficient and expeditious manner.

Our initial focus was on the advancement of repurposing the drug bucillamine, an arthritis drug approved only in Japan and South Korea, for the treatment of gout (pain from flares). We have completed a Phase 2a clinical program with bucillamine in acute flares and we are currently seeking funding, development, and commercialization partners to advance into Phase 2b and into registration studies. We are also investigating bucillamine as a potential treatment for cystinuria (kidney stones). We initiated the U.S. Phase 2 clinical study in 2017 and we are currently seeking development and commercialization partners to advance the program in order to dedicate our resources in developing and commercializing novel cannabis-based products.

To expand our product pipeline of cannabis-based product, we employ, but not limited to, bioinformatics to perform scientific evaluation, clinical, and market assessment of potential pharmaceutical and cannabinoid-based products for diseases that fall into our target area of expertise. We focused on expanding our product pipeline through the advancement of our cannabinoid-based therapeutics strategy in, but not limited to, pain, skin disorders, and liver diseases. We initiated a research discovery program of cannabinoid-based therapies targeting liver diseases with PhytoSciences Consulting LLC., a contract research organization.

We are also actively engaging in a review of certain complimentary assets that we may consider acquiring or licensing. For example we licensed a potential novel delivery technology asset from Wisconsin Alumni Research Foundation (WARF). We have engaged and completed a sponsored research agreement with the University of Wisconsin-Madison for the research and development of the potential novel delivery technology to deliver cannabinoids (the "University of Wisconsin-Madison Research Agreement"). Also, we entered into a license agreement with South Carolina Research Foundation ("SCRF"), under which we will acquire an exclusive license from SCRF to develop and commercialize a portfolio of patents based on cannabinoid-based therapeutics, such as cannabidiol, in the treatment of autoimmune hepatitis, a rare liver disease.

Upon licensing a product candidate, our strategy is to apply our expertise and our partners' expertise to advance the product toward regulatory approval and commercial sale in major markets, including the U.S. and Canada. These activities include implementing intellectual property protection and registration strategies, formulating or reformulating existing drug products, performing or managing clinical trials in target jurisdictions, undertaking or managing the collection, collation and interpretation of research and clinical data, and submitting such data to the relevant regulatory authorities in compliance with applicable protocols and standards.

We may also develop next-generation versions of our product candidates, which will aim to improve upon the product candidate, and may have the potential to treat existing diseases better or new diseases that would otherwise remain untreated by the original product. We also develop and commercialize cannabinoid-based products for the medical and recreational marijuana markets.

In order to augment our ability to develop product candidates and effectively market any products in respect of which we obtain regulatory approval, we may seek to enter into an agreement or partnership with licensed producers of medical marijuana and biopharmaceutical companies that have development and/or sales and marketing capabilities. Entering into an agreement or partnership with an organization that has these capabilities may enable us to increase profitability and further accelerate development of our product candidates or enable us to develop the candidate in more than one indication, simultaneously.

In order to optimize the development of our product candidates, we outsource certain aspects of our research and product development activities. Factors that we consider in determining which activities to outsource include cost, relative expertise, capacity, and quality assurance. Product development functions that we have chosen to historically outsource include pre-clinical activities in support of regulatory filings, clinical trials, and manufacturing. We believe that our relationships with external laboratories enable us to complete pre-clinical testing faster and more efficiently than we can perform these activities in-house. Additionally, we will engage with independent contract research organizations (CROs) that are specifically equipped to manage future clinical trial and research projects, thus alleviating the need for us to commit redundant internal resources. For now, we believe that it is more efficient to outsource product manufacturing to contract manufacturing organizations (CMOs) and third-party suppliers.

*Bioinformatics:*

We utilize bioinformatics designed to identify repurposed and innovative compounds and cannabinoids for treatment of serious and unmet medical needs. We review scientific literature looking for mechanisms of action that could prove useful for diseases and then rank these drug-disease pairs based on a weighting system that incorporates, but not limited to, clinical studies, FDA correspondence, competition, and unmet medical need.

## Principle Products

### Cannabinoids

There are over 100 known cannabinoid compounds derived from the cannabis plant. The two primary cannabinoids used widely for medical and/or pharmaceutical purposes are Tetrahydrocannabinol (THC) and cannabidiol (CBD). It is widely known that THC is a major psychoactive cannabinoid and is a partial agonist of the cannabinoid receptor type 1 ($CB_1$) and cannabinoid receptor type 1 ($CB_2$) receptors and is widely used in pain management. CBD acts on many of the same receptors as THC, but without the psychoactive side effects. Clinical and pre-clinical data suggest that THC has positive effects on treating pain and CBD has positive effects on treating pain as well as, but is not limited to, a number of inflammatory diseases, skin disorders, and liver diseases.

Due to the mounting data from pre-clinical and clinical research the therapeutic effects of cannabis and the safety benefits of cannabinoids has led to significant interest from small-to-medium sized specialty pharmaceutical companies. Currently there are a number of cannabinoid products approved in US or EU: Sativex™ (GW Pharma), Marinol™ (AbbVie), Cesamet™ (Meda), and dronabinol, a synthetic THC (Insys). There are many companies supplying synthetic cannabinoids, cannabis extracts, and herbal cannabis to researchers for pre-clinical and clinical investigation for a number of diseases including cancer, diabetes, neuromuscular disorders, treatment of nausea, loss of appetite, pain relief, and muscle relaxation for cancer, HIV, multiple sclerosis, and arthritis patients. The cannabinoid-based medical use and pharmaceutical market is expected to grow significantly due to the potential benefits these products may provide over existing therapies.

*Drug delivery technology strategy*

The Company is focused on commercializing novel delivery technologies to effectively deliver cannabinoids through the skin and/or directly into the affected area of the skin, otherwise known as transdermal delivery and also via the mouth, otherwise known as buccal delivery.

The potential advantages of these delivery mechanisms of cannabinoids are:

- better bioavailability, while bypassing the first-pass hepatic metabolism;
- faster and/or reliable onset of action;
- precise dosing that is consistent, accurate and repeatable;
- avoid irritation in the lungs, throat and stomach;
- ease of use for improved consumer and patient adherence and compliance;
- higher acceptance for those who find smoking or swallowing difficult; and
- potential for improved blood circulation to brain, cognitive function, and hygiene.

For the transdermal delivery technology, the Company will explore the development of a proposed transdermal cannabinoid delivery technology.

*Proposed transdermal drug delivery technology*

The Company's transdermal cannabinoid delivery technology will initially deliver CBD in combination with chitosan and tannins in a controlled or sustained release fashion, systemically or locally, through the skin. The chitosan has blood-clotting and antimicrobial properties and tannins have antibacterial, antifungal, antioxidant and wound healing properties. The combination of cannabinoids, tannin, and chitosan has the potential to become a unique delivery technology to serve broad market opportunities for the health and wellness, medical and pharmaceutical cannabinoid markets.

*Wisconsin relationship*

The delivery technology was founded and based out of the University of Wisconsin. The Company has entered into an exclusive worldwide license agreement with the Wisconsin Alumni Research Foundation (WARF) to advance the development of the technology with cannabinoids. Under the terms of the agreement, the Company gained exclusive worldwide rights to intellectual property for the development and commercialization of cannabinoid-based products for therapeutic and/or prophylactic purposes delivered via transdermal, subcutaneous, buccal-mucosal or oral applications. In addition, we have engaged and successfully completed with the University of Wisconsin-Madison the research and development of the technology to potentially deliver cannabinoids (the "University of Wisconsin-Madison Research Agreement") via the transdermal route.

*Proposed buccal cannabinoid delivery technology*

The Company's buccal delivery technology, based on microencapsulation, will initially deliver either THC or CBD alone or as a combination of THC and CBD for the recreational and medical cannabis and health and wellness market. The initial format will be in the form of a chewing gum. In its natural form, cannabinoids are lipophilic, not water-soluble, and tend to stick to the chewing gum matrix, therefore diminishing effective release into the bloodstream. Microencapsulation renders cannabinoids soluble and dramatically increases the bioavailability of CBD, while largely bypassing the first pass hepatic metabolism. The Company is also investigating rapid dissolving applications to deliver cannabinoids via the buccal route.

*AXIM Technologies relationship*

The buccal delivery technology involving chewing gum is from AXIM® Biotechnologies, Inc. The Company has entered into a distribution and license agreement for the exclusive commercialization of AXIM® Biotechnologies CanChew+™ product, a CBD-based controlled release chewing gum, in Canada. The agreement defines a relationship where Revive will seek regulatory approval for AXIM® Biotechnologies chewing gum that contains full-spectrum hemp oil-derived CBD. Under the terms of the agreement, Revive will have a minimum purchase amount annually, which increases each year for the term of the agreement.

*Potential indications*

The Company is expanding its product pipeline with novel cannabinoid-centric treatments for pain, inflammation, general health and wellness, skin disorders, and liver diseases. Cannabinoids are a class of compounds derived from cannabis plants. The two well-known cannabinoids contained in cannabis are CBD and THC. For pain and skin disorders, Revive is focused on developing novel products designed to safely and effectively deliver cannabinoids through the skin, oral, and buccal mucosa routes.

*Pain*

According to Decision Resources, in 2017 there are expected to be approximately 15.2 million peripheral neuropathic pain patients in the United States, and pain treatment for these patients are expected to represent a total U.S. market size of approximately $3.3 billion in 2017.

The Company's proposed transdermal cannabinoid products would be designed to provide safe, effective relief from the pain of peripheral neuropathies. Peripheral neuropathies, or also known as neuropathic pain, are medical conditions caused by damage to the nerves in the peripheral nervous system. The peripheral nervous system includes nerves that run from the brain and spinal cord to the rest of the body. These conditions are caused from injured peripheral nerves, following herpes zoster, shingles, diabetes, chemotherapy, HIV, and other diseases. Peripheral neuropathies can also be caused by trauma or may result from surgical procedures. Additional neuropathic pain indications include lower back pain, cancer-related neuropathic pain, complex regional pain syndrome, and postoperative neuropathic pain.

Peripheral neuropathic pain generally is treated with tricyclic antidepressants, anticonvulsants such as duloxetine, depakote, pregabalin, gabapentin and topiramate, and serotonin/norepinephrine reuptake inhibitors, or SNRIs. Although tricyclic antidepressants, anticonvulsants, and SNRIs often show efficacy in treating neuropathic pain, they also have many drawbacks, including poor tolerability with side effects in most patients.

Revive's proposed transdermal cannabinoid products may have the potential to treat a number of neuropathic pain indications more safely and effectively than that of traditional cannabinoid products and current natural health and drug treatments for these indications.

Revive's proposed transdermal cannabinoid products will also expand use in additional pain disorders in the future.

*Inflammatory skin disorders*

Inflammatory skin disorders are the results of immune system reactions that involve the skin. Psoriasis is a chronic inflammatory skin disease that affects approximately 7.5 million people in the US. The disease is characterized by an errant immune-system response that drives inflammation and thickening of the skin caused by rapid turnover of skin cells. Psoriasis and other inflammatory skin diseases such as atopic dermatitis can cause tremendous discomfort. The healthcare market has seen an increase in the introduction of systemic therapies, including biologics, to treat patients with moderate-to-severe psoriasis and atopic dermatitis. For the majority of affected patients with less severe disease burden, topical corticosteroids are the predominant therapies prescribed. None of the currently approved therapies are without side effects, and none are well-suited for chronic use. Currently, in the United States, psoriasis is a $5 billion market, of which 90% are from drugs targeting moderate to severe psoriasis patients where the skin manifestation affects more than 3% of the body.

Revive's proposed transdermal cannabinoid products may have the potential to treat a number of inflammatory skin disorders more safely and effectively than that of traditional cannabinoid products and current natural health and drug treatments for these indications.

Revive's proposed transdermal cannabinoid products may also be explored for additional inflammatory skin disorders and wound healing indications in the future.

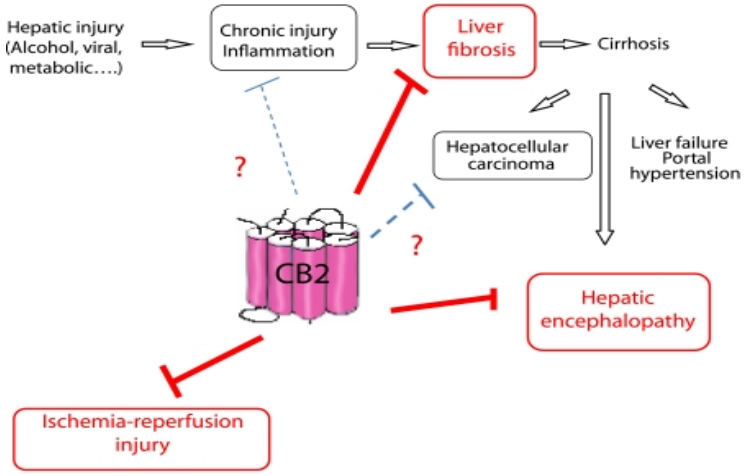
*Liver diseases*

Liver disease is described by irregular functioning of liver, causing disorders like hepatitis, fatty liver, and cirrhosis. There are over 100 described diseases of the liver affecting at least 30 million people alone in the U.S. A number of factors are driving the liver disease treatment market, which include rapidly changing lifestyle patterns such as increasing alcohol consumption, unhealthy diets, and increasing prevalence of liver diseases. Liver diseases can result from injury to the liver caused by hepatitis C virus (HCV), hepatitis B virus (HBV), obesity, chronic excessive alcohol use, or autoimmune diseases. Major drug categories used in the treatment of liver diseases includes anti-rejection drugs, vaccines, immunosuppressant, chemotherapy drugs, and antiviral drugs. According to Allied Market Research, titled, "World Liver Disease Treatment Market - Opportunities and Forecast, 2014 - 2022", the global market for liver disease treatment is projected to reach $19.5 billion by 2022.

The Company is in the research and development of next generation or novel uses of cannabinoids for the treatment of a variety of liver diseases. The Company adopted a bioinformatics approach that was undertaken by a third-party research organization, which provided an overview of the diseases treated by cannabinoids. The analysis of the output did provide insight into potential liver targets. The results indicate

the use of $CB_1$ receptor antagonists for several liver indications (i.e. Fatty liver). These results lead to a literature investigation into cannabinoids and their potential application in liver diseases, which is presented below, followed by the proposed experimental approach (pre-clinical).

Recent data have unraveled a key role of $CB_2$ receptors during chronic and acute liver injury, including fibrogenesis associated to chronic liver diseases, ischemia-reperfusion (I/R)-induced liver injury, and hepatic encephalopathy associated to acute liver failure. It has recently been shown that hepatic $CB_2$ receptors are highly upregulated in several pathological conditions. Overall, the figure below indicates $CB_2$ as a target for following liver indications: fibrosis, I/R-induced injury, and hepatic encephalopathy.




The Company has compiled a detailed literature review to support cannabinoids for a variety of liver diseases.

Research suggests that $CB_2$ agonists have demonstrated to protect against liver I/R injury. Early evidence indicates that a single ultralow dose THC can reduce the apoptotic, oxidative, and inflammatory injury induced by hepatic I/R injury. THC may serve as a potential target for therapeutic intervention in hepatic I/R injury during liver transplantation, liver resection, and trauma. There is a separate report indicating that the cannabinoid, $^{\Delta}8$-Tetrahydrocannabivarin, prevents hepatic ischemia/reperfusion injury by decreasing oxidative stress and inflammatory responses through cannabinoid $CB_2$ receptors. $^{\Delta}8$-Tetrahydrocannabivarin activated $CB_2$ receptors *in vitro*, and decreased tissue injury and inflammation *in vivo*, associated with I/R partly via $CB_2$ receptor activation. Research has also indicated that the non-psychoactive cannabinoid, cannabidiol, protects against hepatic ischemia/reperfusion injury by attenuating inflammatory signaling and response, oxidative/nitrative stress, and cell death. CBD significantly reduced the extent of liver inflammation, oxidative/nitrative stress, and cell death and also attenuated the bacterial endotoxin-triggered NF-κB activation and TNF-α production in isolated Kupffer cells, likewise the adhesion molecule expression in primary human liver sinusoidal endothelial cells stimulated with TNF-α and attachment of human neutrophils to the activated endothelium. Thus, CBD may represent a novel, protective strategy against I/R injury by attenuating key inflammatory pathways and oxidative/nitrative tissue injury, independent of classical $CB_1/_2$ receptors. These results emphasize that CBD represents a potential therapeutic option to protect the liver against hypoxia-reoxygenation injury. The available data suggest that $CB_2$ agonists may offer novel perspectives in prevention of hepatic I/R injury. $CB_2$ receptor mediates protection against hepatic ischemia/reperfusion injury. Potentially targeting the $CB_2$ receptor may represent a novel protective strategy against I/R injury.

Based on research $CB_2$ agonists have demonstrated potential for alcoholic steatohepatitis. β-caryophyllene (BCP), a $CB_2$ receptor agonist, also known as the "dietary cannabinoid / phytocannabinoid," has been demonstrated to protect against alcoholic steatohepatitis by attenuating inflammation and metabolic

dysregulation in mice. Given the safety of BCP in humans, this food additive has a high translational potential in treating or preventing hepatic injury associated with oxidative stress, inflammation, and steatosis. Given the excellent safety profile of BCP in humans, it has tremendous therapeutic potential in a multitude of diseases associated with inflammation and oxidative stress, even those outside of the liver indication. Chronic treatment with BCP attenuated the chronic and binge alcohol-induced liver injury and inflammation by attenuating the pro-inflammatory phenotypic M1 switch of Kupffer cells and by decreasing the expression of vascular adhesion molecules ICAM-1, E-Selectin, and P-Selectin, as well as the neutrophil infiltration. The protective effects of BCP against alcohol-induced liver injury were attenuated in $CB_2$ knockout mice, indicating that the beneficial effects of this natural product in liver injury involve $CB_2$ receptor activation. In a separate study, (BCP) was used to investigate the role of the $CB_2$ receptors in mediating alcohol intake and ethanol-induced conditioned place preference (EtOH-CPP) and sensitivity in mice. The results indicated that BCP dose-dependently reduced alcohol consumption and preference. Overall, the $CB_2$ receptor system appears to be involved in alcohol dependence and sensitivity and may represent a potential pharmacological target for the treatment of alcoholism. These data identify $CB_2$ agonists as potential therapeutic agents for the management of alcoholic liver disease and identify the $CB_2$ receptor as a potential therapeutic target. In summary, BCP represents untapped compound potential from a therapeutic perspective, has demonstrated safety profiles in humans, and there is minimal competition to date in terms of investigation and commercialization. There is an opportunity to formulate this, synthesize analogues, and investigate clinical efficacy. This compound is of particular interest as it is a $CB_2$ agonist, not psychoactive, and is referred to in the literature as a "dietary cannabinoid." The chemical structure is significantly different compared to the cannabinoid structure class as whole.

Research has also suggested that cannabinoids have shown potential for non-alcoholic fatty liver disease (NAFLD). A study in 2015 investigating two non-psychoactive cannabinoids, $^{\Delta}$9-Tetrahydrocannabivarin (THCV) and CBD, as potential therapeutics to for NAFLD. The result of this study, from *in vitro and in vivo models,* demonstrated that both THCV and CBD directly reduced accumulated lipid levels *in vitro* in a hepatosteatosis model and adipocytes.

Based on previous research $CB_2$ agonists have shown potential for liver injury and regeneration. A study in the literature that has previously investigated the impact of $CB_2$ receptors on the regenerative process associated with liver injury using JWH133, a $CB_2$ synthetic $CB_2$ receptor agonist. These results suggested that $CB_2$ agonists display potent hepatoprotective properties, in addition to their antifibrogenic effects. $CB_2$ receptors reduce liver injury and promote liver regeneration following acute insult, via distinct paracrine mechanisms involving hepatic myofibroblasts.

Research also suggests that cannabis' anti-inflammatory and protective properties help in the treatment of hepatitis. One study found that cannabinoids' anti-inflammatory properties effectively reduced inflammation of a damaged liver and researchers therefore suggested that cannabis could be developed as a potential drug for hepatitis (Lavon, et al., 2003). Another study found that cannabinoids appeared have immunosuppressive and profibrogenic effects in patients with chronic hepatitis C.

*Research and Development Programs in Liver Diseases*

The Company completed a research discovery program of cannabinoid-based therapeutics targeting liver diseases. The research studies, including in vitro and in vitro pharmacology, are being conducted by PhytoSciences Consulting LLC, a contract research organization in Louisville, Kentucky. The investigation was overseen by academic scientists with over 20 years' experience with expertise in liver disease research. The research program employed an *in vivo* compound screening approach to investigate phytocannabinoids in a fibrosis model utilizing an in-house cell-based screening model. The cell-based ligand screening is a targeted experimental approach that involved approximately eighty phytocannabinoids. The initial screen of phytocannabinoids resulted in the identification of several promising hits, which demonstrated to be effective at preventing the activation of the cells by Transforming growth factor-beta (TGF-$\beta$), thus serving as potential therapeutics for liver fibrogenesis. In the pathological

process of liver fibrosis, TGF-β plays as a master profibrogenic cytokine in promoting activation and myofibroblastic differentiation of hepatic stellate cells, a central event in liver fibrogenesis. Continuous and/or persistent TGF-β signalling induces sustained production of the extracellular matrix components and of tissue inhibitor of metalloproteinase synthesis. Therefore, the regulation of locally activated TGF-β levels is increasingly recognized as a therapeutic target for liver fibrogenesis. The results of the Company's research efforts demonstrate that the ligands in question may serve as a novel treatment for liver fibrogenesis and warrant further investigation in animal models. Based on the results of the compound screen, the Company is investigating a number of pre-clinical studies options for specific liver diseases. Future experiments may investigate cannabinoids as potential therapeutics for the following liver indications: Liver regeneration, alcoholism, alcoholic steatohepatitis, liver inflammation, liver fibrosis, and non-alcoholic fatty liver disease. The overall objective of these studies is to identify cannabinoids for the potential treatments of a number of well-known and rare diseases that the Company may potentially advance to further pre-clinical and human clinical research and partner with companies with a focus on liver diseases and specialty cannabinoid treatments.

The Company entered into a license agreement with the South Carolina Research Foundation ("SCRF"), under which Revive acquired an exclusive license from SCRF to develop and commercialize a portfolio of patents based on cannabinoid-based therapeutics, such as cannabidiol, in the treatment of autoimmune hepatitis, a rare liver disease. Liver disease is a major cause of morbidity and mortality and the prognosis is often poor. In many liver diseases (such as viral hepatitis, autoimmune hepatitis and alcoholic liver disease), activated T lymphocytes and macrophages appear to play an important role in liver damage. Autoimmune hepatitis is an inflammatory liver disease characterized by the presence of high transaminases, circulating autoantibodies, hypergammaglobulinemia, histological evidence of hepatitis, and responsiveness to immunosuppressive treatment. The ten year survival rate in untreated patients is approximately 10%. The two known types of autoimmune hepatitis (type I and type II) are treated with corticosteroids such as prednisone as well as other immunosuppressive drugs such as azathioprine, mycophenylate mofetil, cyclosporine or tacrolimus. Patients who progress to end stage live disease and/or cirrhosis may also need a liver transplant. Therefore, alternative treatment options are needed. Therapeutic approaches that either inhibit immune-mediated mechanisms or directly inhibit liver cell damage show promise. These studies have addressed the mechanism underlying the use of CAM therapy in ameliorating hepatitis and liver damage. While extensive studies have been performed to elucidate the mechanism of viral hepatitis, there is paucity of information on the pathogenesis of autoimmune hepatitis and a dire need for the development of CAM therapy to treat such patients. The Company is investigating the process of conducting further research and development work with CBD in relevant autoimmune hepatitis animal models. The overall objective is to support CBD for the potential treatment of autoimmune hepatitis that the Company may potentially advance to further pre-clinical and human clinical research and partner with companies with a focus on liver diseases and specialty cannabinoid treatments. The Company was granted orphan drug designation for CBD in the treatment of autoimmune hepatitis by the U.S. Food and Drug Administration (FDA).

The Company entered into a research collaboration with Sanyal Biotechnology LLC ("SanyalBio") focused on advancing cannabinoids for the potential treatment of liver diseases. The collaboration will initially focus on the use of CBD on a novel autoimmune hepatitis model based on the DIAMOND™ model designed and developed by SanyalBio specifically for Revive. This research collaboration is expected to generate a better model of autoimmune hepatitis which will enable SanyalBio to further advance the research of cannabinoids for the treatment of AIH and other liver diseases, and the research will provide meaningful information to support future clinical research and partnering discussions for Revive.

The Company submitted an application to the FDA seeking orphan drug designation of CBD for the treatment of hepatic ischemia and reperfusion injury (IRI) during liver transplantation. Liver ischemia-reperfusion injury is a major complication of liver transplantation and is one of the leading causes for post-surgery hepatic dysfunction leading to an increased risk of postoperative morbidity and mortality. According

to the United Network for Organ Sharing ("UNOS") there have been 160,722 liver transplants performed between January 1, 1988 and July 30, 2018. Currently there are 13,773 individuals on the waiting list for a liver transplant. Quickly restoring blood supply of ischemic liver as soon as possible is crucial for avoiding or reducing injury from ischemia, whereas strategies used to attenuate the damage induced by reperfusion, including ischemic preconditioning, ischemic postconditioning, and machine perfusion. These strategies are expensive, sometimes hard to perform in clinical surgeries, and difficult in maintaining liver functions in the case of acute injuries. The Company believes that the immunosuppressant and anti-inflammatory protective effects of CBD may provide a novel, more beneficial strategy to attenuate the damage induced by ischemia and reperfusion during liver transplantation.

**Bucillamine**

Bucillamine is a disease-modifying anti-rheumatic drug, which is prescribed for rheumatoid arthritis in Japan and South Korea. We are repurposing bucillamine as a potential new treatment for gout and cystinuria.

*Material Transfer Agreement*

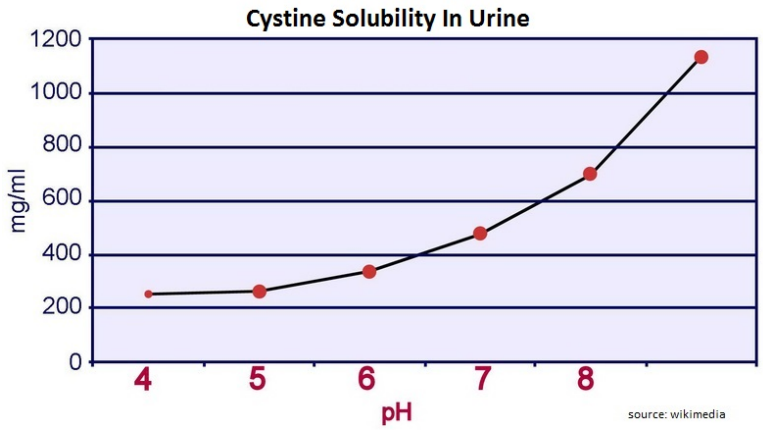
Based on animal study results, we focused on advancing the clinical development of bucillamine for the treatment of acute gout flares. We entered into a material transfer agreement ("MTA") with the developer of bucillamine. Pursuant to the MTA, we would be able obtain access to proprietary and confidential information (i.e. non-clinical data, clinical data, manufacturing information) and clinical trial supply of the drug bucillamine for the phase 2a and phase 2b human clinical studies of bucillamine for the treatment of acute gout flares and cystinuria. In return, the developer of bucillamine will have exclusive commercialization rights in Japan, Korea, and Taiwan, and we will have exclusive commercialization rights in the rest of the world.

**Cystinuria**

Cystinuria is a rare autosomal recessive genetic disorder that causes high levels of cystine in the urine thus causing kidney stones to form. The resulting kidney stones are often large and recurrent and lead to significant morbidity and sometimes loss of kidney function. The important clinical manifestation of the disease is a build-up of cystine in the urine, which in turn results in crystallization and stone formation in the kidneys and bladder. In healthy individuals, most cystine dissolves and returns to the bloodstream after entering the kidneys. People with cystinuria have the aforementioned genetic defects that interfere with this process. No curative treatment of cystinuria exists, and typically patients have a lifelong risk of stone formation, repeated surgery, and impaired renal function. There are approximately between 10,000 and 12,000 patients affected with cystinuria in the U.S. The worldwide prevalence is about 1 in 7,000.

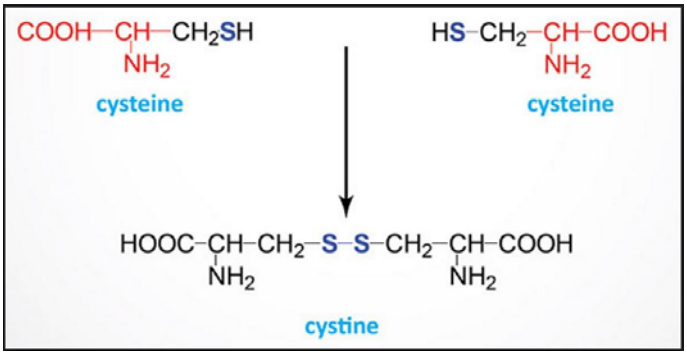
Therapy to reduce stone formation focuses on lowering urine cystine concentration and increasing cystine solubility. Cystine is poorly soluble in urine and prone to crystallization and stone formation at concentrations above 300 mg/l. As such, the primary non-pharmacological intervention for preventing cystine stones is to increase fluid intake. Patients with cystinuria are recommended to drink at least three liters of fluid a day (equivalent of ten 10 oz. glasses of water).

The solubility of cystine is also highly dependent on pH. At physiological pH (~7) maximum cystine solubility is between 200 and 400 mg/l. Acidic urine (pH of 5) greatly reduces the solubility to below 250 mg/l; however, at pH greater than 7.5 the solubility increases exponentially. In fact, the solubility of cystine doubles to 500 mg/l at pH 7.5. Unfortunately, excessive alkali therapy is not advisable. When urinary pH increases above 7.0 with alkali therapy, the complication of calcium phosphate nephrolithiasis may ensue because of the enhanced urinary supersaturation of hydroxyapatite in an alkaline environment.




Increased fluid intake and alkali therapy are not always feasible or effective. In fact, work published by researchers from Duke University found that therapeutic success with these more conservative approaches, defined as a urine cystine concentration below 300 mg/l, was achieved by only 15% of patients treated at the University Medical Center over an eight-year period. For patients that cannot reduce stone formation on these conservative programs, pharmaceutical intervention is recommended. The two leading pharmaceutical products for the treatment of cystinuria are Retrophin's Thiola® (tiopronin) and Valeant's Cuprimine® (d-penicillamine).

Penicillamine is a first-line chelating agent use for the removal of excess copper in patients with Wilson's disease and to reduce excess cystine in patients with cystinuria. The mechanism of action for cystine reduction is by disulfide interchange between d-penicillamine and cystine, resulting in the formation of penicillamine-cysteine disulfide, a substance that is much more soluble than cystine and readily excreted. Cystine is a combination of two cysteine (cys) amino acids whose thiol side chains have been oxidized to form cystine.




Cystine is far less soluble than cysteine and thus creates problems at urine concentrations above 300 mg/l. Penicillamine competes with excess cysteine to form penicillamine-cysteine disulfide, a far more soluble compound (roughly 50x more so) than cystine. Penicillamine also deprotonates cystine to form penicillamine-cysteine disulfide. The drug is highly effect in the treatment of cystinuria but has poor tolerability and serious safety concerns. The use of penicillamine has been associated with fatalities due to certain diseases such as aplastic anemia, agranulocytosis, thrombocytopenia, Goodpasture's syndrome, and myasthenia gravis. The incidence of adverse events ranges between 30% and 60%.

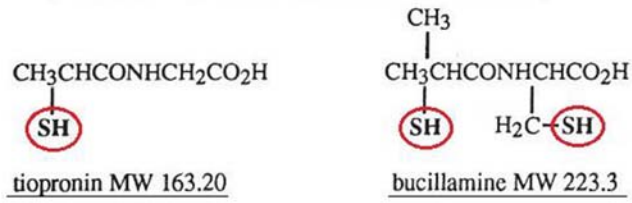
Tiopronin received FDA approval in 1988 for the prevention of cystine stone formation in patients with severe homozygous cystinuria with urinary cystine greater than 500 mg/day, who are resistant to treatment

with conservative measures of high fluid intake, alkali and diet modification, or who have adverse reactions to penicillamine. Tiopronin has similar efficacy and mechanism of action to penicillamine. Tiopronin is an active reducing agent which undergoes thiol-disulfide exchange with cystine to form a mixed disulfide of tiopronin-cysteine. The drug is ideal for patients with allergic reactions or intolerability to penicillamine and considered to be the most tolerable of the two drugs.

Tiopronin has serious side effects including aplastic anemia, agranulocytosis, thrombocytopenia, Goodpasture's syndrome or myasthenia gravis. Patients on the drug should have peripheral blood counts, platelet counts, hemoglobin, serum albumin, and urinary protein levels checked on a regular basis. Patients are also advised to have liver function tests and abdominal roentgenograms on a yearly basis.

*Rationale of bucillamine for cystinuria*

Chemical structure of tiopronin and bucillamine

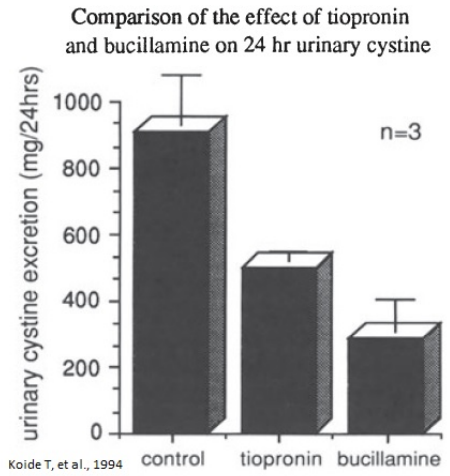



tiopronin MW 163.20 bucillamine MW 223.3

As noted above, bucillamine has been used in Japan and Korea for decades in the majority of cases for the treatment of rheumatoid arthritis. Researchers out of Osaka University School of Medicine conducted *in vitro* and *in vivo* studies during the early 1990s that provide excellent proof-of-concept of bucillamine for the treatment of cystinuria.

*In vitro study*: The effects of bucillamine compared to tiopronin was tested in whole urine by adding l-cystine at a concentration of 500 µg/mL along with half and equal concentrations of the two study drugs. Results show that the concentration of cystine was markedly reduced by both tiopronin and bucillamine due to the formation of cysteine-tiopronin or cysteine-bucillamine; however, the relative activity of bucillamine was 5 to 12% stronger than that of tiopronin and calculated the relative molecular activity of bucillamine was approximately 40 to 50% stronger than that of tiopronin. In other words, the data shows bucillamine dissolved urinary cystine much more effectively than tiopronin at the same molecular weight and a little more effectively than tiopronin at the same drug concentration.

*In vivo study*: Japanese researchers then tested bucillamine and tiopronin in three patients with confirmed cystinuria in a controlled, two-way, cross-over, wash-out design study of identical doses of each drug. The effectiveness of bucillamine was compared with tiopronin by analyzing the 24-hour urine samples under three different conditions: control, bucillamine, and tiopronin. The data show both bucillamine and tiopronin were effective in reducing urinary cystine concentration at 24 hours but that bucillamine was statistically superior (markedly superior in two patients and slightly superior in the third).




Although a small study, the work by Koide T., et al., 1994 does provide proof-of-concept for Revive in the planned Phase 2 study. The authors concluded, "Bucillamine can dissolve cystine approximately twice as effective as tiopronin at the same mg amount."

Based on these exploratory results, the information regarding bucillamine, whereby bucillamine has a chemical structure similar to Thiola®, but has two active thiol groups versus only one for Thiola®, and the MTA we have in place for bucillamine, we focused on advancing the clinical development of bucillamine for the treatment of cystinuria. We believe that bucillamine may offer patients a safer, more effective treatment option than either of the two monothiol drugs, tiopronin or d-penicillamine. Theoretically, bucillamine should be twice as effective as tiopronin at the same concentration or equally as effective at lower concentrations, potentially making the drug more tolerable to patients.

*Clinical status*

On July 6, 2016, we obtained acceptance of our Investigational New Drug Application (IND) from the FDA to commence the Phase 2 clinical trial for bucillamine for the treatment of cystinuria. The Phase 2 clinical trial is a multi-center, dose escalation trial to assess the safety and effectiveness of bucillamine on urinary cystine excretion and cystine capacity in patients with cystinuria. The primary outcome measures are the incidence of treatment-emergent adverse events along with secondary outcome measuring 24-hr urine cysteine excretion and 24-hour urine cystine capacity, i.e., the capacity of a patient's urine to solubilize or precipitate. The study plans to enroll up to 30 subjects in at least 5 clinical sites in the U.S. We initiated the U.S. Phase 2 clinical study in February 2017. We are currently seeking development and commercialization partners to advance the program.

*Future Non-clinical and Clinical Studies*

Based on the Phase 2 study results we may submit for an end-of-Phase 2 meeting with the FDA to discuss a Phase 3 study, additional human clinical studies, and non-clinical studies that the FDA may require us to perform prior to submitting the new drug application for commercial approval in the U.S.

*Market exclusivity*

On October 26, 2015 we announced that the Office of Orphan Products Development of the U.S. Food and Drug Administration has granted orphan designation status for the use of bucillamine for the treatment of cystinuria. Orphan drug designation is granted to therapeutics treating rare diseases affecting less than 200,000 people in the U.S. The orphan drug designation qualifies the Company for various incentives such

as a seven-year period of marketing exclusivity in the U.S., the potential for expedited drug development, and opportunities for drug grants and assistance in clinical research study design from the U.S. FDA.

**Gout**

There were 14.3 million diagnosed prevalent cases of chronic gout in the major pharmaceutical markets in 2012, which is forecast to increase to 17.7 million by 2021 (Source: *Decision Resources 2012*). Gout in the U.S. affects approximately 8.3 million (~3.9%) American adults (Source: *Arthritis Rheum. 2011 Oct; 63(10):3136-41*). It is estimated that the gout disease treatment market value will increase from $989 million in 2013 to $2.28 billion by 2018 (Source: *GlobalData 2014*). Gout is a painful disorder caused by elevated serum uric acid (sUA) in the body due to under excretion of uric acid and/or over production of uric acid. Most patients on the most commonly employed regimens for uric acid lowering fail to achieve a satisfactory serum urate level. Poor control of gout can lead to acute attacks of severe pain, and chronic joint damage and impairment of health related quality of life. Accordingly, there are needs in the market for new therapies to control gouty inflammation and hyperuricemia.

Although gout is a treatable condition, there are limited treatment options, many of which have adverse side effects. Drug treatment for gout includes anti-inflammatory agents (non-steroidal anti-inflammatories (NSAIDs), corticosteroids, Colchicine) and serum urate-lowering therapies, which work by lowering body stores of uric acid. Treatment of gouty inflammation is complicated by the fact that gout patients have a high incidence of cardiovascular and metabolic comorbidities. Common comorbidities include hypertension (70-80%), coronary artery disease (>30-40%), chronic kidney disease (~30-50%), diabetes (~25-40%), gastrointestinal tract diseases, and congestive heart failure (Source: *Keenan, RT et. al., Prevalence of contraindications and prescription of pharmacologic therapies for gout. Am. J. Med. 2011, 124: 155-163*). Managing patients with these comorbidities is challenging because the majority of them have contraindication for one or more first-line approved medications to treat acute gout. Current drug therapy limitations include: 90% of gout patients having at least one contraindication to NSAIDs and glucocorticoids; and 50% to 66% having at least one contraindication to Colchicine. Moreover, corticosteroids can cause hypertension and worsening of blood sugar, and NSAIDs have substantial renal and cardiovascular toxicity.

*Rationale of bucillamine for gout*

Gout is a common disorder characterized by accumulation of excess body stores of uric acid, and by acute inflammatory attacks of arthritis, and in some patients a chronic destructive arthritis, stimulated by crystalline deposits of the sodium salt of uric acid (monosodium urate) in joint tissues. Bucillamine is a thiol donor derived from the amino acid cysteine, and is similar to N-acetylcysteine and N-2-mercaptopropionyl glycine. *(Source: Proc. Natl. Acad. Sci. USA 2002, 99: 8915-8920; J. Immunol. 2002, 168: 2560-2567*). However, relative to these comparators, bucillamine contains two donatable thiol groups rather than one. It is therefore a considerably more potent inhibitor of certain oxidative stress-triggered cell signaling events that promote acute and chronic inflammation, and are implicated in the painful arthritis of acute gout flares. *(Source: J. Immunol. 2000, 165: 2703—2711; J. Cardiovasc. Pharmacol. 2001, 38: 859-867; Cardiovasc. Drug Rev. 2003, 21: 77-90*).

In addition to its direct action on oxidative stress-induced inflammation signaling, bucillamine acts to stimulate the cellular production of proteins that can regulate the level of uric acid excretion by the kidney, and thereby, their capacity to lower the serum level of uric acid. It does so by increasing the activity of Nuclear factor (erythroid-derived 2)-like 2 (Nrf2), a transcription factor which promotes expression of the urate transporter protein, ATP-binding cassette sub-family G member 2 (ABCG2), which in turn enables uric acid excretion. *(Source: Biochem. Pharmacol. 2006, 72: 455-462*; *Drug Metab. Dispos. 2006, 34: 1756-1763).* The physiological importance of ABCG2 in humans is illustrated by the large differences in uric acid levels and the prevalence of gout caused by genetic variation in ABCG2. It is therefore a potential target for new uricosuric agents in the treatment of gout *(Source: Proc. Natl. Acad. Sci. USA. 2009, 106: 10338-10342; Sci. Transl. Med. 2009, 1: 5ra11).* A third mechanism by which bucillamine could potentially affect

serum uric acid levels in gout involves another uric acid excretion protein, ATP-binding cassette sub-family C member 4 (ABCC4), which is present in the kidney. Expression of ABCC4 also is promoted by Nrf2. (Source: *J. Pharmacol. Exp. Ther. 2010,* 335: *2-12)*

Based on these studies, it was hypothesized that a combination of allopurinol and an Nrf2 activator such as bucillamine may have a synergistic effect in lowering uric acid levels, and that such a combination therapy including primary anti-inflammatory effects with potential secondary uric acid-lowering effects would offer new, more-effective options for gout treatment than other therapies that are currently available.

*Pre-clinical research of bucillamine for gout*

The unpublished animal studies, which served as part of the bucillamine patent for gout, show that:

1. Bucillamine had a highly significant ($p < 0.001$) dose-response effect on monosodium urate crystal-induced release of interleukin-1beta from inflammatory white blood cells *in vitro.* Interleukin-1beta is a principal driving factor for gouty inflammation *in vivo*.

2. Bucillamine had a highly significant ($p < 0.001$) dose-response effect on monosodium urate crystal-induced peritoneal inflammation *in vivo*, which decreased mean neutrophil influx by 5.15% for every increase of 1 µmol/kg of the drug. Neutrophils are a type of inflammatory white blood cell; a reduction in their influx denotes a reduction in inflammation.

3. The effects of the administration of bucillamine and colchicine on monosodium urate-induced peritoneal inflammation was found such that the addition of bucillamine (10 µmol/kg) produced a highly significant ($p < 0.001$) decrease in average neutrophil influx. In addition, there was an interactive relationship between Bucillamine and colchicine such that the addition of bucillamine enhanced the dose-response effect so that there was a decrease of 32.2% for every increase of 1 µmo1/kg of colchicine.

4. There was a significant ($p = 0.012$) interactive effect between bucillamine and allopurinol on serum and urinary levels of uric acid in a small animal model of elevated uric acid (hyperuricemia). The addition of allopurinol (5mg/kg/day) increased the dose-response effect of bucillamine so that each increase of 1 mg/kg/day of REV-002 resulted in a decrease of 0.0010 mg/dL in the serum urate concentration.

5. There was a highly significant ($p < 0.001$) interactive effect between allopurinol and bucillamine on the urinary excretion of uric acid in a small animal model of hyperuricemia. The addition of allopurinol (5mg/kg/day) increased the dose-response effect of bucillamine such that each increase of 1 mg/kg/day of bucillamine resulted in an increase of 0.171 mg/dL in the urinary uric acid concentration.

Bucillamine is an established anti-inflammatory agent in rheumatoid arthritis that inhibits the capacity of monosodium urate crystals to provoke inflammation. This suggests the potential for bucillamine to be an effective first line anti-inflammatory drug in the management of acute gouty arthritis flares. Additionally, the synergistic effect of bucillamine with colchicine on monosodium urate crystal-induced inflammation, demonstrated in small animal studies *in vivo*, suggests potential efficacy as an add-on or second line agent in combination therapy for acute gouty arthritis with colchicine and other agents. The animal study also demonstrated that bucillamine has a synergistic effect in combination with allopurinol in lowering sUA concentrations in a small animal model of hyperuricemia. The potential uricosuric effect of bucillamine, particularly when used in conjunction with allopurinol, suggests that bucillamine could provide a means to treat gout more effectively than other therapies that are currently available, via combination of primary anti-inflammatory effects with potential secondary uric acid lowering effects.

*Clinical Status*

On October 2014, we obtained acceptance of our IND from the FDA to commence the Phase 2a clinical trial for bucillamine for the treatment of acute gout flares in the U.S. The Phase 2a study was an open-label, multicenter, active-controlled, parallel-group clinical trial designed to evaluate the safety and efficacy of two arms of bucillamine 100mg tablet compared with the active comparator colchicine (dosed acutely using the FDA-approved regimen) in the treatment of subjects with acute gout flares over a seven-day treatment period. A total of 20 clinical sites in the United States participated in the study and a total of 74 subjects who are confirmed with a qualifying severe gout flare attack were randomized into the study. Subjects were randomized in a 1:1:1 allocation ratio to either Arm A (oral bucillamine - total of 900mg), Arm B (oral bucillamine - total of 1,800mg) or Arm C (oral Colchicine - total of 1.8mg) over a seven-day treatment period.

The primary efficacy endpoint is the proportion of patients who responded to treatment. Treatment responders are defined as a $\geqslant$ 50% reduction in target joint pain score from baseline at 72 hours post-dose without using rescue drug. The target joint pain score is an 11-point Pain Intensity Numeric Rating Scale (PI-NRS) used to assess joint pain intensity while experiencing a gout flare on a scale from 0 (no pain) to 10 (worst possible pain). The PI-NRS is completed using a diary where the subject is required to circle the most appropriate number that best describes their level of pain in the identified target joint during specific time points.

The objective of the Phase 2a study was to evaluate the safety and tolerability, and the efficacy of two regimens of oral bucillamine over seven days of treatment compared with colchicine (Colcrys®) in the treatment of subjects with severe gout flare attack. The primary efficacy endpoint is the proportion of patients who responded to treatment defined as a $\geqslant$ 50% reduction in target joint pain score from baseline at 72 hours post-dose without using rescue drug.

The final primary endpoint results from the Phase 2a study from a total of 74 subjects that had completed the seven-day treatment period are as follows:

- In Arm A (oral Bucillamine - total of 900mg over 7 days), 55% (12/22 subjects) had a ≥ 50% reduction in target joint pain score from baseline at 72 hours post-dose without using rescue drug;
- In Arm B (oral Bucillamine - total of 1,800mg over 7 days), 46% (11/24 subjects) had a ≥ 50% reduction in target joint pain score from baseline at 72 hours post-dose without using rescue drug;
- In Arm C, the active comparator arm, (oral Colchicine - 1.8mg over 1 hour), 46% (13/28 subjects) had a ≥ 50% reduction in target joint pain score from baseline at 72 hours post-dose without using rescue drug; and
- Bucillamine was well tolerated and there were no serious adverse events reported in subjects taking bucillamine.

Overall, these exploratory results demonstrate that bucillamine has a signal of efficacy similar to that observed with the comparator drug, colchicine (Colcrys®), in this clinical study, which has been previously approved for this indication in the U.S.

*Future Non-clinical and Clinical Studies*

Based on the Phase 2a study results, we designed a Phase 2b, adequate and well-controlled, multicenter, double blinded, placebo controlled trial and submitted the Phase 2b protocol to the FDA. The FDA has accepted the Phase 2b protocol and we are able to proceed with the study. Once we complete the Phase 2b study and if the results are positive we will submit for an end-of-Phase 2 meeting with the FDA to discuss Phase 3 study plans, additional human clinical studies, and any non-clinical studies that the FDA may require us to perform prior to submitting the new drug application for commercial approval in the U.S. We are currently seeking development and commercialization partners to advance the program.

*Intellectual Property*

On June 2013, we were assigned the rights to the patent application No. AU2012905072 from Xenexus Pharmaceuticals Pty, which was replaced by U.S. patent No. 9,238,018, titled 'The Use of Bucillamine in the Treatment of Gout' which was then subsequently replaced by U.S. patent No. 9,662,305 and expires in late 2033.

**Other Development Programs**

The Company returned the rights to REV-001 (Respiratory Depression) and to REV-003 (Rett Syndrome) to Numedicus Limited. The Company entered into a data assignment agreement with Numedicus Limited, whereby Numedicus Limited paid the Company $51,928 for the rights to the data for REV-001 and REV-003.

The Company is not dedicating any resources in advancing the development of REV-005 (Bucillamine for the treatment of Wilson disease) at this time.

The following chart summarizes the Company's product candidates, including the principal disease or indication being targeted, clinical trial status, expected milestones and marketing rights for each program:

| Program | Status | Next Milestone | Spent | Estimated Cost to Complete (2019) | Marketing Rights |
|---|---|---|---|---|---|
| Cannabinoids for Liver Diseases | Signed Exclusive License Agreement with South Carolina Research Foundation<br><br>Initiated research study with SanyalBio | Initiate research in various research models of liver diseases<br><br>Complete research study of CBD in autoimmune hepatitis animal model | Approximately $29,000 was spent during the year ended June 30, 2018 | $100,000 | Worldwide |
| Cannabinoid Delivery Technology | Signed Exclusive License Agreement with Wisconsin Alumni Research Foundation<br><br>Completed sponsored research with University of Wisconsin-Madison | Conduct research and development of formulations<br><br>Conduct research studies in various disease models | $179,000 was spent during the year ended June 30, 2018 | $100,000 | Worldwide |
| Cannabinoid Products | Signed Exclusive Distribution and License Agreement with AXIM Biotechnologies Inc. for hemp-based chewing gum | Regulatory approval to market in Canada (expected in December 2018)<br><br>Commercialization in Canada (expected in December 2018) | $35,000 was spent during the year ended June 30, 2018 | $100,000 | Canada |

| Program | Status | Next Milestone | Spent | Estimated Cost to Complete (2019) | Marketing Rights |
|---|---|---|---|---|---|
| REV-002: Bucillamine for treatment of acute gout flares | Phase 2a human proof of concept study completed; Phase 2a human proof of concept study close out procedures ongoing; FDA allowed for Phase 2b study to proceed. | Close out Phase 2a human proof of concept study (expected by December 2018)<br><br>Budget beyond 2018 will be determined after a partner via out-licensing or acquisition is completed<br><br>Partner via out-licensing or acquisition or continue clinical development (date of completion is undetermined) | Approximately $nil was spent, on a net basis during the year ended June 30, 2018 | $55,000 | Revive (Rest of world) / MTACo (Japan, Korea, Taiwan) |
| REV-004: Bucillamine for treatment of cystinuria | IND application accepted by the FDA; Initiated Phase 2a human proof of concept study | Complete first-half of study or decision to continue Phase 2a human proof of concept study (expected December 2018)<br><br>Partner via out-licensing or acquisition or continue clinical development (date of completion is undetermined) | Spent approximately $88,000 during the year end June 30, 2018 | $46,000 | 7-year US marketing exclusivity based on orphan drug designation that was awarded by the FDA |

## Operations Highlights

During the year ended June 30, 2018, the Company focused primarily on the evaluation, research, development, expansion, licensing, and partnering of cannabinoid-based products and delivery technologies, and on the Phase 2 clinical study of REV-004, the evaluation and close-out of the Phase 2a clinical study of REV-002.

On August 15, 2017, the Company announced that Dr. Ram Subramanian, M.D., will join the Company as a Scientific Advisor for cannabinoid-based therapeutics targeting liver diseases.

On August 22, 2017, the Company announced that Dr. Arun Sanyal, M.D., will join the Company as a Scientific Advisor for cannabinoid-based therapeutics targeting liver diseases.

On September 12, 2017, the Company announced the advancement of the research program with the University of Wisconsin-Madison to evaluate a novel drug delivery technology with a focus on cannabinoids

for the potential to treat various diseases, such as pain and inflammation for the medical marijuana and pharmaceutical markets for Canada and the United States.

On September 19, 2017, the Company announced that it has entered into a license agreement with South Carolina Research Foundation ("SCRF"), under which Revive will acquire an exclusive license from SCRF to develop and commercialize a portfolio of patents based on cannabinoid-based therapeutics, such as cannabidiol, in the treatment of liver diseases.

On October 2, 2017, the Company announced that it has entered into a research collaboration with Sanyal Biotechnology LLC ("SanyalBio") focused on advancing cannabinoids for the potential treatment of liver diseases.

On November 1, 2017, the Company granted 250,000 stock options to a new consultant of the Company, with each option exercisable into a common share of the Company at a price of $0.20 and expiring on November 1, 2022.

On November 21, 2017, the Company announced that Mr. Bernie Doyle will join the Company as a Technical Advisor to support the development of the Company's proposed proprietary patient-focused program enabled by blockchain and artificial intelligence ("AI") dedicated to the medical cannabis sector.

On November 27, 2017, Datametrex AI Limited ("Datametrex") announced that its wholly owned subsidiary, Nexalogy Environics Inc., entered into a license and development agreement with Revive to develop the AI component in Revive's proprietary patient-focused program enabled by blockchain technology dedicated to the medical cannabis industry.

On November 29, 2017, the Company announced successful final results from its research project with the University of Wisconsin-Madison for the development of a novel cannabinoid delivery technology. The Company is positioned to advance the development and commercialization of novel medical cannabis products and pharmaceutical cannabinoid therapies internally, with licensed medical cannabis producers, and pharmaceutical companies.

On November 29, 2017, the Company granted 350,000 stock options to a new consultant of the Company, with each option exercisable into a common share of the Company at a price of $0.325 and expiring on November 29, 2022.

On December 18, 2017, the Company announced that it had entered into a collaboration agreement with Chemi Pharmaceutical Inc. ("Chemi Pharma"), a Licensed Dealer for cannabis pursuant to the Controlled Drugs and Substances Act under Health Canada and a laboratory approved by the U.S. Food and Drug Administration ("US FDA").

On January 30, 2018, the Company announced the advancement of the research program to evaluate CBD in the treatment of AIH, a rare liver disease. The research will be overseen by SanyalBio, the Company's strategic research partner for liver disease.

On January 31, 2018, the Company announced that it has submitted an abstract for the XXIX International Conference on Polyphenols and the 9th Tannin Conference ("ICP+TC 2018) that contains results from its research project with the University of Wisconsin-Madison for the development of a novel cannabinoid delivery technology.

On March 01, 2018, the Company and Ehave, Inc. ("Ehave") (OTCQB:EHVVF), a healthcare company dedicated to empowering the mental health community with next-generation digital solutions, announced that they have entered into a collaboration agreement to enable enhanced patient and clinical research

data management for Revive's research initiatives involving medical cannabis for the treatment of liver diseases.

On March 28, 2018, the Company announced that is has received notice from the TSX Venture Exchange accepting an arm's length Investor Relations Agreement (the "IR Agreement") entered into with Mi3 Communications Financières Inc. (the "Consultant") of Montreal, Quebec, with an effective date of January 2, 2018. The principal of the Consultant is Mario Drolet. Under the terms of the IR Agreement, the Consultant will carry out services on behalf of the Company in Eastern Canada, which services include, but are not limited to, communication of all news releases and information on the Company, including technical notes, posting on Consultant's Twitter and Facebook, and assisting the Company at PR roadshows across 12 cities in Canada. As consideration for these services, the Company agreed to pay to the Consultant a monthly consideration of $3,000, plus reimbursement of approved expenses, for a period of three months commencing January 2, 2018. Pursuant to the Policies of the TSX Venture Exchange, the Company has internal policies and procedures in place to monitor investor relations activities and to ensure compliance with all applicable securities laws, regulations, and policies of the TSX Venture Exchange.

On April 30, 2018, the Company announced that it has entered into an exclusive worldwide license agreement with Wisconsin Alumni Research Foundation for the commercialization of the Company's cannabinoid delivery technology. The Company intends to develop novel cannabinoid-based therapies and to partner with licensed medical marijuana producers and pharmaceutical companies.

On May 10, 2018, Revive announced the acceptance of an abstract for a poster presentation for the Company's cannabinoid delivery technology at the XXIX International Conference on Polyphenols and the 9th Tannin Conference ("ICP + TC 2018"). The poster, entitled "TanninChitosan composite materials for transdermal delivery of cannabidiol," detailing the results from the Company's research project with the University of Wisconsin-Madison, will be available for viewing during the poster sessions.

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.

On June 13, 2018, Revive and WeedMD Inc. ("WeedMD"), a federally-licensed producer and distributor of medical cannabis, are pleased to announce that they have entered into medical cannabis research and development supply and collaboration agreements (the "Agreements"). Under the Agreements, WeedMD will supply Revive with CBD for the research program evaluating CBD in the treatment of liver disease, specifically non-alcoholic steatohepatitis ("NASH") and AIH. Working alongside Revive, WeedMD will support the research, development and potential commercialization of CBD in the treatment of liver disease. Additionally, Revive and WeedMD will identify opportunities for developing and commercializing medical cannabis products and therapies for potential collaboration in other treatments.

On June 18, 2018, 127,750 finder warrants were exercised for 127,750 common shares and 63,875 warrants were issued with the same exercise price and expiry terms as the warrants issued in the offering.

On June 27, 2018, Revive announced that the FDA has granted orphan drug designation for CBD in the treatment of AIH to Revive.

On August 22, 2018, Revive announced that it has submitted an application to the FDA seeking orphan drug designation of CBD for the treatment of IRI during liver transplantation.

On September 11, 2018, Revive announced the introduction of RELICANN™, the Company's hemp-based and medical cannabis brand designed for the health and wellness and medical cannabis consumer. The Company's first product under the RELICANN™ brand is RELICANN™ hemp-based CBD gum.

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

## Outlook

Pharmaceutical and biotechnology companies have commonly relied on two mainstream approaches to establish a product pipeline. The first being internal research and development efforts, which is expensive, time-consuming, and involves a very high degree of risk. The second common approach is product in-licensing, which is limited by increased competition from well-established global pharmaceutical and biotechnology companies to in-license or acquire a limited number of interesting and high probability of success compounds and/or delivery technologies. As such, there is a trend towards the drug repurposing development model to fill the product pipeline gap.

Traditionally, once a compound in clinical development for a specific indication is deemed to lack effectiveness, yet have a good safety profile, the drug developer will stop the clinical development regardless if the compound could be effective in treating additional medical indications. Until now, any alternative or new uses were most often discovered by serendipity. The drug repurposing industry has gone beyond serendipity and new technologies such as bioinformatics-based approaches and high put screening approaches are being utilized by drug developers. Thus, the Company believes that the drug repurposing development model will become a core drug development strategy of pharmaceutical companies and companies focused on cannabinoid solutions to treat diseases and disorders for many years to come.

The pharmaceutical industry is facing a number of significant pressures such as decreasing research and development productivity, increasing drug development costs, increasing patent protection loss of branded drugs, high regulatory barriers, evolving payer requirements, lower return on investment, generic drug competition, and post-market clinical trial result failures due to safety concerns. Pharmaceutical companies are being forced to find more efficient and cost effective ways to improve their research and development strategies. There is increasing interest in drug repurposing to help fill this unmet drug development gap. Drug repurposing has the potential to fill the unmet need of pharmaceutical companies and companies focused on cannabinoid solutions to treat diseases and disorders looking to fill their product pipelines, provide a new source of revenue and increase return on investment. Drug repurposing is the process of developing new indications for existing drugs or compounds, including cannabinoids. Drug repurposing has a number of potential research and development advantages such as reduced time to market, reduced development cost, and the improved probability of success. Interestingly enough, the drug repurposing development model has not been fully adopted by pharmaceutical companies and companies focused on cannabinoid solutions to treat diseases and disorders to address their product pipeline needs. Revive aims to fill this gap for the pharmaceutical industry and companies focused on cannabinoid solutions to treat diseases and disorders.

## Summary of Quarterly Results

The Company's quarterly information in the table below is prepared in accordance with IFRS.

| Three Months Ended | Total Revenue ($) | Profit or Loss | | Total Assets ($) |
|---|---|---|---|---|
| | | Total ($) | Per Share ($)[9][10] | |
| June 30, 2018 | - | (513,677) [1] | (0.01) | 1,120,417 |
| March 31, 2018 | - | (400,965) [2] | (0.01) | 1,460,974 |
| December 31, 2017 | - | (434,210) [3] | (0.01) | 1,559,525 |
| September 30, 2017 | - | (441,996) [4] | (0.01) | 1,560,352 |
| June 30, 2017 | - | (534,476) [5] | (0.01) | 1,923,694 |
| March 31, 2017 | - | (452,707) [6] | (0.01) | 2,309,204 |
| December 31, 2016 | - | (271,013) [7] | (0.01) | 1,810,895 |
| September 30, 2016 | - | (357,704) [8] | (0.01) | 2,233,383 |

Notes:

[1] Net loss of $513,677 primarily consisted of $147,911 research costs, $32,110 professional fees and disbursements, $147,933 salaries and benefits, $37,260 stock-based compensation, $162,000 consulting fees and $51,928 gain on sale of intangible assets.

[2] Net loss of $400,965 primarily consisted of $47,559 research costs, $45,054 professional fees and disbursements, $151,765 salaries and benefits, $77,088 stock-based compensation and $40,400 consulting fees.

[3] Net loss of $434,210 primarily consisted of $94,134 research costs, $47,586 professional fees and disbursements, $149,342 salaries and benefits, $54,446 stock-based compensation and $35,750 consulting fees.

[4] Net loss of $441,996 primarily consisted of $83,588 research costs, $50,721 professional fees and disbursements, $146,141 salaries and benefits, $26,810 stock-based compensation and $105,765 consulting fees.

[5] Net loss of $534,476 primarily consisted of $69,679 research costs, $67,146 professional fees and disbursements, $146,148 salaries and benefits, $129,970 stock-based compensation and $33,543 consulting fees.

[6] Net loss of $452,707 primarily consisted of $225,056 research costs, $22,750 professional fees and disbursements, $156,307 salaries and benefits, $30,706 consulting fees and $2,555 stock-based compensation.

[7] Net loss of $271,013 primarily consisted of $56,369 research costs, $44,330 professional fees and disbursements, $143,610 salaries and benefits, $93,193 consulting fees and $5,877 stock-based compensation.

[8] Net loss of $357,704 primarily consisted of $57,112 research costs, $47,065 professional fees and disbursements, $148,467 salaries and benefits, consulting fees of $25,412 and $5,877 stock-based compensation.

[9] Basic and diluted per share basis.

(10) Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

## 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 acquisitions; and
- to maximize shareholder return.

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 total shareholders' equity, comprising share capital, broker and finder warrants and broker 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. The forecast is updated based on activities related to its research programs. Information is provided to the Board of Directors of the Company. The Company's capital management objectives, polices, 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, management believes it is compliant with known requirements. The Company expects that its capital resources will be sufficient to discharge its liabilities as of the current statement of financial position date.

## Off-Balance-Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

## Proposed Transactions

As of the date of this MD&A, no proposed transaction has been approved by the Board of Directors.

## Selected Annual Financial Information

The following is selected financial data derived from the audited consolidated financial statements of the Company at June 30, 2018, 2017 and 2016 and for the years ended June 30, 2018, 2017 and 2016.

| | Year ended June 30, 2018 | Year ended June 30, 2017 | Year ended June 30, 2016 |
|---|---|---|---|
| Net loss | $(1,790,848) | $(1,615,900) | $(2,737,932) |
| Net loss per share (basic and diluted) | $(0.03) | $(0.03) | $(0.11) |
| | **As at June 30, 2018** | **As at June 30, 2017** | **As at June 30, 2016** |
| Total assets | $1,120,417 | $1,923,694 | $1,387,067 |

- The net loss for the year ended June 30, 2018 consisted primarily of (i) research costs of $373,192; (ii) salaries and benefits of $595,181; (iii) stock-based compensation of $195,604; (iv) consulting fees of $343,915; (v) professional fees of $175,471 and office expenses of $120,526;

- The net loss for the year ended June 30, 2017, consisted primarily of (i) research costs of $408,216; (ii) salaries and benefits of $594,532; (iii) stock-based compensation of $144,279; (iv) consulting fees of $182,854; (v) professional fees of $181,291 and office expense of $127,562;

- The net loss for the year ended June 30, 2016, consisted primarily of (i) research costs of $1,568,288; (ii) salaries and benefits of $402,243; (iii) stock-based compensation of $115,361; (iv) consulting fees of $102,940; (v) professional fees of $203,835 and (vi) office expenses of $267,106.

## Discussion of Operations

*Twelve months ended June 30, 2018, compared to the twelve months ended June 30, 2017*

The Company's net loss totalled $1,790,848 for the twelve months ended June 30, 2018, with basic and diluted loss per share of $0.03. This compares with a net loss of $1,615,900 with basic and diluted loss per share of $0.03 for the twelve months ended June 30, 2017.

Net loss for twelve months ended June 30, 2018, principally related to research costs of $373,192, professional fees and disbursements of $175,471, stock-based compensation of $195,604, salaries and benefits of $595,181, consulting fees of $343,915, depreciation and amortization of $3,132, rent of $35,755, and office expenses of $120,526. Net loss for twelve months ended June 30, 2017, principally related to research costs of $408,216, professional fees and disbursements of $181,291, stock-based compensation of $144,279, salaries and benefits of $594,532, consulting fees of $182,854, depreciation and amortization of $3,572, rent of $33,271, and office expenses of $127,562. Variations in research costs are discussed on a program-by-program basis above under "Corporate Update".

*Three months ended June 30, 2018, compared to the three months ended June 30, 2017*

The Company's net loss totalled $513,677 for the three months ended June 30, 2018, with basic and diluted loss per share of $0.01. This compares with a net loss of $534,476 with basic and diluted loss per share of $0.01 for the three months ended June 30, 2017.

Net loss for the three months ended June 30, 2018 principally related to research costs of $147,911, professional fees and disbursements of $32,110, stock-based compensation of $37,260, salaries and

benefits of $147,933, consulting fees of $162,000, depreciation and amortization of $987, rent of $8,637, and office expenses of $28,767. Net loss for three months ended June 30, 2017, principally related to research costs of $69,679, professional fees and disbursements of $67,146, stock-based compensation of $129,970, salaries and benefits of $146,148, consulting fees of $33,543, depreciation and amortization of $893, rent of $8,402, and office expenses of $138,372.

Variations in research costs are discussed on a program-by-program basis above under "Corporate Update".

## Liquidity and Financial Position

Cash and cash equivalents used in operating activities was $1,498,426 for the year ended June 30, 2018. Operating activities were affected by a $3,132 adjustment for depreciation and amortization, $195,604 stock-based compensation and the net change in non-cash working capital balances of $93,686 because of decreases in other receivables, decrease in prepaid expenses and decrease in accounts payable and accrued liabilities.

Cash and cash equivalents used in investing activities was $10,903 for the year ended June 30, 2018. This pertained to the purchase of intangible assets and equipment.

Cash and cash equivalents provided by financing activities was $801,169 for the year ended June 30, 2018, which represents proceeds from exercise of warrants.

At June 30, 2018, Revive had $1,060,516 in cash and cash equivalents.

Accounts payable and accrued liabilities were $299,300 at June 30, 2018. The Company's cash and cash equivalents balance as at June 30, 2018 is sufficient to pay these liabilities.

The Company has no operating revenues and therefore must utilize its income from financing transactions to maintain its capacity to meet ongoing operating activities.

As of June 30, 2018, and to the date of this MD&A, the cash resources of Revive are held with one Canadian chartered bank. The Company has no debt and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short-term and non-interest-bearing.

As of June 30, 2018, based on current projections, Revive's working capital of $786,986 is not sufficient to meet its planned development activities for the financial year ending June 30, 2019. The table below outlines the Company's planned uses of working capital:

| Use of Capital [1] | Estimated Cost | Spent to date (approx.) | Remaining Funds to Spend or (excess) |
|---|---|---|---|
| REV-002 research development, clinical trials | $55,000 | $nil | $55,000 |
| REV-004 research development, clinical trials | $46,000 | $nil | $46,000 |
| General research, development, and commercialization [4] | $550,000 | $nil | $550,000 |
| Intellectual Property Costs | $50,000 | $nil | $50,000 |
| General & Administrative for fiscal 2019 [2] | $1,072,000 | $nil | $1,072,000 |
| Settlement of arbitration [3] | undetermined | undetermined | undetermined |
| **Total** | **$1,773,000** | **$nil** | **$1,773,000** |

Notes:

(1) The use of proceeds provided in the table above should be considered estimates. Actual expenditures to satisfy these estimated costs may, and most likely will, differ from these estimates.

(2) General and Administrative expenses estimated for the year ended June 30, 2019, is as follows:

Salaries and benefits ($600,000), consulting fees ($150,000), office lease ($30,000), travel ($30,000), insurance ($25,000), professional fees ($150,000), transfer agent and regulatory fees ($37,000), technology expenses ($20,000) and marketing ($30,000).

(3) Settlement amount for lawsuit is undetermined as of the date of this MD&A. See "Commitments and Contingency" below.

(4) Estimated general research costs, which also includes cannabinoids for liver diseases, cannabinoid delivery technology, and cannabinoid product programs.

The Company believes that it has insufficient cash on hand to fund its planned expenditures for the financial year ending June 30, 2019. Further financings will be required to develop the Company's product pipeline, meet ongoing obligations, and discharge its liabilities in the normal course of business. There is some flexibility in terms of the pace and timing of product pipeline costs and how expenditures have been, or may be adjusted, limited or deferred subject to current capital resources and the potential to raise further funds. The Company will continue to manage its expenditures essential to the viability of its product pipeline. There is no assurance that additional funds can be raised upon terms acceptable to the Company or at all and funding for small companies remains challenging. Accordingly, the Company's consolidated financial statements have been prepared on a going concern basis. Material adjustments could be required if the Company cannot obtain adequate financing. See "Risk Factors".

## Related Party 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.

(a) Revive engaged in the following transactions with related parties:

| Names | Year Ended June 30, 2018 ($) | Year Ended June 30, 2017 ($) |
|---|---|---|
| Marrelli Support Services Inc. ("Marrelli Support") (i) | 51,631 | 48,172 |
| DSA Corporate Services ("DSA") (ii) | 23,546 | 21,730 |
| **Total** | **75,177** | **69,902** |

(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.

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

| **Stock-based Compensation**<br><br>**Names** | **Year Ended June 30, 2018 ($)** | **Year Ended June 30, 2017 ($)** |
|---|---|---|
| Craig Leon, CEO and Director | 12,865 | 20,203 |
| Bill Jackson, Director | 12,865 | 20,203 |
| Carlo Sansalone, Director | 8,576 | 13,468 |
| Fabio Chianelli, President and Director | 8,576 | 13,468 |
| Carmelo Marrelli, CFO | 3,431 | 5,387 |
| Dr. Bev Incledon, VP Research & Development | 2,143 | 3,368 |
| **Total** | **48,456** | **76,097** |

| **Salaries and Benefits**<br><br>**Names** | **Year Ended June 30, 2018 ($)** | **Year Ended June 30, 2017 ($)** |
|---|---|---|
| Craig Leon, CEO and Director | 250,000 | 250,000 |
| Fabio Chianelli, President | 250,000 | 250,000 |
| Total | **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.

## 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.

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.

## Change in Accounting Policies

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.

## Share Capital

Other than as described below, as of the date of this MD&A, there are no equity or voting securities of the Company outstanding, and no securities convertible into, or exercisable or exchangeable for, voting or equity securities of the Company.

As of the date of this MD&A, the outstanding capital of the Company includes (i) 58,351,282 common shares of the Company issued and outstanding and (ii) stock options exercisable for the purchase of 3,468,151 common shares.

## Financial Instruments

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.

**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). 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**

Cash and cash equivalents are considered Level 1 with the fair value hierarchy as at June 30, 2018.

## 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 represents management estimates and the eventual resolution of the liability may differ based on additional information and the occurrence of future events.

v. The 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.

## Risk Factors

Due to the nature of the Company's business, the legal and economic climate in which Revive operates and the present stage of development of its business, the Company may be subject to significant risks. An investment in the Company's shares should be considered highly speculative. The Company's future development and actual operating results may be very different from those expected as at the date of this MD&A. There can be no certainty that the Company will be able to implement successfully its strategies. No representation is or can be made as to the future performance of the Company and there can be no assurance that the Company will achieve its objectives. An investor should carefully consider each of, and the cumulative effect of, the following factors.

**History of Operating Losses**

To date, Revive has a history of operating losses and may not achieve or sustain profitability. Since

incorporation, Revive has accumulated net losses and expects such losses to continue as it commences product, clinical, and commercial development for its products and its technologies. Management expects to continue to incur substantial operating losses unless and until such time as sales generate sufficient revenues to fund continuing operations and may not be unable to sustain or increase profitability and failure to do so could adversely affect the Company's business, including its ability to raise additional funds.

**Going-Concern Risk**

The Company's financial statements have been prepared on a going concern basis under which the Company is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. Revive's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing additional equity or debt financing or in achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should we be unable to continue as a going concern.

**Early Stage Development**

Revive has not begun to market any product or to generate revenues. The Company expects to spend a significant amount of capital to fund research and development and on further laboratory, animal studies and clinical trials. As a result, the Company expects that its operating expenses will increase significantly and, consequently, it will need to generate significant revenues to become profitable. Even if the Company does become profitable, it may not be able to sustain or increase profitability on a quarterly or annual basis. The Company cannot predict when, if ever, it will be profitable. There can be no assurances that the intellectual property of Revive, or other products or technologies it may acquire, will meet applicable regulatory standards, obtain required regulatory approvals, be capable of being produced in commercial quantities at reasonable costs, or be successfully marketed. The Company will be undertaking additional laboratory, animal studies, and clinical studies with respect to the intellectual property of Revive, and there can be no assurance that the results from such studies or trials will result in a commercially viable product or will not identify unwanted side effects.

**Ability to Manage Growth**

Recent rapid growth in all areas of Revive's business has placed, and is expected to continue to place, a significant strain on its managerial, operational and technical resources. The Company expects operating expenses and staffing levels to increase in the future. To manage such growth, the Company must expand its operation and technical capabilities and manage its employee base while effectively administering multiple relationships with various third parties. There can be no assurance that the Company will be able to manage its expanding operations effectively. Any failure to implement cohesive management and operating systems, to add resources on a cost-effective basis or to properly manage the Company's expansion could have a material adverse effect on its business and results of operations.

**Unproven Market**

The Company believes that the anticipated market for its potential products and technologies will continue to exist and expand. These assumptions may prove to be incorrect for a variety of reasons, including competition from other products and the degree of commercial viability of the potential product.

**Manufacturing, Pharmaceutical Development and Marketing Capability**

The Company has no, and does not expect to have any, in-house manufacturing, product development, or marketing capability. To be successful, a product must be manufactured and packaged in commercial

quantities in compliance with regulatory requirements and in reasonable time frames and at accepted costs. The Company intends to contract with third parties to develop its products. No assurance can be given that the Company or its suppliers will be able to meet the supply requirements of the Company in respect of the product development or commercial sales. Production of therapeutic products may require raw materials for which the sources and amount of supply are limited, or may be hindered by quality or scheduling issues in respect of the third party suppliers over which the Company has limited control. An inability to obtain adequate supplies of raw materials could significantly delay the development, regulatory approval and marketing of a product. The Company has limited in-house personnel to internally manage all aspects of product development, including the management of multi-center clinical trials. The Company is significantly reliant on third party consultants and contractors to provide the requisite advice and management. There can be no assurance that the clinical trials and product development will not encounter delays which could adversely affect prospects for the Company's success.

To be successful, an approved product must also be successfully marketed. The market for the Company's product being developed by the Company may be large and will require substantial sales and marketing capability. At the present time, Revive does not have any internal capability to market products or technologies. The Company intends to enter into one or more strategic partnerships or collaborative arrangements with pharmaceutical or cannabis companies or other companies with marketing and distribution expertise to address this need. If necessary, the Company will establish arrangements with various partners for geographical areas. There can be no assurance that the Company can market, or can enter into a satisfactory arrangement with a third party to market a product in a manner that would assure its acceptance in the market place. However, if a satisfactory arrangement with a third party to market and/or distribute a product is obtained, then the Company will be dependent on the corporate collaborator(s) who may not devote sufficient time, resources, and attention to the Company's programs, which may hinder efforts to market the products. Should the Company not establish marketing and distribution strategic partnerships and collaborative arrangements on acceptable terms, and undertake some or all of those functions, the Company will require significant additional human and financial resources and expertise to undertake these activities, the availability of which is not guaranteed.

The Company will rely on third parties for the timely supply of raw materials, equipment, contract manufacturing, and formulation or packaging services. Although the Company intends to manage these third party relationships to ensure continuity and quality, some events beyond the Company's control could result in complete or partial failure of these goods and services. Any such failure could have a material adverse effect on the financial conditions and result of operation of the Company.

**Pre-Clinical Studies and Initial Clinical Trials are not Necessarily Predictive of Future Results**

Pre-clinical studies and Phase 1 and Phase 2 clinical trials are primarily designed to test safety, to study pharmacokinetics and pharmacodynamics, and to understand the side effects of product candidates at various doses and schedules. Success in pre-clinical or animal studies and early clinical trials does not ensure that later large-scale efficacy trials will be successful nor does it predict final results. Favourable results in early trials may not be repeated in later trials. A number of companies in the life sciences industry have suffered significant setbacks in advanced clinical trials, even after positive results in earlier trials. Clinical results are frequently susceptible to varying interpretations that may delay, limit, or prevent regulatory approvals. Negative or inconclusive results or adverse medical events during a clinical trial could cause a clinical trial to be delayed, repeated, or terminated. Any pre-clinical data and the clinical results obtained for our technologies may not predict results from studies in larger numbers of subjects drawn from more diverse populations or in the commercial setting, and also may not predict the ability of our products to achieve their intended goals, or to do so safely.

**Raw Material and Product Supply**

Raw materials and supplies are generally available in quantities to meet the needs of the Company's business. The Company will be dependent on third-party manufacturers for the products and technologies that it markets. An inability to obtain raw materials or product supply could have a material adverse impact on the Company's business, financial condition, and results of operations.

**Need for Additional Capital and Access to Capital Markets**

The Company will need additional capital to complete its current research, development, and commercial programs. It is anticipated that future research, additional pre-clinical and toxicology studies, manufacturing, and marketing initiatives, including that to prepare for market approval and successful product market launch, will require additional funds. Further financing may dilute the current holdings of shareholders and may thereby result in a loss for shareholders. There can be no assurance that the Company will be able to obtain adequate financing, or financing on terms that are reasonable or acceptable for these or other purposes, or to fulfill the Company's obligations under the various license agreements. Failure to obtain such additional financing could result in delay or indefinite postponement of further research and development of the Company's products and technologies with the possible loss of license rights to these products and technologies.

**Competition**

The market for Revive's products and technologies is highly competitive. The Company will compete with academic and commercial industries who are also examining potential therapeutics with regards to cannabinoids, liver diseases, autoimmune hepatitis, pain, inflammation, dermatology, wound healing, health and wellness, gout, cystinuria, rare diseases, cognitive dysfunction, and central nervous system disorders. Many of its competitors have greater financial and operational resources and more experience in research, development, and commercialization than the Company will. These and other companies may have developed or could in the future develop new products and technologies that compete with the Company's products and technologies or even render its products and technologies obsolete.

**Agricultural Operations Risk**

The Company is dependent on the growth and production of industrial cannabis and hemp, an agricultural product. As such, the risks inherent in engaging in agricultural businesses apply to the Company. Potential risks include the risk that crops may become diseased or victim to insects or other pests and contamination, or subject to extreme weather conditions such as excess rainfall, freezing temperature, or drought, all of which could result in low crop yields, decreased availability of industrial hemp and cannabis, and higher acquisition prices. Although the Company sources or plans to source its cannabis or CBD-hemp oil from hemp grown in permitted environments, there can be no guarantee that an agricultural event will not adversely affect the Company's business and operating results.

**Intellectual Property**

Revive's success depends to a significant degree upon its ability to develop, maintain and protect proprietary products and technologies. Revive files patent applications in the United States, Canada, Europe, Japan, and selectively in other foreign countries as part of its strategy to protect its proprietary products and technologies. However, patents provide only limited protection of Revive's intellectual property. The assertion of patent protection involves complex legal and factual determinations and is therefore uncertain and expensive. Revive cannot provide assurances that patents will be granted with

respect to any of its pending patent applications, that the scope of any of its patents will be sufficiently broad to offer meaningful protection, or that it will develop additional proprietary technologies that are patentable. Revive's current patents could be successfully challenged, invalidated, or circumvented. This could result in Revive's patent rights failing to create an effective competitive barrier. Losing a significant patent or failing to get a patent to issue from a pending patent application that Revive considers significant could have a material adverse effect on Revive's business. The laws governing the scope of patent coverage in various countries continue to evolve. The laws of some foreign countries may not protect Revive's intellectual property rights to the same extent as the laws of Canada and the United States. If Revive is successful in obtaining one or more patents, it will only hold them in selected countries. Therefore, third parties may be able to replicate Revive's products and technologies covered by Revive's patents in countries in which it does not have patent protection.

**Litigation to Protect the Company's Intellectual Property**

The Company's future success and competitive position depends in part upon its ability to maintain its intellectual property portfolio. There can be no assurance that any patents will be issued on any existing or future patent applications. Even if such patents are issued, there can be no assurance that any patents issued or licensed to the Company will not be challenged. The Company's ability to establish and maintain a competitive position may be achieved in part by prosecuting claims against others who it believes to be infringing its rights. In addition, enforcement of the Company's patents in foreign jurisdictions will depend on the legal procedures in those jurisdictions. Even if such claims are found to be invalid, the Company's involvement in intellectual property litigation could have a material adverse effect on its ability to distribute any products that are the subject of such litigation. In addition, the Company's involvement in intellectual property litigation could result in significant expense, which could materially adversely affect the use responsibilities, whether or not such litigation is resolved in the Company's favour.

**Risks Related to Potential Inability to Protect Intellectual Property**

Revive's success is heavily dependent upon the Company's intangible property and technologies. The Company licenses certain of its product and technology from third parties and there can be no assurance that the Company will be able to continue licensing these rights on a continuous basis. The Company relies upon copyrights, trade secrets, unpatented proprietary know-how, and continuing technology innovation to protect the product and technology that the Company considers important to the development of its business. The Company relies on various methods to protect its proprietary rights, including confidentiality agreements with its consultants, service providers, and management that contain terms and conditions prohibiting unauthorized use and disclosure of the Company's confidential information. However, despite the Company's efforts to protect our intangible property rights, unauthorized parties may attempt to copy or replicate the Company's product or technology. There can be no assurances that the steps taken by the Company to protect its product and technology will be adequate to prevent misappropriation or independent third-party development of its product and technology. It is likely that other companies can duplicate a production process similar to the Company's. To the extent that any of the above could occur, the Company's revenue could be negatively affected, and in the future, the Company may have to litigate to enforce its intangible property rights, which could result in substantial costs and divert the Company management's attention and our resources.

**Legal Proceedings**

In the course of the Company's business, the Company may from time to time have access to confidential or proprietary information of third parties, and these parties could bring a claim against the Company asserting that it has misappropriated their technologies and had improperly incorporated such technologies into the Company's products. Due to these factors, there remains a constant risk of intellectual property litigation affecting the Company's business. Additionally, Revive faces litigation risks arising from its use of

independent contractors and research collaborations to advance research and development of its product pipeline candidates. The Company may be made a party to litigation involving intellectual property, commercial disputes, and other matters, and such actions, if determined adversely, could have a material adverse effect on Revive.

**Lack of Supporting Clinical Data**

The clinical effectiveness and safety of any of Revive's current or future products is not yet supported by clinical data and the medical community has not yet developed a large body of peer reviewed literature that supports the safety and efficacy of the Revive's products. If future studies call into question the safety or efficacy of the Revive's products, the Revive's business, financial condition or results of operations could be adversely affected.

**Research and Development Risk**

A principal component of the Revive's business strategy is to expand its product offering to fully exploit the core technologies that have been assigned a patent application from Xenexus Pharmaceuticals Pty Ltd. and published research studies on cystinuria and cannabinoids for various diseases, disorders, and ailments. As such, Revive's organic growth and long-term success is primarily dependent on its ability to successfully develop new and current products and it will likely incur significant research and development expenditures. Revive cannot be certain that any investment in research and development will yield technically feasible or commercially viable products. Furthermore, its ability to discover and develop products will depend on its ability to:

- retain key scientists as employees or partners;
- identify high quality therapeutic targets;
- identify potential drug candidates;
- develop products internally;
- successfully complete laboratory testing and clinical trials on humans;
- obtain and maintain necessary intellectual property rights to the Revive's products;
- obtain and maintain necessary United States and other regulatory approvals for conducting clinical trials;
- obtain and maintain necessary United States and other regulatory approvals for its products;
- collaborate with third parties to assist in the development of its products; and
- enter into arrangements with third parties to co-develop, license, and commercialize its products.

Revive may not be successful in discovering and developing its products and technologies. Failure to so could materially and adversely affect the Revive's operations and financial condition.

**Pre-Clinical and Clinical Development Risks**

Revive must demonstrate the safety and efficacy of cannabinoids, REV-002, and REV-004 (collectively, the "Current Candidates") (and any other products it develops) through, among other things, extensive evaluation of historical studies and pre-clinical and clinical research. The Company's research and development programs are at an early stage of development. Numerous unforeseen events during, or as a result of, the testing process could delay or prevent commercialization of any products the Company develops, including (i) the results of pre-clinical and clinical studies may be inconclusive, may demonstrate potentially unsafe drug characteristics, or may not be indicative of results that will be obtained in human clinical trials, and (ii) the safety and efficacy results attained in the pre-clinical and clinical studies may not be indicative of results that are obtained in later clinical trials; and after reviewing pre-clinical and clinical study results, the Company or its partners or collaborators may abandon projects that were previously thought to be promising.

Pre-clinical and clinical studies are very expensive, can run into unexpected difficulties and the outcomes are uncertain. Revive's Phase 2a proof of concept study for REV-002 has been completed and close-out procedures are expected to be completed by December 2018. Revive's Phase 2a proof of concept study for REV-004 is expected to be completed by December 2018. The data collected from the Revive's pre-clinical and clinical studies for the Current Candidates (or any other products Revive develops) may not be sufficient to support the regulatory approval of human testing of such product(s). Pre-clinical and clinical studies of Revive's products may not be completed on schedule or on budget. Revive's failure to complete its pre-clinical and clinical studies on schedule or on budget, or its failure to adequately demonstrate the safety and efficacy of any of the products it develops, could delay or prevent regulatory approval of such products, which could adversely affect Revive's business, financial condition, or results of operations.

**Success of Quality Control Systems**

The quality and safety of the Company's products are critical to the success of the Company's business and operations. As such, it is imperative that the Company and its service providers' quality control systems operate effectively and successfully. Quality control systems can be negatively impacted by the design of the quality control systems, the quality training program, and adherence by employees to quality control guidelines. Although the Company strive to ensure that all of our service providers have implemented and adhere to high-caliber quality control systems, any significant failure or deterioration of such quality control systems could have a material adverse effect on the Company's business and operating results.

**Product Liability**

The Company's products will be produced for sale both directly and indirectly to end consumers, and therefore the Company faces an inherent risk of exposure to product liability claims, regulatory action, and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of the Company's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation, and could have a material adverse effect on the Company's business and operational results.

**Effectiveness and Efficiency of Advertising and Promotional Expenditures**

Revive's future growth and profitability will depend on the effectiveness and efficiency of advertising and promotional expenditures, including the Company's ability to (i) create greater awareness of its products; (ii) determine the appropriate creative message and media mix for future advertising expenditures; and (iii) effectively manage advertising and promotional costs in order to maintain acceptable operating margins. There can be no assurance that advertising and promotional expenditures will result in revenues in the future or will generate awareness of the Company's technologies or products. In addition, no assurance can be given that we will be able to manage the Company's advertising and promotional expenditures on a cost-effective basis.

**Maintaining and Promoting the Company's Brands**

Revive believes that maintaining and promoting the Company's brands is critical to expanding the Company's customer base. Maintaining and promoting the Company's brands will depend largely on its ability to continue to provide quality, reliable, and innovative products, which the Company's may not do

successfully. Revive may introduce new products and technologies that the Company's customers do not like, which may negatively affect the Company's brand and reputation. Maintaining and enhancing the Company's brands may require substantial investments, and these investments may not achieve the desired goals. If the Company fails to successfully promote and maintain its brands or if the Company incurs excessive expenses in this effort, the Company's business and financial results from operations could be materially adversely affected.

**Lack of Diversity**

Larger companies have the ability to manage their risk through diversification. However, Revive currently lacks diversification, in terms of the nature of its business. As a result, Revive could potentially be more impacted by factors affecting the pharmaceutical and cannabis industry in general and Revive in particular than would be the case if the business was more diversified. Currently, Revive's primary focus is the development and commercialization of its cannabinoid-based products and technologies, REV-002, and REV-004. Accordingly, Revive is dependent on its ability to develop and commercialize its products and technologies and any factor that materially adversely affects its ability to do so may have a material adverse effect on Revive's financial condition and results of operations.

**Key Personnel Risk**

Revive's success and future growth will depend, to a significant degree, on the continued efforts of the Company's directors and officers to develop the business and manage operations and on their ability to attract and retain key technical, scientific, sales and marketing staff or consultants. The loss of any key person or the inability to attract and retain new key persons could have a material adverse effect on the Company's business. Competition for qualified technical, scientific, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that the Company will be able to attract or retain key personnel in the future. The Company's inability to retain and attract the necessary personnel could materially adversely affect the Company's business and financial results from operations.

**Fluctuations in Foreign Currency Exchange Rates**

Revive is subject to foreign currency risk. The strengthening or weakening of the Canadian or U.S. dollar versus other currencies will impact the translation of the Company's expenses and net revenues generated in these foreign currencies into Canadian and US dollars. The Company imports certain products from foreign countries, and so may become forced to pay higher rates for these products as a result of the weakening of the Canadian or U.S. dollar.

**Requirement to Generate Cash Flow for Financial Obligations**

Revive currently has negative operating cash flows. The Company's ability to generate sufficient cash flow from operations to make scheduled payments to the Company's contractors, service providers, and merchants will depend on future financial performance, which will be affected by a range of economic, competitive, regulatory, legislative, and business factors, many of which are outside of the Company's control. If the Company does not generate sufficient cash flow from operations to satisfy its contractual obligations, the Company may have to undertake alternative financing plans. The Company's inability to generate sufficient cash flow from operations or undertake alternative financing plans would have an adverse effect on the Company's business, financial condition, and results or operations, as well as its ability to satisfy the Company's contractual obligations. Any failure to meet the Company's financial obligations could result in termination of key contracts, which could harm the Company's ability to provide its products and technologies.

**Uninsured or Uninsurable Risk**

The Company may become subject to liability for risks which are uninsurable or against which the Company may opt out of insuring due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for usual business activities. Payment of liabilities for which insurance is not carried may have a material adverse effect on the Company's financial position and operations.

**Regulatory Approval and Permits**

Revive may be required to obtain and maintain certain permits, licenses, and approvals in the jurisdictions where its products or technologies are being researched, developed, or commercialized. There can be no assurance that the Company will be able to obtain or maintain any necessary licenses, permits, or approvals. Any material delay or inability to receive these items is likely to delay and/or inhibit the Company's ability to conduct its business, and would have an adverse effect on its business, financial condition, and results of operations.

**Inability to Implement the Business Strategy**

The growth and expansion of Revive's business is heavily dependent upon the successful implementation of Revive's business strategy. There can be no assurance that Revive will be successful in the implementation of its business strategy.

**Regulatory Risk**

Revive will require acceptances and/or approvals from the FDA and other foreign health regulatory bodies for conducting human clinical studies and will require approval from the FDA and equivalent organizations in other countries before any drugs can be marketed. There is no assurance that such approvals will be forthcoming. Furthermore, the exact nature of the studies these regulatory agencies will require is not known and can be changed at any time by the regulatory agencies, increasing the financing risk and potentially increasing the time to market Revive faces, which could adversely affect Revive's business, financial condition or results of operations.

In both domestic and foreign markets, the development, formulation, manufacturing, packaging, labelling, handling, distribution, import, export, licensing, sale, and storage of pharmaceuticals are affected by a body of laws, governmental regulations, administrative determinations, including those by the Canada Food Inspection Agency and the FDA, court decisions, and similar constraints. Such laws, regulations and other constraints can exist at the federal, provincial or local levels in Canada and at all levels of Government In foreign jurisdictions. There can be no assurance that Revive and Revive's partners are in compliance with all of these laws, regulations and other constraints. Revive and its partners may be required to incur significant costs to comply with such laws and regulations in the future, and such laws and regulations may have an adverse effect on the business. The failure of Revive or its partners to comply with current or future regulatory requirements could lead to the imposition of significant penalties or claims and may have a material adverse effect on the business. In addition, the adoption of new laws, regulations or other constraints or changes in the interpretations of such requirements might result in significant compliance costs or lead Revive and its partners to discontinue product development and could have an adverse effect on the business.

**International Operations**

Revive's international operations expose it and its representatives, agents, and distributors to risks inherent to operating in foreign jurisdictions which could materially adversely affect its operations and financial

position. These risks include (i) country-specific taxation policies, (ii) imposition of additional foreign governmental controls or regulations, (iii) export license requirements, (iv) changes in tariffs and other trade restrictions, and (v) complexity of collecting receivables in a foreign jurisdiction.

Moreover, applicable agreements relating to business in foreign jurisdictions are governed by foreign laws and are subject to dispute resolution in the courts of, or through arbitration proceedings in, the country or region in which the parties are located or another jurisdiction agreed upon by the parties. Revive cannot accurately predict whether such forum will provide an effective and efficient means of resolving disputes that may arise in the future. Even if it obtains a satisfactory decision through arbitration or a court proceeding, Revive could have difficulty in enforcing any award or judgment on a timely basis or at all.

**Issuance of Debt**

From time to time, the Company may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with debt, which may increase the Company's debt levels above industry standards. The level of the Company's indebtedness from time to time could impair the Company's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

**Conflict of Interest**

Certain of the directors of the Company are also directors and officers of other companies, some of which may be in the pharmaceutical sector, and conflicts of interest may arise between their duties as directors of the Company and as officers and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as apply under the applicable corporate statute.

**Dilution and Future Issuances of Shares**

The Company may issue additional shares in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of the Company's shares and an unlimited number of preferred shares, issuable in series, and the shareholders of the Company will have no pre-emptive rights in connection with such further issuances. The Board of Directors of the Company has the discretion to determine the provisions attaching to any series of preferred shares and the price and the terms of issue of further issuances of Company's shares.

**Risk of Third Party Claims for Infringement**

A third party may claim that the Company has infringed such third party's rights or may challenge the right of the Company to its intellectual property. In such event, the Company will undertake a review to determine what, if any, action should be taken with respect to such claim. Any claim, whether or not with merit, could be time consuming to evaluate, result in costly litigation, cause delays in the operations of the Company or the development of its intellectual property or require the Company to enter into licensing arrangements that may require the payment of a licence fee or royalties to the owner of the intellectual property. Such royalty or licensing arrangements, if required, may not be available on terms acceptable to the Company.

## Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which

it is made, as of the date of and for the periods presented by the consolidated financial statements, and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings, or other reports filed or submitted under securities legislation is recorded, processed, summarized, and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

## Additional Disclosure for Venture Issuers Without Significant Revenue

**Office expenses**

| | Year Ended June 30, 2018 ($) | Year Ended June 30, 2017 ($) |
|---|---|---|
| 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) |
| **Total** | **120,526** | **127,562** |

**Intangible assets**

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

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

**Research and development**

| | Year Ended June 30, 2018 ($) | Year Ended June 30, 2017 ($) |
|---|---|---|
| REV-002 | nil | 50,983 |
| REV-004 | 88,057 | 264,419 |
| REV-005 | nil | nil |
| Cannabinoids | 243,211 | 92,814 |
| Other | 41,924 | nil |
| **Total** | **373,192** | **408,216** |

## 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.

**Schedule C(i)**

**Interim Management's Discussion and Analysis for the three and nine months ended March 31, 2019**

# REVIVE THERAPEUTICS LTD.

## INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

## FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2019

## Introduction

The following interim Management's Discussion & Analysis ("Interim MD&A") of Revive Therapeutics Ltd. ("Revive" or the "Company") for the three and nine months ended March 31, 2019 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management's discussion & analysis, being the Management's Discussion & Analysis ("Annual MD&A") for the fiscal year ended June 30, 2018. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Annual MD&A, Annual Information Form dated April 10, 2019 ("AIF"), audited annual consolidated financial statements of the Company for the years ended June 30, 2018, and June 30, 2017, together with the notes thereto, and unaudited condensed interim consolidated financial statements of the Company for the three and nine months ended March 31, 2019, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of May 27, 2019, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Revive's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or on SEDAR at **www.sedar.com**.

## Caution Regarding Forward-Looking Statements

This Interim MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this Interim MD&A speak only as of the date of (i) this Interim MD&A; or (ii) as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this Interim MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

| Forward-Looking Statements | Assumptions | Risk Factors |
|---|---|---|
| The Company's (i) development of product candidates, (ii) demonstration of such product candidates' safety and efficacy in clinical trials, and (iii) obtaining regulatory approval to commercialize these product candidates. | Financing will be available for development of new product candidates and conducting clinical studies; the actual results of the clinical trials will be favourable; development costs will not exceed Revive's expectations; the Company will be able to retain and attract skilled staff; the Company will be able to recruit suitable patients for clinical trials; all requisite regulatory and governmental approvals to commercialize the product candidates will be received on a timely basis upon terms acceptable to Revive; applicable economic conditions are favourable to Revive. | Availability of financing in the amount and time frame needed for the development and clinical trials may not be favourable; increases in costs; the Company's ability to retain and attract skilled staff; the Company's ability to recruit suitable patients for clinical trials; timely and favourable regulatory and governmental compliance, acceptances, and approvals; interest rate and exchange rate fluctuations; changes in economic conditions. |
| The Company's ability to obtain the substantial capital it requires to fund research and operations. | Financing will be available for Revive's research and operations and the results thereof will be favourable; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to Revive. | Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in cost of research and operations; interest rate and exchange rate fluctuations; adverse changes in economic conditions. |
| Factors affecting pre-clinical research, clinical trials and regulatory approval process of the Company's product candidates. | Actual costs of pre-clinical research, clinical and regulatory processes will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; the Company will be able to recruit suitable patients for clinical trials; the Company will be able to complete pre-clinical research and clinical studies on a timely basis with favourable results; all applicable regulatory and governmental approvals for product candidates will be received on a timely basis with terms acceptable to Revive; debt and equity markets, exchange and interest rates, and other applicable economic and political conditions are favourable to Revive; there will be a ready market for the product candidates. | Revive's product candidates may require time-consuming and costly pre-clinical and clinical studies and testing and regulatory approvals before commercialization; the Company's ability to retain and attract skilled staff; the Company's ability to recruit suitable patients for clinical trials; adverse changes in regulatory and governmental processes; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company will not be adversely affected by market competition. |
| The Company's ability to commercialize on its own or find and enter into agreements with potential partners to bring viable | Revive will be able to commercialize on its own or to find a suitable partner and enter into agreements to bring product candidates to market within a reasonable time frame and on favourable terms; the costs of commercializing on its own or entering | Revive will not be able to commercialize on its own or find a partner and/or enter into agreements within a reasonable time frame; if the Company enters into agreements, these agreements may not be on |

| Forward-Looking Statements | Assumptions | Risk Factors |
|---|---|---|
| product candidates to commercialization. | into a partnership will be consistent with Revive's expectations; partners will provide necessary financing and expertise to bring product candidates to market successfully and profitably. | favourable terms to Revive; costs of entering into agreements may be excessive; potential partners will not have the necessary financing or expertise to bring product candidates to market successfully or profitably. |
| The Company's ability to obtain and protect the Company's intellectual property rights and not infringe on the intellectual property rights of others. | Patents and other intellectual property rights will be obtained for viable product candidates; patents and other intellectual property rights obtained will not infringe on others. | Revive will not be able to obtain appropriate patents and other intellectual property rights for viable product candidates; patents and other intellectual property rights obtained will be contested by third parties; no proof that acquiring a patent will make the product more competitive. |
| The Company's ability to source markets which have demand for its products and successfully supply those markets in order to generate sales. | The anticipated markets for the Company's potential products and technologies will continue to exist and expand; the Company's products will be commercially viable and it will successfully compete with other research teams who are also examining potential products and therapeutics with regards to cannabinoids, gout, cystinuria, Wilson's disease, rare diseases, pain, inflammatory skin diseases, liver diseases, inflammation, autoimmune, and central nervous system disorders. | The anticipated market for the Company's potential products and technologies will not continue to exist and expand for a variety of reasons, including competition from other products and the degree of commercial viability of the potential product. |
| Future actions with respect to and potential impacts of pending claims. | Revive will be able to settle or otherwise obtain disposition of claims against it on favourable terms. | Revive may will not be able to settle pending claims on favourable terms; claims may be adjudicated in a manner that is not favourable to Revive. |

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Interim MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

## The Company

The Company is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. Its common shares are listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "RVV", on the OTCBB under the symbol "RVVTF" and the Frankfurt Stock Exchange in Germany under the symbol "31R". The Company's registered and head office is located at 5 Director Court, Suite 105, Vaughan, Ontario, L4L 4S5 and its website is available at **www.revivethera.com**.

## Corporate Update

The Company is a company focused on the research, development, and commercialization of novel cannabinoid-based products. Revive is commercializing novel delivery and patent-protected cannabis-based products in the multi-billion dollar cannabis and health and wellness market. The Company's novel cannabinoid delivery technology is being advanced to fill the medical needs for diseases and disorders such as pain and inflammation. Revive's cannabinoid pharmaceutical portfolio partially focuses on rare liver diseases, and the FDA has granted the Company orphan drug designations for CBD in the treatment of AIH and for CBD in the prevention of IRI resulting from solid organ transplantation. See "*List of Product Candidates*", "*Research and Development Programs in Liver Diseases*" and "*Intangible Properties*".

Together with its suppliers and contractors, the Company has expertise in pre-clinical and clinical research, regulatory, and business development activities. The Company's goal is to use these core competencies to advance its product candidates along the regulatory and clinical pathway toward commercial approval. The Company believes it has the ability to manage and perform the key critical aspects of the drug or product development process, including conducting or managing pre-clinical studies, clinical trials, developing and executing strategies for the protection of intellectual property, and interacting with regulatory authorities. The Company is actively seeking development and commercial partnerships that might facilitate these activities. In the meantime, it plans to advance its drug and product candidates and technologies toward commercial approval in the most efficient and expeditious manner.

The Company is also actively engaging in a review of certain complimentary assets that it may consider acquiring or licensing. For example it licensed a potential novel delivery technology asset from WARF. The Company also entered into the SCRF License Agreement with SCRF, pursuant to which it was granted an exclusive license to develop and commercialize a portfolio of patents based on cannabinoid-based therapeutics, such as CBD, in the treatment of AIH. See "*Research and Development Programs in Liver Diseases*" and "*Intangible Properties*".

### *Strategy*

Upon licensing a product candidate, the Company's strategy is to apply its expertise and its partners' expertise to advance the product toward regulatory approval and commercial sale in major markets, including the U.S. and Canada. These activities include implementing intellectual property protection and

registration strategies, formulating or reformulating existing drug products, performing or managing clinical trials in target jurisdictions, undertaking or managing the collection, collation and interpretation of research and clinical data, and submitting such data to the relevant regulatory authorities in compliance with applicable protocols and standards.

The Company may also develop next-generation versions of its product candidates, which will aim to improve upon the product candidate, and may have the potential to treat existing diseases better or new diseases that would otherwise remain untreated by the original product. The Company may also develop and commercialize cannabinoid-based products for the medical and recreational marijuana markets.

In order to augment its ability to develop product candidates and effectively market any products in respect of which it obtains regulatory approval, the Company may seek to enter into an agreement or partnership with licensed producers of medical marijuana and biopharmaceutical companies that have development and/or sales and marketing capabilities. Entering into an agreement or partnership with an organization that has these capabilities may enable the Company to increase profitability and further accelerate development of its product candidates or enable it to develop the candidate in more than one indication, simultaneously.

In order to optimize the development of its product candidates, the Company outsources certain aspects of its research and product development activities. Factors that the Company considers in determining which activities to outsource include cost, relative expertise, capacity, and quality assurance. Product development functions that the Company has chosen to historically outsource include pre-clinical activities in support of regulatory filings, clinical trials, and manufacturing. The Company believes that its relationships with external laboratories enable it to complete pre-clinical testing faster and more efficiently than it can perform these activities in-house. Additionally, the Company will engage with independent contract research organizations that are specifically equipped to manage future clinical trial and research projects, thus alleviating the need for it to commit redundant internal resources. For now, the Company believes that it is more efficient to outsource product manufacturing to contract manufacturing organizations and third-party suppliers.

The Company is in discussions with Canadian late-stage and licensed producers of cannabis to evaluate strategic collaborations for the Company's products, cannabinoid delivery system, liver research program, and intellectual property in developing and commercializing products for the cannabis and health and wellness market. The Company has secured and is also evaluating exclusive rights to unique cannabis-based products and technologies for the Canadian market.

**Products Under Development**

***Cannabinoids***

There are over 100 known cannabinoid compounds derived from the cannabis plant. The two primary cannabinoids used widely for medical and/or pharmaceutical purposes are Tetrahydrocannabinol ("**THC**") and CBD. It is widely known that THC is a major psychoactive cannabinoid and is a partial agonist of the cannabinoid receptor type 1 (CB1) and cannabinoid receptor type 1 (CB2) receptors and is widely used in pain management. CBD acts on many of the same receptors as THC, but without the psychoactive side effects. Clinical and pre-clinical data suggest that THC has positive effects on treating pain and CBD has positive effects on treating pain as well as, but is not limited to, a number of inflammatory diseases, skin disorders, and liver diseases.

Due to the mounting data from pre-clinical and clinical research the therapeutic effects of cannabis and the safety benefits of cannabinoids has led to significant interest from small-to-medium sized specialty pharmaceutical companies. Currently there are a number of cannabinoid products approved in US or EU: Sativex™ (GW Pharma), Marinol™ (AbbVie), Cesamet™ (Meda), and dronabinol, a synthetic THC (Insys). There are many companies supplying synthetic cannabinoids, cannabis extracts, and herbal cannabis to researchers for pre-clinical and clinical investigation for a number of diseases including cancer, diabetes,

neuromuscular disorders, treatment of nausea, loss of appetite, pain relief, and muscle relaxation for cancer, HIV, multiple sclerosis, and arthritis patients. The cannabinoid-based medical use and pharmaceutical market is expected to grow significantly due to the potential benefits these products may provide over existing therapies.

The Company is focused on commercializing differentiated branded cannabis-based products, including products that have patent protection and best-in-class with first mover advantage offering a better alternative over conventional cannabis-based products in the market. The Company has assembled rights to a patent portfolio related to cannabinoid delivery systems and cannabinoid uses for liver diseases. See "*Intangible Properties*".

*Drug delivery technology*

The Company is focused on commercializing novel delivery technologies to effectively deliver cannabinoids through the skin and/or directly into the affected area of the skin, otherwise known as topical delivery and also via the mouth, otherwise known as buccal delivery.

The potential advantages of these delivery mechanisms of cannabinoids are:

- better bioavailability, while bypassing the first-pass hepatic metabolism;
- faster and/or reliable onset of action;
- precise dosing that is consistent, accurate and repeatable;
- avoid irritation in the lungs, throat and stomach;
- ease of use for improved consumer and patient adherence and compliance;
- higher acceptance for those who find smoking or swallowing difficult; and
- potential for improved blood circulation to brain, cognitive function, and hygiene.

Proposed topical drug delivery technology

The Company's topical cannabinoid delivery technology will initially deliver CBD in combination with chitosan and tannins in a controlled or sustained release fashion, systemically or locally, through the skin. The chitosan has blood-clotting and antimicrobial properties and tannins have antibacterial, antifungal, antioxidant and wound healing properties. The combination of cannabinoids, tannin, and chitosan has the potential to become a unique delivery technology to serve broad market opportunities for the health and wellness, medical and pharmaceutical cannabinoid markets. The Company's cannabinoid delivery technology was founded by Dr. Jess D. Reed, Ph.D., Professor of Animal Sciences at the University of Wisconsin-Madison. See "*Exclusive Worldwide Licence Agreement with WARF*".

Proposed buccal cannabinoid delivery technology

The Company's buccal delivery technology, based on microencapsulation, will initially deliver either THC or CBD alone or as a combination of THC and CBD for the recreational and medical cannabis and health and wellness market. The initial format will be in the form of a chewing gum. In its natural form, cannabinoids are lipophilic, not water-soluble, and tend to stick to the chewing gum matrix, therefore diminishing effective release into the bloodstream. Microencapsulation renders cannabinoids soluble and dramatically increases the bioavailability of CBD, while largely bypassing the first pass hepatic metabolism. The Company is also investigating rapid dissolving applications to deliver cannabinoids via the buccal route.

The Company's buccal delivery technology involving chewing gum is from Axim. The Company, through Revive Inc., and Axim entered into the Axim Agreement in connection with the exclusive commercialization of Axim's CanChew™ product, a CBD-based controlled release chewing gum, in Canada. Pursuant to the Axim Agreement, Axim has appointed the Company as its exclusive distributor of the CanChew™ product in Canada and it also includes a grant to Revive from Axim of an exclusive, fully paid-up, royalty-free sublicensable right and license to use the certain patents and know-how in connection with the marketing,

distribution and sale of the CanChew™ product in Canada. The Company intends to market this product under the brand name RELICANN™. The Company is in the process of seeking regulatory approval for RELICANN™. Under the terms of the Axim Agreement, the Company has annual minimum purchase amount obligations, which increase each year for the term of the agreement.

Exclusive Worldwide License Agreement with WARF

Based on the results of the University of Wisconsin-Madison Research Program, the Company, through Revive Inc., entered into the WARF License Agreement. Pursuant to the WARF License Agreement, the Company gained exclusive, royalty-bearing, worldwide rights to intellectual property for the development and commercialization of cannabinoid-based products for therapeutic and/or prophylactic purposes delivered via topical, subcutaneous, buccal-mucosal or oral applications; including seeking out the necessary regulatory approvals necessary for the development and commercialization of such products. Under the terms of the WARF License Agreement, the Company agreed to pay WARF a one-time fee, certain milestone payments, as well as escalating annual minimum royalty payments commencing in 2027.

*Potential Target Markets*

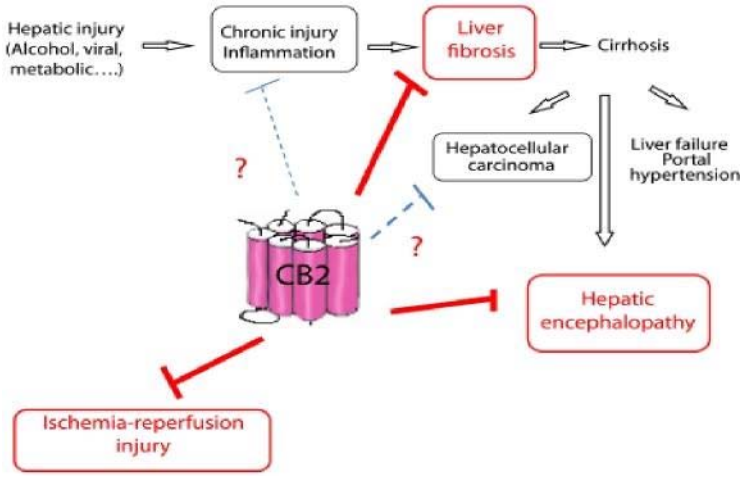
The Company is expanding its product pipeline with novel cannabinoid-centric treatments for liver diseases pain, inflammation and skin disorders.

Liver diseases

Liver disease is described by irregular functioning of the liver, causing disorders like hepatitis, fatty liver, and cirrhosis. There are over 100 described diseases of the liver[1] affecting at least 30 million people alone in the U.S.[2] A number of factors are driving the liver disease treatment market, which include rapidly changing lifestyle patterns such as increasing alcohol consumption, unhealthy diets, and increasing prevalence of liver diseases. Liver diseases can result from injury to the liver caused by hepatitis C virus, hepatitis B virus, obesity, chronic excessive alcohol use, or autoimmune diseases. Major drug categories used in the treatment of liver diseases includes anti-rejection drugs, vaccines, immunosuppressant, chemotherapy drugs, and antiviral drugs. According to Allied Market Research, titled, "World Liver Disease Treatment Market - Opportunities and Forecast, 2014 - 2022", the global market for liver disease treatment is projected to reach $19.5 billion by 2022.

Recent data have unraveled a key role of CB2 receptors during chronic and acute liver injury, including fibrogenesis associated to chronic liver diseases, ischemia-reperfusion (I/R)-induced liver injury, and hepatic encephalopathy associated to acute liver failure. It has recently been shown that hepatic CB2 receptors are highly upregulated in several pathological conditions. Overall, the figure below indicates CB2 as a target for following liver indications: fibrosis, I/R-induced injury, and hepatic encephalopathy.

[1] https://www.liver.ca/patients-caregivers/liver-diseases/
[2] https://liverfoundation.org/for-patients/about-alf/




Research has also indicated that the non-psychoactive cannabinoid, CBD, protects against hepatic ischemia/reperfusion injury by attenuating inflammatory signaling and response, oxidative/nitrative stress, and cell death. CBD significantly reduced the extent of liver inflammation, oxidative/nitrative stress, and cell death and also attenuated the bacterial endotoxin-triggered. CBD may represent a novel, protective strategy against I/R injury by attenuating key inflammatory pathways and oxidative/nitrative tissue injury, independent of classical CB1/2 receptors. These results emphasize that CBD represents a potential therapeutic option to protect the liver against hypoxia-reoxygenation injury. The available data suggest that CB2 agonists may offer novel perspectives in prevention of hepatic I/R injury. CB2 receptor mediates protection against hepatic ischemia/reperfusion injury. Potentially targeting the CB2 receptor may represent a novel protective strategy against I/R injury.

Based on research, CB2 agonists have demonstrated potential for alcoholic steatohepatitis. β-caryophyllene ("**BCP**"), a CB2 receptor agonist, also known as the "dietary cannabinoid / phytocannabinoid," has been demonstrated to protect against alcoholic steatohepatitis by attenuating inflammation and metabolic dysregulation in mice.[3] Given the safety of BCP in humans, this food additive has a high translational potential in treating or preventing hepatic injury associated with oxidative stress, inflammation, and steatosis. Given the excellent safety profile of BCP in humans, it has tremendous therapeutic potential in a multitude of diseases associated with inflammation and oxidative stress, even those outside of the liver indication. Chronic treatment with BCP attenuated the chronic and binge alcohol-induced liver injury and inflammation by attenuating the pro-inflammatory phenotypic M1 switch of Kupffer cells and by decreasing the expression of vascular adhesion molecules ICAM-1, E-Selectin, and P-Selectin, as well as the neutrophil infiltration. The protective effects of BCP against alcohol-induced liver injury were attenuated in CB2 knockout mice, indicating that the beneficial effects of this natural product in liver injury involve CB2 receptor activation. In a separate study, BCP was used to investigate the role of the CB2 receptors in mediating alcohol intake and ethanol-induced conditioned place preference and sensitivity in mice. The results indicated that BCP dose-dependently reduced alcohol consumption and preference. Overall, the CB2 receptor system appears to be involved in alcohol dependence and sensitivity and may represent a potential pharmacological target for the treatment of alcoholism. These data identify CB2 agonists as potential therapeutic agents for the management of alcoholic liver disease and identify the CB2 receptor as a potential therapeutic target. In summary, BCP represents untapped compound potential from a therapeutic perspective, has demonstrated safety profiles in humans, and there is minimal competition to date in terms of investigation and commercialization. There is an opportunity to formulate this, synthesize analogues, and investigate clinical efficacy. This compound is of particular interest as it is a CB2 agonist,

[3] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5758392/

not psychoactive, and is referred to in the literature as a "dietary cannabinoid." The chemical structure is significantly different compared to the cannabinoid structure class as whole.

Research has also suggested that cannabinoids have shown potential for non-alcoholic fatty liver disease ("**NAFLD**"). A study in 2015 investigating two non-psychoactive cannabinoids, Δ9-Tetrahydrocannabivarin ("**THCV**") and CBD, as potential therapeutics to for NAFLD. The result of this study, from in vitro and in vivo models, demonstrated that both THCV and CBD directly reduced accumulated lipid levels in vitro in a hepatosteatosis model and adipocytes.[4]

Based on previous research CB2 agonists have shown potential for liver injury and regeneration. A study in the literature that has previously investigated the impact of CB2 receptors on the regenerative process associated with liver injury using JWH133, a CB2 synthetic CB2 receptor agonist.[5] These results suggested that CB2 agonists display potent hepatoprotective properties, in addition to their antifibrogenic effects. CB2 receptors reduce liver injury and promote liver regeneration following acute insult, via distinct paracrine mechanisms involving hepatic myofibroblasts.

Research also suggests that cannabis' anti-inflammatory and protective properties help in the treatment of hepatitis. One study found that cannabinoids' anti-inflammatory properties effectively reduced inflammation of a damaged liver and researchers therefore suggested that cannabis could be developed as a potential drug for hepatitis.[6] Another study found that cannabinoids appeared to have immunosuppressive and profibrogenic effects in patients with chronic hepatitis C.[7]

The Company is in the research and development phase of next generation or novel uses of cannabinoids for the treatment of a variety of liver diseases.

Research and Development Programs in Liver Diseases

Liver disease is a major cause of morbidity and mortality and the prognosis is often poor. In many liver diseases (such as viral hepatitis, AIH and alcoholic liver disease), activated T lymphocytes and macrophages appear to play an important role in liver damage. AIH is an inflammatory liver disease characterized by the presence of high transaminases, circulating autoantibodies, hypergammaglobulinemia, histological evidence of hepatitis, and responsiveness to immunosuppressive treatment. The ten year survival rate in untreated patients is approximately 10%. The two known types of AIH (type I and type II) are treated with corticosteroids such as prednisone as well as other immunosuppressive drugs such as azathioprine, mycophenylate mofetil, cyclosporine or tacrolimus. Patients who progress to end stage live disease and/or cirrhosis may also need a liver transplant. Therefore, alternative treatment options are needed. Therapeutic approaches that either inhibit immune-mediated mechanisms or directly inhibit liver cell damage show promise. These studies have addressed the mechanism underlying the use of CAM therapy in ameliorating hepatitis and liver damage. While extensive studies have been performed to elucidate the mechanism of viral hepatitis, there is paucity of information on the pathogenesis of AIH and a dire need for the development of CAM therapy to treat such patients.

The Company is investigating the process of conducting further research and development work with CBD in relevant AIH animal models. The overall objective is to support CBD for the potential treatment of AIH that the Company may potentially advance to further pre-clinical and human clinical research and partner with companies with a focus on liver diseases and specialty cannabinoid treatments. The Company was granted orphan drug designation for CBD in the treatment of AIH by the FDA.

[4] https://www.ncbi.nlm.nih.gov/pubmed/25595882
[5] https://aasldpubs.onlinelibrary.wiley.com/doi/pdf/10.1002/hep.23779
[6] https://www.ncbi.nlm.nih.gov/pubmed/14645663
[7] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4425004/

Pursuant to the SCRF License Agreement, the Company, through Revive Inc., was granted an exclusive license from SCRF to develop and commercialize a portfolio of patents based on cannabinoid-based therapeutics, such as CBD, in the treatment of AIH. Under the agreement, the Company agreed to pay SCRF a one time fee for entering into the license, as well as certain milestone payments to SCRF. The Company also agreed to pay SCRF escalating annual minimum royalty payments commencing in 2020.

The Company, through Revive Inc., has also entered into a research collaboration with SanyalBio focused on advancing cannabinoids for the potential treatment of liver diseases. The collaboration will initially focus on the use of CBD on a novel AIH model based on SanyalBio's DIAMOND™ model designed and developed by SanyalBio specifically for Revive. This research collaboration is expected to generate a better model of AIH which will enable SanyalBio to further advance the research of cannabinoids for the treatment of AIH and other liver diseases, and the research will provide meaningful information to support future clinical research and partnering discussions for Revive.

According to the U.S. Organ Procurement and Transplantation Network, there are approximately 115,000 patients waiting for solid organ transplants in the United States, with the four most common organs transplanted being liver, kidney, heart and lung. IRI in organ transplantation can result in a higher incidence of acute and chronic rejection, as well as long-term morbidity and mortality. Quickly restoring blood supply of ischemic organs as soon as possible is crucial for avoiding or reducing injury from ischemia, whereas strategies used to attenuate the damage induced by reperfusion, including ischemic preconditioning, ischemic postconditioning, and machine perfusion. These strategies are expensive, sometimes hard to perform in clinical surgeries, and difficult in maintaining organ functions in the case of acute injuries. With the shortage of organs and expensive medical strategies, it is clear that therapies need to be researched to optimize the quality of the organs that are available and to attenuate injury to transplanted organs. The Company believes that the immunosuppressant and anti-inflammatory protective effects of CBD may provide a novel, more beneficial strategy to attenuate the damage induced by ischemia and reperfusion during solid organ transplantation. The Company submitted an application to the FDA seeking orphan drug designation of CBD for the treatment of hepatic IRI during liver transplantation. The application resulted in the FDA granting orphan drug designation for CBD in the prevention of IRI resulting from solid organ transplantation.

Pain

According to a research report conducted by Research Report Insights, the global market for neuropathic pain valued at over US $5 Billion and is estimated to grow to US $8.3 Billion by 2024.

The Company's proposed topical cannabinoid products would be designed to provide safe, effective relief from the pain of peripheral neuropathies. Peripheral neuropathies, or also known as neuropathic pain, are medical conditions caused by damage to the nerves in the peripheral nervous system. The peripheral nervous system includes nerves that run from the brain and spinal cord to the rest of the body. These conditions are caused from injured peripheral nerves, following herpes zoster, shingles, diabetes, chemotherapy, HIV, and other diseases. Peripheral neuropathies can also be caused by trauma or may result from surgical procedures. Additional neuropathic pain indications include lower back pain, cancer-related neuropathic pain, complex regional pain syndrome, and postoperative neuropathic pain.

Peripheral neuropathic pain generally is treated with tricyclic antidepressants, anticonvulsants such as duloxetine, depakote, pregabalin, gabapentin and topiramate, and serotonin/norepinephrine reuptake inhibitors, or SNRIs. Although tricyclic antidepressants, anticonvulsants, and SNRIs often show efficacy in treating neuropathic pain, they also have many drawbacks, including poor tolerability with side effects in most patients.

The Company's proposed topical cannabinoid products may have the potential to treat a number of neuropathic pain indications more safely and effectively than that of traditional cannabinoid products and current natural health and drug treatments for these indications. See "*Drug delivery technology*."

The Company's proposed topical cannabinoid products will also expand use in additional pain disorders in the future.

Inflammatory skin disorders

Inflammatory skin disorders are the result of immune system reactions that involve the skin. Psoriasis is a chronic inflammatory skin disease that affects approximately 7.5 million people in the US.[8] The disease is characterized by an errant immune-system response that drives inflammation and thickening of the skin caused by rapid turnover of skin cells. Psoriasis and other inflammatory skin diseases such as atopic dermatitis can cause tremendous discomfort. The healthcare market has seen an increase in the introduction of systemic therapies, including biologics, to treat patients with moderate-to-severe psoriasis and atopic dermatitis. For the majority of affected patients with less severe disease burden, topical corticosteroids are the predominant therapies prescribed. None of the currently approved therapies are without side effects, and none are well-suited for chronic use. Currently, in the United States, psoriasis is a $5 billion market, of which 90% are from drugs targeting moderate to severe psoriasis patients where the skin manifestation affects more than 3% of the body.[9]

The Company's proposed topical cannabinoid products may have the potential to treat a number of inflammatory skin disorders more safely and effectively than that of traditional cannabinoid products and current natural health and drug treatments for these indications. The Company's proposed topical cannabinoid products may also be explored for additional inflammatory skin disorders and wound healing indications in the future.

**Previous Products Under Development**

**Bucillamine**

The Company's efforts were initially focused on the development of the drug bucillamine for the potential treatment of cystinuria ("**REV-004**") and acute gout flares ("**REV-002**"). Bucillamine is a disease-modifying anti-rheumatic drug, which is prescribed for rheumatoid arthritis in Japan and South Korea. The Company pursued the repurposing of bucillamine as a potential new treatment for gout and cystinuria. The Company entered into a material transfer agreement ("MTA") with the developer of bucillamine. Pursuant to the MTA, the Company would be able obtain access to proprietary and confidential information (i.e. non-clinical data, clinical data, manufacturing information) and clinical trial supply of the drug bucillamine for the phase 2a and phase 2b human clinical studies of bucillamine for the treatment of acute gout flares and cystinuria. In return, the developer of bucillamine will have exclusive commercialization rights in Japan, Korea, and Taiwan, and the Company will have exclusive commercialization rights in the rest of the world.

With respect to the Company's REV-004 program, the United States Food and Drug Administration ("**FDA**") granted the Company orphan drug designation for the use of bucillamine in the treatment of cystinuria. As result, the Company submitted an investigational new drug application ("**IND**") with the FDA to conduct a Phase II-A clinical study for the use of bucillamine for the treatment of cystinuria. On July 6, 2016, the Company announced that the FDA had accepted its IND. The Phase II-A clinical trial was a multi-center, dose escalation trial focused on assessing the safety and effectiveness of bucillamine on urinary cystine excretion and cystine capacity in patients with cystinuria. The primary outcome measures were the incidence of treatment-emergent adverse events along with secondary outcome measuring 24-hour urine cysteine excretion and 24-hour urine cystine capacity. The Company initiated the U.S. Phase II-A clinical study in February 2017. The Company initially sought out a development and commercialization partner to advance the REV-004 program; however, the Company has decided to halt the clinical study and

[8] https://www.aad.org/media/stats/conditions/skin-conditions-by-the-numbers
[9] https://decisionresourcesgroup.com/drg-blog/biologics-continue-flare-psoriasis-market-indicating-opportunities-larger-dermatology-space/

commence closing study procedures as it focuses its attention on the research, development and commercialization of novel cannabinoid-based products.

With respect to the Company's REV-002 program, in November 2014, the FDA accepted the Company's IND application to conduct a Phase II-A clinical study for REV-002 for the treatment of acute gout flares. The Company completed the Phase II-A clinical study in patients with acute gout flares in the U.S. and is in the process of closing out the study. On December 1, 2015, the Company announced positive final results from its Phase II-A clinical study of REV-002. The final primary endpoint results were reported for 74 subjects that had completed the seven-day treatment period. In February 2016, the Company received positive feedback from the FDA with respect to the Company's proposed Phase II-B clinical study for acute gout flares, and based on this feedback the Company submitted a Phase II-B protocol to the FDA in the first half of 2016. The Company obtained approval to conduct a Phase II-B clinical study in the U.S. The Company did not intend to independently conduct Phase II-B trials, and initially sought pharmaceutical development and commercial partners for the continued development of REV-002; however the Company has since shifted its attention away from the development of the REV-004 program as it focuses its attention on the research, development and commercialization of novel cannabinoid-based products.

The Company is presently in the process of winding down the aspect of its business related to the development of the drug bucillamine.

**List of Product Candidates**

The following chart sets out the Company's product candidates, including the program name, status, expected milestones, the amount spent on the product candidate during the nine months ended March 31, 2019, the estimated cost to complete the product candidate and the Company's commercialization rights with respect to the product candidate.

| Program | Status | Next Milestone | Amount Spent during Nine Months Ended March 31, 2019 | Estimated Cost to Complete (2019) | Commercialization Rights |
|---|---|---|---|---|---|
| Cannabinoids for Liver Diseases | Signed SCRF License Agreement.<br><br>Initiated research study with SanyalBio. | Initiate research in various research models of liver diseases<br><br>Complete research study of CBD in AIH animal model | $nil was spent during the nine months ended March 31, 2019 | $100,000 | Worldwide |
| Cannabinoid Delivery Technology | Signed WARF License Agreement.<br><br>Completed the University of Wisconsin-Madison Research Program. | Conduct research and development of formulations<br><br>Conduct research studies in various disease models | $nil was spent during the nine months ended March 31, 2019 | $100,000 | Worldwide |

| Program | Status | Next Milestone | Amount Spent during Nine Months Ended March 31, 2019 | Estimated Cost to Complete (2019) | Commercialization Rights |
|---|---|---|---|---|---|
| Cannabinoid Products | Signed Axim Agreement with Axim for CBD-based chewing gum. | Regulatory approval to market in Canada (as of the date of this MD&A, the Company has submitted the application for regulatory approval to Health Canada)<br><br>Commercialization in Canada | $47,000 was spent during the nine months ended March 31, 2019 | $53,000 | Canada |

## Operations Highlights

During the nine months ended March 31, 2019, the Company focused primarily on the evaluation, research, development, expansion, licensing, and partnering of cannabinoid-based products and delivery technologies, and on the Phase 2 clinical study of REV-004, the evaluation and close-out of the Phase 2a clinical study of REV-002.

On June 27, 2018, Revive announced that the FDA has granted orphan drug designation for CBD in the treatment of AIH to Revive.

On August 22, 2018, Revive announced that it has submitted an application to the FDA seeking orphan drug designation of CBD for the treatment of IRI during liver transplantation.

On September 11, 2018, Revive announced the introduction of RELICANN™, the Company's hemp-based and medical cannabis brand designed for the health and wellness and medical cannabis consumer. The Company's first product under the RELICANN™ brand is RELICANN™ hemp-based CBD gum.

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

On November 7, 2018, the Company announced that the FDA granted orphan drug designation for CBD in the prevention of IRI resulting from solid organ transplantation.

On February 5, 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.

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 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.

(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.

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.

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.

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.

## Financial Highlights

### Financial Performance

The Company's net loss totaled $250,946 for the three months ended March 31, 2019, with basic and diluted loss per share of $0.00. This compares with a net loss of $400,965 with basic and diluted loss per share of $0.01 for the three months ended March 31, 2018. The Company had no revenue in both periods presented.

Net loss for three months ended March 31, 2019 principally related to research costs of $10,799 (three months ended March 31, 2018 - $47,559), professional fees of $36,384 (three months ended March 31, 2018 - $45,054), stock-based compensation of $12,131 (three months ended March 31, 2018 - $77,088), salaries and benefits of $155,736 (three months ended March 31, 2018 - $151,765), consulting fees of $nil (three months ended March 31, 2018 - $40,400), depreciation and amortization of $804 (three months ended March 31, 2018 - $715), rent of $8,657 (three months ended March 31, 2018 - $8,733) and office expenses of $26,435 (three months ended March 31, 2018 – $29,651). The decrease of $150,019 related primarily to lower consulting fees and lower research costs during the three months ended March 31, 2019 as compared to the same period of last year.

### Cash Flow

At March 31, 2019, the Company had working capital of $1,347,245, compared to working capital of $786,986 at June 30, 2018. The Company had cash and cash equivalents of $829,844 at March 31, 2019 compared to $1,060,516 at June 30, 2018. The increase in working capital is primarily due to the private placement completed during the nine months ended March 31, 2019. The decrease in cash and cash equivalents is primarily due to the purchase of HHL shares during the nine months ended March 31, 2019.

### Liquidity and Financial Position

Cash and cash equivalents used in operating activities was $814,841 for the nine months ended March 31, 2019. Operating activities were affected by a $2,403 adjustment for depreciation and amortization, stock-based compensation of $103,219, and the net change in non-cash working capital balances of $40,931 because of an increase in prepaid expenses of $3,652 and a decrease in accounts payable and accrued liabilities of $37,279.

Cash and cash equivalents used in investing activities was $750,685 which is comprised of $750,000 purchase of investment in HHL shares and $685 purchase of equipment.

Cash and cash equivalents provided by financing activities was $1,334,854 representing the proceeds from issuance of shares and warrants.

At March 31, 2019, Revive had $829,844 in cash and cash equivalents.

Accounts payable and accrued liabilities were $262,021 at March 31, 2019. The Company's cash and cash equivalents balance as at March 31, 2019 is sufficient to pay these liabilities.

The Company has no operating revenues and therefore must utilize its income from financing transactions to maintain its capacity to meet ongoing operating activities.

As of March 31, 2019, and to the date of this Interim MD&A, the cash resources of Revive are held with one Canadian chartered bank. The Company has no debt and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short-term and non-interest-bearing.

As of March 31, 2019, based on current projections, Revive's working capital of $1,347,245, is sufficient to meet its planned development activities for the financial year ending June 30, 2019. The table below outlines the Company's planned uses of working capital:

| Use of Capital [1] | Estimated Cost | Spent to date (approx.) | Remaining Funds to Spend or (excess) |
|---|---|---|---|
| General research, development, and commercialization [4] | $550,000 | $52,000 | $498,000 |
| REV-002 close out costs | $55,000 | $1,000 | $54,000 |
| REV-004 close out costs | $46,000 | $5,000 | $41,000 |
| Intellectual Property Costs | $50,000 | $nil | $50,000 |
| General & Administrative for fiscal 2019 [2] | $1,072,000 | $715,000 | $357,000 |
| Settlement of arbitration [3] | undetermined | undetermined | undetermined |
| **Total** | **$1,773,000** | **$773,000** | **$1,000,000** |

Notes:

(1) The use of proceeds provided in the table above should be considered estimates. Actual expenditures to satisfy these estimated costs may, and most likely will, differ from these estimates.

(2) General and Administrative expenses estimated for the year ended June 30, 2019, is as follows:

Salaries and benefits ($600,000), consulting fees ($150,000), office lease ($30,000), travel ($30,000), insurance ($25,000), professional fees ($150,000), transfer agent and regulatory fees ($37,000), technology expenses ($20,000) and marketing ($30,000).

(3) Settlement amount for lawsuit is undetermined as of the date of this Interim MD&A. See "Commitments and Contingency" below.

(4) Estimated general research costs, which also includes cannabinoids for liver diseases, cannabinoid delivery technology, and cannabinoid product programs.

The Company believes that it has sufficient working capital to fund its planned expenditures for the financial year ending June 30, 2019. However, further financings will be required to develop the Company's product pipeline, meet ongoing obligations, and discharge its liabilities in the normal course of business. There is some flexibility in terms of the pace and timing of product pipeline costs and how expenditures have been, or may be adjusted, limited or deferred subject to current capital resources and the potential to raise further funds. The Company will continue to manage its expenditures essential to the viability of its product pipeline. There is no assurance that additional funds can be raised upon terms acceptable to the Company or at all and funding for small companies remains challenging. Accordingly, the Company's consolidated financial statements have been prepared on a going concern basis. Material adjustments could be required if the Company cannot obtain adequate financing. See "Risk Factors".

## Related Party 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.

(a) Revive engaged in the following transactions with related parties:

| Names | 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 |
| **Total** | **23,098** | **17,910** | **65,405** | **61,144** |

(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.

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

| Stock-based Compensation<br>Names | Three Months Ended March 31, 2019 ($) | Three Months Ended March 31, 2018 ($) | Nine Months Ended March 31, 2019 ($) | Nine Months Ended March 31, 2018 ($) |
|---|---|---|---|---|
| Craig Leon, CEO and Director | nil | 4,077 | nil | 12,412 |
| Bill Jackson, Director | nil | 4,077 | nil | 12,412 |
| Carlo Sansalone, Director | nil | 2,718 | nil | 8,274 |
| Fabio Chianelli, President and Director | nil | 2,718 | nil | 8,274 |
| Carmelo Marrelli, CFO | nil | 1,087 | nil | 3,310 |
| Dr. Bev Incledon, VP Research & Development | nil | 679 | nil | 2,068 |
| **Total** | **nil** | **15,356** | **nil** | **46,750** |

| Salaries and Benefits<br><br>Names | Three Months Ended March 31, 2019 ($) | Three Months Ended March 31, 2018 ($) | Nine Months Ended March 31, 2019 ($) | Nine Months Ended March 31, 2018 ($) |
|---|---|---|---|---|
| Craig Leon, CEO and Director | 62,500 | 62,500 | 187,500 | 187,500 |
| Fabio Chianelli, President | 62,500 | 62,500 | 187,500 | 187,500 |
| Total | **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.

## 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.

## Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's Annual AIF for the fiscal year ended June 30, 2018, available on SEDAR at **www.sedar.com**.

**Schedule C(ii)**

**Interim Management's Discussion and Analysis for the three and six months ended December 31, 2018**

# REVIVE THERAPEUTICS LTD.

## INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

## FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2018

## Introduction

The following interim Management's Discussion & Analysis ("Interim MD&A") of Revive Therapeutics Ltd. ("Revive" or the "Company") for the three and six months ended December 31, 2018 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management's discussion & analysis, being the Management's Discussion & Analysis ("Annual MD&A") for the fiscal year ended June 30, 2018. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Annual MD&A, audited annual consolidated financial statements of the Company for the years ended June 30, 2018, and June 30, 2017, together with the notes thereto, and unaudited condensed interim consolidated financial statements of the Company for the three and six months ended December 31, 2018, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of February 27, 2019, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Revive's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or on SEDAR at **www.sedar.com**.

## Caution Regarding Forward-Looking Statements

This Interim MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this Interim MD&A speak only as of the date of (i) this Interim MD&A; or (ii) as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this Interim MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

| Forward-looking Statements | Assumptions | Risk Factors |
|---|---|---|
| The Company's (i) development of new drug and product candidates, (ii) demonstration of such drug and product candidates' safety and efficacy in clinical trials, and (iii) obtaining regulatory approval to commercialize these drug and product candidates. | Financing will be available for development of new drug and product candidates and conducting clinical studies; the actual results of the clinical trials will be favourable; development costs will not exceed Revive's expectations; the Company will be able to retain and attract skilled staff; the Company will be able to recruit suitable patients for clinical trials; all requisite regulatory and governmental approvals to commercialize the drug and product candidates will be received on a timely basis upon terms acceptable to Revive; applicable economic conditions are favourable to Revive. | Availability of financing in the amount and time frame needed for the development and clinical trials may not be favourable; increases in costs; the Company's ability to retain and attract skilled staff; the Company's ability to recruit suitable patients for clinical trials; timely and favourable regulatory and governmental compliance, acceptances, and approvals; interest rate and exchange rate fluctuations; changes in economic conditions. |
| The Company's ability to obtain the substantial capital it requires to fund research and operations. | Financing will be available for Revive's research and operations and the results thereof will be favourable; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to Revive. | Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in cost of research and operations; interest rate and exchange rate fluctuations; adverse changes in economic conditions. |
| Factors affecting pre-clinical research, clinical trials and regulatory approval process of the Company's drug candidates. | Actual costs of pre-clinical research, clinical and regulatory processes will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; the Company will be able to recruit suitable patients for clinical trials; the Company will be able to complete pre-clinical research and clinical studies on a timely basis with favourable results; all applicable regulatory and governmental approvals for drug candidates will be received on a timely basis with terms acceptable to Revive; debt and equity markets, exchange and interest rates, and other applicable economic and political conditions are favourable to Revive; there will be a ready market for the drug and product candidates. | Revive's drug and product candidates may require time-consuming and costly pre-clinical and clinical studies and testing and regulatory approvals before commercialization; the Company's ability to retain and attract skilled staff; the Company's ability to recruit suitable patients for clinical trials; adverse changes in regulatory and governmental processes; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company will not be adversely affected by market competition. |

| Forward-looking Statements | Assumptions | Risk Factors |
|---|---|---|
| The Company's ability to commercialize on its own or find and enter into agreements with potential partners to bring viable drug and product candidates to commercialization. | Revive will be able to commercialize on its own or to find a suitable partner and enter into agreements to bring drug and product candidates to market within a reasonable time frame and on favourable terms; the costs of commercializing on its own or entering into a partnership will be consistent with Revive's expectations; partners will provide necessary financing and expertise to bring drug and product candidates to market successfully and profitably. | Revive will not be able to commercialize on its own or find a partner and/or enter into agreements within a reasonable time frame; if the Company enters into agreements, these agreements may not be on favourable terms to Revive; costs of entering into agreements may be excessive; potential partners will not have the necessary financing or expertise to bring drug and product candidates to market successfully or profitably. |
| The Company's ability to obtain and protect the Company's intellectual property rights and not infringe on the intellectual property rights of others. | Patents and other intellectual property rights will be obtained for viable drug and product candidates; patents and other intellectual property rights obtained will not infringe on others. | Revive will not be able to obtain appropriate patents and other intellectual property rights for viable drug and product candidates; patents and other intellectual property rights obtained will be contested by third parties; no proof that acquiring a patent will make the drug or product more competitive. |
| The Company's ability to source markets which have demand for its products and successfully supply those markets in order to generate sales. | The anticipated markets for the Company's potential products and technologies will continue to exist and expand; the Company's products will be commercially viable and it will successfully compete with other research teams who are also examining potential products and therapeutics with regards to cannabinoids, gout, cystinuria, Wilson's disease, rare diseases, pain, inflammatory skin diseases, liver diseases, inflammation, autoimmune, and central nervous system disorders. | The anticipated market for the Company's potential products and technologies will not continue to exist and expand for a variety of reasons, including competition from other products and the degree of commercial viability of the potential product. |
| Future actions with respect to and potential impacts of pending claims. | Revive will be able to settle or otherwise obtain disposition of claims against it on favourable terms. | Revive may will not be able to settle pending claims on favourable terms; claims may be adjudicated in a manner that is not favourable to Revive. |

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors"

section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Interim MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

## The Company

The Company is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. Its common shares are listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "RVV", on the OTCBB under the symbol "RVVTF" and the Frankfurt Stock Exchange in Germany under the symbol "31R". The Company's registered and head office is located at 5 Director Court, Suite 105, Vaughan, Ontario, L4L 4S5 and its website is available at **www.revivethera.com**.

## Corporate Update

Over the last 18 months Revive has been focused on establishing strategic relationships and building its product and intellectual property portfolio with the aim of becoming a leading global specialty cannabis company. The next phase of the Company's growth plans is the development and commercialization of novel cannabis-based products.

*Product Strategy:*

Revive is focused on commercializing differentiated cannabis-based products that have patent protection and are best-in-class with first mover advantage offering a better alternative over conventional cannabis-based products in the market. The Company's patent portfolio includes exclusive rights to five issued U.S. patents, one issued Canadian patent and two patent applications filed in the U.S., based on cannabinoid delivery systems and uses for specific diseases. The Company's strategy is to launch its cannabis-based products in Canada as recognized under the proposed regulations of Cannabis and Health Canada's Natural Health Products and Food and Drug regulations, with the objective to sell through legalized distribution channels, national retailers in the food, drug, mass market, and specialty and natural retail channels, be included in health insurance plans, and be distributed to countries globally.

The Company's advantageous position in Canada will allow it to gather invaluable patient data and real-world consumer experience of its products that will pave the way for new products, improved product labelling and marketing, expansion in major markets globally, and support potential new drug applications for future pharmaceutical cannabinoid-based products.

Revive's product portfolio will be a robust assortment of premium unique dosage offerings, such as, but not limited to, chewing gums, topicals, and alternate oral forms putting an emphasis on the cannabis and health and wellness market. The potential advantages of Revive's products over conventional dosage forms of cannabis aim to achieve the following:

- better bioavailability, while bypassing the first-pass hepatic metabolism;
- faster and/or reliable onset of action;
- precise dosing that is consistent, accurate and repeatable;
- avoid irritation in the lungs, throat and stomach;
- ease of use for improved consumer and patient adherence and compliance;
- higher acceptance for those who find smoking or swallowing difficult; and
- potential for improved blood circulation to brain, cognitive function, and oral hygiene.

*Business Development:*

Revive is in discussions with leading Canadian licensed producers of cannabis to evaluate strategic collaborations for the Company's products, cannabinoid delivery system, liver research program, and intellectual property in developing and commercializing products for the cannabis and health and wellness market. The Company has secured and is also evaluating exclusive rights to unique cannabis-based products and technologies for the Canadian market.

*Overview:*

The Company is a specialty cannabis company focused on the research, development, and commercialization of novel cannabinoid-based products. Revive is commercializing patent-protected, best-in-class cannabis-based products with first mover advantage in the multi-billion dollar cannabis and health and wellness market. The Company's novel cannabinoid delivery technology is being advanced to fill the unmet medical needs for diseases and disorders such as pain, inflammation, and wound care. Revive's cannabinoid pharmaceutical portfolio focuses on rare inflammatory and liver diseases, which the U.S. Food and Drug Administration ("FDA") granted to the Company orphan drug designation for Cannabidiol ("CBD") in the treatment of autoimmune hepatitis and in the prevention of ischemia and reperfusion injury resulting from solid organ transplantation, such as liver, kidney, heart and lung transplantation.

We have expertise in pre-clinical and clinical research, regulatory, and business development activities. Our goal is to use these core competencies to advance our product candidates along the regulatory and clinical pathway toward commercial approval. We believe we have the ability to manage and perform the key critical aspects of the drug or product development process, including conducting or managing pre-clinical studies, clinical trials, developing and executing strategies for the protection of intellectual property, and interacting with regulatory authorities. We are actively seeking development and commercial partnerships that might facilitate these activities. In the meantime, we are prepared to advance our drug and product candidates and technologies toward commercial approval in the most efficient and expeditious manner.

Our initial focus was on the advancement of repurposing the drug bucillamine, an arthritis drug approved only in Japan and South Korea, for the treatment of gout (pain from flares). We have completed a Phase 2a clinical program with bucillamine in acute flares and we are currently seeking funding, development, and commercialization partners to advance into Phase 2b and into registration studies. We are also investigating bucillamine as a potential treatment for cystinuria (kidney stones). We initiated the U.S. Phase 2 clinical study in 2017 and we are currently seeking development and commercialization partners to advance the program in order to dedicate our resources in developing and commercializing novel cannabis-based products.

To expand our product pipeline of cannabis-based product, we employ, but not limited to, bioinformatics to perform scientific evaluation, clinical, and market assessment of potential pharmaceutical and cannabinoid-based products for diseases that fall into our target area of expertise. We focused on expanding our product pipeline through the advancement of our cannabinoid-based therapeutics strategy in, but not limited to, pain, skin disorders, and liver diseases. We initiated a research discovery program of cannabinoid-based

therapies targeting liver diseases with PhytoSciences Consulting LLC., a contract research organization. We are also actively engaging in a review of certain complimentary assets that we may consider acquiring or licensing. For example we licensed a potential novel delivery technology asset from Wisconsin Alumni Research Foundation (WARF). We have engaged and completed a sponsored research agreement with the University of Wisconsin-Madison for the research and development of the potential novel delivery technology to deliver cannabinoids (the "University of Wisconsin-Madison Research Agreement"). Also, we entered into a license agreement with South Carolina Research Foundation ("SCRF"), under which we will acquire an exclusive license from SCRF to develop and commercialize a portfolio of patents based on cannabinoid-based therapeutics, such as cannabidiol, in the treatment of autoimmune hepatitis, a rare liver disease.

Upon licensing a product candidate, our strategy is to apply our expertise and our partners' expertise to advance the product toward regulatory approval and commercial sale in major markets, including the U.S. and Canada. These activities include implementing intellectual property protection and registration strategies, formulating or reformulating existing drug products, performing or managing clinical trials in target jurisdictions, undertaking or managing the collection, collation and interpretation of research and clinical data, and submitting such data to the relevant regulatory authorities in compliance with applicable protocols and standards.

We may also develop next-generation versions of our product candidates, which will aim to improve upon the product candidate, and may have the potential to treat existing diseases better or new diseases that would otherwise remain untreated by the original product. We also develop and commercialize cannabinoid-based products for the medical and recreational marijuana markets.

In order to augment our ability to develop product candidates and effectively market any products in respect of which we obtain regulatory approval, we may seek to enter into an agreement or partnership with licensed producers of medical marijuana and biopharmaceutical companies that have development and/or sales and marketing capabilities. Entering into an agreement or partnership with an organization that has these capabilities may enable us to increase profitability and further accelerate development of our product candidates or enable us to develop the candidate in more than one indication, simultaneously.

In order to optimize the development of our product candidates, we outsource certain aspects of our research and product development activities. Factors that we consider in determining which activities to outsource include cost, relative expertise, capacity, and quality assurance. Product development functions that we have chosen to historically outsource include pre-clinical activities in support of regulatory filings, clinical trials, and manufacturing. We believe that our relationships with external laboratories enable us to complete pre-clinical testing faster and more efficiently than we can perform these activities in-house. Additionally, we will engage with independent contract research organizations (CROs) that are specifically equipped to manage future clinical trial and research projects, thus alleviating the need for us to commit redundant internal resources. For now, we believe that it is more efficient to outsource product manufacturing to contract manufacturing organizations (CMOs) and third-party suppliers.

*Bioinformatics:*

We utilize bioinformatics designed to identify repurposed and innovative compounds and cannabinoids for treatment of serious and unmet medical needs. We review scientific literature looking for mechanisms of action that could prove useful for diseases and then rank these drug-disease pairs based on a weighting system that incorporates, but not limited to, clinical studies, FDA correspondence, competition, and unmet medical need.

## Principle Products

### Cannabinoids

There are over 100 known cannabinoid compounds derived from the cannabis plant. The two primary cannabinoids used widely for medical and/or pharmaceutical purposes are Tetrahydrocannabinol (THC) and cannabidiol (CBD). It is widely known that THC is a major psychoactive cannabinoid and is a partial agonist of the cannabinoid receptor type 1 ($CB_1$) and cannabinoid receptor type 1 ($CB_2$) receptors and is widely used in pain management. CBD acts on many of the same receptors as THC, but without the psychoactive side effects. Clinical and pre-clinical data suggest that THC has positive effects on treating pain and CBD has positive effects on treating pain as well as, but is not limited to, a number of inflammatory diseases, skin disorders, and liver diseases.

Due to the mounting data from pre-clinical and clinical research the therapeutic effects of cannabis and the safety benefits of cannabinoids has led to significant interest from small-to-medium sized specialty pharmaceutical companies. Currently there are a number of cannabinoid products approved in US or EU: Sativex™ (GW Pharma), Marinol™ (AbbVie), Cesamet™ (Meda), and dronabinol, a synthetic THC (Insys). There are many companies supplying synthetic cannabinoids, cannabis extracts, and herbal cannabis to researchers for pre-clinical and clinical investigation for a number of diseases including cancer, diabetes, neuromuscular disorders, treatment of nausea, loss of appetite, pain relief, and muscle relaxation for cancer, HIV, multiple sclerosis, and arthritis patients. The cannabinoid-based medical use and pharmaceutical market is expected to grow significantly due to the potential benefits these products may provide over existing therapies.

*Drug delivery technology strategy*

The Company is focused on commercializing novel delivery technologies to effectively deliver cannabinoids through the skin and/or directly into the affected area of the skin, otherwise known as transdermal delivery and also via the mouth, otherwise known as buccal delivery.

The potential advantages of these delivery mechanisms of cannabinoids are:

- better bioavailability, while bypassing the first-pass hepatic metabolism;
- faster and/or reliable onset of action;
- precise dosing that is consistent, accurate and repeatable;
- avoid irritation in the lungs, throat and stomach;
- ease of use for improved consumer and patient adherence and compliance;
- higher acceptance for those who find smoking or swallowing difficult; and
- potential for improved blood circulation to brain, cognitive function, and hygiene.

For the transdermal delivery technology, the Company will explore the development of a proposed transdermal cannabinoid delivery technology.

*Proposed transdermal drug delivery technology*

The Company's transdermal cannabinoid delivery technology will initially deliver CBD in combination with chitosan and tannins in a controlled or sustained release fashion, systemically or locally, through the skin. The chitosan has blood-clotting and antimicrobial properties and tannins have antibacterial, antifungal, antioxidant and wound healing properties. The combination of cannabinoids, tannin, and chitosan has the potential to become a unique delivery technology to serve broad market opportunities for the health and wellness, medical and pharmaceutical cannabinoid markets.

*Wisconsin relationship*

The delivery technology was founded and based out of the University of Wisconsin. The Company has entered into an exclusive worldwide license agreement with the Wisconsin Alumni Research Foundation (WARF) to advance the development of the technology with cannabinoids. Under the terms of the agreement, the Company gained exclusive worldwide rights to intellectual property for the development and commercialization of cannabinoid-based products for therapeutic and/or prophylactic purposes delivered via transdermal, subcutaneous, buccal-mucosal or oral applications. In addition, we have engaged and successfully completed with the University of Wisconsin-Madison the research and development of the technology to potentially deliver cannabinoids (the "University of Wisconsin-Madison Research Agreement") via the transdermal route.

*Proposed buccal cannabinoid delivery technology*

The Company's buccal delivery technology, based on microencapsulation, will initially deliver either THC or CBD alone or as a combination of THC and CBD for the recreational and medical cannabis and health and wellness market. The initial format will be in the form of a chewing gum. In its natural form, cannabinoids are lipophilic, not water-soluble, and tend to stick to the chewing gum matrix, therefore diminishing effective release into the bloodstream. Microencapsulation renders cannabinoids soluble and dramatically increases the bioavailability of CBD, while largely bypassing the first pass hepatic metabolism. The Company is also investigating rapid dissolving applications to deliver cannabinoids via the buccal route.

*AXIM Technologies relationship*

The buccal delivery technology involving chewing gum is from AXIM® Biotechnologies, Inc. The Company has entered into a distribution and license agreement for the exclusive commercialization of AXIM® Biotechnologies CanChew+™ product, a CBD-based controlled release chewing gum, in Canada. The agreement defines a relationship where Revive will seek regulatory approval for AXIM® Biotechnologies chewing gum that contains full-spectrum hemp oil-derived CBD. Under the terms of the agreement, Revive will have a minimum purchase amount annually, which increases each year for the term of the agreement.

*Potential indications*

The Company is expanding its product pipeline with novel cannabinoid-centric treatments for pain, inflammation, general health and wellness, skin disorders, and liver diseases. Cannabinoids are a class of compounds derived from cannabis plants. The two well-known cannabinoids contained in cannabis are CBD and THC. For pain and skin disorders, Revive is focused on developing novel products designed to safely and effectively deliver cannabinoids through the skin, oral, and buccal mucosa routes.

*Pain*

According to Decision Resources, in 2017 there are expected to be approximately 15.2 million peripheral neuropathic pain patients in the United States, and pain treatment for these patients are expected to represent a total U.S. market size of approximately $3.3 billion in 2017.

The Company's proposed transdermal cannabinoid products would be designed to provide safe, effective relief from the pain of peripheral neuropathies. Peripheral neuropathies, or also known as neuropathic pain, are medical conditions caused by damage to the nerves in the peripheral nervous system. The peripheral nervous system includes nerves that run from the brain and spinal cord to the rest of the body. These conditions are caused from injured peripheral nerves, following herpes zoster, shingles, diabetes, chemotherapy, HIV, and other diseases. Peripheral neuropathies can also be caused by trauma or may result from surgical procedures. Additional neuropathic pain indications include lower back pain, cancer-related neuropathic pain, complex regional pain syndrome, and postoperative neuropathic pain.

Peripheral neuropathic pain generally is treated with tricyclic antidepressants, anticonvulsants such as duloxetine, depakote, pregabalin, gabapentin and topiramate, and serotonin/norepinephrine reuptake inhibitors, or SNRIs. Although tricyclic antidepressants, anticonvulsants, and SNRIs often show efficacy in treating neuropathic pain, they also have many drawbacks, including poor tolerability with side effects in most patients.

Revive's proposed transdermal cannabinoid products may have the potential to treat a number of neuropathic pain indications more safely and effectively than that of traditional cannabinoid products and current natural health and drug treatments for these indications.

Revive's proposed transdermal cannabinoid products will also expand use in additional pain disorders in the future.

*Inflammatory skin disorders*

Inflammatory skin disorders are the results of immune system reactions that involve the skin. Psoriasis is a chronic inflammatory skin disease that affects approximately 7.5 million people in the US. The disease is characterized by an errant immune-system response that drives inflammation and thickening of the skin caused by rapid turnover of skin cells. Psoriasis and other inflammatory skin diseases such as atopic dermatitis can cause tremendous discomfort. The healthcare market has seen an increase in the introduction of systemic therapies, including biologics, to treat patients with moderate-to-severe psoriasis and atopic dermatitis. For the majority of affected patients with less severe disease burden, topical corticosteroids are the predominant therapies prescribed. None of the currently approved therapies are without side effects, and none are well-suited for chronic use. Currently, in the United States, psoriasis is a $5 billion market, of which 90% are from drugs targeting moderate to severe psoriasis patients where the skin manifestation affects more than 3% of the body.

Revive's proposed transdermal cannabinoid products may have the potential to treat a number of inflammatory skin disorders more safely and effectively than that of traditional cannabinoid products and current natural health and drug treatments for these indications.

Revive's proposed transdermal cannabinoid products may also be explored for additional inflammatory skin disorders and wound healing indications in the future.

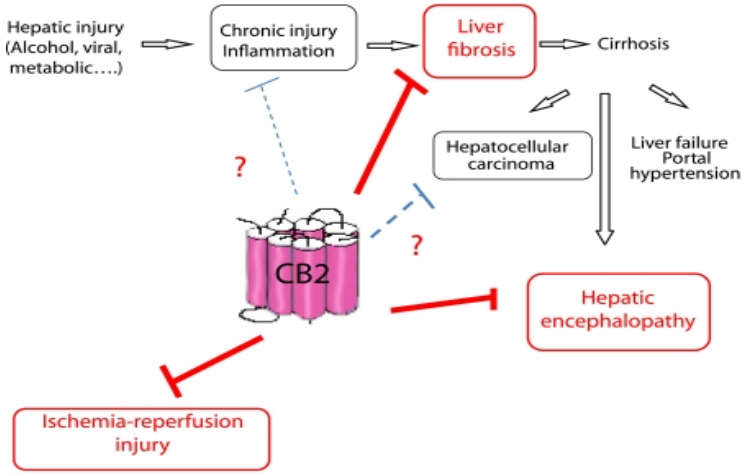
*Liver diseases*

Liver disease is described by irregular functioning of liver, causing disorders like hepatitis, fatty liver, and cirrhosis. There are over 100 described diseases of the liver affecting at least 30 million people alone in the U.S. A number of factors are driving the liver disease treatment market, which include rapidly changing lifestyle patterns such as increasing alcohol consumption, unhealthy diets, and increasing prevalence of liver diseases. Liver diseases can result from injury to the liver caused by hepatitis C virus (HCV), hepatitis B virus (HBV), obesity, chronic excessive alcohol use, or autoimmune diseases. Major drug categories used in the treatment of liver diseases includes anti-rejection drugs, vaccines, immunosuppressant, chemotherapy drugs, and antiviral drugs. According to Allied Market Research, titled, "World Liver Disease Treatment Market - Opportunities and Forecast, 2014 - 2022", the global market for liver disease treatment is projected to reach $19.5 billion by 2022.

The Company is in the research and development of next generation or novel uses of cannabinoids for the treatment of a variety of liver diseases. The Company adopted a bioinformatics approach that was undertaken by a third-party research organization, which provided an overview of the diseases treated by cannabinoids. The analysis of the output did provide insight into potential liver targets. The results indicate

the use of $CB_1$ receptor antagonists for several liver indications (i.e. Fatty liver). These results lead to a literature investigation into cannabinoids and their potential application in liver diseases, which is presented below, followed by the proposed experimental approach (pre-clinical).

Recent data have unraveled a key role of $CB_2$ receptors during chronic and acute liver injury, including fibrogenesis associated to chronic liver diseases, ischemia-reperfusion (I/R)-induced liver injury, and hepatic encephalopathy associated to acute liver failure. It has recently been shown that hepatic $CB_2$ receptors are highly upregulated in several pathological conditions. Overall, the figure below indicates $CB_2$ as a target for following liver indications: fibrosis, I/R-induced injury, and hepatic encephalopathy.




The Company has compiled a detailed literature review to support cannabinoids for a variety of liver diseases.

Research suggests that $CB_2$ agonists have demonstrated to protect against liver I/R injury. Early evidence indicates that a single ultralow dose THC can reduce the apoptotic, oxidative, and inflammatory injury induced by hepatic I/R injury. THC may serve as a potential target for therapeutic intervention in hepatic I/R injury during liver transplantation, liver resection, and trauma. There is a separate report indicating that the cannabinoid, $^{\Delta}8$-Tetrahydrocannabivarin, prevents hepatic ischemia/reperfusion injury by decreasing oxidative stress and inflammatory responses through cannabinoid $CB_2$ receptors. $^{\Delta}8$-Tetrahydrocannabivarin activated $CB_2$ receptors *in vitro*, and decreased tissue injury and inflammation *in vivo*, associated with I/R partly via $CB_2$ receptor activation. Research has also indicated that the non-psychoactive cannabinoid, cannabidiol, protects against hepatic ischemia/reperfusion injury by attenuating inflammatory signaling and response, oxidative/nitrative stress, and cell death. CBD significantly reduced the extent of liver inflammation, oxidative/nitrative stress, and cell death and also attenuated the bacterial endotoxin-triggered NF-κB activation and TNF-α production in isolated Kupffer cells, likewise the adhesion molecule expression in primary human liver sinusoidal endothelial cells stimulated with TNF-α and attachment of human neutrophils to the activated endothelium. Thus, CBD may represent a novel, protective strategy against I/R injury by attenuating key inflammatory pathways and oxidative/nitrative tissue injury, independent of classical $CB_1/_2$ receptors. These results emphasize that CBD represents a potential therapeutic option to protect the liver against hypoxia-reoxygenation injury. The available data suggest that $CB_2$ agonists may offer novel perspectives in prevention of hepatic I/R injury. $CB_2$ receptor mediates protection against hepatic ischemia/reperfusion injury. Potentially targeting the $CB_2$ receptor may represent a novel protective strategy against I/R injury.

Based on research $CB_2$ agonists have demonstrated potential for alcoholic steatohepatitis. β-caryophyllene (BCP), a $CB_2$ receptor agonist, also known as the "dietary cannabinoid / phytocannabinoid," has been demonstrated to protect against alcoholic steatohepatitis by attenuating inflammation and metabolic

dysregulation in mice. Given the safety of BCP in humans, this food additive has a high translational potential in treating or preventing hepatic injury associated with oxidative stress, inflammation, and steatosis. Given the excellent safety profile of BCP in humans, it has tremendous therapeutic potential in a multitude of diseases associated with inflammation and oxidative stress, even those outside of the liver indication. Chronic treatment with BCP attenuated the chronic and binge alcohol-induced liver injury and inflammation by attenuating the pro-inflammatory phenotypic M1 switch of Kupffer cells and by decreasing the expression of vascular adhesion molecules ICAM-1, E-Selectin, and P-Selectin, as well as the neutrophil infiltration. The protective effects of BCP against alcohol-induced liver injury were attenuated in $CB_2$ knockout mice, indicating that the beneficial effects of this natural product in liver injury involve $CB_2$ receptor activation. In a separate study, (BCP) was used to investigate the role of the $CB_2$ receptors in mediating alcohol intake and ethanol-induced conditioned place preference (EtOH-CPP) and sensitivity in mice. The results indicated that BCP dose-dependently reduced alcohol consumption and preference. Overall, the $CB_2$ receptor system appears to be involved in alcohol dependence and sensitivity and may represent a potential pharmacological target for the treatment of alcoholism. These data identify $CB_2$ agonists as potential therapeutic agents for the management of alcoholic liver disease and identify the $CB_2$ receptor as a potential therapeutic target. In summary, BCP represents untapped compound potential from a therapeutic perspective, has demonstrated safety profiles in humans, and there is minimal competition to date in terms of investigation and commercialization. There is an opportunity to formulate this, synthesize analogues, and investigate clinical efficacy. This compound is of particular interest as it is a $CB_2$ agonist, not psychoactive, and is referred to in the literature as a "dietary cannabinoid." The chemical structure is significantly different compared to the cannabinoid structure class as whole.

Research has also suggested that cannabinoids have shown potential for non-alcoholic fatty liver disease (NAFLD). A study in 2015 investigating two non-psychoactive cannabinoids, $^{\Delta}$9-Tetrahydrocannabivarin (THCV) and CBD, as potential therapeutics to for NAFLD. The result of this study, from *in vitro and in vivo models,* demonstrated that both THCV and CBD directly reduced accumulated lipid levels *in vitro* in a hepatosteatosis model and adipocytes.

Based on previous research $CB_2$ agonists have shown potential for liver injury and regeneration. A study in the literature that has previously investigated the impact of $CB_2$ receptors on the regenerative process associated with liver injury using JWH133, a $CB_2$ synthetic $CB_2$ receptor agonist. These results suggested that $CB_2$ agonists display potent hepatoprotective properties, in addition to their antifibrogenic effects. $CB_2$ receptors reduce liver injury and promote liver regeneration following acute insult, via distinct paracrine mechanisms involving hepatic myofibroblasts.

Research also suggests that cannabis' anti-inflammatory and protective properties help in the treatment of hepatitis. One study found that cannabinoids' anti-inflammatory properties effectively reduced inflammation of a damaged liver and researchers therefore suggested that cannabis could be developed as a potential drug for hepatitis (Lavon, et al., 2003). Another study found that cannabinoids appeared have immunosuppressive and profibrogenic effects in patients with chronic hepatitis C.

*Research and Development Programs in Liver Diseases*

The Company completed a research discovery program of cannabinoid-based therapeutics targeting liver diseases. The research studies, including in vitro and in vitro pharmacology, are being conducted by PhytoSciences Consulting LLC, a contract research organization in Louisville, Kentucky. The investigation was overseen by academic scientists with over 20 years' experience with expertise in liver disease research. The research program employed an *in vivo* compound screening approach to investigate phytocannabinoids in a fibrosis model utilizing an in-house cell-based screening model. The cell-based ligand screening is a targeted experimental approach that involved approximately eighty phytocannabinoids. The initial screen of phytocannabinoids resulted in the identification of several promising hits, which demonstrated to be effective at preventing the activation of the cells by Transforming growth factor-beta (TGF-$\beta$), thus serving as potential therapeutics for liver fibrogenesis. In the pathological

process of liver fibrosis, TGF-β plays as a master profibrogenic cytokine in promoting activation and myofibroblastic differentiation of hepatic stellate cells, a central event in liver fibrogenesis. Continuous and/or persistent TGF-β signalling induces sustained production of the extracellular matrix components and of tissue inhibitor of metalloproteinase synthesis. Therefore, the regulation of locally activated TGF-β levels is increasingly recognized as a therapeutic target for liver fibrogenesis. The results of the Company's research efforts demonstrate that the ligands in question may serve as a novel treatment for liver fibrogenesis and warrant further investigation in animal models. Based on the results of the compound screen, the Company is investigating a number of pre-clinical studies options for specific liver diseases. Future experiments may investigate cannabinoids as potential therapeutics for the following liver indications: Liver regeneration, alcoholism, alcoholic steatohepatitis, liver inflammation, liver fibrosis, and non-alcoholic fatty liver disease. The overall objective of these studies is to identify cannabinoids for the potential treatments of a number of well-known and rare diseases that the Company may potentially advance to further pre-clinical and human clinical research and partner with companies with a focus on liver diseases and specialty cannabinoid treatments.

The Company entered into a license agreement with the South Carolina Research Foundation ("SCRF"), under which Revive acquired an exclusive license from SCRF to develop and commercialize a portfolio of patents based on cannabinoid-based therapeutics, such as cannabidiol, in the treatment of autoimmune hepatitis, a rare liver disease. Liver disease is a major cause of morbidity and mortality and the prognosis is often poor. In many liver diseases (such as viral hepatitis, autoimmune hepatitis and alcoholic liver disease), activated T lymphocytes and macrophages appear to play an important role in liver damage. Autoimmune hepatitis is an inflammatory liver disease characterized by the presence of high transaminases, circulating autoantibodies, hypergammaglobulinemia, histological evidence of hepatitis, and responsiveness to immunosuppressive treatment. The ten year survival rate in untreated patients is approximately 10%. The two known types of autoimmune hepatitis (type I and type II) are treated with corticosteroids such as prednisone as well as other immunosuppressive drugs such as azathioprine, mycophenylate mofetil, cyclosporine or tacrolimus. Patients who progress to end stage live disease and/or cirrhosis may also need a liver transplant. Therefore, alternative treatment options are needed. Therapeutic approaches that either inhibit immune-mediated mechanisms or directly inhibit liver cell damage show promise. These studies have addressed the mechanism underlying the use of CAM therapy in ameliorating hepatitis and liver damage. While extensive studies have been performed to elucidate the mechanism of viral hepatitis, there is paucity of information on the pathogenesis of autoimmune hepatitis and a dire need for the development of CAM therapy to treat such patients. The Company is investigating the process of conducting further research and development work with CBD in relevant autoimmune hepatitis animal models. The overall objective is to support CBD for the potential treatment of autoimmune hepatitis that the Company may potentially advance to further pre-clinical and human clinical research and partner with companies with a focus on liver diseases and specialty cannabinoid treatments. The Company was granted orphan drug designation for CBD in the treatment of autoimmune hepatitis by the FDA.

The Company entered into a research collaboration with Sanyal Biotechnology LLC ("SanyalBio") focused on advancing cannabinoids for the potential treatment of liver diseases. The collaboration will initially focus on the use of CBD on a novel autoimmune hepatitis model based on the DIAMOND™ model designed and developed by SanyalBio specifically for Revive. This research collaboration is expected to generate a better model of autoimmune hepatitis which will enable SanyalBio to further advance the research of cannabinoids for the treatment of AIH and other liver diseases, and the research will provide meaningful information to support future clinical research and partnering discussions for Revive.

The Company submitted an application to the FDA seeking orphan drug designation of CBD for the treatment of hepatic ischemia and reperfusion injury ("IRI") during liver transplantation. The application resulted in the FDA granted orphan drug designation for CBD in the prevention of IRI resulting from solid organ transplantation. According to the U.S. Organ Procurement and Transplantation Network, there are approximately 115,000 patients waiting for solid organ transplants in the United States, with the four most common organs transplanted being liver, kidney, heart and lung. IRI in organ transplantation can result in

a higher incidence of acute and chronic rejection, as well as long-term morbidity and mortality. Quickly restoring blood supply of ischemic organs as soon as possible is crucial for avoiding or reducing injury from ischemia, whereas strategies used to attenuate the damage induced by reperfusion, including ischemic preconditioning, ischemic postconditioning, and machine perfusion. These strategies are expensive, sometimes hard to perform in clinical surgeries, and difficult in maintaining organ functions in the case of acute injuries. With the shortage of organs and expensive medical strategies, it is clear that therapies need to be researched to optimize the quality of the organs that are available and to attenuate injury to transplanted organs. Revive believes that the immunosuppressant and anti-inflammatory protective effects of CBD may provide a novel, more beneficial strategy to attenuate the damage induced by ischemia and reperfusion during solid organ transplantation.

Liver ischemia-reperfusion injury is a major complication of liver transplantation and is one of the leading causes for post-surgery hepatic dysfunction leading to an increased risk of postoperative morbidity and mortality. According to the United Network for Organ Sharing ("UNOS") there have been 160,722 liver transplants performed between January 1, 1988 and July 30, 2018. Currently there are 13,773 individuals on the waiting list for a liver transplant. Quickly restoring blood supply of ischemic liver as soon as possible is crucial for avoiding or reducing injury from ischemia, whereas strategies used to attenuate the damage induced by reperfusion, including ischemic preconditioning, ischemic postconditioning, and machine perfusion. These strategies are expensive, sometimes hard to perform in clinical surgeries, and difficult in maintaining liver functions in the case of acute injuries. The Company believes that the immunosuppressant and anti-inflammatory protective effects of CBD may provide a novel, more beneficial strategy to attenuate the damage induced by ischemia and reperfusion during liver transplantation.

**Bucillamine**

Bucillamine is a disease-modifying anti-rheumatic drug, which is prescribed for rheumatoid arthritis in Japan and South Korea. We are repurposing bucillamine as a potential new treatment for gout and cystinuria.

*Material Transfer Agreement*

Based on animal study results, we focused on advancing the clinical development of bucillamine for the treatment of acute gout flares. We entered into a material transfer agreement ("MTA") with the developer of bucillamine. Pursuant to the MTA, we would be able obtain access to proprietary and confidential information (i.e. non-clinical data, clinical data, manufacturing information) and clinical trial supply of the drug bucillamine for the phase 2a and phase 2b human clinical studies of bucillamine for the treatment of acute gout flares and cystinuria. In return, the developer of bucillamine will have exclusive commercialization rights in Japan, Korea, and Taiwan, and we will have exclusive commercialization rights in the rest of the world.

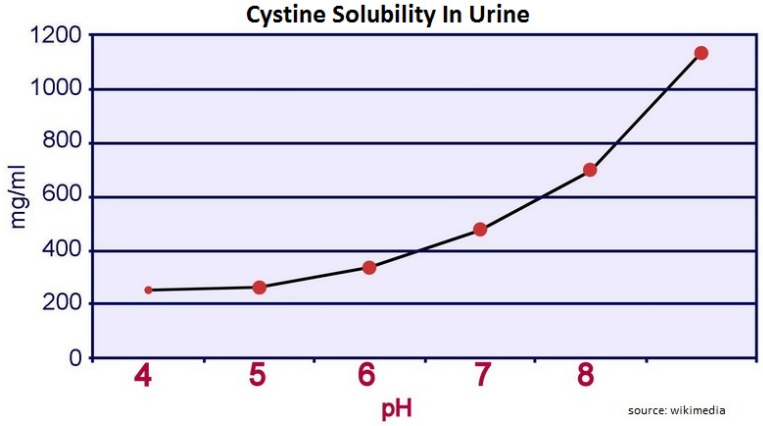
**Cystinuria**

Cystinuria is a rare autosomal recessive genetic disorder that causes high levels of cystine in the urine thus causing kidney stones to form. The resulting kidney stones are often large and recurrent and lead to significant morbidity and sometimes loss of kidney function. The important clinical manifestation of the disease is a build-up of cystine in the urine, which in turn results in crystallization and stone formation in the kidneys and bladder. In healthy individuals, most cystine dissolves and returns to the bloodstream after entering the kidneys. People with cystinuria have the aforementioned genetic defects that interfere with this process. No curative treatment of cystinuria exists, and typically patients have a lifelong risk of stone formation, repeated surgery, and impaired renal function. There are approximately between 10,000 and 12,000 patients affected with cystinuria in the U.S. The worldwide prevalence is about 1 in 7,000.

Therapy to reduce stone formation focuses on lowering urine cystine concentration and increasing cystine solubility. Cystine is poorly soluble in urine and prone to crystallization and stone formation at

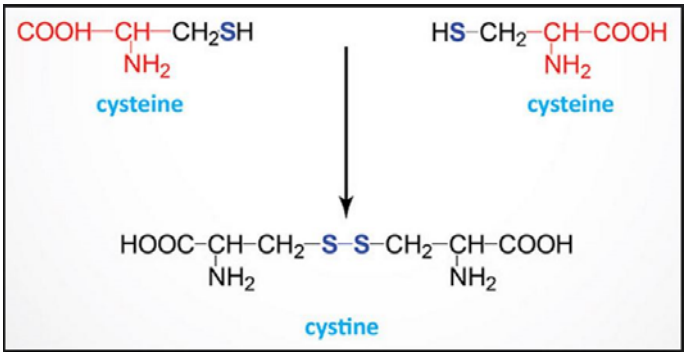
concentrations above 300 mg/l. As such, the primary non-pharmacological intervention for preventing cystine stones is to increase fluid intake. Patients with cystinuria are recommended to drink at least three liters of fluid a day (equivalent of ten 10 oz. glasses of water).

The solubility of cystine is also highly dependent on pH. At physiological pH (~7) maximum cystine solubility is between 200 and 400 mg/l. Acidic urine (pH of 5) greatly reduces the solubility to below 250 mg/l; however, at pH greater than 7.5 the solubility increases exponentially. In fact, the solubility of cystine doubles to 500 mg/l at pH 7.5. Unfortunately, excessive alkali therapy is not advisable. When urinary pH increases above 7.0 with alkali therapy, the complication of calcium phosphate nephrolithiasis may ensue because of the enhanced urinary supersaturation of hydroxyapatite in an alkaline environment.




Increased fluid intake and alkali therapy are not always feasible or effective. In fact, work published by researchers from Duke University found that therapeutic success with these more conservative approaches, defined as a urine cystine concentration below 300 mg/l, was achieved by only 15% of patients treated at the University Medical Center over an eight-year period. For patients that cannot reduce stone formation on these conservative programs, pharmaceutical intervention is recommended. The two leading pharmaceutical products for the treatment of cystinuria are Retrophin's Thiola® (tiopronin) and Valeant's Cuprimine® (d-penicillamine).

Penicillamine is a first-line chelating agent use for the removal of excess copper in patients with Wilson's disease and to reduce excess cystine in patients with cystinuria. The mechanism of action for cystine reduction is by disulfide interchange between d-penicillamine and cystine, resulting in the formation of penicillamine-cysteine disulfide, a substance that is much more soluble than cystine and readily excreted. Cystine is a combination of two cysteine (cys) amino acids whose thiol side chains have been oxidized to form cystine.



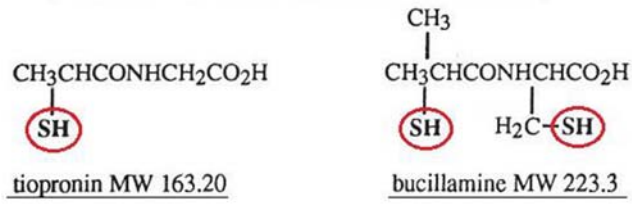
Cystine is far less soluble than cysteine and thus creates problems at urine concentrations above 300 mg/l. Penicillamine competes with excess cysteine to form penicillamine-cysteine disulfide, a far more soluble compound (roughly 50x more so) than cystine. Penicillamine also deprotonates cystine to form penicillamine-cysteine disulfide. The drug is highly effect in the treatment of cystinuria but has poor tolerability and serious safety concerns. The use of penicillamine has been associated with fatalities due to certain diseases such as aplastic anemia, agranulocytosis, thrombocytopenia, Goodpasture's syndrome, and myasthenia gravis. The incidence of adverse events ranges between 30% and 60%.

Tiopronin received FDA approval in 1988 for the prevention of cystine stone formation in patients with severe homozygous cystinuria with urinary cystine greater than 500 mg/day, who are resistant to treatment with conservative measures of high fluid intake, alkali and diet modification, or who have adverse reactions to penicillamine. Tiopronin has similar efficacy and mechanism of action to penicillamine. Tiopronin is an active reducing agent which undergoes thiol-disulfide exchange with cystine to form a mixed disulfide of tiopronin-cysteine. The drug is ideal for patients with allergic reactions or intolerability to penicillamine and considered to be the most tolerable of the two drugs.

Tiopronin has serious side effects including aplastic anemia, agranulocytosis, thrombocytopenia, Goodpasture's syndrome or myasthenia gravis. Patients on the drug should have peripheral blood counts, platelet counts, hemoglobin, serum albumin, and urinary protein levels checked on a regular basis. Patients are also advised to have liver function tests and abdominal roentgenograms on a yearly basis.

*Rationale of bucillamine for cystinuria*

Chemical structure of tiopronin and bucillamine

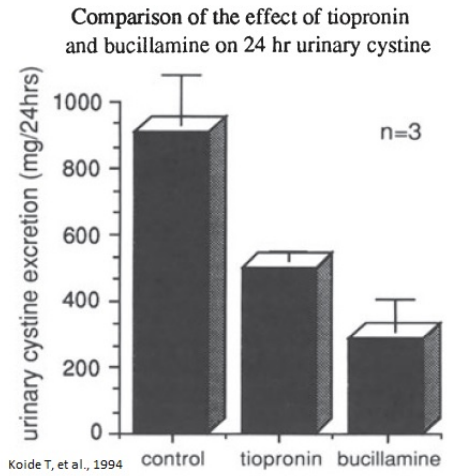



tiopronin MW 163.20 bucillamine MW 223.3

As noted above, bucillamine has been used in Japan and Korea for decades in the majority of cases for the treatment of rheumatoid arthritis. Researchers out of Osaka University School of Medicine conducted *in vitro* and *in vivo* studies during the early 1990s that provide excellent proof-of-concept of bucillamine for the treatment of cystinuria.

*In vitro study*: The effects of bucillamine compared to tiopronin was tested in whole urine by adding l-cystine at a concentration of 500 µg/mL along with half and equal concentrations of the two study drugs. Results show that the concentration of cystine was markedly reduced by both tiopronin and bucillamine due to the formation of cysteine-tiopronin or cysteine-bucillamine; however, the relative activity of bucillamine was 5 to 12% stronger than that of tiopronin and calculated the relative molecular activity of bucillamine was approximately 40 to 50% stronger than that of tiopronin. In other words, the data shows bucillamine dissolved urinary cystine much more effectively than tiopronin at the same molecular weight and a little more effectively than tiopronin at the same drug concentration.

*In vivo study*: Japanese researchers then tested bucillamine and tiopronin in three patients with confirmed cystinuria in a controlled, two-way, cross-over, wash-out design study of identical doses of each drug. The effectiveness of bucillamine was compared with tiopronin by analyzing the 24-hour urine samples under three different conditions: control, bucillamine, and tiopronin. The data show both bucillamine and tiopronin were effective in reducing urinary cystine concentration at 24 hours but that bucillamine was statistically superior (markedly superior in two patients and slightly superior in the third).




Although a small study, the work by Koide T., et al., 1994 does provide proof-of-concept for Revive in the planned Phase 2 study. The authors concluded, "Bucillamine can dissolve cystine approximately twice as effective as tiopronin at the same mg amount."

Based on these exploratory results, the information regarding bucillamine, whereby bucillamine has a chemical structure similar to Thiola®, but has two active thiol groups versus only one for Thiola®, and the MTA we have in place for bucillamine, we focused on advancing the clinical development of bucillamine for the treatment of cystinuria. We believe that bucillamine may offer patients a safer, more effective treatment option than either of the two monothiol drugs, tiopronin or d-penicillamine. Theoretically, bucillamine should be twice as effective as tiopronin at the same concentration or equally as effective at lower concentrations, potentially making the drug more tolerable to patients.

*Clinical status*

On July 6, 2016, we obtained acceptance of our Investigational New Drug Application (IND) from the FDA to commence the Phase 2 clinical trial for bucillamine for the treatment of cystinuria. The Phase 2 clinical trial is a multi-center, dose escalation trial to assess the safety and effectiveness of bucillamine on urinary cystine excretion and cystine capacity in patients with cystinuria. The primary outcome measures are the incidence of treatment-emergent adverse events along with secondary outcome measuring 24-hr urine cysteine excretion and 24-hour urine cystine capacity, i.e., the capacity of a patient's urine to solubilize or precipitate. The study plans to enroll up to 30 subjects in at least 5 clinical sites in the U.S. We initiated the U.S. Phase 2 clinical study in February 2017. We are currently seeking development and commercialization partners to advance the program.

*Future Non-clinical and Clinical Studies*

Based on the Phase 2 study results we may submit for an end-of-Phase 2 meeting with the FDA to discuss a Phase 3 study, additional human clinical studies, and non-clinical studies that the FDA may require us to perform prior to submitting the new drug application for commercial approval in the U.S.

*Market exclusivity*

On October 26, 2015 we announced that the Office of Orphan Products Development of the U.S. Food and Drug Administration has granted orphan designation status for the use of bucillamine for the treatment of cystinuria. Orphan drug designation is granted to therapeutics treating rare diseases affecting less than 200,000 people in the U.S. The orphan drug designation qualifies the Company for various incentives such

as a seven-year period of marketing exclusivity in the U.S., the potential for expedited drug development, and opportunities for drug grants and assistance in clinical research study design from the U.S. FDA.

**Gout**

There were 14.3 million diagnosed prevalent cases of chronic gout in the major pharmaceutical markets in 2012, which is forecast to increase to 17.7 million by 2021 (Source: *Decision Resources 2012*). Gout in the U.S. affects approximately 8.3 million (~3.9%) American adults (Source: *Arthritis Rheum. 2011 Oct; 63(10):3136-41*). It is estimated that the gout disease treatment market value will increase from $989 million in 2013 to $2.28 billion by 2018 (Source: *GlobalData 2014*). Gout is a painful disorder caused by elevated serum uric acid (sUA) in the body due to under excretion of uric acid and/or over production of uric acid. Most patients on the most commonly employed regimens for uric acid lowering fail to achieve a satisfactory serum urate level. Poor control of gout can lead to acute attacks of severe pain, and chronic joint damage and impairment of health related quality of life. Accordingly, there are needs in the market for new therapies to control gouty inflammation and hyperuricemia.

Although gout is a treatable condition, there are limited treatment options, many of which have adverse side effects. Drug treatment for gout includes anti-inflammatory agents (non-steroidal anti-inflammatories (NSAIDs), corticosteroids, Colchicine) and serum urate-lowering therapies, which work by lowering body stores of uric acid. Treatment of gouty inflammation is complicated by the fact that gout patients have a high incidence of cardiovascular and metabolic comorbidities. Common comorbidities include hypertension (70-80%), coronary artery disease (>30-40%), chronic kidney disease (~30-50%), diabetes (~25-40%), gastrointestinal tract diseases, and congestive heart failure (Source: *Keenan, RT et. al., Prevalence of contraindications and prescription of pharmacologic therapies for gout. Am. J. Med. 2011, 124: 155-163*). Managing patients with these comorbidities is challenging because the majority of them have contraindication for one or more first-line approved medications to treat acute gout. Current drug therapy limitations include: 90% of gout patients having at least one contraindication to NSAIDs and glucocorticoids; and 50% to 66% having at least one contraindication to Colchicine. Moreover, corticosteroids can cause hypertension and worsening of blood sugar, and NSAIDs have substantial renal and cardiovascular toxicity.

*Rationale of bucillamine for gout*

Gout is a common disorder characterized by accumulation of excess body stores of uric acid, and by acute inflammatory attacks of arthritis, and in some patients a chronic destructive arthritis, stimulated by crystalline deposits of the sodium salt of uric acid (monosodium urate) in joint tissues. Bucillamine is a thiol donor derived from the amino acid cysteine, and is similar to N-acetylcysteine and N-2-mercaptopropionyl glycine. *(Source: Proc. Natl. Acad. Sci. USA 2002, 99: 8915-8920; J. Immunol. 2002, 168: 2560-2567*). However, relative to these comparators, bucillamine contains two donatable thiol groups rather than one. It is therefore a considerably more potent inhibitor of certain oxidative stress-triggered cell signaling events that promote acute and chronic inflammation, and are implicated in the painful arthritis of acute gout flares. *(Source: J. Immunol. 2000, 165: 2703—2711; J. Cardiovasc. Pharmacol. 2001, 38: 859-867; Cardiovasc. Drug Rev. 2003, 21: 77-90*).

In addition to its direct action on oxidative stress-induced inflammation signaling, bucillamine acts to stimulate the cellular production of proteins that can regulate the level of uric acid excretion by the kidney, and thereby, their capacity to lower the serum level of uric acid. It does so by increasing the activity of Nuclear factor (erythroid-derived 2)-like 2 (Nrf2), a transcription factor which promotes expression of the urate transporter protein, ATP-binding cassette sub-family G member 2 (ABCG2), which in turn enables uric acid excretion. *(Source: Biochem. Pharmacol. 2006, 72: 455-462*; *Drug Metab. Dispos. 2006, 34: 1756-1763).* The physiological importance of ABCG2 in humans is illustrated by the large differences in uric acid levels and the prevalence of gout caused by genetic variation in ABCG2. It is therefore a potential target for new uricosuric agents in the treatment of gout *(Source: Proc. Natl. Acad. Sci. USA. 2009, 106: 10338-10342; Sci. Transl. Med. 2009, 1: 5ra11).* A third mechanism by which bucillamine could potentially affect

serum uric acid levels in gout involves another uric acid excretion protein, ATP-binding cassette sub-family C member 4 (ABCC4), which is present in the kidney. Expression of ABCC4 also is promoted by Nrf2. (Source: *J. Pharmacol. Exp. Ther. 2010,* 335: *2-12)*

Based on these studies, it was hypothesized that a combination of allopurinol and an Nrf2 activator such as bucillamine may have a synergistic effect in lowering uric acid levels, and that such a combination therapy including primary anti-inflammatory effects with potential secondary uric acid-lowering effects would offer new, more-effective options for gout treatment than other therapies that are currently available.

*Pre-clinical research of bucillamine for gout*

The unpublished animal studies, which served as part of the bucillamine patent for gout, show that:

1. Bucillamine had a highly significant ($p < 0.001$) dose-response effect on monosodium urate crystal-induced release of interleukin-1beta from inflammatory white blood cells *in vitro.* Interleukin-1beta is a principal driving factor for gouty inflammation *in vivo*.

2. Bucillamine had a highly significant ($p < 0.001$) dose-response effect on monosodium urate crystal-induced peritoneal inflammation *in vivo*, which decreased mean neutrophil influx by 5.15% for every increase of 1 µmol/kg of the drug. Neutrophils are a type of inflammatory white blood cell; a reduction in their influx denotes a reduction in inflammation.

3. The effects of the administration of bucillamine and colchicine on monosodium urate-induced peritoneal inflammation was found such that the addition of bucillamine (10 µmol/kg) produced a highly significant ($p < 0.001$) decrease in average neutrophil influx. In addition, there was an interactive relationship between Bucillamine and colchicine such that the addition of bucillamine enhanced the dose-response effect so that there was a decrease of 32.2% for every increase of 1 µmo1/kg of colchicine.

4. There was a significant ($p = 0.012$) interactive effect between bucillamine and allopurinol on serum and urinary levels of uric acid in a small animal model of elevated uric acid (hyperuricemia). The addition of allopurinol (5mg/kg/day) increased the dose-response effect of bucillamine so that each increase of 1 mg/kg/day of REV-002 resulted in a decrease of 0.0010 mg/dL in the serum urate concentration.

5. There was a highly significant ($p < 0.001$) interactive effect between allopurinol and bucillamine on the urinary excretion of uric acid in a small animal model of hyperuricemia. The addition of allopurinol (5mg/kg/day) increased the dose-response effect of bucillamine such that each increase of 1 mg/kg/day of bucillamine resulted in an increase of 0.171 mg/dL in the urinary uric acid concentration.

Bucillamine is an established anti-inflammatory agent in rheumatoid arthritis that inhibits the capacity of monosodium urate crystals to provoke inflammation. This suggests the potential for bucillamine to be an effective first line anti-inflammatory drug in the management of acute gouty arthritis flares. Additionally, the synergistic effect of bucillamine with colchicine on monosodium urate crystal-induced inflammation, demonstrated in small animal studies *in vivo*, suggests potential efficacy as an add-on or second line agent in combination therapy for acute gouty arthritis with colchicine and other agents. The animal study also demonstrated that bucillamine has a synergistic effect in combination with allopurinol in lowering sUA concentrations in a small animal model of hyperuricemia. The potential uricosuric effect of bucillamine, particularly when used in conjunction with allopurinol, suggests that bucillamine could provide a means to treat gout more effectively than other therapies that are currently available, via combination of primary anti-inflammatory effects with potential secondary uric acid lowering effects.

*Clinical Status*

On October 2014, we obtained acceptance of our IND from the FDA to commence the Phase 2a clinical trial for bucillamine for the treatment of acute gout flares in the U.S. The Phase 2a study was an open-label, multicenter, active-controlled, parallel-group clinical trial designed to evaluate the safety and efficacy of two arms of bucillamine 100mg tablet compared with the active comparator colchicine (dosed acutely using the FDA-approved regimen) in the treatment of subjects with acute gout flares over a seven-day treatment period. A total of 20 clinical sites in the United States participated in the study and a total of 74 subjects who are confirmed with a qualifying severe gout flare attack were randomized into the study. Subjects were randomized in a 1:1:1 allocation ratio to either Arm A (oral bucillamine - total of 900mg), Arm B (oral bucillamine - total of 1,800mg) or Arm C (oral Colchicine - total of 1.8mg) over a seven-day treatment period.

The primary efficacy endpoint is the proportion of patients who responded to treatment. Treatment responders are defined as a $\geqslant$ 50% reduction in target joint pain score from baseline at 72 hours post-dose without using rescue drug. The target joint pain score is an 11-point Pain Intensity Numeric Rating Scale (PI-NRS) used to assess joint pain intensity while experiencing a gout flare on a scale from 0 (no pain) to 10 (worst possible pain). The PI-NRS is completed using a diary where the subject is required to circle the most appropriate number that best describes their level of pain in the identified target joint during specific time points.

The objective of the Phase 2a study was to evaluate the safety and tolerability, and the efficacy of two regimens of oral bucillamine over seven days of treatment compared with colchicine (Colcrys®) in the treatment of subjects with severe gout flare attack. The primary efficacy endpoint is the proportion of patients who responded to treatment defined as a $\geqslant$ 50% reduction in target joint pain score from baseline at 72 hours post-dose without using rescue drug.

The final primary endpoint results from the Phase 2a study from a total of 74 subjects that had completed the seven-day treatment period are as follows:

- In Arm A (oral Bucillamine - total of 900mg over 7 days), 55% (12/22 subjects) had a ≥ 50% reduction in target joint pain score from baseline at 72 hours post-dose without using rescue drug;
- In Arm B (oral Bucillamine - total of 1,800mg over 7 days), 46% (11/24 subjects) had a ≥ 50% reduction in target joint pain score from baseline at 72 hours post-dose without using rescue drug;
- In Arm C, the active comparator arm, (oral Colchicine - 1.8mg over 1 hour), 46% (13/28 subjects) had a ≥ 50% reduction in target joint pain score from baseline at 72 hours post-dose without using rescue drug; and
- Bucillamine was well tolerated and there were no serious adverse events reported in subjects taking bucillamine.

Overall, these exploratory results demonstrate that bucillamine has a signal of efficacy similar to that observed with the comparator drug, colchicine (Colcrys®), in this clinical study, which has been previously approved for this indication in the U.S.

*Future Non-clinical and Clinical Studies*

Based on the Phase 2a study results, we designed a Phase 2b, adequate and well-controlled, multicenter, double blinded, placebo controlled trial and submitted the Phase 2b protocol to the FDA. The FDA has accepted the Phase 2b protocol and we are able to proceed with the study. Once we complete the Phase 2b study and if the results are positive we will submit for an end-of-Phase 2 meeting with the FDA to discuss Phase 3 study plans, additional human clinical studies, and any non-clinical studies that the FDA may require us to perform prior to submitting the new drug application for commercial approval in the U.S. We are currently seeking development and commercialization partners to advance the program.

*Intellectual Property*

On June 2013, we were assigned the rights to the patent application No. AU2012905072 from Xenexus Pharmaceuticals Pty, which was replaced by U.S. patent No. 9,238,018, titled 'The Use of Bucillamine in the Treatment of Gout' which was then subsequently replaced by U.S. patent No. 9,662,305 and expires in late 2033.

**Other Development Programs**

The following chart summarizes the Company's product candidates, including the principal disease or indication being targeted, clinical trial status, expected milestones and marketing rights for each program:

| Program | Status | Next Milestone | Spent | Estimated Cost to Complete (2019) | Marketing Rights |
|---|---|---|---|---|---|
| Cannabinoids for Liver Diseases | Signed Exclusive License Agreement with South Carolina Research Foundation<br><br>Initiated research study with SanyalBio | Initiate research in various research models of liver diseases<br><br>Complete research study of CBD in autoimmune hepatitis animal model | $nil was spent during the six months ended December 31, 2018 | $100,000 | Worldwide |
| Cannabinoid Delivery Technology | Signed Exclusive License Agreement with Wisconsin Alumni Research Foundation<br><br>Completed sponsored research with University of Wisconsin-Madison | Conduct research and development of formulations<br><br>Conduct research studies in various disease models | $nil was spent during the six months ended December 31, 2018 | $100,000 | Worldwide |
| Cannabinoid Products | Signed Exclusive Distribution and License Agreement with AXIM Biotechnologies Inc. for hemp-based chewing gum | Regulatory approval to market in Canada (expected in 2019)<br><br>Commercialization in Canada (expected in 2019) | $37,000 was spent during the six months ended December 31, 2018 | $63,000 | Canada |

| Program | Status | Next Milestone | Spent | Estimated Cost to Complete (2019) | Marketing Rights |
|---|---|---|---|---|---|
| REV-002: Bucillamine for treatment of acute gout flares | Phase 2a human proof of concept study completed; Phase 2a human proof of concept study close out procedures ongoing; FDA allowed for Phase 2b study to proceed. | Close out Phase 2a human proof of concept study (expected by June 2019)<br><br>Budget beyond 2018 will be determined after a partner via out-licensing or acquisition is completed<br><br>Partner via out-licensing or acquisition or decision to continue clinical development (date of completion is undetermined) | Approximately $1,200 was spent during the six months ended December 31, 2018 | $54,000 | Revive (Rest of world) / MTACo (Japan, Korea, Taiwan) |
| REV-004: Bucillamine for treatment of cystinuria | IND application accepted by the FDA; Initiated Phase 2a human proof of concept study | Partner via out-licensing or acquisition or decision to continue clinical development (date of completion is undetermined) | Spent approximately $5,000 during the six months end December 31, 2018 | $41,000 | 7-year US marketing exclusivity based on orphan drug designation that was awarded by the FDA |

## Operations Highlights

During the six months ended December 31, 2018, the Company focused primarily on the evaluation, research, development, expansion, licensing, and partnering of cannabinoid-based products and delivery technologies, and on the Phase 2 clinical study of REV-004, the evaluation and close-out of the Phase 2a clinical study of REV-002.

On June 27, 2018, Revive announced that the FDA has granted orphan drug designation for CBD in the treatment of AIH to Revive.

On August 22, 2018, Revive announced that it has submitted an application to the FDA seeking orphan drug designation of CBD for the treatment of IRI during liver transplantation.

On September 11, 2018, Revive announced the introduction of RELICANN™, the Company's hemp-based and medical cannabis brand designed for the health and wellness and medical cannabis consumer. The Company's first product under the RELICANN™ brand is RELICANN™ hemp-based CBD gum.

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

On November 7, 2018, the Company announced that the FDA granted orphan drug designation for CBD in the prevention of IRI resulting from solid organ transplantation.

On February 5, 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.

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 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.

(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.

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.

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.

## Financial Highlights

### Financial Performance

The Company's net loss totaled $322,587 for the three months ended December 31, 2018, with basic and diluted loss per share of $0.01. This compares with a net loss of $434,210 with basic and diluted loss per share of $0.01 for the three months ended December 31, 2017. The Company had no revenue in both periods presented.

Net loss for three months ended December 31, 2018 principally related to research costs of $23,392 (three months ended December 31, 2017 - $94,134), professional fees of $44,427 (three months ended December 31, 2017 - $47,586), stock-based compensation of $52,365 (three months ended December 31, 2017 - $54,446), salaries and benefits of $142,881 (three months ended December 31, 2017 - $149,342), consulting fees of $319 (three months ended December 31, 2017 - $35,750), depreciation and amortization of $800 (three months ended December 31, 2017 - $715), rent of $8,575 (three months ended December 31, 2017 - $8,569) and office expenses of $49,828 (three months ended December 31, 2017 – $43,668). The decrease of $111,623 related primarily to lower consulting fees and lower research costs during the three months ended December 31, 2018 as compared to the same period of last year.

### Cash Flow

At December 31, 2018, the Company had working capital of $251,087, compared to working capital of $786,986 at June 30, 2018. The Company had cash and cash equivalents of $481,431 at December 31, 2018 compared to $1,060,516 at June 30, 2018. The decrease in both working capital and cash and cash equivalents is primarily due to operating expenses incurred during the six months ended December 31, 2018.

### Liquidity and Financial Position

Cash and cash equivalents used in operating activities was $579,085 for the six months ended December 31, 2018. Operating activities were affected by a $1,599 adjustment for depreciation and amortization, stock-based compensation of $91,088, and the net change in non-cash working capital balances of $43,186 because of an increase in prepaid expenses of $17,166 and a decrease in accounts payable and accrued liabilities of $26,020.

There were no investing or financing activities of cash and cash equivalents during the six months ended December 31, 2018.

At December 31, 2018, Revive had $481,431 in cash and cash equivalents.

Accounts payable and accrued liabilities were $273,280 at December 31, 2018. The Company's cash and cash equivalents balance as at December 31, 2018 is sufficient to pay these liabilities.

The Company has no operating revenues and therefore must utilize its income from financing transactions to maintain its capacity to meet ongoing operating activities.

As of December 31, 2018, and to the date of this Interim MD&A, the cash resources of Revive are held with one Canadian chartered bank. The Company has no debt and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short-term and non-interest-bearing.

As of December 31, 2018, based on current projections, Revive's working capital of $251,087, in conjunction with the Offering, is sufficient to meet its planned development activities for the financial year ending June 30, 2019. The table below outlines the Company's planned uses of working capital:

| Use of Capital [1] | Estimated Cost | Spent to date (approx.) | Remaining Funds to Spend or (excess) |
|---|---|---|---|
| REV-002 research development, clinical trials | $55,000 | $1,000 | $54,000 |
| REV-004 research development, clinical trials | $46,000 | $5,000 | $41,000 |
| General research, development, and commercialization [4] | $550,000 | $42,000 | $508,000 |
| Intellectual Property Costs | $50,000 | $nil | $50,000 |
| General & Administrative for fiscal 2019 [2] | $1,072,000 | $488,000 | $584,000 |
| Settlement of arbitration [3] | undetermined | undetermined | undetermined |
| **Total** | **$1,773,000** | **$536,000** | **$1,237,000** |

Notes:

(1) The use of proceeds provided in the table above should be considered estimates. Actual expenditures to satisfy these estimated costs may, and most likely will, differ from these estimates.

(2) General and Administrative expenses estimated for the year ended June 30, 2019, is as follows:

Salaries and benefits ($600,000), consulting fees ($150,000), office lease ($30,000), travel ($30,000), insurance ($25,000), professional fees ($150,000), transfer agent and regulatory fees ($37,000), technology expenses ($20,000) and marketing ($30,000).

(3) Settlement amount for lawsuit is undetermined as of the date of this Interim MD&A. See "Commitments and Contingency" below.

(4) Estimated general research costs, which also includes cannabinoids for liver diseases, cannabinoid delivery technology, and cannabinoid product programs.

The Company believes that it has sufficient working capital, in conjunction with the Offering, to fund its planned expenditures for the financial year ending June 30, 2019. However, further financings will be required to develop the Company's product pipeline, meet ongoing obligations, and discharge its liabilities in the normal course of business. There is some flexibility in terms of the pace and timing of product pipeline costs and how expenditures have been, or may be adjusted, limited or deferred subject to current capital resources and the potential to raise further funds. The Company will continue to manage its expenditures essential to the viability of its product pipeline. There is no assurance that additional funds can be raised upon terms acceptable to the Company or at all and funding for small companies remains challenging. Accordingly, the Company's consolidated financial statements have been prepared on a going concern basis. Material adjustments could be required if the Company cannot obtain adequate financing. See "Risk Factors".

## Related Party 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.

(a) Revive engaged in the following transactions with related parties:

| Names | Three Months Ended December 31, 2018 ($) | Three Months Ended December 31, 2017 ($) | Six Months Ended December 31, 2018 ($) | Six Months Ended December 31, 2017 ($) |
|---|---|---|---|---|
| Marrelli Support Services Inc. ("Marrelli Support") (i) | 18,508 | 18,357 | 28,774 | 28,927 |
| DSA Corporate Services Inc. and DSA Filing Services Limited (together, known as ("DSA") (ii) | 6,059 | 8,509 | 13,533 | 14,307 |
| **Total** | **24,567** | **26,866** | **42,307** | **43,234** |

(i) Marrelli Support was owed $2,357 as at December 31, 2018 (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 $2,160 as at December 31, 2018 (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.

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

| Stock-based Compensation<br>Names | Three Months Ended December 31, 2018 ($) | Three Months Ended December 31, 2017 ($) | Six Months Ended December 31, 2018 ($) | Six Months Ended December 31, 2017 ($) |
|---|---|---|---|---|
| Craig Leon, CEO and Director | nil | 4,167 | nil | 8,334 |
| Bill Jackson, Director | nil | 4,167 | nil | 8,334 |
| Carlo Sansalone, Director | nil | 2,778 | nil | 5,556 |
| Fabio Chianelli, President and Director | nil | 2,778 | nil | 5,556 |
| Carmelo Marrelli, CFO | nil | 1,112 | nil | 2,224 |
| Dr. Bev Incledon, VP Research & Development | nil | 695 | nil | 1,390 |
| **Total** | **nil** | **15,697** | **nil** | **31,394** |

| Salaries and Benefits<br><br>Names | Three Months Ended December 31, 2018 ($) | Three Months Ended December 31, 2017 ($) | Six Months Ended December 31, 2018 ($) | Six Months Ended December 31, 2017 ($) |
|---|---|---|---|---|
| Craig Leon, CEO and Director | 62,500 | 62,500 | 125,000 | 125,000 |
| Fabio Chianelli, President | 62,500 | 62,500 | 125,000 | 125,000 |
| Total | **125,000** | **125,000** | **250,000** | **250,000** |

(c) Major shareholders:

As at December 31, 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, 11.76% 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, 11.76% 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.

## 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.

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 December 31, 2018, the Company is seeking development and commercialization partners to advance the program.

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 six months ended December 31, 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.

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 Axim 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.

On September 21, 2018, the Company signed a supply and licensing term sheet with PFHIX Inc. for licensing of PFHIX's technology and supply of Crystals, a product of PFHIX, for use by the Company in the production of its cannabinoids products. The initial fee was $10,000 payable by the Company to PFHIX Inc. and the agreement fee was $90,000.

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.

## Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's Annual MD&A for the fiscal year ended June 30, 2018, available on SEDAR at **www.sedar.com**.

**Schedule C (iii)**

**Interim Management's Discussion and Analysis for the three months ended September 30, 2018**

# REVIVE THERAPEUTICS LTD.

## INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

## FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018

## Introduction

The following interim Management's Discussion & Analysis ("Interim MD&A") of Revive Therapeutics Ltd. ("Revive" or the "Company") for the three months ended September 30, 2018 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management's discussion & analysis, being the Management's Discussion & Analysis ("Annual MD&A") for the fiscal year ended June 30, 2018. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Annual MD&A, audited annual consolidated financial statements of the Company for the years ended June 30, 2018, and June 30, 2017, together with the notes thereto, and unaudited condensed interim consolidated financial statements of the Company for the three months ended September 30, 2018, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of November 28, 2018, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Revive's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or on SEDAR at **www.sedar.com**.

## Caution Regarding Forward-Looking Statements

This Interim MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this Interim MD&A speak only as of the date of (i) this Interim MD&A; or (ii) as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this Interim MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

| Forward-looking Statements | Assumptions | Risk Factors |
|---|---|---|
| The Company's (i) development of new drug and product candidates, (ii) demonstration of such drug and product candidates' safety and efficacy in clinical trials, and (iii) obtaining regulatory approval to commercialize these drug and product candidates. | Financing will be available for development of new drug and product candidates and conducting clinical studies; the actual results of the clinical trials will be favourable; development costs will not exceed Revive's expectations; the Company will be able to retain and attract skilled staff; the Company will be able to recruit suitable patients for clinical trials; all requisite regulatory and governmental approvals to commercialize the drug and product candidates will be received on a timely basis upon terms acceptable to Revive; applicable economic conditions are favourable to Revive. | Availability of financing in the amount and time frame needed for the development and clinical trials may not be favourable; increases in costs; the Company's ability to retain and attract skilled staff; the Company's ability to recruit suitable patients for clinical trials; timely and favourable regulatory and governmental compliance, acceptances, and approvals; interest rate and exchange rate fluctuations; changes in economic conditions. |
| The Company's ability to obtain the substantial capital it requires to fund research and operations. | Financing will be available for Revive's research and operations and the results thereof will be favourable; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to Revive. | Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in cost of research and operations; interest rate and exchange rate fluctuations; adverse changes in economic conditions. |
| Factors affecting pre-clinical research, clinical trials and regulatory approval process of the Company's drug candidates. | Actual costs of pre-clinical research, clinical and regulatory processes will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; the Company will be able to recruit suitable patients for clinical trials; the Company will be able to complete pre-clinical research and clinical studies on a timely basis with favourable results; all applicable regulatory and governmental approvals for drug candidates will be received on a timely basis with terms acceptable to Revive; debt and equity markets, exchange and interest rates, and other applicable economic and political conditions are favourable to Revive; there will be a ready market for the drug and product candidates. | Revive's drug and product candidates may require time-consuming and costly pre-clinical and clinical studies and testing and regulatory approvals before commercialization; the Company's ability to retain and attract skilled staff; the Company's ability to recruit suitable patients for clinical trials; adverse changes in regulatory and governmental processes; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company will not be adversely affected by market competition. |

| Forward-looking Statements | Assumptions | Risk Factors |
|---|---|---|
| The Company's ability to commercialize on its own or find and enter into agreements with potential partners to bring viable drug and product candidates to commercialization. | Revive will be able to commercialize on its own or to find a suitable partner and enter into agreements to bring drug and product candidates to market within a reasonable time frame and on favourable terms; the costs of commercializing on its own or entering into a partnership will be consistent with Revive's expectations; partners will provide necessary financing and expertise to bring drug and product candidates to market successfully and profitably. | Revive will not be able to commercialize on its own or find a partner and/or enter into agreements within a reasonable time frame; if the Company enters into agreements, these agreements may not be on favourable terms to Revive; costs of entering into agreements may be excessive; potential partners will not have the necessary financing or expertise to bring drug and product candidates to market successfully or profitably. |
| The Company's ability to obtain and protect the Company's intellectual property rights and not infringe on the intellectual property rights of others. | Patents and other intellectual property rights will be obtained for viable drug and product candidates; patents and other intellectual property rights obtained will not infringe on others. | Revive will not be able to obtain appropriate patents and other intellectual property rights for viable drug and product candidates; patents and other intellectual property rights obtained will be contested by third parties; no proof that acquiring a patent will make the drug or product more competitive. |
| The Company's ability to source markets which have demand for its products and successfully supply those markets in order to generate sales. | The anticipated markets for the Company's potential products and technologies will continue to exist and expand; the Company's products will be commercially viable and it will successfully compete with other research teams who are also examining potential products and therapeutics with regards to cannabinoids, gout, cystinuria, Wilson's disease, rare diseases, pain, inflammatory skin diseases, liver diseases, inflammation, autoimmune, and central nervous system disorders. | The anticipated market for the Company's potential products and technologies will not continue to exist and expand for a variety of reasons, including competition from other products and the degree of commercial viability of the potential product. |
| Future actions with respect to and potential impacts of pending claims. | Revive will be able to settle or otherwise obtain disposition of claims against it on favourable terms. | Revive may will not be able to settle pending claims on favourable terms; claims may be adjudicated in a manner that is not favourable to Revive. |

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors"

section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Interim MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

## The Company

The Company is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. Its common shares are listed for trading on the TSX Venture Exchange under the symbol "RVV", on the OTCBB under the symbol "RVVTF" and the Frankfurt Stock Exchange in Germany under the symbol "31R". The Company's registered and head office is located at 5 Director Court, Suite 105, Vaughan, Ontario, L4L 4S5 and its website is available at **www.revivethera.com**.

## Corporate Update

Over the last 18 months Revive has been focused on establishing strategic relationships and building its product and intellectual property portfolio with the aim of becoming a leading global specialty cannabis company. The next phase of the Company's growth plans is the development and commercialization of novel cannabis-based products and partnering with leading licensed producers of cannabis and pharmaceutical companies worldwide.

*Product Strategy:*

Revive is focused on commercializing differentiated cannabis-based products that have patent protection and are best-in-class with first mover advantage offering a better alternative over conventional cannabis-based products in the market. The Company's patent portfolio includes exclusive rights to five issued U.S. patents, one issued Canadian patent and two patent applications filed in the U.S., based on cannabinoid delivery systems and uses for specific diseases. The Company's strategy is to launch its cannabis-based products in Canada as recognized under the proposed regulations of Cannabis and Health Canada's Natural Health Products and Food and Drug regulations, with the objective to sell through legalized distribution channels, national retailers in the food, drug, mass market, and specialty and natural retail channels, be included in health insurance plans, and be distributed to countries globally.

The Company's advantageous position in Canada will allow it to gather invaluable patient data and real-world consumer experience of its products that will pave the way for new products, improved product labelling and marketing, expansion in major markets globally, and support potential new drug applications for future pharmaceutical cannabinoid-based products.

Revive's product portfolio will be a robust assortment of premium unique dosage offerings, such as, but not limited to, chewing gums, topicals, and alternate oral forms putting an emphasis on the cannabis and health

and wellness market. The potential advantages of Revive's products over conventional dosage forms of cannabis aim to achieve the following:

- better bioavailability, while bypassing the first-pass hepatic metabolism;
- faster and/or reliable onset of action;
- precise dosing that is consistent, accurate and repeatable;
- avoid irritation in the lungs, throat and stomach;
- ease of use for improved consumer and patient adherence and compliance;
- higher acceptance for those who find smoking or swallowing difficult; and
- potential for improved blood circulation to brain, cognitive function, and oral hygiene.

*Business Development:*

Revive is in discussions with leading Canadian licensed producers of cannabis to evaluate strategic collaborations for the Company's products, cannabinoid delivery system, liver research program, and intellectual property in developing and commercializing products for the cannabis and health and wellness market. The Company has secured and is also evaluating exclusive rights to unique cannabis-based products and technologies for the Canadian market. Lastly, the Company seeks to partner its non-core pharmaceutical program, bucillamine for the potential treatment in cystinuria and gout.

*Overview:*

The Company is a specialty cannabis company focused on the research, development, and commercialization of novel cannabinoid-based products. Revive is commercializing patent-protected, best-in-class cannabis-based products with first mover advantage in the multi-billion dollar cannabis and health and wellness market. The Company's novel cannabinoid delivery technology is being advanced to fill the unmet medical needs for diseases and disorders such as pain, inflammation, and wound care. Revive's cannabinoid pharmaceutical portfolio focus' on rare liver diseases, which the U.S. Food and Drug Administration ("FDA") granted to the Company orphan drug designation for cannabidiol in the treatment of autoimmune hepatitis.

We have expertise in pre-clinical and clinical research, regulatory, and business development activities. Our goal is to use these core competencies to advance our product candidates along the regulatory and clinical pathway toward commercial approval. We believe we have the ability to manage and perform the key critical aspects of the drug or product development process, including conducting or managing pre-clinical studies, clinical trials, developing and executing strategies for the protection of intellectual property, and interacting with regulatory authorities. We are actively seeking development and commercial partnerships that might facilitate these activities. In the meantime, we are prepared to advance our drug and product candidates and technologies toward commercial approval in the most efficient and expeditious manner.

Our initial focus was on the advancement of repurposing the drug bucillamine, an arthritis drug approved only in Japan and South Korea, for the treatment of gout (pain from flares). We have completed a Phase 2a clinical program with bucillamine in acute flares and we are currently seeking funding, development, and commercialization partners to advance into Phase 2b and into registration studies. We are also investigating bucillamine as a potential treatment for cystinuria (kidney stones). We initiated the U.S. Phase 2 clinical study in 2017 and we are currently seeking development and commercialization partners to advance the program in order to dedicate our resources in developing and commercializing novel cannabis-based products.

To expand our product pipeline of cannabis-based product, we employ, but not limited to, bioinformatics to perform scientific evaluation, clinical, and market assessment of potential pharmaceutical and cannabinoid-based products for diseases that fall into our target area of expertise. We focused on expanding our product

pipeline through the advancement of our cannabinoid-based therapeutics strategy in, but not limited to, pain, skin disorders, and liver diseases. We initiated a research discovery program of cannabinoid-based therapies targeting liver diseases with PhytoSciences Consulting LLC., a contract research organization. We are also actively engaging in a review of certain complimentary assets that we may consider acquiring or licensing. For example we licensed a potential novel delivery technology asset from Wisconsin Alumni Research Foundation (WARF). We have engaged and completed a sponsored research agreement with the University of Wisconsin-Madison for the research and development of the potential novel delivery technology to deliver cannabinoids (the "University of Wisconsin-Madison Research Agreement"). Also, we entered into a license agreement with South Carolina Research Foundation ("SCRF"), under which we will acquire an exclusive license from SCRF to develop and commercialize a portfolio of patents based on cannabinoid-based therapeutics, such as cannabidiol, in the treatment of autoimmune hepatitis, a rare liver disease.

Upon licensing a product candidate, our strategy is to apply our expertise and our partners' expertise to advance the product toward regulatory approval and commercial sale in major markets, including the U.S. and Canada. These activities include implementing intellectual property protection and registration strategies, formulating or reformulating existing drug products, performing or managing clinical trials in target jurisdictions, undertaking or managing the collection, collation and interpretation of research and clinical data, and submitting such data to the relevant regulatory authorities in compliance with applicable protocols and standards.

We may also develop next-generation versions of our product candidates, which will aim to improve upon the product candidate, and may have the potential to treat existing diseases better or new diseases that would otherwise remain untreated by the original product. We also develop and commercialize cannabinoid-based products for the medical and recreational marijuana markets.

In order to augment our ability to develop product candidates and effectively market any products in respect of which we obtain regulatory approval, we may seek to enter into an agreement or partnership with licensed producers of medical marijuana and biopharmaceutical companies that have development and/or sales and marketing capabilities. Entering into an agreement or partnership with an organization that has these capabilities may enable us to increase profitability and further accelerate development of our product candidates or enable us to develop the candidate in more than one indication, simultaneously.

In order to optimize the development of our product candidates, we outsource certain aspects of our research and product development activities. Factors that we consider in determining which activities to outsource include cost, relative expertise, capacity, and quality assurance. Product development functions that we have chosen to historically outsource include pre-clinical activities in support of regulatory filings, clinical trials, and manufacturing. We believe that our relationships with external laboratories enable us to complete pre-clinical testing faster and more efficiently than we can perform these activities in-house. Additionally, we will engage with independent contract research organizations (CROs) that are specifically equipped to manage future clinical trial and research projects, thus alleviating the need for us to commit redundant internal resources. For now, we believe that it is more efficient to outsource product manufacturing to contract manufacturing organizations (CMOs) and third-party suppliers.

*Bioinformatics:*

We utilize bioinformatics designed to identify repurposed and innovative compounds and cannabinoids for treatment of serious and unmet medical needs. We review scientific literature looking for mechanisms of action that could prove useful for diseases and then rank these drug-disease pairs based on a weighting system that incorporates, but not limited to, clinical studies, FDA correspondence, competition, and unmet medical need.

## Principle Products

### Cannabinoids

There are over 100 known cannabinoid compounds derived from the cannabis plant. The two primary cannabinoids used widely for medical and/or pharmaceutical purposes are Tetrahydrocannabinol (THC) and cannabidiol (CBD). It is widely known that THC is a major psychoactive cannabinoid and is a partial agonist of the cannabinoid receptor type 1 ($CB_1$) and cannabinoid receptor type 1 ($CB_2$) receptors and is widely used in pain management. CBD acts on many of the same receptors as THC, but without the psychoactive side effects. Clinical and pre-clinical data suggest that THC has positive effects on treating pain and CBD has positive effects on treating pain as well as, but is not limited to, a number of inflammatory diseases, skin disorders, and liver diseases.

Due to the mounting data from pre-clinical and clinical research the therapeutic effects of cannabis and the safety benefits of cannabinoids has led to significant interest from small-to-medium sized specialty pharmaceutical companies. Currently there are a number of cannabinoid products approved in US or EU: Sativex™ (GW Pharma), Marinol™ (AbbVie), Cesamet™ (Meda), and dronabinol, a synthetic THC (Insys). There are many companies supplying synthetic cannabinoids, cannabis extracts, and herbal cannabis to researchers for pre-clinical and clinical investigation for a number of diseases including cancer, diabetes, neuromuscular disorders, treatment of nausea, loss of appetite, pain relief, and muscle relaxation for cancer, HIV, multiple sclerosis, and arthritis patients. The cannabinoid-based medical use and pharmaceutical market is expected to grow significantly due to the potential benefits these products may provide over existing therapies.

*Drug delivery technology strategy*

The Company is focused on commercializing novel delivery technologies to effectively deliver cannabinoids through the skin and/or directly into the affected area of the skin, otherwise known as transdermal delivery and also via the mouth, otherwise known as buccal delivery.

The potential advantages of these delivery mechanisms of cannabinoids are:

- better bioavailability, while bypassing the first-pass hepatic metabolism;
- faster and/or reliable onset of action;
- precise dosing that is consistent, accurate and repeatable;
- avoid irritation in the lungs, throat and stomach;
- ease of use for improved consumer and patient adherence and compliance;
- higher acceptance for those who find smoking or swallowing difficult; and
- potential for improved blood circulation to brain, cognitive function, and hygiene.

For the transdermal delivery technology, the Company will explore the development of a proposed transdermal cannabinoid delivery technology.

*Proposed transdermal drug delivery technology*

The Company's transdermal cannabinoid delivery technology will initially deliver CBD in combination with chitosan and tannins in a controlled or sustained release fashion, systemically or locally, through the skin. The chitosan has blood-clotting and antimicrobial properties and tannins have antibacterial, antifungal, antioxidant and wound healing properties. The combination of cannabinoids, tannin, and chitosan has the potential to become a unique delivery technology to serve broad market opportunities for the health and wellness, medical and pharmaceutical cannabinoid markets.

*Wisconsin relationship*

The delivery technology was founded and based out of the University of Wisconsin. The Company has entered into an exclusive worldwide license agreement with the Wisconsin Alumni Research Foundation (WARF) to advance the development of the technology with cannabinoids. Under the terms of the agreement, the Company gained exclusive worldwide rights to intellectual property for the development and commercialization of cannabinoid-based products for therapeutic and/or prophylactic purposes delivered via transdermal, subcutaneous, buccal-mucosal or oral applications. In addition, we have engaged and successfully completed with the University of Wisconsin-Madison the research and development of the technology to potentially deliver cannabinoids (the "University of Wisconsin-Madison Research Agreement") via the transdermal route.

*Proposed buccal cannabinoid delivery technology*

The Company's buccal delivery technology, based on microencapsulation, will initially deliver either THC or CBD alone or as a combination of THC and CBD for the recreational and medical cannabis and health and wellness market. The initial format will be in the form of a chewing gum. In its natural form, cannabinoids are lipophilic, not water-soluble, and tend to stick to the chewing gum matrix, therefore diminishing effective release into the bloodstream. Microencapsulation renders cannabinoids soluble and dramatically increases the bioavailability of CBD, while largely bypassing the first pass hepatic metabolism. The Company is also investigating rapid dissolving applications to deliver cannabinoids via the buccal route.

*AXIM Technologies relationship*

The buccal delivery technology involving chewing gum is from AXIM® Biotechnologies, Inc. The Company has entered into a distribution and license agreement for the exclusive commercialization of AXIM® Biotechnologies CanChew+™ product, a CBD-based controlled release chewing gum, in Canada. The agreement defines a relationship where Revive will seek regulatory approval for AXIM® Biotechnologies chewing gum that contains full-spectrum hemp oil-derived CBD. Under the terms of the agreement, Revive will have a minimum purchase amount annually, which increases each year for the term of the agreement.

*Potential indications*

The Company is expanding its product pipeline with novel cannabinoid-centric treatments for pain, inflammation, general health and wellness, skin disorders, and liver diseases. Cannabinoids are a class of compounds derived from cannabis plants. The two well-known cannabinoids contained in cannabis are CBD and THC. For pain and skin disorders, Revive is focused on developing novel products designed to safely and effectively deliver cannabinoids through the skin, oral, and buccal mucosa routes.

*Pain*

According to Decision Resources, in 2017 there are expected to be approximately 15.2 million peripheral neuropathic pain patients in the United States, and pain treatment for these patients are expected to represent a total U.S. market size of approximately $3.3 billion in 2017.

The Company's proposed transdermal cannabinoid products would be designed to provide safe, effective relief from the pain of peripheral neuropathies. Peripheral neuropathies, or also known as neuropathic pain, are medical conditions caused by damage to the nerves in the peripheral nervous system. The peripheral nervous system includes nerves that run from the brain and spinal cord to the rest of the body. These conditions are caused from injured peripheral nerves, following herpes zoster, shingles, diabetes, chemotherapy, HIV, and other diseases. Peripheral neuropathies can also be caused by trauma or may result from surgical procedures. Additional neuropathic pain indications include lower back pain, cancer-related neuropathic pain, complex regional pain syndrome, and postoperative neuropathic pain.

Peripheral neuropathic pain generally is treated with tricyclic antidepressants, anticonvulsants such as duloxetine, depakote, pregabalin, gabapentin and topiramate, and serotonin/norepinephrine reuptake inhibitors, or SNRIs. Although tricyclic antidepressants, anticonvulsants, and SNRIs often show efficacy in treating neuropathic pain, they also have many drawbacks, including poor tolerability with side effects in most patients.

Revive's proposed transdermal cannabinoid products may have the potential to treat a number of neuropathic pain indications more safely and effectively than that of traditional cannabinoid products and current natural health and drug treatments for these indications.

Revive's proposed transdermal cannabinoid products will also expand use in additional pain disorders in the future.

*Inflammatory skin disorders*

Inflammatory skin disorders are the results of immune system reactions that involve the skin. Psoriasis is a chronic inflammatory skin disease that affects approximately 7.5 million people in the US. The disease is characterized by an errant immune-system response that drives inflammation and thickening of the skin caused by rapid turnover of skin cells. Psoriasis and other inflammatory skin diseases such as atopic dermatitis can cause tremendous discomfort. The healthcare market has seen an increase in the introduction of systemic therapies, including biologics, to treat patients with moderate-to-severe psoriasis and atopic dermatitis. For the majority of affected patients with less severe disease burden, topical corticosteroids are the predominant therapies prescribed. None of the currently approved therapies are without side effects, and none are well-suited for chronic use. Currently, in the United States, psoriasis is a $5 billion market, of which 90% are from drugs targeting moderate to severe psoriasis patients where the skin manifestation affects more than 3% of the body.

Revive's proposed transdermal cannabinoid products may have the potential to treat a number of inflammatory skin disorders more safely and effectively than that of traditional cannabinoid products and current natural health and drug treatments for these indications.

Revive's proposed transdermal cannabinoid products may also be explored for additional inflammatory skin disorders and wound healing indications in the future.

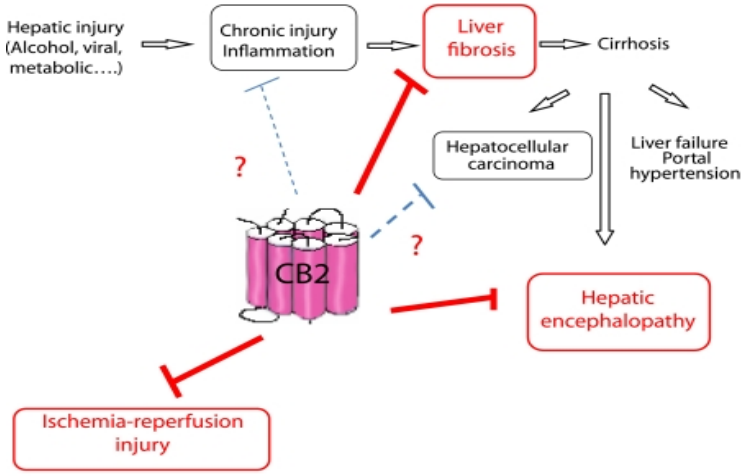
*Liver diseases*

Liver disease is described by irregular functioning of liver, causing disorders like hepatitis, fatty liver, and cirrhosis. There are over 100 described diseases of the liver affecting at least 30 million people alone in the U.S. A number of factors are driving the liver disease treatment market, which include rapidly changing lifestyle patterns such as increasing alcohol consumption, unhealthy diets, and increasing prevalence of liver diseases. Liver diseases can result from injury to the liver caused by hepatitis C virus (HCV), hepatitis B virus (HBV), obesity, chronic excessive alcohol use, or autoimmune diseases. Major drug categories used in the treatment of liver diseases includes anti-rejection drugs, vaccines, immunosuppressant, chemotherapy drugs, and antiviral drugs. According to Allied Market Research, titled, "World Liver Disease Treatment Market - Opportunities and Forecast, 2014 - 2022", the global market for liver disease treatment is projected to reach $19.5 billion by 2022.

The Company is in the research and development of next generation or novel uses of cannabinoids for the treatment of a variety of liver diseases. The Company adopted a bioinformatics approach that was undertaken by a third-party research organization, which provided an overview of the diseases treated by cannabinoids. The analysis of the output did provide insight into potential liver targets. The results indicate

the use of $CB_1$ receptor antagonists for several liver indications (i.e. Fatty liver). These results lead to a literature investigation into cannabinoids and their potential application in liver diseases, which is presented below, followed by the proposed experimental approach (pre-clinical).

Recent data have unraveled a key role of $CB_2$ receptors during chronic and acute liver injury, including fibrogenesis associated to chronic liver diseases, ischemia-reperfusion (I/R)-induced liver injury, and hepatic encephalopathy associated to acute liver failure. It has recently been shown that hepatic $CB_2$ receptors are highly upregulated in several pathological conditions. Overall, the figure below indicates $CB_2$ as a target for following liver indications: fibrosis, I/R-induced injury, and hepatic encephalopathy.




The Company has compiled a detailed literature review to support cannabinoids for a variety of liver diseases.

Research suggests that $CB_2$ agonists have demonstrated to protect against liver I/R injury. Early evidence indicates that a single ultralow dose THC can reduce the apoptotic, oxidative, and inflammatory injury induced by hepatic I/R injury. THC may serve as a potential target for therapeutic intervention in hepatic I/R injury during liver transplantation, liver resection, and trauma. There is a separate report indicating that the cannabinoid, $^{\Delta}8$-Tetrahydrocannabivarin, prevents hepatic ischemia/reperfusion injury by decreasing oxidative stress and inflammatory responses through cannabinoid $CB_2$ receptors. $^{\Delta}8$-Tetrahydrocannabivarin activated $CB_2$ receptors *in vitro*, and decreased tissue injury and inflammation *in vivo*, associated with I/R partly via $CB_2$ receptor activation. Research has also indicated that the non-psychoactive cannabinoid, cannabidiol, protects against hepatic ischemia/reperfusion injury by attenuating inflammatory signaling and response, oxidative/nitrative stress, and cell death. CBD significantly reduced the extent of liver inflammation, oxidative/nitrative stress, and cell death and also attenuated the bacterial endotoxin-triggered NF-κB activation and TNF-α production in isolated Kupffer cells, likewise the adhesion molecule expression in primary human liver sinusoidal endothelial cells stimulated with TNF-α and attachment of human neutrophils to the activated endothelium. Thus, CBD may represent a novel, protective strategy against I/R injury by attenuating key inflammatory pathways and oxidative/nitrative tissue injury, independent of classical $CB_1/_2$ receptors. These results emphasize that CBD represents a potential therapeutic option to protect the liver against hypoxia-reoxygenation injury. The available data suggest that $CB_2$ agonists may offer novel perspectives in prevention of hepatic I/R injury. $CB_2$ receptor mediates protection against hepatic ischemia/reperfusion injury. Potentially targeting the $CB_2$ receptor may represent a novel protective strategy against I/R injury.

Based on research $CB_2$ agonists have demonstrated potential for alcoholic steatohepatitis. β-caryophyllene (BCP), a $CB_2$ receptor agonist, also known as the "dietary cannabinoid / phytocannabinoid," has been demonstrated to protect against alcoholic steatohepatitis by attenuating inflammation and metabolic

dysregulation in mice. Given the safety of BCP in humans, this food additive has a high translational potential in treating or preventing hepatic injury associated with oxidative stress, inflammation, and steatosis. Given the excellent safety profile of BCP in humans, it has tremendous therapeutic potential in a multitude of diseases associated with inflammation and oxidative stress, even those outside of the liver indication. Chronic treatment with BCP attenuated the chronic and binge alcohol-induced liver injury and inflammation by attenuating the pro-inflammatory phenotypic M1 switch of Kupffer cells and by decreasing the expression of vascular adhesion molecules ICAM-1, E-Selectin, and P-Selectin, as well as the neutrophil infiltration. The protective effects of BCP against alcohol-induced liver injury were attenuated in $CB_2$ knockout mice, indicating that the beneficial effects of this natural product in liver injury involve $CB_2$ receptor activation. In a separate study, (BCP) was used to investigate the role of the $CB_2$ receptors in mediating alcohol intake and ethanol-induced conditioned place preference (EtOH-CPP) and sensitivity in mice. The results indicated that BCP dose-dependently reduced alcohol consumption and preference. Overall, the $CB_2$ receptor system appears to be involved in alcohol dependence and sensitivity and may represent a potential pharmacological target for the treatment of alcoholism. These data identify $CB_2$ agonists as potential therapeutic agents for the management of alcoholic liver disease and identify the $CB_2$ receptor as a potential therapeutic target. In summary, BCP represents untapped compound potential from a therapeutic perspective, has demonstrated safety profiles in humans, and there is minimal competition to date in terms of investigation and commercialization. There is an opportunity to formulate this, synthesize analogues, and investigate clinical efficacy. This compound is of particular interest as it is a $CB_2$ agonist, not psychoactive, and is referred to in the literature as a "dietary cannabinoid." The chemical structure is significantly different compared to the cannabinoid structure class as whole.

Research has also suggested that cannabinoids have shown potential for non-alcoholic fatty liver disease (NAFLD). A study in 2015 investigating two non-psychoactive cannabinoids, $^{\Delta}$9-Tetrahydrocannabivarin (THCV) and CBD, as potential therapeutics to for NAFLD. The result of this study, from *in vitro and in vivo models,* demonstrated that both THCV and CBD directly reduced accumulated lipid levels *in vitro* in a hepatosteatosis model and adipocytes.

Based on previous research $CB_2$ agonists have shown potential for liver injury and regeneration. A study in the literature that has previously investigated the impact of $CB_2$ receptors on the regenerative process associated with liver injury using JWH133, a $CB_2$ synthetic $CB_2$ receptor agonist. These results suggested that $CB_2$ agonists display potent hepatoprotective properties, in addition to their antifibrogenic effects. $CB_2$ receptors reduce liver injury and promote liver regeneration following acute insult, via distinct paracrine mechanisms involving hepatic myofibroblasts.

Research also suggests that cannabis' anti-inflammatory and protective properties help in the treatment of hepatitis. One study found that cannabinoids' anti-inflammatory properties effectively reduced inflammation of a damaged liver and researchers therefore suggested that cannabis could be developed as a potential drug for hepatitis (Lavon, et al., 2003). Another study found that cannabinoids appeared have immunosuppressive and profibrogenic effects in patients with chronic hepatitis C.

*Research and Development Programs in Liver Diseases*

The Company completed a research discovery program of cannabinoid-based therapeutics targeting liver diseases. The research studies, including in vitro and in vitro pharmacology, are being conducted by PhytoSciences Consulting LLC, a contract research organization in Louisville, Kentucky. The investigation was overseen by academic scientists with over 20 years' experience with expertise in liver disease research. The research program employed an *in vivo* compound screening approach to investigate phytocannabinoids in a fibrosis model utilizing an in-house cell-based screening model. The cell-based ligand screening is a targeted experimental approach that involved approximately eighty phytocannabinoids. The initial screen of phytocannabinoids resulted in the identification of several promising hits, which demonstrated to be effective at preventing the activation of the cells by Transforming growth factor-beta (TGF-$\beta$), thus serving as potential therapeutics for liver fibrogenesis. In the pathological

process of liver fibrosis, TGF-β plays as a master profibrogenic cytokine in promoting activation and myofibroblastic differentiation of hepatic stellate cells, a central event in liver fibrogenesis. Continuous and/or persistent TGF-β signalling induces sustained production of the extracellular matrix components and of tissue inhibitor of metalloproteinase synthesis. Therefore, the regulation of locally activated TGF-β levels is increasingly recognized as a therapeutic target for liver fibrogenesis. The results of the Company's research efforts demonstrate that the ligands in question may serve as a novel treatment for liver fibrogenesis and warrant further investigation in animal models. Based on the results of the compound screen, the Company is investigating a number of pre-clinical studies options for specific liver diseases. Future experiments may investigate cannabinoids as potential therapeutics for the following liver indications: Liver regeneration, alcoholism, alcoholic steatohepatitis, liver inflammation, liver fibrosis, and non-alcoholic fatty liver disease. The overall objective of these studies is to identify cannabinoids for the potential treatments of a number of well-known and rare diseases that the Company may potentially advance to further pre-clinical and human clinical research and partner with companies with a focus on liver diseases and specialty cannabinoid treatments.

The Company entered into a license agreement with the South Carolina Research Foundation ("SCRF"), under which Revive acquired an exclusive license from SCRF to develop and commercialize a portfolio of patents based on cannabinoid-based therapeutics, such as cannabidiol, in the treatment of autoimmune hepatitis, a rare liver disease. Liver disease is a major cause of morbidity and mortality and the prognosis is often poor. In many liver diseases (such as viral hepatitis, autoimmune hepatitis and alcoholic liver disease), activated T lymphocytes and macrophages appear to play an important role in liver damage. Autoimmune hepatitis is an inflammatory liver disease characterized by the presence of high transaminases, circulating autoantibodies, hypergammaglobulinemia, histological evidence of hepatitis, and responsiveness to immunosuppressive treatment. The ten year survival rate in untreated patients is approximately 10%. The two known types of autoimmune hepatitis (type I and type II) are treated with corticosteroids such as prednisone as well as other immunosuppressive drugs such as azathioprine, mycophenylate mofetil, cyclosporine or tacrolimus. Patients who progress to end stage live disease and/or cirrhosis may also need a liver transplant. Therefore, alternative treatment options are needed. Therapeutic approaches that either inhibit immune-mediated mechanisms or directly inhibit liver cell damage show promise. These studies have addressed the mechanism underlying the use of CAM therapy in ameliorating hepatitis and liver damage. While extensive studies have been performed to elucidate the mechanism of viral hepatitis, there is paucity of information on the pathogenesis of autoimmune hepatitis and a dire need for the development of CAM therapy to treat such patients. The Company is investigating the process of conducting further research and development work with CBD in relevant autoimmune hepatitis animal models. The overall objective is to support CBD for the potential treatment of autoimmune hepatitis that the Company may potentially advance to further pre-clinical and human clinical research and partner with companies with a focus on liver diseases and specialty cannabinoid treatments. The Company was granted orphan drug designation for CBD in the treatment of autoimmune hepatitis by the FDA.

The Company entered into a research collaboration with Sanyal Biotechnology LLC ("SanyalBio") focused on advancing cannabinoids for the potential treatment of liver diseases. The collaboration will initially focus on the use of CBD on a novel autoimmune hepatitis model based on the DIAMOND™ model designed and developed by SanyalBio specifically for Revive. This research collaboration is expected to generate a better model of autoimmune hepatitis which will enable SanyalBio to further advance the research of cannabinoids for the treatment of AIH and other liver diseases, and the research will provide meaningful information to support future clinical research and partnering discussions for Revive.

The Company submitted an application to the FDA seeking orphan drug designation of CBD for the treatment of hepatic ischemia and reperfusion injury ("IRI") during liver transplantation. The application resulted in the FDA granted orphan drug designation for CBD in the prevention of IRI resulting from solid organ transplantation. According to the U.S. Organ Procurement and Transplantation Network, there are approximately 115,000 patients waiting for solid organ transplants in the United States, with the four most common organs transplanted being liver, kidney, heart and lung. IRI in organ transplantation can result in

a higher incidence of acute and chronic rejection, as well as long-term morbidity and mortality. Quickly restoring blood supply of ischemic organs as soon as possible is crucial for avoiding or reducing injury from ischemia, whereas strategies used to attenuate the damage induced by reperfusion, including ischemic preconditioning, ischemic postconditioning, and machine perfusion. These strategies are expensive, sometimes hard to perform in clinical surgeries, and difficult in maintaining organ functions in the case of acute injuries. With the shortage of organs and expensive medical strategies, it is clear that therapies need to be researched to optimize the quality of the organs that are available and to attenuate injury to transplanted organs. Revive believes that the immunosuppressant and anti-inflammatory protective effects of CBD may provide a novel, more beneficial strategy to attenuate the damage induced by ischemia and reperfusion during solid organ transplantation.

Liver ischemia-reperfusion injury is a major complication of liver transplantation and is one of the leading causes for post-surgery hepatic dysfunction leading to an increased risk of postoperative morbidity and mortality. According to the United Network for Organ Sharing ("UNOS") there have been 160,722 liver transplants performed between January 1, 1988 and July 30, 2018. Currently there are 13,773 individuals on the waiting list for a liver transplant. Quickly restoring blood supply of ischemic liver as soon as possible is crucial for avoiding or reducing injury from ischemia, whereas strategies used to attenuate the damage induced by reperfusion, including ischemic preconditioning, ischemic postconditioning, and machine perfusion. These strategies are expensive, sometimes hard to perform in clinical surgeries, and difficult in maintaining liver functions in the case of acute injuries. The Company believes that the immunosuppressant and anti-inflammatory protective effects of CBD may provide a novel, more beneficial strategy to attenuate the damage induced by ischemia and reperfusion during liver transplantation.

**Bucillamine**

Bucillamine is a disease-modifying anti-rheumatic drug, which is prescribed for rheumatoid arthritis in Japan and South Korea. We are repurposing bucillamine as a potential new treatment for gout and cystinuria.

*Material Transfer Agreement*

Based on animal study results, we focused on advancing the clinical development of bucillamine for the treatment of acute gout flares. We entered into a material transfer agreement ("MTA") with the developer of bucillamine. Pursuant to the MTA, we would be able obtain access to proprietary and confidential information (i.e. non-clinical data, clinical data, manufacturing information) and clinical trial supply of the drug bucillamine for the phase 2a and phase 2b human clinical studies of bucillamine for the treatment of acute gout flares and cystinuria. In return, the developer of bucillamine will have exclusive commercialization rights in Japan, Korea, and Taiwan, and we will have exclusive commercialization rights in the rest of the world.

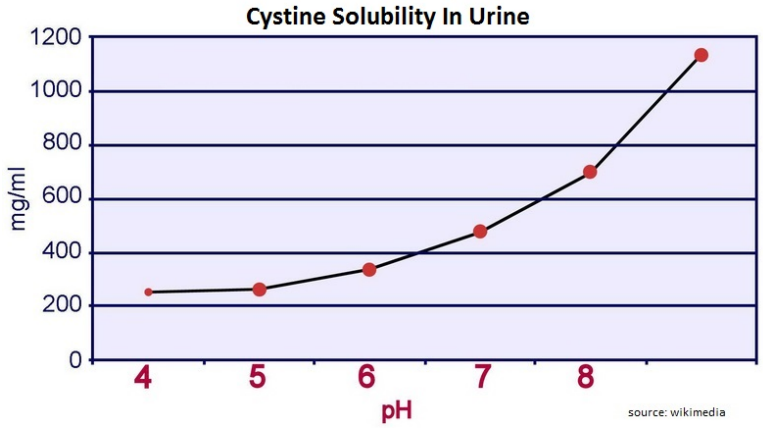
**Cystinuria**

Cystinuria is a rare autosomal recessive genetic disorder that causes high levels of cystine in the urine thus causing kidney stones to form. The resulting kidney stones are often large and recurrent and lead to significant morbidity and sometimes loss of kidney function. The important clinical manifestation of the disease is a build-up of cystine in the urine, which in turn results in crystallization and stone formation in the kidneys and bladder. In healthy individuals, most cystine dissolves and returns to the bloodstream after entering the kidneys. People with cystinuria have the aforementioned genetic defects that interfere with this process. No curative treatment of cystinuria exists, and typically patients have a lifelong risk of stone formation, repeated surgery, and impaired renal function. There are approximately between 10,000 and 12,000 patients affected with cystinuria in the U.S. The worldwide prevalence is about 1 in 7,000.

Therapy to reduce stone formation focuses on lowering urine cystine concentration and increasing cystine solubility. Cystine is poorly soluble in urine and prone to crystallization and stone formation at

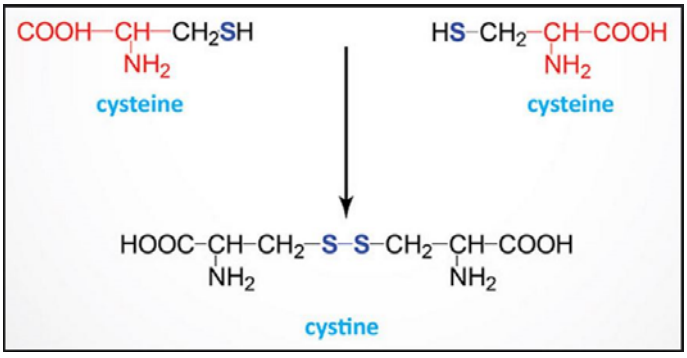
concentrations above 300 mg/l. As such, the primary non-pharmacological intervention for preventing cystine stones is to increase fluid intake. Patients with cystinuria are recommended to drink at least three liters of fluid a day (equivalent of ten 10 oz. glasses of water).

The solubility of cystine is also highly dependent on pH. At physiological pH (~7) maximum cystine solubility is between 200 and 400 mg/l. Acidic urine (pH of 5) greatly reduces the solubility to below 250 mg/l; however, at pH greater than 7.5 the solubility increases exponentially. In fact, the solubility of cystine doubles to 500 mg/l at pH 7.5. Unfortunately, excessive alkali therapy is not advisable. When urinary pH increases above 7.0 with alkali therapy, the complication of calcium phosphate nephrolithiasis may ensue because of the enhanced urinary supersaturation of hydroxyapatite in an alkaline environment.




Increased fluid intake and alkali therapy are not always feasible or effective. In fact, work published by researchers from Duke University found that therapeutic success with these more conservative approaches, defined as a urine cystine concentration below 300 mg/l, was achieved by only 15% of patients treated at the University Medical Center over an eight-year period. For patients that cannot reduce stone formation on these conservative programs, pharmaceutical intervention is recommended. The two leading pharmaceutical products for the treatment of cystinuria are Retrophin's Thiola® (tiopronin) and Valeant's Cuprimine® (d-penicillamine).

Penicillamine is a first-line chelating agent use for the removal of excess copper in patients with Wilson's disease and to reduce excess cystine in patients with cystinuria. The mechanism of action for cystine reduction is by disulfide interchange between d-penicillamine and cystine, resulting in the formation of penicillamine-cysteine disulfide, a substance that is much more soluble than cystine and readily excreted. Cystine is a combination of two cysteine (cys) amino acids whose thiol side chains have been oxidized to form cystine.



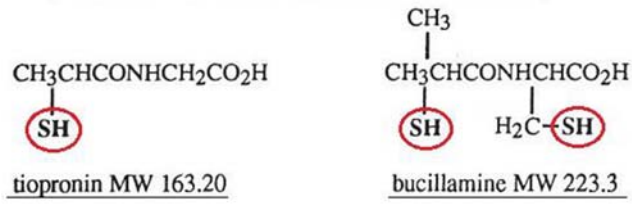
Cystine is far less soluble than cysteine and thus creates problems at urine concentrations above 300 mg/l. Penicillamine competes with excess cysteine to form penicillamine-cysteine disulfide, a far more soluble compound (roughly 50x more so) than cystine. Penicillamine also deprotonates cystine to form penicillamine-cysteine disulfide. The drug is highly effect in the treatment of cystinuria but has poor tolerability and serious safety concerns. The use of penicillamine has been associated with fatalities due to certain diseases such as aplastic anemia, agranulocytosis, thrombocytopenia, Goodpasture's syndrome, and myasthenia gravis. The incidence of adverse events ranges between 30% and 60%.

Tiopronin received FDA approval in 1988 for the prevention of cystine stone formation in patients with severe homozygous cystinuria with urinary cystine greater than 500 mg/day, who are resistant to treatment with conservative measures of high fluid intake, alkali and diet modification, or who have adverse reactions to penicillamine. Tiopronin has similar efficacy and mechanism of action to penicillamine. Tiopronin is an active reducing agent which undergoes thiol-disulfide exchange with cystine to form a mixed disulfide of tiopronin-cysteine. The drug is ideal for patients with allergic reactions or intolerability to penicillamine and considered to be the most tolerable of the two drugs.

Tiopronin has serious side effects including aplastic anemia, agranulocytosis, thrombocytopenia, Goodpasture's syndrome or myasthenia gravis. Patients on the drug should have peripheral blood counts, platelet counts, hemoglobin, serum albumin, and urinary protein levels checked on a regular basis. Patients are also advised to have liver function tests and abdominal roentgenograms on a yearly basis.

*Rationale of bucillamine for cystinuria*

Chemical structure of tiopronin and bucillamine

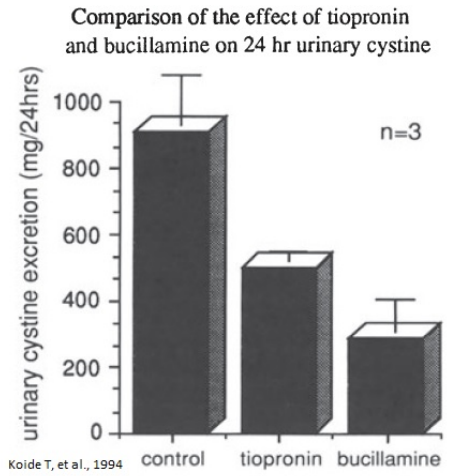



tiopronin MW 163.20 bucillamine MW 223.3

As noted above, bucillamine has been used in Japan and Korea for decades in the majority of cases for the treatment of rheumatoid arthritis. Researchers out of Osaka University School of Medicine conducted *in vitro* and *in vivo* studies during the early 1990s that provide excellent proof-of-concept of bucillamine for the treatment of cystinuria.

*In vitro study*: The effects of bucillamine compared to tiopronin was tested in whole urine by adding l-cystine at a concentration of 500 µg/mL along with half and equal concentrations of the two study drugs. Results show that the concentration of cystine was markedly reduced by both tiopronin and bucillamine due to the formation of cysteine-tiopronin or cysteine-bucillamine; however, the relative activity of bucillamine was 5 to 12% stronger than that of tiopronin and calculated the relative molecular activity of bucillamine was approximately 40 to 50% stronger than that of tiopronin. In other words, the data shows bucillamine dissolved urinary cystine much more effectively than tiopronin at the same molecular weight and a little more effectively than tiopronin at the same drug concentration.

*In vivo study*: Japanese researchers then tested bucillamine and tiopronin in three patients with confirmed cystinuria in a controlled, two-way, cross-over, wash-out design study of identical doses of each drug. The effectiveness of bucillamine was compared with tiopronin by analyzing the 24-hour urine samples under three different conditions: control, bucillamine, and tiopronin. The data show both bucillamine and tiopronin were effective in reducing urinary cystine concentration at 24 hours but that bucillamine was statistically superior (markedly superior in two patients and slightly superior in the third).




Although a small study, the work by Koide T., et al., 1994 does provide proof-of-concept for Revive in the planned Phase 2 study. The authors concluded, "Bucillamine can dissolve cystine approximately twice as effective as tiopronin at the same mg amount."

Based on these exploratory results, the information regarding bucillamine, whereby bucillamine has a chemical structure similar to Thiola®, but has two active thiol groups versus only one for Thiola®, and the MTA we have in place for bucillamine, we focused on advancing the clinical development of bucillamine for the treatment of cystinuria. We believe that bucillamine may offer patients a safer, more effective treatment option than either of the two monothiol drugs, tiopronin or d-penicillamine. Theoretically, bucillamine should be twice as effective as tiopronin at the same concentration or equally as effective at lower concentrations, potentially making the drug more tolerable to patients.

*Clinical status*

On July 6, 2016, we obtained acceptance of our Investigational New Drug Application (IND) from the FDA to commence the Phase 2 clinical trial for bucillamine for the treatment of cystinuria. The Phase 2 clinical trial is a multi-center, dose escalation trial to assess the safety and effectiveness of bucillamine on urinary cystine excretion and cystine capacity in patients with cystinuria. The primary outcome measures are the incidence of treatment-emergent adverse events along with secondary outcome measuring 24-hr urine cysteine excretion and 24-hour urine cystine capacity, i.e., the capacity of a patient's urine to solubilize or precipitate. The study plans to enroll up to 30 subjects in at least 5 clinical sites in the U.S. We initiated the U.S. Phase 2 clinical study in February 2017. We are currently seeking development and commercialization partners to advance the program.

*Future Non-clinical and Clinical Studies*

Based on the Phase 2 study results we may submit for an end-of-Phase 2 meeting with the FDA to discuss a Phase 3 study, additional human clinical studies, and non-clinical studies that the FDA may require us to perform prior to submitting the new drug application for commercial approval in the U.S.

*Market exclusivity*

On October 26, 2015 we announced that the Office of Orphan Products Development of the U.S. Food and Drug Administration has granted orphan designation status for the use of bucillamine for the treatment of cystinuria. Orphan drug designation is granted to therapeutics treating rare diseases affecting less than 200,000 people in the U.S. The orphan drug designation qualifies the Company for various incentives such

as a seven-year period of marketing exclusivity in the U.S., the potential for expedited drug development, and opportunities for drug grants and assistance in clinical research study design from the U.S. FDA.

**Gout**

There were 14.3 million diagnosed prevalent cases of chronic gout in the major pharmaceutical markets in 2012, which is forecast to increase to 17.7 million by 2021 (Source: *Decision Resources 2012*). Gout in the U.S. affects approximately 8.3 million (~3.9%) American adults (Source: *Arthritis Rheum. 2011 Oct; 63(10):3136-41*). It is estimated that the gout disease treatment market value will increase from $989 million in 2013 to $2.28 billion by 2018 (Source: *GlobalData 2014*). Gout is a painful disorder caused by elevated serum uric acid (sUA) in the body due to under excretion of uric acid and/or over production of uric acid. Most patients on the most commonly employed regimens for uric acid lowering fail to achieve a satisfactory serum urate level. Poor control of gout can lead to acute attacks of severe pain, and chronic joint damage and impairment of health related quality of life. Accordingly, there are needs in the market for new therapies to control gouty inflammation and hyperuricemia.

Although gout is a treatable condition, there are limited treatment options, many of which have adverse side effects. Drug treatment for gout includes anti-inflammatory agents (non-steroidal anti-inflammatories (NSAIDs), corticosteroids, Colchicine) and serum urate-lowering therapies, which work by lowering body stores of uric acid. Treatment of gouty inflammation is complicated by the fact that gout patients have a high incidence of cardiovascular and metabolic comorbidities. Common comorbidities include hypertension (70-80%), coronary artery disease (>30-40%), chronic kidney disease (~30-50%), diabetes (~25-40%), gastrointestinal tract diseases, and congestive heart failure (Source: *Keenan, RT et. al., Prevalence of contraindications and prescription of pharmacologic therapies for gout. Am. J. Med. 2011, 124: 155-163*). Managing patients with these comorbidities is challenging because the majority of them have contraindication for one or more first-line approved medications to treat acute gout. Current drug therapy limitations include: 90% of gout patients having at least one contraindication to NSAIDs and glucocorticoids; and 50% to 66% having at least one contraindication to Colchicine. Moreover, corticosteroids can cause hypertension and worsening of blood sugar, and NSAIDs have substantial renal and cardiovascular toxicity.

*Rationale of bucillamine for gout*

Gout is a common disorder characterized by accumulation of excess body stores of uric acid, and by acute inflammatory attacks of arthritis, and in some patients a chronic destructive arthritis, stimulated by crystalline deposits of the sodium salt of uric acid (monosodium urate) in joint tissues. Bucillamine is a thiol donor derived from the amino acid cysteine, and is similar to N-acetylcysteine and N-2-mercaptopropionyl glycine. *(Source: Proc. Natl. Acad. Sci. USA 2002, 99: 8915-8920; J. Immunol. 2002, 168: 2560-2567*). However, relative to these comparators, bucillamine contains two donatable thiol groups rather than one. It is therefore a considerably more potent inhibitor of certain oxidative stress-triggered cell signaling events that promote acute and chronic inflammation, and are implicated in the painful arthritis of acute gout flares. *(Source: J. Immunol. 2000, 165: 2703—2711; J. Cardiovasc. Pharmacol. 2001, 38: 859-867; Cardiovasc. Drug Rev. 2003, 21: 77-90*).

In addition to its direct action on oxidative stress-induced inflammation signaling, bucillamine acts to stimulate the cellular production of proteins that can regulate the level of uric acid excretion by the kidney, and thereby, their capacity to lower the serum level of uric acid. It does so by increasing the activity of Nuclear factor (erythroid-derived 2)-like 2 (Nrf2), a transcription factor which promotes expression of the urate transporter protein, ATP-binding cassette sub-family G member 2 (ABCG2), which in turn enables uric acid excretion. *(Source: Biochem. Pharmacol. 2006, 72: 455-462*; *Drug Metab. Dispos. 2006, 34: 1756-1763).* The physiological importance of ABCG2 in humans is illustrated by the large differences in uric acid levels and the prevalence of gout caused by genetic variation in ABCG2. It is therefore a potential target for new uricosuric agents in the treatment of gout *(Source: Proc. Natl. Acad. Sci. USA. 2009, 106: 10338-10342; Sci. Transl. Med. 2009, 1: 5ra11).* A third mechanism by which bucillamine could potentially affect

serum uric acid levels in gout involves another uric acid excretion protein, ATP-binding cassette sub-family C member 4 (ABCC4), which is present in the kidney. Expression of ABCC4 also is promoted by Nrf2. (Source: *J. Pharmacol. Exp. Ther. 2010,* 335: *2-12)*

Based on these studies, it was hypothesized that a combination of allopurinol and an Nrf2 activator such as bucillamine may have a synergistic effect in lowering uric acid levels, and that such a combination therapy including primary anti-inflammatory effects with potential secondary uric acid-lowering effects would offer new, more-effective options for gout treatment than other therapies that are currently available.

*Pre-clinical research of bucillamine for gout*

The unpublished animal studies, which served as part of the bucillamine patent for gout, show that:

1. Bucillamine had a highly significant ($p < 0.001$) dose-response effect on monosodium urate crystal-induced release of interleukin-1beta from inflammatory white blood cells *in vitro.* Interleukin-1beta is a principal driving factor for gouty inflammation *in vivo*.

2. Bucillamine had a highly significant ($p < 0.001$) dose-response effect on monosodium urate crystal-induced peritoneal inflammation *in vivo*, which decreased mean neutrophil influx by 5.15% for every increase of 1 µmol/kg of the drug. Neutrophils are a type of inflammatory white blood cell; a reduction in their influx denotes a reduction in inflammation.

3. The effects of the administration of bucillamine and colchicine on monosodium urate-induced peritoneal inflammation was found such that the addition of bucillamine (10 µmol/kg) produced a highly significant ($p < 0.001$) decrease in average neutrophil influx. In addition, there was an interactive relationship between Bucillamine and colchicine such that the addition of bucillamine enhanced the dose-response effect so that there was a decrease of 32.2% for every increase of 1 µmo1/kg of colchicine.

4. There was a significant ($p = 0.012$) interactive effect between bucillamine and allopurinol on serum and urinary levels of uric acid in a small animal model of elevated uric acid (hyperuricemia). The addition of allopurinol (5mg/kg/day) increased the dose-response effect of bucillamine so that each increase of 1 mg/kg/day of REV-002 resulted in a decrease of 0.0010 mg/dL in the serum urate concentration.

5. There was a highly significant ($p < 0.001$) interactive effect between allopurinol and bucillamine on the urinary excretion of uric acid in a small animal model of hyperuricemia. The addition of allopurinol (5mg/kg/day) increased the dose-response effect of bucillamine such that each increase of 1 mg/kg/day of bucillamine resulted in an increase of 0.171 mg/dL in the urinary uric acid concentration.

Bucillamine is an established anti-inflammatory agent in rheumatoid arthritis that inhibits the capacity of monosodium urate crystals to provoke inflammation. This suggests the potential for bucillamine to be an effective first line anti-inflammatory drug in the management of acute gouty arthritis flares. Additionally, the synergistic effect of bucillamine with colchicine on monosodium urate crystal-induced inflammation, demonstrated in small animal studies *in vivo*, suggests potential efficacy as an add-on or second line agent in combination therapy for acute gouty arthritis with colchicine and other agents. The animal study also demonstrated that bucillamine has a synergistic effect in combination with allopurinol in lowering sUA concentrations in a small animal model of hyperuricemia. The potential uricosuric effect of bucillamine, particularly when used in conjunction with allopurinol, suggests that bucillamine could provide a means to treat gout more effectively than other therapies that are currently available, via combination of primary anti-inflammatory effects with potential secondary uric acid lowering effects.

*Clinical Status*

On October 2014, we obtained acceptance of our IND from the FDA to commence the Phase 2a clinical trial for bucillamine for the treatment of acute gout flares in the U.S. The Phase 2a study was an open-label, multicenter, active-controlled, parallel-group clinical trial designed to evaluate the safety and efficacy of two arms of bucillamine 100mg tablet compared with the active comparator colchicine (dosed acutely using the FDA-approved regimen) in the treatment of subjects with acute gout flares over a seven-day treatment period. A total of 20 clinical sites in the United States participated in the study and a total of 74 subjects who are confirmed with a qualifying severe gout flare attack were randomized into the study. Subjects were randomized in a 1:1:1 allocation ratio to either Arm A (oral bucillamine - total of 900mg), Arm B (oral bucillamine - total of 1,800mg) or Arm C (oral Colchicine - total of 1.8mg) over a seven-day treatment period.

The primary efficacy endpoint is the proportion of patients who responded to treatment. Treatment responders are defined as a $\geqslant$ 50% reduction in target joint pain score from baseline at 72 hours post-dose without using rescue drug. The target joint pain score is an 11-point Pain Intensity Numeric Rating Scale (PI-NRS) used to assess joint pain intensity while experiencing a gout flare on a scale from 0 (no pain) to 10 (worst possible pain). The PI-NRS is completed using a diary where the subject is required to circle the most appropriate number that best describes their level of pain in the identified target joint during specific time points.

The objective of the Phase 2a study was to evaluate the safety and tolerability, and the efficacy of two regimens of oral bucillamine over seven days of treatment compared with colchicine (Colcrys®) in the treatment of subjects with severe gout flare attack. The primary efficacy endpoint is the proportion of patients who responded to treatment defined as a $\geqslant$ 50% reduction in target joint pain score from baseline at 72 hours post-dose without using rescue drug.

The final primary endpoint results from the Phase 2a study from a total of 74 subjects that had completed the seven-day treatment period are as follows:

- In Arm A (oral Bucillamine - total of 900mg over 7 days), 55% (12/22 subjects) had a ≥ 50% reduction in target joint pain score from baseline at 72 hours post-dose without using rescue drug;
- In Arm B (oral Bucillamine - total of 1,800mg over 7 days), 46% (11/24 subjects) had a ≥ 50% reduction in target joint pain score from baseline at 72 hours post-dose without using rescue drug;
- In Arm C, the active comparator arm, (oral Colchicine - 1.8mg over 1 hour), 46% (13/28 subjects) had a ≥ 50% reduction in target joint pain score from baseline at 72 hours post-dose without using rescue drug; and
- Bucillamine was well tolerated and there were no serious adverse events reported in subjects taking bucillamine.

Overall, these exploratory results demonstrate that bucillamine has a signal of efficacy similar to that observed with the comparator drug, colchicine (Colcrys®), in this clinical study, which has been previously approved for this indication in the U.S.

*Future Non-clinical and Clinical Studies*

Based on the Phase 2a study results, we designed a Phase 2b, adequate and well-controlled, multicenter, double blinded, placebo controlled trial and submitted the Phase 2b protocol to the FDA. The FDA has accepted the Phase 2b protocol and we are able to proceed with the study. Once we complete the Phase 2b study and if the results are positive we will submit for an end-of-Phase 2 meeting with the FDA to discuss Phase 3 study plans, additional human clinical studies, and any non-clinical studies that the FDA may require us to perform prior to submitting the new drug application for commercial approval in the U.S. We are currently seeking development and commercialization partners to advance the program.

*Intellectual Property*

On June 2013, we were assigned the rights to the patent application No. AU2012905072 from Xenexus Pharmaceuticals Pty, which was replaced by U.S. patent No. 9,238,018, titled 'The Use of Bucillamine in the Treatment of Gout' which was then subsequently replaced by U.S. patent No. 9,662,305 and expires in late 2033.

**Other Development Programs**

The following chart summarizes the Company's product candidates, including the principal disease or indication being targeted, clinical trial status, expected milestones and marketing rights for each program:

| Program | Status | Next Milestone | Spent | Estimated Cost to Complete (2019) | Marketing Rights |
|---|---|---|---|---|---|
| Cannabinoids for Liver Diseases | Signed Exclusive License Agreement with South Carolina Research Foundation<br><br>Initiated research study with SanyalBio | Initiate research in various research models of liver diseases<br><br>Complete research study of CBD in autoimmune hepatitis animal model | $nil was spent during the three months ended September 30, 2018 | $100,000 | Worldwide |
| Cannabinoid Delivery Technology | Signed Exclusive License Agreement with Wisconsin Alumni Research Foundation<br><br>Completed sponsored research with University of Wisconsin-Madison | Conduct research and development of formulations<br><br>Conduct research studies in various disease models | $nil was spent during the three months ended September 30, 2018 | $100,000 | Worldwide |
| Cannabinoid Products | Signed Exclusive Distribution and License Agreement with AXIM Biotechnologies Inc. for hemp-based chewing gum | Regulatory approval to market in Canada (expected in December 2018)<br><br>Commercialization in Canada (expected in December 2018) | $15,000 was spent during the three months ended September 30, 2018 | $85,000 | Canada |

| Program | Status | Next Milestone | Spent | Estimated Cost to Complete (2019) | Marketing Rights |
|---|---|---|---|---|---|
| REV-002: Bucillamine for treatment of acute gout flares | Phase 2a human proof of concept study completed; Phase 2a human proof of concept study close out procedures ongoing; FDA allowed for Phase 2b study to proceed. | Close out Phase 2a human proof of concept study (expected by December 2018)<br><br>Budget beyond 2018 will be determined after a partner via out-licensing or acquisition is completed<br><br>Partner via out-licensing or acquisition or continue clinical development (date of completion is undetermined) | Approximately $1,000 was spent during the three months ended September 30, 2018 | $54,000 | Revive (Rest of world) / MTACo (Japan, Korea, Taiwan) |
| REV-004: Bucillamine for treatment of cystinuria | IND application accepted by the FDA; Initiated Phase 2a human proof of concept study | Complete first-half of study or decision to continue Phase 2a human proof of concept study (expected December 2018)<br><br>Partner via out-licensing or acquisition or continue clinical development (date of completion is undetermined) | Spent approximately $3,000 during the three months end September 30, 2018 | $43,000 | 7-year US marketing exclusivity based on orphan drug designation that was awarded by the FDA |

## Operations Highlights

During the three months ended September 30, 2018, the Company focused primarily on the evaluation, research, development, expansion, licensing, and partnering of cannabinoid-based products and delivery technologies, and on the Phase 2 clinical study of REV-004, the evaluation and close-out of the Phase 2a clinical study of REV-002.

On June 27, 2018, Revive announced that the FDA has granted orphan drug designation for CBD in the treatment of AIH to Revive.

On August 22, 2018, Revive announced that it has submitted an application to the FDA seeking orphan drug designation of CBD for the treatment of IRI during liver transplantation.

On September 11, 2018, Revive announced the introduction of RELICANN™, the Company's hemp-based and medical cannabis brand designed for the health and wellness and medical cannabis consumer. The Company's first product under the RELICANN™ brand is RELICANN™ hemp-based CBD gum.

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

On November 7, 2018, the Company announced that the FDA granted orphan drug designation for CBD in the prevention of IRI resulting from solid organ transplantation.

## Financial Highlights

### Financial Performance

The Company's net loss totaled $305,999 for the three months ended September 30, 2018, with basic and diluted loss per share of $0.01. This compares with a net loss of $441,996 with basic and diluted loss per share of $0.01 for the three months ended September 30, 2017. The Company had no revenue in both periods presented.

Net loss for three months ended September 30, 2018 principally related to research costs of $24,232 (three months ended September 30, 2017 - $83,588), professional fees of $43,722 (three months ended September 30, 2017 - $50,721), stock-based compensation of $38,723 (three months ended September 30, 2017 - $26,810), salaries and benefits of $147,412 (three months ended September 30, 2017 - $146,141), consulting fees of $22,500 (three months ended September 30, 2017 - $105,765), depreciation and amortization of $799 (three months ended September 30, 2017 - $715), rent of $8,638 (three months ended September 30, 2017 - $9,816) and office expenses of $19,973 (three months ended September 30, 2017 – $18,440). The decrease of $135,997 related primarily to lower consulting fees and lower research costs during the three months ended September 30, 2018 as compared to the same period of last year.

### Cash Flow

At September 30, 2018, the Company had working capital of $520,509, compared to working capital of $786,986 at June 30, 2018. The Company had cash and cash equivalents of $766,525 at September 30, 2018 compared to $1,060,516 at June 30, 2018. The decrease in both working capital and cash and cash equivalents is primarily due to operating expenses incurred during the three months ended September 30, 2018.

### Liquidity and Financial Position

Cash and cash equivalents used in operating activities was $293,991 for the three months ended September 30, 2018. Operating activities were affected by a $799 adjustment for depreciation and amortization, stock-based compensation of $38,723, and the net change in non-cash working capital balances of $27,514 because of a decrease in prepaid expenses of $1,932 and decrease in accounts payable and accrued liabilities of $29,446.

There were no investing or financing activities of cash and cash equivalents during the three months ended September 30, 2018.

At September 30, 2018, Revive had $766,525 in cash and cash equivalents.

Accounts payable and accrued liabilities were $269,854 at September 30, 2018. The Company's cash and cash equivalents balance as at September 30, 2018 is sufficient to pay these liabilities.

The Company has no operating revenues and therefore must utilize its income from financing transactions to maintain its capacity to meet ongoing operating activities.

As of September 30, 2018, and to the date of this Interim MD&A, the cash resources of Revive are held with one Canadian chartered bank. The Company has no debt and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short-term and non-interest-bearing.

As of September 30, 2018, based on current projections, Revive's working capital of $520,509 is not sufficient to meet its planned development activities for the financial year ending June 30, 2019. The table below outlines the Company's planned uses of working capital:

| Use of Capital [1] | Estimated Cost | Spent to date (approx.) | Remaining Funds to Spend or (excess) |
|---|---|---|---|
| REV-002 research development, clinical trials | $55,000 | $1,000 | $54,000 |
| REV-004 research development, clinical trials | $46,000 | $3,000 | $43,000 |
| General research, development, and commercialization [4] | $550,000 | $20,000 | $530,000 |
| Intellectual Property Costs | $50,000 | $nil | $50,000 |
| General & Administrative for fiscal 2019 [2] | $1,072,000 | $242,000 | $830,000 |
| Settlement of arbitration [3] | undetermined | undetermined | undetermined |
| **Total** | **$1,773,000** | **$266,000** | **$1,507,000** |

Notes:

(1) The use of proceeds provided in the table above should be considered estimates. Actual expenditures to satisfy these estimated costs may, and most likely will, differ from these estimates.

(2) General and Administrative expenses estimated for the year ended June 30, 2019, is as follows:

Salaries and benefits ($600,000), consulting fees ($150,000), office lease ($30,000), travel ($30,000), insurance ($25,000), professional fees ($150,000), transfer agent and regulatory fees ($37,000), technology expenses ($20,000) and marketing ($30,000).

(3) Settlement amount for lawsuit is undetermined as of the date of this Interim MD&A. See "Commitments and Contingency" below.

(4) Estimated general research costs, which also includes cannabinoids for liver diseases, cannabinoid delivery technology, and cannabinoid product programs.

The Company believes that it has insufficient cash on hand to fund its planned expenditures for the financial year ending June 30, 2019. Further financings will be required to develop the Company's product pipeline, meet ongoing obligations, and discharge its liabilities in the normal course of business. There is some flexibility in terms of the pace and timing of product pipeline costs and how expenditures have been, or may be adjusted, limited or deferred subject to current capital resources and the potential to raise further funds. The Company will continue to manage its expenditures essential to the viability of its product pipeline. There is no assurance that additional funds can be raised upon terms acceptable to the Company or at all and funding for small companies remains challenging. Accordingly, the Company's consolidated financial statements have been prepared on a going concern basis. Material adjustments could be required if the Company cannot obtain adequate financing. See "Risk Factors".

## Related Party 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.

(a) Revive engaged in the following transactions with related parties:

| Names | Three Months Ended September 30, 2018 ($) | Three Months Ended September 30, 2017 ($) |
|---|---|---|
| Marrelli Support Services Inc. ("Marrelli Support") (i) | 10,266 | 10,570 |
| DSA Corporate Services Inc. and DSA Filing Services Limited (together, known as ("DSA") (ii) | 7,474 | 5,798 |
| **Total** | **17,740** | **16,368** |

(i) Marrelli Support was owed $2,448 as at September 30, 2018 (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 $4,438 as at September 30, 2018 (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.

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

| Stock-based Compensation<br>Names | Three Months Ended September 30, 2018 ($) | Three Months Ended September 30, 2017 ($) |
|---|---|---|
| Craig Leon, CEO and Director | nil | 4,167 |
| Bill Jackson, Director | nil | 4,167 |
| Carlo Sansalone, Director | nil | 2,778 |
| Fabio Chianelli, President and Director | nil | 2,778 |
| Carmelo Marrelli, CFO | nil | 1,112 |
| Dr. Bev Incledon, VP Research & Development | nil | 695 |
| **Total** | **nil** | **15,697** |

| Salaries and Benefits<br>Names | Three Months Ended September 30, 2018 ($) | Three Months Ended September 30, 2017 ($) |
|---|---|---|
| Craig Leon, CEO and Director | 62,500 | 62,500 |
| Fabio Chianelli, President | 62,500 | 62,500 |
| Total | **125,000** | **125,000** |

(c) Major shareholders:

As at September 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, 11.76% 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, 11.76% 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.

## 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.

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 September 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 is currently seeking development and commercialization partners to advance the program.

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 three months ended 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.

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 Axim 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.

On September 21, 2018, the Company signed a supply and licensing term sheet with PFHIX Inc. for licensing of PFHIX's technology and supply of Crystals, a product of PFHIX, for use by the Company in the production of its cannabinoids products. The initial fee was $10,000 payable by the Company to PFHIX Inc. and the agreement fee was $90,000.

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.

## Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's Annual MD&A for the fiscal year ended June 30, 2018, available on SEDAR at **www.sedar.com**.

## Subsequent Events

(i) 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.

(ii) On November 7, 2018, the Company announced that the FDA granted orphan drug designation for CBD in the prevention of IRI resulting from solid organ transplantation.

**Schedule D**

**Management Information Circular for the annual and special meeting of shareholders held on December 19, 2018**

# REVIVE THERAPEUTICS LTD.

**NOTICE OF MEETING**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON DECEMBER 19, 2018**

**November 06, 2018**

**REVIVE THERAPEUTICS LTD.**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

Notice is hereby given that an annual and special meeting (the "**Meeting**") of the shareholders ("**Shareholders**") of Revive Therapeutics Ltd. (the "**Corporation**") will be held at the Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario M5C 1P1, on December 19, 2018 at 1:00 p.m. (Toronto time), for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the financial year ended June 30, 2018 and 2017, together with the report of the auditors thereon;

2. to elect four directors of the Corporation for the ensuing year;

3. to appoint MNP LLP, Chartered Accountants, as the auditors of the Corporation for the ensuing year and to authorize the directors to fix their remuneration;

4. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution to approve the Corporation's 10% rolling incentive stock option plan for the ensuing year; and

5. to transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

An "ordinary resolution" is a resolution passed by at least a majority of the votes cast by Shareholders who voted in respect of that resolution at the Meeting.

The nature of the business to be transacted at the Meeting is described in further detail in the management information circular dated November 6, 2018.

The Corporation has determined to deliver this notice of meeting and the Management Information Circular and form of proxy (collectively, the "**Meeting Materials**") to shareholders by posting the Meeting Materials online at **https://petersonmcvicar.wixsite.com/petersonmcvicar/** in accordance with the notice and access notification mailed to shareholders of the Corporation. The use of the notice and access procedures under applicable securities laws will significantly reduce the Corporation's printing and mailing costs.

The Meeting Materials will be available online at **https://petersonmcvicar.wixsite.com/petersonmcvicar/** as of November 16, 2018, and will remain on the website for one full year thereafter. The Meeting Materials will also be available under the Corporation's profile on SEDAR at www.sedar.com. All shareholders of the Corporation (the "**Shareholders**") will receive a notice and access notification containing information on how to obtain electronic and paper copies of the Meeting Materials in advance of the Meeting. Shareholders wishing to receive paper copies of the Meeting Materials at no cost to them can request same from the Corporation by calling toll-free 1-800-501-6163 or by emailing the Corporation at info@revivethera.com. The Corporation must receive your request prior to 5:00 p.m. (Toronto time) on December 5, 2018 to ensure you will receive paper copies in advance of the deadline to submit your vote.

The record date for the determination of Shareholders entitled to receive notice of, and to vote at, the Meeting or any adjournments or postponements thereof is November 6, 2018 (the "**Record Date**"). Shareholders whose names have been entered in the register of shareholders at the close of business on the Record Date will be entitled to receive notice of, and to vote at, the Meeting or any adjournments or postponements thereof.

A Shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournments or postponements thereof in person are requested to complete, date, sign and return the form of proxy for use at the Meeting or any adjournments or postponements thereof. To be effective, the enclosed form of proxy must be mailed or faxed so as to reach or be deposited with Computershare Investor Services Inc. at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, Fax: 1 (866) 249-7775, not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournments or postponements thereof.

**DATED** this 6th day of November 2018

**BY ORDER OF THE BOARD OF DIRECTORS OF REVIVE THERAPEUTICS LTD.**

*(signed) "Fabio Chianelli"*

Fabio Chianelli
President

**REVIVE THERAPEUTICS LTD.**

**MANAGEMENT INFORMATION CIRCULAR**

This Management Information Circular ("**Circular**") is furnished in connection with the solicitation of proxies by the management of Revive Therapeutics Ltd. (the "**Corporation**") for use at the annual and special meeting (the "**Meeting**") of the shareholders (the "**Shareholders**") of the Corporation to be held at 1:00 p.m. (Toronto time) on December 19, 2018 at the Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario M5C 1P1 for the purposes set forth in the Notice of Annual and Special Meeting of Shareholders dated November 6, 2018 (the "**Notice of Meeting**"). References in the Circular to the Meeting include any adjournment(s) or postponement(s) thereof. It is expected that the solicitation of proxies will be primarily by mail, however, proxies may also be solicited by the officers, directors and employees of the Corporation by telephone, electronic mail, telecopier or personally. These persons will receive no compensation for such solicitation other than their regular fees or salaries. The cost of the solicitation of proxies will be borne by the Corporation.

Except where otherwise indicated, the information contained in this Circular is as of November 6, 2018.

**Notice and Access**

The Corporation has elected to take advantage of amendments to National Instrument 54-101 – "Communication with Beneficial Owners of Securities of a Reporting Issuer" ("**NI 54-101**") which came into force on February 11, 2013 ("**Notice-and-Access**"). Notice-and-Access is a set of rules that reduces the volume of materials that must be physically mailed to shareholders by allowing issuers to deliver meeting materials to shareholders electronically by providing shareholders with access to these materials online.

In accordance with the Notice-and-Access provisions, a notice and a form of proxy or voting instruction form (the "**Notice Package**") has been sent to all shareholders informing them that this Circular is available online and explaining how this Circular may be accessed, in addition to outlining relevant dates and matters to be discussed at the Meeting. The Notice of Meeting (as hereinafter defined), the Circular and the financial statements (collectively, the "**Meeting Materials**") has been made available online to shareholders of the Corporation at https://petersonmcvicar.wixsite.com/petersonmcvicar/copy-of-revive and under the Corporation's profile on SEDAR (the System for Electronic Document Analysis and Retrieval) at www.sedar.com. The Corporation will directly send the Notice Package to Non-Registered Holders (as hereinafter defined).

For the Meeting, the Corporation is using Notice-and-Access for both registered and non-registered (or beneficial) shareholders. Neither registered shareholders nor Non-Registered Holders will receive a paper copy of this Circular unless they contact the Corporation after it is posted, in which case the Corporation will mail this Circular within three business days of any request provided the request is made ***prior*** to the Meeting. Shareholders wishing to receive paper copies of the Meeting Materials at no cost to them can request same from the Corporation by calling toll-free 1-800-501-6163 or by emailing the Corporation at info@revivethera.com. The Corporation must receive your request prior to 5:00 p.m. (Toronto time) on December 5, 2018 to ensure you will receive paper copies in advance of the deadline to submit your vote.

**Appointment of Proxy Holders**

The persons named in the enclosed form of proxy are officers and/or directors of the Corporation. **A Shareholder desiring to appoint some other person, who need not be a Shareholder, to represent him or her at the Meeting, may do so by inserting such person's name in the blank space provided in the enclosed form of proxy or by completing and executing another proper form of proxy.** All duly completed and executed proxies must be received by the Corporation's registrar and transfer agent, Computershare Investor Services Inc. ("**Computershare**") at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, Fax: 1-(866) 249-7775, not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournments or postponements thereof.

A Shareholder forwarding the enclosed form of proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the Shareholder giving the proxy wishes to confer a

discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The votes attached to the common shares of the Corporation ("**Common Shares**") represented by the form of proxy submitted by a Shareholder will be voted in accordance with the directions, if any, given in the form of proxy.

To be valid, a form of proxy must be executed by a Shareholder or a Shareholder's attorney duly authorized in writing or, if the Shareholder is a body corporate, under its corporate seal or, by a duly authorized officer or attorney.

**Revocation of Proxies**

A proxy given pursuant to this solicitation may be revoked at any time prior to its use. A Shareholder who has given a proxy may revoke the proxy at any time prior to use by:

(i) completing and signing a proxy bearing a later date and depositing it with Computershare at the address provided herein;

(ii) depositing an instrument in writing, including another completed form of proxy, executed by such Shareholder or by his or her attorney duly authorized in writing, or, if the Shareholder is a body corporate, by a duly authorized officer or attorney, either (a) with Computershare at any time up to and including the last business day preceding the day of the Meeting or any adjournment(s) or postponement(s) thereof, or (b) with the Chairman of the Meeting on the day of the Meeting or any adjournment(s) or postponement(s) thereof; or

(iii) in any other manner permitted by law.

Such instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to such proxy.

**Voting of Proxies**

The voting rights attached to the Common Shares represented by proxies will be voted or withheld from voting in accordance with the instructions indicated therein. **If no instructions are given, the voting rights attached to said Common Shares will be exercised by those persons designated in the form of proxy and will be voted IN FAVOUR of all the matters described therein.**

The enclosed form of proxy confers discretionary voting authority upon the persons named therein with respect to amendments to matters identified in the Notice of Meeting, and with respect to such matters as may properly come before the Meeting. As of the date hereof, management of the Corporation knows of no such amendments or other matters to come before the Meeting.

**Voting by Non-Registered Shareholders**

**The information set forth in this section is of significant importance to many Shareholders as a substantial number of Shareholders do not hold their Common Shares in their own name and are considered non-registered beneficial Shareholders.** Only registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. Most Shareholders are "non-registered" Shareholders ("**Non-Registered Shareholders**") because the Common Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Common Shares. Common Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary ("**Intermediary**") (including, among others, banks, trust companies, securities dealers, brokers and trustees or administrators or self-administered RRSPs, RRIFs, RESPs, TFSAs and similar plans) that the Non-Registered Shareholder deals with in respect of the Common Shares; or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. ("**CDS**")) of which the Intermediary is a participant. Non-Registered Holders should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. In accordance with applicable securities law requirements, the Corporation will have distributed copies of the Notice Package to the clearing agencies and Non-Registered Holders, or Intermediaries for onward distribution to Non-Registered Shareholders, as applicable. If you are a Non-Registered Holder, your Intermediary will be the entity legally entitled to vote your Common Shares

at the Meeting. Common Shares held by an Intermediary can only be voted upon the instructions of the Non-Registered Holder. Without specific instructions, Intermediaries are prohibited from voting Common Shares.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

(i) be given a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and returned to the Intermediary or its service company, will constitute voting instructions (often called a "voting instruction form") which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Non-Registered Shareholders and asks Non-Registered Shareholders to return the forms or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of the shares to be represented at the Meeting. Sometimes, instead of the one-page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions containing a removable label with a bar-code and other information. In order for this form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company. **A Non-Registered Shareholder who receives a voting instruction form cannot use that form to vote his or her Common Shares at the Meeting**; or

(ii) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with Computershare the address provided herein.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting, or any adjournment(s) or postponement(s) thereof, (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the voting instruction form and insert the Non-Registered Shareholder or such other person's name in the blank space provided. **In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the voting instruction form is to be delivered.**

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Corporation are referred to as "NOBOs". Non-Registered Holders who have objected to their Intermediary disclosing the ownership information about themselves to the Corporation are referred to as "OBOs". The Corporation is relying on the notice-and-access delivery procedures set out in NI 54-101 to distribute copies of Meeting Materials in connection with the Meeting. See "Notice and Access" above. In accordance with the requirements of NI 54-101, the Corporation is sending the Notice Package directly to the NOBOs and, indirectly, through Intermediaries to the OBOs. These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a Non-Registered Holder, and the issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the Intermediary holding on your behalf) has assumed responsibility for: (i) delivering these materials to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions. The Corporation has

determined to pay the fees and costs of Intermediaries for their services in delivering the Notice Package to OBOs in accordance with NI 54-101.

A Non-Registered Shareholder may revoke a voting instruction form or a waiver of the right to receive Meeting Materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive Meeting Materials and to vote, which is not received by the Intermediary at least seven days prior to the Meeting.

All references to Shareholders in this Circular and the instrument of proxy and Notice of Meeting are to registered Shareholders unless specifically stated otherwise.

## INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Except as described elsewhere in this Circular, management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of (a) any director or executive officer of the Corporation who has held such position at any time since the beginning of the Corporation's last financial year, (b) any proposed nominee for election as a director of the Corporation, and (c) any associates or affiliates of any of the persons or companies listed in (a) and (b), in any matter to be acted on at the Meeting.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The authorized share capital of the Corporation consists of an unlimited number of Common Shares without par value. As at the date hereof, there are 58,401,282 Common Shares issued and outstanding. Each Common Share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting.

The record date for the determination of Shareholders entitled to receive notice of the Meeting and vote at the Meeting has been fixed at November 6, 2018 (the "**Record Date**"). All holders of record of Common Shares on the Record Date are entitled either to attend and vote their Common Shares at the Meeting, or, provided a completed and executed proxy shall have been delivered to the Corporation's transfer agent, Computershare, within the time specified in the attached Notice of Annual and Special Meeting of Shareholders, to attend the Meeting and vote their Common Shares by proxy.

To the knowledge of the directors and officers of the Corporation, as at the date of this Circular, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation, other than other than as set out below:

| Name of Shareholder | Number of Common Shares[(1)(2)] | Percentage of Common Shares[(1)(2)] |
|---|---|---|
| Fabio Chianelli | 6,870,600[(3)] | 11.76% |

Notes:

(1) The information as to Common Shares beneficially owned, controlled or directed, not being within the knowledge of the Corporation, has been obtained by the Corporation from publicly disclosed information and/or furnished by the relevant shareholder.

(2) On a non-diluted basis.

(3) 121,000 Common Shares beneficially owned through spouse.

## BUSINESS OF THE MEETING

To the knowledge of the board of directors of the Corporation (the "**Board**"), the only matters to be brought before the Meeting are those matters set forth in the Notice of Meeting.

### 1. Presentation of Financial Statements

The audited consolidated financial statements of the Corporation for the fiscal year ended June 30, 2018 and 2017, and the report of the auditors thereon, accessible via Notice-and-Access, will be submitted to the Meeting. Receipt at the Meeting of these financial statements and the auditor's report thereon will not constitute approval or disapproval of any matter referred to therein. Shareholder approval is not required in relation to the financial statements.

## 2. Election of Directors

The Board consists of four directors, each of whom management propose to nominate for re-election at the Meeting. Each director elected at the Meeting will hold office until the next annual meeting or until his successor is duly elected or appointed.

Shareholders have the option to (i) vote for all of the directors of the Corporation listed in the table below; (ii) vote for some of the directors and withhold for others; or (iii) withhold for all of the directors. **Unless otherwise instructed, proxies and voting instructions given pursuant to this solicitation by the management of the Corporation will be voted FOR the election of each of the proposed nominees set forth in the table below.**

Management has no reason to believe that any of the nominees will be unable to serve as a director. **However, if any proposed nominee is unable to serve as a director, the individuals named in the enclosed form of proxy will be voted in favour of the remaining nominees, and may be voted in favour of a substitute nominee unless the Shareholder has specified in the proxy that the Common Shares represented thereby are to be withheld from voting in respect of the election of directors.**

The following table states the name of each person nominated by management for election as directors, such person's principal occupation or employment, period of service as a director of the Corporation, and the approximate number of voting securities of the Corporation that such person beneficially owns, or over which such person exercises direction or control:

| Name, and Province and Country of Residence | Principal Occupation, Business or Employment[(1)] | Director Since | Common Shares Owned or Controlled[(1)] |
|---|---|---|---|
| Fabio Chianelli<br>*Ontario, Canada* | President of Revive Therapeutics Ltd. | Jan. 2014 | 6,870,600[(4)] |
| Craig Leon[(2)(3)]<br>*Ontario, Canada* | CEO of Revive Therapeutics Ltd. | Jan. 2014 | 1,380,000[(5)] |
| Carlo Sansalone[(2)]<br>*Ontario, Canada* | President of Sanscon Construction Ltd. | Jan. 2014 | 1,951,666[(6)] |
| William Jackson[(2)]<br>*Ontario, Canada* | CEO of Atwill Medical Solutions Inc. | Jan. 2014 | Nil |

Notes:
(1) Information about principal occupation, business or employment and number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised is not within the direct knowledge of management and has been furnished by the respective nominees.
(2) Member of the Audit Committee.
(3) Chairman of the Board.
(4) 121,000 Common Shares beneficially owned through spouse.
(5) 250,000 Common Shares beneficially owned through Rangercap Inc.
(6) 460,000 Common Shares beneficially owned by NBCN Inc. in trust for Carlo Sansalone.

***Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions***

No proposed director of the Corporation is, as at the date hereof, or has been, within the previous 10 years, a director, chief executive officer or chief financial officer, of any company (including the Corporation) that:

(a) while that person was acting in the capacity was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

(b) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days that

was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer of such company and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

(c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No proposed director of the Corporation (or any personal holding company of any such individual):

(a) is at the date hereof, or has been within the previous 10 years, a director or executive officer of any corporation that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver manager or trustee appointed to hold its assets; or

(b) has, within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets such individual.

No proposed director of the Corporation (or any personal holding company of any such individual) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### 3. Appointment of Auditors

MNP LLP, Chartered Accountants ("**MNP**"), is the independent registered certified auditor of the Corporation. MNP was first appointed as the Corporation's auditor on July 20, 2013.

Shareholders will be asked to consider and, if thought advisable, to pass an ordinary resolution to re-appoint MNP to serve as auditor of the Corporation until the next annual meeting of Shareholders and to authorize the directors of the Corporation to fix their remuneration as such.

**Unless otherwise instructed, the persons named in the enclosed proxy or voting instruction form intend to vote such proxy or voting instruction form FOR the re-appointment of MNP as auditor of the Corporation to hold office until the next annual meeting of shareholders or until a successor is appointed, and the authorization of the directors of the Corporation to fix their remuneration.**

The directors of the Corporation recommend that shareholders vote in favour of the re-appointment of MNP and the authorization of the directors of the Corporation to fix their remuneration. To be adopted, this resolution is required to be passed by the affirmative vote of a majority of the votes cast at the Meeting.

### 4. Approval of Stock Option Plan

At the Meeting, Shareholders will be asked to consider and, if thought advisable, approve a new stock option plan for the Corporation. The Board approved a new stock option plan (the "**New Stock Option Plan**"), subject to the approval of Shareholders, to replace the Corporation's existing stock option plan (the "**Old Plan**") previously approved by the Shareholders at the annual meeting of the Corporation on November 14, 2017.

The Old Plan was initially adopted by the Corporation prior to the completion of the reverse take over of Mercury Capital II Limited on December 30, 2013 when Mercury Capital II Limited was deemed to be a Capital Pool Company under the policies of the TSX Venture Exchange. The Old Plan was designed to meet the requirements applicable to Capital Pool Companies which are no longer applicable to the Corporation Accordingly the Corporation may adopt a

stock option plan that does not contain restrictions specific to capital pool companies, such as the New Stock Option Plan.

The New Stock Option Plan is designed to ensure compliance with the policies of TSX Venture Exchange. The New Stock Option Plan is a rolling stock option plan that sets the number of Common Shares issuable thereunder at a maximum of 10% of the Common Shares issued and outstanding at the time of any grant. As at the date of this Circular, there are 4,045,375 options outstanding pursuant to the Old Plan which, assuming approval of the New Stock Option Plan by the Shareholders at the Meeting, will be subsumed as options outstanding under the New Stock Option Plan, and will represent approximately 5.94% of the issued and outstanding Common Shares, leaving a total of 1,794,753 Common Shares available for reservation pursuant to new grants of options.

Pursuant the policies of TSX Venture Exchange the Corporation is required to obtain the approval of its shareholders for a "rolling" stock option plan for acceptance of the option plan by the Corporation and at each annual meeting of shareholders. Accordingly, at the Meeting, Shareholders will be asked to approve an ordinary resolution to approve the New Stock Option Plan for the ensuing year.

The New Stock Option Plan provides that the Board may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation, or any subsidiary of the Corporation, the option to purchase Common Shares. For a summary of the material features of the Plan, please see "Executive Compensation – New Stock Option Plan" below. The full text of the New Stock Option Plan is appended to this Circular as Schedule "A"

At the Meeting, Shareholders will be asked to pass an ordinary resolution to approve the New Stock Option Plan for the ensuing year. To be adopted, this resolution is required to be passed by the affirmative vote of a majority of the votes cast at the Meeting.

**"BE IT RESOLVED THAT:**

1. The new, TSX Venture Exchange-compliant, rolling stock option plan of the Corporation be and the same is hereby ratified, confirmed and approved as the stock option plan of the Corporation; and

2. any director or officer of the Corporation be, and such director or officer of the Corporation hereby is, authorized, instructed and empowered, acting for, in the name of and on behalf of the Corporation, to do or to cause to be done all such other acts and things in the opinion of such director or officer of the Corporation as may be necessary or desirable to satisfy securities and corporate regulators and in order to fulfill the intent of the foregoing resolution."

**Unless otherwise instructed, the persons named in the enclosed proxy or voting instruction form intend to vote such proxy or instructions FOR the approval of the New Stock Option Plan.** The directors of the Corporation recommend that the shareholders vote in favour of the approval of the New Stock Option Plan. To be adopted, this resolution is required to be passed by the affirmative vote of a majority of the votes cast at the Meeting.

## 5. Other Matters

Management of the Corporation knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting this Circular. However, if any other matter properly comes before the Meeting, the form of proxy furnished by the Corporation will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

## EXECUTIVE COMPENSATION

### Named Executive Officers

For the purposes of this Circular, a Named Executive Officer ("**NEO**") of the Corporation means each of the following individuals:

(a) a chief executive officer ("**CEO**") of the Corporation;

(b) a chief financial officer ("**CFO**") of the Corporation;

(c) if applicable, each of the Corporation's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000 as determined in accordance with subsection 1.3(6) of Form 51-102F6 – *Statement of Executive Compensation*; and

(d) each individual who would be an NEO under paragraph (c) above but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that financial year.

At the end of the Corporation's most recently completed financial year, being the year ended June 30, 2018, the Corporation had the following two NEOs: Craig Leon, CEO, and Carmelo Marrelli, CFO.

**Compensation Discussion and Analysis**

To date, the Board has not adopted any formal policies to determine executive compensation. Executive compensation is currently determined by the independent directors of the Board that has general oversight of compensation of employees and executive officers.

In carrying out its duties and responsibilities in relation to compensation and utilizing industry comparable salaries and bonuses, the Board sets annual performance objectives that are aligned to the overall objectives of the Corporation and assess the attainment of the corporate goals to determine the amount of performance bonus compensation paid. In determining the appropriate level of compensation, the Board may consider comparative date for the Corporation's peer group, which are accumulated from a number of external sources, including independent consultants. The Board will consider implementing formal compensation policies in the future should circumstances warrant.

Currently, the long-term compensation available to the NEOs consists of the stock options granted under the Old Plan, which is administered by the Board and is designed to give each option holder an interest in preserving and maximizing shareholder value in the longer term, to enable the Corporation to attract and retain individuals with experience and ability, and to reward individuals for current performance and expected future performance. The Board considers stock option grants when reviewing each NEO's compensation package as a whole.

The allocation of stock options is regarded as an important element to attract and retain NEOs for the long term and it aligns their interests with shareholders

**The New Stock Option Plan**

Stock options are a key part of the Corporation's long-term incentive compensation program, and assist the Corporation in attracting, retaining and motivating its employees, directors, officers, and other eligible persons whose contributions are important to its future success. The Board believes it would be advisable and in the best interests of the Corporation to adopt the New Stock Option Plan. The terms of the Old Plan no longer apply given the changes to its corporate structure and the terms of the New Stock Option Plan comply with the policies of the Exchange. The Board is focused on building an elite team to carry out its business plan, and believes that the New Stock Option Plan will enable them to continue to attract and motivate team members, and align their interests with those of Shareholders.

The New Stock Option Plan is administered by the Board and provides that stock options ("**Options**") may be issued to directors, officers, employees, management company employee or consultants of the Corporation or a subsidiary of the Corporation. The number of options issuable under the New Stock Option Plan, together with all of the Corporation's previously established or proposed share compensation arrangements, may not exceed 10% of the total

number of issued and outstanding Common Shares. Pursuant to the New Stock Option Plan, all Options expire on a date not later than 10 years after the date of grant of an option.

The New Stock Option Plan is subject to the following restrictions:

- the Corporation must not grant an Option to any consultants in any twelve (12) month period that exceeds 2% of the outstanding Common Shares, less the aggregate number of Common Shares reserved for issuance or issuable under any other Share Compensation Arrangement of the Corporation;

- the aggregate number of Options granted to Consultants conducting Investor Relations Activities for the Corporation in any twelve (12) month period must not exceed 2% of the outstanding Common Shares calculated at the date of the grant, less the aggregate number of Common Shares reserved for issuance or issuable under any other Share Compensation Arrangement of the Corporation;

- Options granted to Consultants conducting Investor Relations Activities for the Corporation shall vest over a period of not less than twelve (12) months with no more than twenty-five percent (25%) of the Options vesting in any three (3) month period;

- the aggregate number of Common Shares reserved for issuance under the New Stock Option Plan must not exceed 10% of the issued and outstanding Common Shares (in the event that the New Stock Option Plan is amended to reserve for issuance more than 10% of the outstanding Common Shares) unless the Corporation has obtained by a majority of votes casted by the Shareholders eligible to vote at a Shareholders' meeting, excluding votes attaching to Common Shares beneficially owned by insiders and their associates (the "**Disinterested Shareholders**");

- the aggregate number of Common Shares reserved for issuance under the New Stock Option Plan to any individual in any twelve (12) month period must not exceed five percent (5%) of the issued and outstanding Common Shares of the Corporation, unless the Corporation has obtained approval by a majority of votes casted by Disinterested Shareholders eligible to vote at a Shareholders' meeting;

- no Option shall be exercisable for a period exceeding ten (10) years from the date the Option is granted;

The following description of the material features of the New Stock Option Plan is qualified in its entirety by the full text of the New Stock Option Plan, a copy of which is attached to this Circular as Schedule "A". For greater certainty, please refer to the defined terms in Schedule "A" to compliment the reading of the following material features:

- Persons who are directors, officers, employees, management company employees, consultants or consultant companies to the Corporation or its Subsidiary Companies are eligible to receive grants of Options under the New Stock Option Plan;

- Options granted under the New Stock Option Plan are non-assignable and non-transferable and are issuable for a period of up to 10 years;

- For Options granted to employees of the Corporation, Consultants or individuals employed by a company or individual providing management services to the Corporation, the Corporation and the Participant are responsible for ensuring and confirming that the Participant is a bona fide employee of the Corporation, Consultant or individual employed by a company or individual providing management services to the Corporation, as the case may be;

- all unvested Options held by a non-executive director of the Corporation shall automatically vest on the date of his or her retirement from the Board, and thereafter each vested Option held by such Participant will cease

to be exercisable on the earlier of the original Expiry Date of the Option and one (1) year after the date of his or her retirement from the Board;

- if the Board service, consulting relationship, or employment of a Participant with the Corporation or a Subsidiary Company is terminated for Cause, each vested and unvested option held by the Participant will automatically terminate and become void on Termination Date;

- if a Participant of the New Stock Option Plan dies, the legal representation of that Participant may exercise the Participant's vested Options for a period until the earlier of the original Expiry Date of the Option and twelve (12) months after the date of the Participant's death. All unvested options become void on the date of death of such Participant;

- if a Participant ceases to be eligible under the New Stock Option Plan other than by reason of retirement, termination for Cause or death, each vested Option held by the Participant will cease to be exercisable on the earlier of the original Expiry Date of the Option and six (6) months after the Termination Date. All unvested Options held by such Participant shall automatically terminate and become void on Termination Date of such Participant;

- notwithstanding the termination and nullity of unvested Options for Participants ceasing to be an Eligible Person, if a Participant is an officer of the Corporation and ceases to be an Eligible Person as a result of such officer's termination without cause or resignation for Good Reason, any unvested Options as of the Termination Date will be accelerated and become immediately fully vested as of such date;

- the exercise price of each Option shall be set by the Board at the time the Option is granted, but in no event shall it be less than the Market Price;

- if Options are granted within ninety (90) days of a distribution (the "**Distribution Period**") by the Corporation by prospectus, the minimum exercise price per Common Share of those Options will be the greater of the Market Price and the price per Common Share paid by the public investors for Common Shares acquired pursuant to such distribution. The Distribution Period shall begin (i) on the date the final receipt is issued for the final prospectus in respect of such distributions, or (ii) in the case of a prospectus that qualifies special warrants, on the closing date of the private placement in respect of such special warrants.

- the Board, in its discretion, in the event of an actual or potential Change of Control Event, may (i) accelerate, conditionally or otherwise, on such terms as it sees fit, the vesting date of any Option; (ii) permit the conditional exercise of any Option, on such terms as it sees fit; (iii) otherwise amend or modify the terms of the Option; (iv) permit the exchange for or into any security or any other property or cash, any Option that has not been exercised without regard to any vesting conditions; and (v) terminate, following the successful completion of such Change of Control Event, on such terms as it sees fit, the Options not exercised prior to the successful completion of such Change of Control Event;

- vesting of the Options shall be at the discretion of the Board; and

- the Board may from time to time, suspend, terminate or discontinue the Plan at any time, or amend or revise the terms of the Plan or of any Option granted under the Plan and any Certificate relating thereto, provided that no such suspension, termination, amendment or revision will be made (i) except in compliance with applicable law and with prior approval, if required, of the Exchange or any other regulatory body having authority over the Corporation, Plan or the Shareholders, and (ii) in the case of an amendment or revision, if it materially adversely affects the rights of any Participant, without the consent of the Participant.

Except as indicated in the table Summary Compensation Tables, below, no share-based awards and option-based awards have been given to any of the directors or officers of Corporation during the fiscal year ended June 30, 2018. At the date of this Circular, there are 4,045,375 outstanding options.

Under the Corporation's Old Plan, 282,500 Common Shares vested to the Corporation's officers or directors during the fiscal year ended June 30, 2018. No option-based awards to the Corporation's officers or directors have vested at any time from June 30, 2018 to the date of this Circular.

**Risk Oversight**

In carrying out its mandate, the Board reviews from time to time the risk implications of the Corporation's compensation policies and practices, including those applicable to the Corporation's executives. This review of the risk implications ensures that compensation plans, in their design, structures, and application have a clear link between pay and performance and do not encourage excessive risk taking. Key considerations regarding risk management include the following:

- design of the compensation program to ensure all executives are compensated equally based on the same or, depending on the mandate and term of appointment of that particular executive, substantially equivalent performance goals;
- balance of short-term performance incentives with equity-based awards that vest overtime;
- ensuring overall expense to the Corporation of the compensation program does not represent a disproportionate percentage of the Corporation's revenues, after giving consideration to the development stage of the Corporation; and
- utilizing compensation policies that do not rely solely on the accomplishment of specific tasks without consideration to longer term risks and objectives.

For reasons set forth above, the Board believes that the Corporation's current executive compensation policies and practices achieve an appropriate balance in relation to the Corporation's overall business strategy and do not encourage executives to expose the Corporation to inappropriate or excessive risks.

**External Management Contracts**

***Marrelli Consulting Agreement***

The Corporation has entered into a consulting agreement (the "**Marrelli Consulting Agreement**") with Carmelo Marrelli and Marrelli Support Services Inc. ("**MSSI**"), a private company, to provide the services of Mr. Marrelli as CFO of the Corporation. The term of the Marrelli Consulting Agreement commenced on July 14, 2013, and shall continue until terminated by either Mr. Marrelli or the Corporation. 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, MSSI also provides bookkeeping services to the Corporation. Mr. Marrelli is the President of MSSI, and is not an employee of the Corporation. Other than what is provided for in this Circular, Mr. Marrelli received no other compensation from the Corporation.

The Corporation is also party to an agreement with DSA Corporate Services ("**DSA**"), which provides to the Corporation corporate secretarial and filing services. DSA is controllable by Mr. Marrelli the CFO of the Corporation and who is the corporate secretary and sole shareholder of DSA. During the year ended June 2018, the Corporation incurred $21,730 under its contract with DSA.

**Summary Compensation Table for NEOs**

The following tables provides information regarding NEO compensation for the Corporation the financial years ended June 30, 2018, 2017, and 2016:

| Name and principal position | Year Ended Jun. 30 | Salary ($) | Share-based awards ($) | Option-based awards [1] ($) | Non-equity incentive plan compensation | | All other compensation ($) | Pension value ($) | Total compensation ($) |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Annual incentive plans | Long-term incentive plans[2] | | | |
| Craig Leon *CEO and Chairman*[3][4] | 2018 | 250,000 | N/A | Nil | Nil | N/A | N/A | N/A | **250,000** |
| | 2017 | 250,000 | N/A | 33,067[5] | Nil | N/A | N/A | N/A | **283,067** |
| | 2016 | N/A | N/A | N/A | Nil | N/A | 100,000 | N/A | N/A |
| Fabio Chianelli *President* [6][7] | 2018 | 250,000 | N/A | Nil | Nil | N/A | N/A | N/A | **250,000** |
| | 2017 | 250,000 | N/A | 22,045[5] | Nil | N/A | N/A | N/A | **272,045** |
| | 2016 | 250,000 | N/A | N/A | Nil | N/A | N/A | N/A | **259,615** |
| Carmelo Marrelli *CFO* | 2018 | Nil | N/A | N/A | Nil | N/A | 75,177[8] | N/A | **75,177** |
| | 2017 | Nil | N/A | 8,818[5] | Nil | N/A | 69,902[9] | N/A | **78,720** |
| | 2016 | Nil | N/A | Nil | Nil | N/A | 65,182[10] | N/A | **65,182** |

Notes:

(1) Grant date fair value calculations are based on the Black-Scholes Option Pricing Model and weighted average assumptions. Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide a reliable measure of the fair value of the Corporation's share and option-based awards

(2) "Long term incentive plan" means any plan that provides compensation intended to motivate performance to occur over a period greater than one fiscal year, but does not include option or share-based awards.

(3) Mr. Leon was appointed CEO effective July 1, 2016.

(4) Mr. Leon also serves as Chairman of the Board of Directors of the Corporation.

(5) 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., of which Mr. Leon received 150,000, Mr. Chianelli received 100,000 and Mr. Marrelli received 40,000 options. The grant date fair value of these options was estimated assuming forfeiture rate of 0%, dividend yield 0%; volatility 119.21%; risk-free interest rates of 1.01%; and expected life of 4 years. The grant date fair value assigned to all of the options granted was $212,732.

(6) Mr. Chianelli also serves as a director of the Corporation.

(7) Mr. Chianelli's annual salary is $250,000.

(8) Includes $51,631 paid to MSSI for the services of Carmelo Marrelli to act as CFO of the Corporation and for bookkeeping services, and $23,546 paid to DSA Corporate Services Inc. ("DSA") for corporate secretarial and public filing services. Carmelo Marrelli is the President of MSSI and principal of DSA

(9) Includes $48,172 paid to MSSI for the services of Carmelo Marrelli to act as CFO of the Corporation and for bookkeeping services, and $21,730 paid to DSA Corporate Services Inc. ("DSA") for corporate secretarial and public filing services. Carmelo Marrelli is the President of MSSI and principal of DSA.

(10) Includes $44,290 paid to MSSI for the services of Carmelo Marrelli to act as CFO of the Corporation and for bookkeeping services, and $20,892 paid to DSA Corporate Services Inc. ("**DSA**") for corporate secretarial and public filing services. Carmelo Marrelli is the President of MSSI and principal of DSA.

**Incentive Plan Awards to NEOs**

***Outstanding Option-based and Share-based Awards***

The following table sets out the outstanding option-based awards for each NEO as at June 30, 2018:

| Name | No. of Common Shares underlying unexercised options (#) | Option exercise price ($) | Option expiration date | Value of unexercised in-the-money options[(1)] ($) |
|---|---|---|---|---|
| Craig Leon | 150,000 | 0.28 | April 10, 2027 | Nil |
| | 150,000 | 0.60 | Feb. 10, 2025 | Nil |
| | 300,000 | 0.66 | Jan. 31, 2024 | Nil |
| Fabio Chianelli | 100,000 | 0.28 | April 10, 2027 | Nil |
| | 100,000 | 0.60 | Feb. 10, 2025 | Nil |
| | 75,000 | 0.66 | Jan. 31, 2024 | Nil |
| Carmelo Marrelli | 40,000 | 0.28 | April 10, 2027 | Nil |
| | 20,000 | 0.60 | Feb. 10, 2025 | Nil |
| | 10,000 | 0.66 | Jan. 31, 2024 | Nil |

Notes:
(1) Calculated using the closing price of the Common Shares on the TSX-V on June 29, 2018, the last trading day of the year end, of $0.20 and subtracting the exercise price of in-the-money options. These options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

The Corporation did not make any share-based award to any NEO during the financial year ended June 30, 2017, and there are no share-based awards outstanding.

***Value Vested or Earned During the Year***

The following table provides information regarding the value vested or earned on incentive plan awards for each NEO during the financial year ended June 30, 2018

| Name | Option-based awards – Value vested during the year ($)[(1)] | Share-based awards – Value vested ($) | Non-equity incentive plan compensation – Value earned during the year ($) |
|---|---|---|---|
| Craig Leon | Nil | N/A | N/A |
| Fabio Chianelli | Nil | N/A | N/A |
| Carmelo Marrelli | Nil | N/A | N/A |

Notes:
(1) Aggregate dollar value that would have been realized if the options had been exercised on the vesting date (computed based on the difference between the market price of shares at exercise and the exercise price of the options on the vesting date).

**Pension Plan Benefits**

As at the date of this Circular, the Corporation does not have a pension plan.

**Termination and Change of Control Benefits**

Other than as described below, there are no agreements, compensation plans, contracts or arrangements whereby a NEO is entitled to receive payments from the Corporation in the event of the resignation, retirement or other termination of the NEO's employment with the Corporation, change of control of the Corporation or a change in the NEO's responsibilities following a change in control.

***Craig Leon***

Pursuant to the executive employment agreement between the Corporation and Craig Leon dated July 1, 2016, in the event that Mr. Leon's employment is terminated by the Corporation without cause, the Corporation shall pay to Mr. Leon within 30 days of termination, (a) a lump sum severance payment equal to (i) Mr. Leon's annual salary at the time of termination and (ii) any bonus payment made or declared to Mr. Leon during the previously completed fiscal year, and (b) a payment in the amount of the annual bonus that would be payable to Mr. Leon assuming completion of all milestones during the year of termination, prorated for the period of Mr. Chianelli's employment in such year. In addition, the Corporation shall continue Mr. Leon 's group insured benefits until the earlier of (i) 12 months following termination, and (ii) the date that Mr. Chianelli obtains new coverage through alternate employment. The foregoing payments and benefits shall also be payable to Mr. Leon within 30 days of termination if, following completion of a Change of Control (as defined below), Mr. Leon ceases to be employed by the Corporation for any reason (including by voluntary resignation) other than termination for cause.

***Fabio Chianelli***

Pursuant to the executive employment agreement between the Corporation and Fabio Chianelli dated January 1, 2014, and amended February 17, 2015 and July 5, 2016, in the event that Mr. Chianelli's employment is terminated by the Corporation without cause, the Corporation shall pay to Mr. Chianelli within 30 days of termination, (a) a lump sum severance payment equal to (i) Mr. Chianelli's annual salary at the time of termination and (ii) any bonus payment made or declared to Mr. Chianelli during the previously completed fiscal year, and (b) a payment in the amount of the annual bonus that would be payable to Mr. Chianelli assuming completion of all milestones during the year of termination, prorated for the period of Mr. Chianelli's employment in such year. In addition, the Corporation shall continue Mr. Chianelli's group insured benefits until the earlier of (i) 12 months following termination, and (ii) the date that Mr. Chianelli obtains new coverage through alternate employment. The foregoing payments and benefits shall also be payable to Mr. Chianelli within 30 days of termination if, following completion of a Change of Control (as defined below), Mr. Chianelli ceases to be employed by the Corporation for any reason (including by voluntary resignation) other than termination for cause.

A "**Change of Control**" is defined in Mr. Leon's and Mr. Chianelli's employment agreements as any of the following events: (a) if a person directly or indirectly acquires shares of the Corporation conferring 50% or more of the vote entitling such person to elect a majority of the Board by means of (i) a take-over bid made in accordance with the applicable provisions of the *Securities Act* (Ontario); (ii) stock market transactions; (b) a business combination of the Corporation with another entity which results in the holders of voting securities of the other entity holding 50% or more of the votes attached to outstanding voting securities of the resulting issuer; (c) if the individuals making up the Board as at effective dates of each of the relevant agreements (July 1, 2016 in case of Leon's agreement and January 8, 2014 in case of Mr. Chianelli's agreement) , and any new director appointed by the Board, or whose candidacy, presented by the Shareholders, was confirmed by a vote of at least three-fourths of the directors then in office or who were in office as effective date of relevant agreement, cease to constitute a majority of the members of the Board; (d) sale, lease, or exchange of all or substantially all of the assets of the Corporation, except in the ordinary course of business; and (e) any other transaction deemed to be a Change of Control for the purposes of the employment agreement in the Board's discretion.

**Director Compensation**

Directors of the Corporation are not paid for their services as directors or as members of committees of the Board. However, they are eligible to receive option grants as determined by the Board pursuant to the Option Plan.

The following table provides information regarding compensation paid to the Corporation's directors, other than the NEOs, during the financial year ended June 30, 2018:

| Name[(1)] | Fees Earned ($) | Share-based awards ($) | Option-based awards[(2)] ($) | Non-equity incentive plan compensation ($) | Pension Value ($) | All other compensation ($) | Total[(3)] ($) |
|---|---|---|---|---|---|---|---|
| William Jackson | N/A | N/A | Nil | N/A | N/A | N/A | **Nil** |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Carlo Sansalone | N/A | N/A | Nil | N/A | N/A | N/A | **Nil** |

Notes:
(1) Fabio Chianelli and Craig Leon were directors and NEO's during the year ended June 30, 2018. Any compensation received by Mr. Chianelli and Mr. Leon in their capacities as directors of the Corporation is reflected in the Summary Compensation Table for NEOs.
(2) Grant date fair value calculations are based on the Black-Scholes Option Pricing Model. Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide a reliable measure of the fair value of the Corporation's share and option-based awards.
(3) This table does not include any amount paid as reimbursement for expenses.

## Incentive Plan Awards to Directors

### *Outstanding Share Awards and Option Awards*

The following table sets out the outstanding option-based awards for each director as at June 30, 2018:

| Name[(1)] | No. of Common Shares underlying unexercised options (#) | Option exercise price ($) | Option expiration date | Value of unexercised in-the-money options[(2)] ($) |
|---|---|---|---|---|
| William Jackson | 150,000 | 0.28 | April 10, 2027 | Nil |
| | 150,000 | 0.60 | Feb. 10, 2025 | Nil |
| | 100,000 | 0.66 | Jan. 31, 2024 | Nil |
| Carlo Sansalone | 100,000 | 0.28 | April 10, 2027 | Nil |
| | 100,000 | 0.60 | Feb. 10, 2025 | Nil |
| | 75,000 | 0.66 | Jan. 31, 2024 | Nil |
| | 40,375 | 0.30 | Jul. 9, 2023 | Nil |

Notes:
(1) Fabio Chianelli and Craig Leon were directors and NEO's during the year ended June 30, 2018. Any share and option awards received by Mr. Chianelli and Mr. Leon in their capacities as directors of the Corporation are reflected in the Summary Compensation Table for NEOs.
(2) Calculated using the closing price of the Common Shares on the TSX-V on June 29, 2018 of $0.20, the last trading day of the year end, and subtracting the exercise price of in-the-money options. These options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

The Corporation did not make any share-based awards during the financial year ended June 30, 2018, and there are no share-based awards outstanding.

### *Value Vested or Earned During the Year*

The following table provides information regarding the value vested or earned on incentive plan awards for each director during the year ended June 30, 2018:

| Name | Option-based awards – Value vested during the year[(2)] ($) | Share-based awards – Value vested ($) | Non-equity incentive plan compensation – Value earned during the year ($) |
|---|---|---|---|
| William Jackson | Nil | N/A | N/A |
| Carlo Sansalone | Nil | N/A | N/A |

Notes:
(1) Fabio Chianelli and Craig Leon were directors and NEO's during the year ended June 30, 2018. Any value vested received by Mr. Chianelli and Mr. Leon in their capacities as directors of the Corporation is reflected in the Summary Compensation Table for NEOs.

(2) Aggregate dollar value that would have been realized if the options had been exercised on the vesting date (computed based on the difference between the market price of shares at exercise and the exercise price of the options on the vesting date).

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table summarizes the number of Common Shares authorized for issuance pursuant to the Corporation's equity compensation plans as at June 30, 2018:

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted-average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) |
|---|---|---|---|
| Equity compensation plans approved by security holders[(1)] | 3,470,375 Common Shares | $0.41 | 2,369,753 Common Shares[(2)] |
| Equity compensation plans not approved by security holders | N/A | N/A | N/A |
| Total | 3,470,375 | $0.41 | 2,369,753 Common Shares |

Notes:

(1) The Corporation's only equity compensation plan is the Option Plan, a rolling stock option plan. The number of shares which may be reserved for issuance under the Option Plan is limited to 10% of the issued and outstanding Common Shares on the options grant date. For more information about the material features of the Option Plan, see "*Business of the Meeting – 4. Approval of Stock Option Plan*" above.

(2) Based on 58,401,282 Common Shares outstanding as at June 30, 2018.

## STATEMENT OF CORPORATE GOVERNANCE

The description of the Corporation's current corporate governance practices is provided in accordance with Form 58-101F2 of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**").

### Board of Directors

NI 58-101 defines an "independent director" as a director who has no direct or indirect "material relationship" with the issuer. A "material relationship" is as a relationship that could be, in the view of the Board, be reasonably expected to interfere with the exercise of a member's independent judgment. The Board maintains the exercise of independent supervision over management by ensuring that the majority of its directors are independent.

The Board is currently composed of four directors, being Craig Leon (Chair), Fabio Chianelli, Carlo Sansalone, and William Jackson. The Board has determined that each of Messrs. Sansalone and Jackson are independent within the meaning of NI 58-101. Mr. Chianelli and Mr. Leon are not considered independent within the meaning of NI 58-101 because they are executive officers (as such term is defined in NI 58-101) of the Corporation and are thereby considered to have a material relationship with the Corporation.

The Board believes that it functions independently of management and reviews its procedures on an ongoing basis to ensure that it is functioning independently of management. The Board meets without management present, as circumstances require. When conflicts arise, interested parties are precluded from voting on matters in which they may have an interest. In light of the suggestions contained in National Policy 58-201 – *Corporate Governance Guidelines*, the Board convenes meetings of the independent directors as deemed necessary, at which non-independent directors and members of management are not in attendance.

**Other Public Company Directorships**

| Name of Director | Reporting Issuer | Exchange traded on |
|---|---|---|
| Craig Leon | Revelstoke Equity Inc. | **TSX-V** |
| William Jackson | Titan Medical Inc.<br><br>Covalon Technologies Ltd. | **TSX**<br><br>**TSX-V** |

**Orientation and Continuing Education of Board Members**

While the Corporation does not currently have a formal orientation and education program for new members of the Board, the Corporation provides such orientation and education on an ad hoc and informal basis. The directors believe that these procedures are a practical and effective approach in light of the Corporation's particular circumstances, including the size of the Corporation, the number, experience and expertise of its directors.

**Ethical Business Conduct**

The directors maintain that the Corporation must conduct and be seen to conduct its business dealings in accordance with all applicable laws and the highest ethical standards. The Corporation's reputation for honesty and integrity amongst its shareholders and other stakeholders is key to the success of its business. No employee or director will be permitted to achieve results through violation of laws or regulations, or through unscrupulous dealings.

Any director with a conflict of interest or who is capable of being perceived as being in conflict of interest with respect to the Corporation must abstain from discussion and voting by the board of directors or any committee of the board of directors on any motion to recommend or approve the relevant agreement or transaction. The board of directors must comply with conflict of interest provisions of the *Business Corporations Act* (Ontario).

**Nomination of Directors**

Both the directors and management are responsible for selecting nominees for election to the board of directors. At present, there is no formal process established to identify new candidates for nomination. The board of directors and management determine the requirements for skills and experience needed on the board of directors from time to time. The present Board and management expect that new nominees have a track record in general business management, special expertise in an area of strategic interest to the Corporation, the ability to devote the time required, support for the Corporation's business objectives and a willingness to serve.

**Compensation**

The Board is directly responsible for determining compensation of directors and management. The Board does not currently have a compensation committee. The Board reviews the Corporation's compensation policies and remuneration of directors and management annually, including base salaries, bonuses, and stock option plans including the Option Plan and grants thereunder, and other forms of compensation. For more information on the Corporation's compensation practices, please see the section of this Circular entitled "*Executive Compensation*".

**Other Board Committees**

The Board has no standing committees other than the Audit Committee.

**Assessments**

The Board does not consider formal assessments useful given the stage of the Corporation's business and operations. However, the directors believe that nomination to the Board is not open ended and that directorships should be reviewed carefully for alignment with the strategic needs of the Corporation. To this extent, the directors constantly review (i) individual director performance and the performance of the board of directors as a whole, including

processes and effectiveness; and (ii) the performance of the Chairman, if any, of the Board. A more formal assessment process will be instituted if and when the Board considers it to be advisable.

## AUDIT COMMITTEE INFORMATION

National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") requires the Corporation, as a venture issuer, to disclose annually in its information circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor.

The audit committee of the Corporation's board of directors ("**Audit Committee**") is responsible for monitoring the Corporation's systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents and monitoring the performance and independence of the Corporation's external auditors. The committee is also responsible for reviewing the Corporation's annual audited financial statements, unaudited quarterly financial statements and management's discussion and analysis of financial results of operations for both annual and interim financial statements and review of related operations prior to their approval by the full board of directors.

### Audit Committee Charter

The full text of the charter of the Audit Committee is attached hereto as Schedule "B".

### Composition of the Audit Committee

The members of the Audit Committee are William Jackson (Chair), Craig Leon, and Carlo Sansalone. Mr. Jackson and Mr. Sansalone are considered independent within the meaning of NI 52-110. Mr. Leon is not considered independent because he is an executive officer (as such term is defined in NI 52-110) of the Corporation. Each member of the Audit Committee is considered to be financially literate within the meaning of NI 52-110, which includes the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the Corporation's financial statements.

### Relevant Education and Experience

The following table summarizes the relevant education and experience of the members of the Audit Committee:

| Name of Member | Education | Experience |
|---|---|---|
| William Jackson (Chair) | Undergraduate and Graduate degrees Business and Accounting<br>University of Western Ontario (1980) and University of Windsor (1982) | Mr. Jackson has over 20 years' experience with private and public companies, including senior management positions and directorships, and as such he has a comprehensive understanding of the accounting principles used by such companies to prepare financial statements. |
| Craig Leon | B.A., McGill University (1990); M.B.A., York University (1993). | Mr. Leon brings extensive financial management and risk assessment experience to the Audit Committee. He has served as CEO and Chairman of the Board of Titan Medical Inc., a publicly-listed medical device company, and as CFO and COO of Redwood Asset Management Inc. from August 2003 to July 2009. Mr. Leon has held a variety of financial analysis and management positions, and has acted as a consultant for evaluating strategic investment opportunities and potential acquisition candidates. As such, he has experience in preparing, analyzing and evaluating financial statements |
| Carlo Sansalone | B.Comm., Ryerson University (2000). | Mr. Sansalone has acquired knowledge of effective financial management best practices and an understanding of how to help make a company cost-competitive and profitable through education, and experience as president of Sansalone Construction Ltd. |

**External Auditor Matters**

Since the commencement of the Corporation's most recently completed financial year, the Corporation's directors have not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor and the Corporation has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the financial year in which the non-audit services were provided. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Corporation's directors and, where applicable, the Audit Committee, on a case-by-case basis.

The following table discloses the service fees billed to the Corporation by its external auditor during the last two completed financial years:

| Financial Year Ending | Audit Fees[(1)] | Audit Related Fees[(2)] | Tax Fees[(3)] | All Other Fees[(4)] |
|---|---|---|---|---|
| June 30, 2018 | $20,000 | Nil | 4,000 | Nil |
| June 30, 2017 | $15,000 | Nil | Nil | Nil |

Notes:

(1) The aggregate fees billed for professional services rendered by the auditor for the audit of the Corporation's annual financial statements as well as services provided in connection with statutory and regulatory filings.

(2) The aggregate fees billed for professional services rendered by the auditor and consisted primarily of file quality review fees and fees for the review of quarterly financial statements and related documents.

(3) Aggregate fees billed for tax compliance, tax advice and tax planning professional services. These services included reviewing tax returns and assisting in responses to government tax authorities.

(4) No other fees were billed by the auditor of the Corporation other than those listed in the other columns.

**Exemption**

Since the Corporation is a "venture issuer" pursuant to NI 52-110 (its securities are not listed or quoted on any of the Toronto Stock Exchange, a market in the U.S., or a market outside of Canada and the U.S.), it is exempt from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

During the year ended June 30, 2018, no director, executive officer, or associate of any director or executive officer of the Corporation was indebted to the Corporation, nor were any of these individuals indebted to any other entity which indebtedness was the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation, including under any securities purchase or other program.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

None of the informed persons (as such term is defined in NI 51-102) of the Corporation, any proposed director of the Corporation, or any associate or affiliate of any informed person or proposed director, has had any material interest, direct or indirect, in any transaction of the Corporation since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

## ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found under the Corporation's profile on SEDAR at www.sedar.com. Additional financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for the year ended June 30, 2018, which are also available on SEDAR.

Inquiries, including requests for copies of the Corporation's financial statements and management's discussion and analysis for the year ended June 30, 2018, may be directed to the Corporation by telephone at 1 (905) 605-5535.

## APPROVAL

The contents of this Circular and the sending thereof to the Shareholders have been approved by the Board.

**DATED** this 6th day of November, 2018

**BY ORDER OF THE BOARD OF DIRECTORS OF REVIVE THERAPEUTICS LTD.**

*(signed) "Fabio Chianelli"*

Fabio Chianelli
President

**SCHEDULE "A"**

**REVIVE THERAPEUTICS LTD.**

**STOCK OPTION PLAN**

## SECTION 1 GENERAL PROVISIONS

### 1.1 Interpretation

For the purposes of this Plan, the following terms shall have the following meanings:

(a) "**Applicable Withholdings and Deductions**" has the meaning given to that term in Section 1.10;

(b) "**Associate**" has the meaning ascribed to that term such term in Policy 1.1 of the TSXV and any amendment thereto or replacement thereof;

(c) "**Associated Companies**", "**Affiliated Companies**", "**Controlled Companies**" and "**Subsidiary Companies**" have the meanings ascribed to those terms under Section 1(1) of the Securities Act (Ontario);

(d) "**Board**" has the meaning given to that term in Section 1.3(c);

(e) "**Business Day**" means any day other than a Saturday, Sunday or a statutory or civic holiday in Ontario;

(f) "**Cause**" means (i) if the Participant has a written employment agreement with the Corporation or a Subsidiary Company of the Corporation in which "cause" is defined, "cause" as defined therein; or otherwise (ii) (A) the inability of the Participant to perform his or her duties due to a legal impediment such as an injunction, restraining order or other type of judicial judgment, decree or order entered against the Participant; (B) the failure of the Participant to follow the Corporation's reasonable instructions with respect to the performance of his or her duties; (C) any material breach by the Participant of his or her obligations under any code of ethics, any other code of business conduct or any lawful policies or procedures of the Corporation; (D) excessive absenteeism, flagrant neglect of duties, serious misconduct, or conviction of crime or fraud; and (E) any other act or omission of the Participant which would in law permit an employer to, without notice or payment in lieu of notice, terminate the employment of an employee;

(g) "**Certificate**" has the meaning given to that term in Section 1.3(d);

(h) "**Change of Control Event**" means:

*(i) The sale by the Corporation of all or substantially all of its assets;*

*(ii) The acceptance by the Shareholders, representing in the aggregate fifty percent (50%) or more of all of the issued Common Shares, of any offer, whether by way of a takeover bid or otherwise, for all or any of the outstanding Common Shares; provided that no change of control event shall be deemed to have occurred if upon completion of any such transaction individuals who were members of the Board immediately prior to the effective date of such transaction constitute a majority of the board of directors of the resulting corporation following such effective date;*

*(iii) The acquisition, by whatever means, by a person (or two or more persons who, in such acquisition, have acted jointly or in concert or intend to exercise jointly or in concert any voting rights attaching to the Common Shares acquired), directly or indirectly, of beneficial ownership of such number of Common Shares or rights to Common Shares, which together with such person's then-owned Common Shares and rights to Common Shares, if any, represent (assuming*

*the full exercise of such rights) fifty percent (50%) or more of the combined voting rights attached to the then-outstanding Common Shares;*

*(iv) The entering into of any agreement by the Corporation to merge, consolidate, restructure, amalgamate, initiate an arrangement or be absorbed by, into or with another corporation; provided that no change of control event shall be deemed to have occurred if upon completion of any such transaction individuals who were members of the Board immediately prior to the effective date of such transaction constitute a majority of the board of directors of the resulting corporation following such effective date;*

*(v) The passing of a resolution by the Board or Shareholders to substantially liquidate the assets of the Corporation or wind up the Corporation's business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of the Corporation in circumstances where the business of the Corporation is continued and the shareholdings remain substantially the same following the re-arrangement); or*

*(vi) The circumstance in which individuals who were members of the Board immediately prior to a meeting of the Shareholders involving a contest for the election of directors no longer constitute a majority of the Board following such election;*

(i) "**Code**" has the meaning given to that term in Section 3.1;

(j) "**Common Shares**" means the common shares in the capital of the Corporation;

(k) "**Corporation**" means Revive Therapeutics Ltd.;

(l) "**Consultant**" has the meaning given to such term in Policy 4.4;

(m) "**Consultant Company**" has the meaning given to such term in Policy 4.4;

(n) "**Disinterested Shareholder Approval**" means the approval of a majority of shareholders of the Corporation voting at a duly called and held meeting of such shareholders, excluding votes of Insiders to whom options may be granted under the Plan;

(o) "**Eligible Person**" means:

*(i) any director, officer, employee or Consultant of the Corporation or any of its Subsidiary Companies; and*

*(ii) any Personal Holding Company;*

(p) "**Eligible U.S. Participants**" has the meaning given to that term in Section 3.1;

(q) "**Exercise Price**" has the meaning given to that term in Section 2.2;

(r) "**Expiry Date**" has the meaning given to that term in Section 2.3(b);

(s) "**Good Reason**" means, in respect of an officer of the Corporation who has been granted Options under this Plan, solely one of the following events, without such officer's written consent:

*(i) a material diminution in such officer's position, duties or authorities;*

*(ii) the assignment of any duties that are materially inconsistent with the officer's role as a senior executive; or*

*(iii) a material reduction in the officer's compensation, other than an across the board reduction of not more than 5% that is generally applicable to all executives.*

(t) "**Insider**" means:

*(i) an insider as defined under Section 1(1) of the Securities Act (Ontario), other than a person who falls within that definition solely by virtue of being a director or senior officer of a Subsidiary Company of the Corporation, and*

*(ii) an associate as defined under Section 1(1) of the Securities Act (Ontario) of any person who is an insider by virtue of (i) above;*

(u) "**Investor Relations Activities**" has the meaning given to such term in Policy 1.1 of the TSXV and any amendment thereto or replacement thereof;

(v) "**Market Price**" means:

*(i) If the Common Shares are not listed on a Stock Exchange, such price as is determined by the Board to constitute their fair market value, using such reasonable valuation mechanism as it selects; and*

*(ii) If the Common Shares are listed on a Stock Exchange, the closing price of the Common Shares as reported on the TSXV on the last Business Day preceding the date on which the Option is granted by the Corporation (or, if such Common Shares are not then listed and posted for trading on the TSXV, on such stock exchange in Canada on which the Common Shares are listed and posted for trading as may be selected for such purpose by the Board); provided, however, that the Exercise Price of an Option shall not be less than the minimum Exercise Price required by the applicable rules of the TSXV. In the event that the Common Shares did not trade on such Business Day, the Market Price shall be the average of the bid and ask prices in respect of the Common Shares at the close of trading on such date. In the event that the Common Shares are not listed and posted for trading on any stock exchange, the Market Price shall be the fair market value of the Common Shares as determined by the Board in its sole discretion;*

(w) "**Option**" means an option to purchase Common Shares granted to an Eligible Person pursuant to the terms of the Plan;

(x) "**Option Period**" has the meaning given to that term in Section 2.3(a);

(y) "**Participant**" means an Eligible Person to whom Options have been granted;

(z) "**Personal Holding Company**" means a personal holding corporation that is either wholly owned, or controlled by, the Participant, and the shares of which are held directly or indirectly by any of the Participant or the Participant's spouse, minor children and/or minor grandchildren;

(aa) "**Plan**" means this Incentive Stock Option Plan of the Corporation;

(bb) "**Policy 4.4**" means Policy 4.4 of the TSXV and any amendment thereto or replacement thereof;

(cc) "**Share Compensation Arrangement**" means any stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism of the Corporation involving the issuance or potential issuance of Common Shares, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan, guarantee or otherwise;

(dd) "**Shareholders**" means holders of Common Shares;

(ee) "**Stock Exchange**" means the TSXV, and any other stock exchange on which the Common Shares are listed or traded;

(ff) "**Termination Date**" means the date on which a Participant ceases to be an Eligible Person; and

(gg) "**TSXV**" means the TSX Venture Exchange.

Words importing the singular number only shall include the plural and vice versa and words importing the masculine shall include the feminine.

This Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

### 1.2 Purpose

The purpose of the Plan is to advance the interests of the Corporation by: (i) providing Eligible Persons with additional incentive; (ii) encouraging stock ownership by such Eligible Persons; (iii) increasing the proprietary interest of Eligible Persons in the success of the Corporation; (iv) encouraging Eligible Persons to remain with the Corporation or its Subsidiary Companies; and (v) attracting new directors, employees and officers.

### 1.3 Administration

(a) This Plan shall be administered by the Board.

(b) Subject to the terms and conditions set forth herein, the Board is authorized to provide for the granting, exercise and method of exercise of Options (as hereinafter defined), all on such terms (which may vary between Options granted from time to time) as it shall determine. In addition, the Board shall have the authority to (i) construe and interpret this Plan and all agreements entered into hereunder; (ii) prescribe, amend and rescind rules and regulations relating to this Plan; and (iii) make all other determinations necessary or advisable for the administration of this Plan. All determinations and interpretations made by the Board shall be binding on all Participants (as hereinafter defined) and on their legal, personal representatives and beneficiaries.

(c) The Board shall be permitted, through the establishment of appropriate procedures, to monitor the trading of Common Shares by persons who are performing Investor Relations Activities for the Corporation and who have been granted Options pursuant to this Plan.

(d) Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate the administration and operation of this Plan, in whole or in part, to a committee of the Board and/or to any member of the Board. Whenever used herein, the term "Board" means the board of directors of the Corporation, and shall be deemed to include any committee or director to which the Board has, fully or partially, delegated the administration and operation of this Plan pursuant to this Section 1.3.

(e) An Option shall be evidenced by an incentive stock option agreement certificate ("Certificate"), signed on behalf of the Corporation, which Certificate shall be in such form as the Board shall approve from time to time.

(f) No member of the Board shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan or any Options granted under it.

**1.4 Shares Reserved**

(a) Subject to Section 1.4(d), the securities that may be acquired by Participants under this Plan shall consist of authorized but unissued Common Shares.

(b) The Corporation shall at all times during the term of this Plan ensure that the number of Common Shares it is authorized to issue shall be sufficient to satisfy the requirements of this Plan.

(c) At such time as the Common Shares are listed on the TSXV, the aggregate number of Common Shares issuable under this Plan, and under all other Share Compensation Arrangements, shall not exceed 10% of the total number of Common Shares issued and outstanding from time to time. Any Common Shares subject to an Option which for any reason is cancelled or terminated without having been exercised shall again be available for grants under the Plan, and under all other Share Compensation Arrangements. Any Common Shares subject to an Option which has been exercised by a Participant, shall again be available for grants under the Plan, and under all other Share Compensation Arrangements. Fractional shares will not be issued and will be treated as specified in Section 1.11(d).

(d) If there is a change in the outstanding Common Shares by reason of any stock dividend or split, recapitalization, amalgamation, consolidation, combination or exchange of shares, or other corporate change, the Board shall make, subject where required to the prior approval of the Stock Exchange, appropriate substitution or adjustment in:

*(i) the number or kind of Common Shares or other securities reserved for issuance pursuant to the Plan, and*

*(ii) the number and kind of Common Shares or other securities subject to unexercised Options theretofore granted and in the Exercise Price of such securities;*

without any change in the total price applicable to the unexercised portion of the Option, but with a corresponding adjustment in the price for each Common Share covered by the Option; provided, however, that no substitution or adjustment shall obligate the Corporation to issue or sell fractional shares. If the Corporation is reorganized, amalgamated with another corporation or consolidated, the Board shall make such provisions for the protection of the rights of Participants as the Board in its discretion deems appropriate.

**1.5 Limits with Respect to Certain Persons**

(a) The maximum number of Common Shares which may be issued to:

*(i) any Consultant in any twelve (12) month period under this Plan may be no more than two percent (2%) of the outstanding Common Shares of the Corporation; and*

*(ii) all Persons conducting Investor Relations Activities for the Corporation in any twelve (12) month period may be, in aggregate, no more than two percent (2%) of the outstanding Common Shares of the Corporation,*

less the aggregate number of shares reserved for issuance or issuable under any other Share Compensation Arrangement of the Corporation.

(b) Options granted to Consultants conducting Investor Relations Activities for the Corporation shall vest over a period of not less than twelve (12) months with no more than twenty-five percent (25%) of the options vesting in any three (3) month period.

**1.6 Amendment and Termination**

(a) The Board may from time to time, suspend, terminate or discontinue the Plan at any time, or amend or revise the terms of the Plan or of any Option granted under the Plan and any Certificate relating thereto, provided that no such suspension, termination, amendment or revision will be made:

*(i) except in compliance with applicable law and with the prior approval, if required, of the Stock Exchange or any other regulatory body having authority over the Corporation, the Plan or the Shareholders; and*

*(ii) in the case of an amendment or revision, if it materially adversely affects the rights of any Participant, without the consent of the Participant.*

(b) If the Plan is terminated, the provisions of the Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force on the date of termination will continue in effect as long as any Option or any rights pursuant thereto remain outstanding and, notwithstanding the termination of the Plan, the Board will remain able to make such amendments to the Plan or the Options as they would have been entitled to make if the Plan were still in effect.

(c) Subject to any applicable rules of the Stock Exchange, the Board may from time to time, in its absolute discretion and without the approval of Shareholders, make the following amendments to the Plan or any Option:

*(i) amend the vesting provisions of the Plan and any Certificate;*

*(ii) amend the Plan or an Option as necessary to comply with applicable law or the requirements of the Stock Exchange or any other regulatory body having authority over the Corporation, the Plan or the Shareholders;*

*(iii) any amendment of a "housekeeping" nature, including, without limitation, to clarify the meaning of an existing provision of the Plan, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan, correct any grammatical or typographical errors or amend the definitions in the Plan regarding administration of the Plan; and*

*(iv) any amendment respecting the administration of the Plan.*

(d) Shareholder approval is required for the following amendments to the Plan:

*(i) any extension of the Expiry Date of an Option held by an Insider; and*

*(ii) any change that would materially modify the eligibility requirements for participation in the Plan.*

(e) Disinterested Shareholder Approval is required for the following amendments to the Plan:

*(i) any individual stock option grant that would result in any of the limitations set forth in Section 1.4(c) of this Plan being exceeded; and*

*(ii) any individual stock option grant that would result in the grant to Insiders (as a group), within a twelve (12) month period, of an aggregate number of Options exceeding ten percent (10%) of the issued Common Shares, calculated on the date an Option is granted to any Insider; and*

*(iii) any individual stock option grant that would result in the number of Common Shares issued to any individual in any twelve (12) month period under this Plan exceeding five percent (5%) of*

*the issued Common Shares of the Corporation, less the aggregate number of shares reserved for issuance or issuable under any other Share Compensation Arrangement of the Corporation; and*

*(iv) any amendment to Options held by Insiders that would have the effect of decreasing the exercise price of the Options; and*

*(v) any individual stock option grant requiring Shareholder approval pursuant to section 3.9(e) of Policy 4.4.*

For the purposes of the limitations set forth in items (ii) and (iv), Options held by an Insider at any point in time that were granted to such Participant prior to it becoming an Insider shall be considered Options granted to an Insider irrespective of the fact that the Participant was not an Insider at the time of grant.

**1.7 Compliance with Legislation**

(a) The Plan (including an amendment to the Plan), the terms of the issue or grant of any Option under the Plan, the grant and exercise of Options hereunder, and the Corporation's obligation to sell and deliver Common Shares upon the exercise of Options, shall be subject to all applicable federal, provincial and foreign laws, rules and regulations, the rules and regulations of the Stock Exchange and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel to the Corporation, be required. The Corporation shall not be obliged by any provision of the Plan or the grant of any Option hereunder to issue or sell Common Shares in violation of such laws, rules and regulations or any condition of such approvals.

(b) No Option shall be granted, and no Common Shares issued hereunder, where such grant, issue or sale would require registration of the Plan or of Common Shares under the securities laws of any foreign jurisdiction, and any purported grant of any Option or purported issue of Common Shares hereunder in violation of this provision shall be void.

(c) The Corporation shall have no obligation to issue any Common Shares pursuant to the Plan unless such Common Shares shall have been duly listed, upon official notice of issuance, with the Stock Exchange. Common Shares issued and sold to Participants pursuant to the exercise of Options may be subject to limitations on sale or resale under applicable securities laws.

(d) If Common Shares cannot be issued to a Participant upon the exercise of an Option due to legal or regulatory restrictions, the obligation of the Corporation to issue such Common Shares shall terminate and any funds paid to the Corporation in connection with the exercise of such Option will be returned to the applicable Participant as soon as practicable.

**1.8 Effective Date**

The Plan shall be effective upon the approval of the Plan by:

*(i) The Stock Exchange and any other exchange upon which the Common Shares of the Corporation may be posted or listed for trading, and shall comply with the requirements from time to time of the Stock Exchange; and*

*(ii) the Shareholders, by written resolution signed by all Shareholders or given by the affirmative vote of a majority of the votes attached to the Common Shares entitled to vote and be represented and voted at an annual or special meeting of Shareholders held, among other things, to consider and approve the Plan.*

### 1.9 Proceeds from Exercise of Options

The proceeds from any sale of Shares issued upon the exercise of Options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

### 1.10 Tax Withholdings

Notwithstanding any other provision contained herein, in connection with the exercise of an Option by a Participant from time to time, as a condition to such exercise (i) the Corporation shall require such Participant to pay to the Corporation or the relevant Subsidiary Company an amount as necessary so as to ensure that the Corporation or such Subsidiary Company, as applicable, is in compliance with the applicable provisions of any federal, provincial or local law relating to the withholding of tax or other required deductions (the "Applicable Withholdings and Deductions") relating to the exercise of such Options; or (ii) in the event a Participant does not pay the amount specified in (i), the Corporation shall be permitted to engage a broker or other agent, at the risk and expense of the Participant, to sell an amount of underlying Common Shares issuable on the exercise of such Option through the facilities of the Stock Exchange, and to apply the cash received on the sale of such underlying Common Shares as necessary so as to ensure that the Corporation or the relevant Subsidiary Company, as applicable, is in compliance with the Applicable Withholdings and Deductions relating to the exercise of such Options. In addition, the Corporation or the relevant Subsidiary Company, as applicable, shall be entitled to withhold from any amount payable to a Participant, either under this Plan or otherwise, such amount as may be necessary so as to ensure that the Corporation or the relevant Subsidiary Company is in compliance with Applicable Withholdings and Deductions relating to the exercise of such Options.

### 1.11 Miscellaneous

(a) Nothing contained herein shall prevent the Board from adopting other or additional Share Compensation Arrangements or compensation arrangements, subject to any required approval.

(b) The Corporation may only grant options pursuant to resolutions of the Board.

(c) In determining options to be granted to Participants, the Board shall give due consideration to the value of each such Participant's present and potential contribution to the success of the Corporation.

(d) Nothing contained in the Plan nor in any Option granted thereunder shall be deemed to give any Participant any interest or title in or to any Common Shares or any rights as a Shareholder or any other legal or equitable right against the Corporation or any of its Subsidiary Companies whatsoever other than as set forth in the Plan and pursuant to the exercise of any Option.

(e) The Plan does not give any Participant or any employee of the Corporation or any of its Associated Companies, Affiliated Companies, Subsidiary Companies or Controlled Companies the right or obligation to or to continue to serve as a Consultant, director, officer or employee, as the case may be, to or of the Corporation or any of its Associated Companies, Affiliated Companies, Subsidiary Companies or Controlled Companies. The awarding of Options to any Eligible Person is a matter to be determined solely in the discretion of the Board. The Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issue of any Common Shares or any other securities in the capital of the Corporation other than as specifically provided for in the Plan. The grant of an Option to, or the exercise of an Option by, a Participant under the Plan does not create the right for such Participant to receive additional grants of Options hereunder.

(f) No fractional Common Shares shall be issued upon the exercise of options granted under the Plan and, accordingly, if a Participant would become entitled to a fractional Common Share upon the exercise of an Option, or from an adjustment pursuant to Section 1.4(d) such Participant shall only have the right to purchase the next lowest whole number of Common Shares, and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

(g) The Corporation makes no representation or warranty as to the future market value of the Common Shares or with respect to any income tax matters affecting the Participant resulting from the grant or

exercise of an Option and/or transactions in the Common Shares. Neither the Corporation, nor any of its directors, officers, employees, shareholders or agents shall be liable for anything done or omitted to be done by such person or any other person with respect to the price, time, quantity or other conditions and circumstances of the issuance of Common Shares hereunder, with respect to any fluctuations in the market price of Common Shares or in any other manner related to the Plan.

(h) This Plan shall be construed in accordance with and be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

(i) If any provision of this Plan shall be determined by any court of competent jurisdiction to be illegal, invalid or unenforceable, that provision shall be severed from this Plan and the remaining provisions shall continue in full force and effect.

(j) This Plan constitutes the entire stock option plan for the Corporation and its Participants and supersedes any prior stock option plans for such persons.

## SECTION 2 OPTIONS

### 2.1 Grants

(a) Subject to the provisions of the Plan, the Board shall have the authority to determine the limitations, restrictions and conditions, if any, in addition to those set forth in Section 1.3(b) and Section 2.3 hereof, applicable to the exercise of an Option. An Eligible Person may receive Options on more than one occasion under the Plan and may receive separate Options on any one occasion.

(b) The Board may, in its discretion, select any directors, officers, employees or Consultants of or to the Corporation or Subsidiary Companies of the Corporation to participate in this Plan.

(c) For Options granted to employees of the Corporation, Consultants or individuals employed by a company or individual providing management services to the Corporation, the Corporation and the Participant are responsible for ensuring and confirming that the Participant is a bona fide employee of the Corporation, Consultant or individual employed by a company or individual providing management services to the Corporation, as the case may be.

(d) The Board may from time to time, in its discretion, grant Options to any Participant upon the terms, conditions and limitations set forth herein and such other terms, conditions and limitations permitted by and not inconsistent with this Plan as the Board may determine, provided that Options granted to any Participant shall be approved by the Shareholders if the rules of the Stock Exchange require such approval.

### 2.2 Exercise Price

(a) An Option may be exercised at a price (the "Exercise Price") that shall be fixed by the Board at the time that the Option is granted, but in no event shall it be less than the Market Price. The Exercise Price shall be subject to adjustment in accordance with the provisions of Section 1.4(d) hereof.

(b) if Options are granted within ninety (90) days of a distribution (the "Distribution Period") by the Corporation by prospectus, the minimum exercise price per Common Share of those options will be the greater of the Market Price and the price per Common Share paid by the public investors for Common Shares acquired pursuant to such distribution. The Distribution Period shall begin:

*(i) on the date the final receipt is issued for the final prospectus in respect of such distribution; and*

*(ii) in the case of a prospectus that qualifies special warrants, on the closing date of the private placement in respect of such special warrants.*

**2.3 Exercise of Options**

(a) The period during which an Option may be exercised (the "Option Period") shall be determined by the Board at the time the Option is granted, subject to any vesting limitations that may be imposed by the Board in its sole and unfettered discretion at the time such Option is granted, provided that:

*(i) no Option shall be exercisable for a period exceeding ten (10) years from the date the Option is granted;*

*(ii) the Option Period shall be automatically reduced in accordance with Section 2.3(g) below upon the occurrence of any of the events referred to therein; and*

*(iii) no Option in respect of which Shareholder approval is required under the rules of the Stock Exchange shall be exercisable until such time as such Option has been approved by the Shareholders.*

(b) Notwithstanding any other provision of the Plan, if the date that any vested Option ceases to be exercisable (the "Expiry Date") falls on, or within nine (9) Business Days immediately following, a date upon which such Participant is prohibited from exercising such Option due to a black-out period or other trading restriction imposed by the Corporation, then the Expiry Date of such Option shall be automatically extended to the tenth ($10^{th}$) Business Day following the date the relevant black-out period or other trading restriction imposed by the Corporation is lifted, terminated or removed.

(c) Notwithstanding any other provision of this Plan, in the event of an actual or potential Change of Control Event, the Board may, in its discretion, without the necessity or requirement for the agreement of any Participant: (i) accelerate, conditionally or otherwise, on such terms as it sees fit, the vesting date of any Option; (ii) permit the conditional exercise of any Option, on such terms as it sees fit; (iii) otherwise amend or modify the terms of the Option, including for greater certainty permitting Participants to exercise any Option, to assist the Participants to tender the underlying Common Shares to, or participate in, the actual or potential Change of Control Event or to obtain the advantage of holding the underlying Common Shares during such Change of Control Event; (iv) permit the exchange for or into any other security or any other property or cash, any Option that has not been exercised without regard to any vesting conditions attached thereto; and (v) terminate, following the successful completion of such Change of Control Event, on such terms as it sees fit, the Options not exercised prior to the successful completion of such Change of Control Event. In addition, in the event of an actual or potential Change of Control Event, the Board, or any company which is or would be the successor to the Corporation or which may issue securities in exchange for Common Shares upon such Change of Control Event becoming effective, may in its discretion, without the necessity or requirement for the agreement of any Participant, issue a new or replacement options over any securities into which the Options are exercisable, on a basis proportionate to the number of Common Shares underlying such Option and at a proportionate Exercise Price (and otherwise substantially upon the terms of the Option being replaced, or upon terms no less favourable to the Participant) including, without limitation, the periods during which the Option may be exercised and expiry dates; and in such event, the Participant shall be deemed to have released his or her Option over the Common Shares and such Option shall be deemed to have lapsed and be cancelled.

(d) Notwithstanding any other provision of this Plan, in the event that:

*(i) an actual or potential Change of Control Event is not completed within the time specified therein; or*

*(ii) all of the Common Shares subject to an Option that were tendered by a Participant in connection with an actual or potential Change of Control Event are not taken up or paid for by the offeror in respect thereof,*

then the Board may, in its discretion, without the necessity or requirement for the agreement of any Participant, permit the Common Shares received upon such exercise, or in the case of Subsection (ii) above the Common Shares that are not taken up and paid for, to be returned by the Participant to the Corporation and reinstated as authorized but unissued Common Shares and, with respect to such returned Common Shares, the related Options may be reinstated as if they had not been exercised and the terms for such Options becoming vested will be reinstated pursuant to this Section 2.3. If any Common Shares are returned to the Corporation under this Section 2.3, the Corporation will immediately refund the Exercise Price to the Participants for such Common Shares.

(e) Options shall not be transferable or assignable by the Participant otherwise than by will or the laws of descent and distribution, and shall be exercisable during the lifetime of a Participant only by the Participant and after death only by the Participant's legal representative.

(f) Provided that the Common Shares are listed on the TSXV, if the Participant is a company, including a Consultant Company, the company shall not be permitted to effect or permit any transfer of ownership or option of shares of the company nor to issue further shares of any class of the company to any individual or entity as long as the options remain outstanding, except where the written consent of the TSXV has been obtained.

(g) Subject to Section 2.3(a) and except as otherwise determined by the Board:

(i) if a Participant who is a non-executive director of the Corporation ceases to be an Eligible Person as a result of his or her retirement from the Board, each unvested Option held by such Participant shall automatically vest on the date of his or her retirement from the Board, and thereafter each vested Option held by such Participant will cease to be exercisable on the earlier of the original Expiry Date of the Option and one (1) year after the date of his or her retirement from the Board;

(ii) if the Board service, consulting relationship, or employment of a Participant with the Corporation or a Subsidiary Company is terminated for Cause, each vested and unvested Option held by the Participant will automatically terminate and become void on the Termination Date;

(iii) if a Participant dies, the legal representative of the Participant may exercise the Participant's vested Options for a period until the earlier of the original Expiry Date of the Option and 12 months after the date of the Participant's death, but only to the extent the Options were by their terms exercisable on the date of death. For greater certainty, all unvested Options held by a Participant who dies shall terminate and become void on the date of death of such Participant;

(iv) if a Participant ceases to be an Eligible Person for any reason whatsoever other than in (i) to (iv) above, each vested Option held by the Participant will cease to be exercisable on the earlier of the original Expiry Date of the Option and six (6) months after the Termination Date; provided that all unvested Options held by such Participant shall automatically terminate and become void on the Termination Date of such Participant. Without limitation, and for greater certainty only, this provision will apply regardless of whether the Participant received compensation in respect of dismissal or was entitled to a period of notice of termination which would otherwise have permitted a greater portion of the Option to vest with the Participant; and

(v) notwithstanding any provision in this Section 2.3(g) to the contrary, if a Participant who is an officer of the Corporation ceases to be an Eligible Person as a result of such officer's termination without Cause or resignation for Good Reason, any unvested Options as of the date of termination will be accelerated and become immediately fully vested as of such date. Such options will be exercisable by the officer for a period of up to one (1) year following the date of termination.

(h) The Exercise Price of each Common Share purchased under an Option shall be paid in full in cash or by bank draft or certified cheque at the time of such exercise, and upon receipt of payment in full, the number

of Common Shares in respect of which the Option is exercised shall be duly issued as fully paid and non-assessable.

(i) Upon the exercise of Options pursuant to this section, the Corporation shall forthwith deliver, or cause the registrar and transfer agent of the Common Shares to deliver, to the relevant Participant (or his or her legal or personal representative) or to the order thereof, a certificate representing the number of Common Shares with respect to which Options have been exercised.

(j) Subject to the other provisions of this Plan and any vesting limitations imposed by the Board at the time of grant, Options may be exercised, in whole or in part, at any time or from time to time, by a Participant by written notice given to the Corporation as required by the Board from time to time.

### 2.4 Notice

Any notice required to be given by this Plan shall be in writing and shall be given by registered mail, postage prepaid, or delivered by courier or by facsimile transmission addressed, if to the Corporation, to the office of the Corporation in Toronto, Ontario, Attention: Chief Executive Officer; or if to a Participant, to such Participant at his address as it appears on the books of the Corporation or in the event of the address of any such Participant not so appearing, then to the last known address of such Participant; or if to any other person, to the last known address of such person.

### 2.5 Rights of Participants

No person entitled to exercise any Option granted under this Plan shall have any of the rights or privileges of a Shareholder in respect of any underlying Common Shares issuable upon exercise of such Option, including without limitation, the right to participate in any new issue of Common Shares to existing holders of Common Shares, until such Option has been exercised and such underlying Common Shares have been paid for in full and issued to such person.

### 2.6 Right to Issue Other Shares

The Corporation shall not by virtue of this Plan be in any way restricted from declaring and paying stock dividends, issuing further Common Shares, varying or amending its share capital r corporate structure.

### 2.7 Quotation of Common Shares

So long as the Common Shares are listed on the TSXV, the Corporation must apply to the TSXV for the listing or quotation of the Common Shares issued upon the exercise of all Options granted under the Plan, however, the Corporation cannot guarantee that such Common Shares will be listed or quoted on the TSXV.

## SECTION 3 SPECIAL RULES FOR U.S. ELIGIBLE PERSONS

### 3.1 Section 409A Compliance

Notwithstanding any other provision of this Plan, the following special rules will apply to all Eligible Persons ("Eligible U.S. Participants") who are subject to U.S. income tax with respect to Options issued under the Plan to them:

(a) All Options granted under this Plan to Eligible U.S. Participants are intended to be exempt from Section 409A of the United States Internal Revenue Code of 1986, as amended (the "Code") and will be construed accordingly. However, the Corporation will not be liable to any Eligible U.S. Participant or beneficiary with respect to any adverse tax consequences arising under Section 409A or other provision of the Code; and

(b) The Exercise Price for all Options granted to Eligible U.S. Participants shall in no event be less than the greater of (i) the Market Price; and (ii) the closing price of the Common Shares as reported on the TSX on the business day immediately preceding the day on which the Option is granted.

**STOCK OPTION AGREEMENT**

This Stock Option Agreement is dated this ● day of ●, 20● between Revive Therapeutics Ltd. (the "**Corporation**") and **[Name]** (the "**Optionee**").

**WHEREAS** the Optionee has been granted certain options ("**Options**") to acquire common shares in the capital of the Corporation("**Common Shares**") under the Revive Therapeutics Ltd. Incentive Stock Option Plan (the "**Option Plan**"), a copy of which has been provided to the Eligible Optionee;

**AND WHEREAS** capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Option Plan;

**NOW THEREFORE** for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The Corporation confirms that the Optionee has been granted Options under the Option Plan on the following basis, subject to, the terms and conditions of the Option Plan:

| DATE OF GRANT | NUMBER OF OPTIONS | EXERCISE PRICE (CDN$) | VESTING SCHEDULE | EXPIRY DATE |
|---|---|---|---|---|
| ● | ● | ● | ● | ● |

2. Attached to this Agreement as Schedule "A1"**Error! Reference source not found.** is a form of notice that the Optionee may use to exercise any of his or her Options in accordance with Section 2.3 of the Option Plan at any time and from time to time prior the Expiry Date of such Options.

3. By signing this Stock Option Agreement, the Optionee acknowledges that he or she has read and understands the Option Plan and agrees to the terms and conditions thereof and of this Stock Option Agreement.

4. This Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. Time shall be of the essence of this Agreement. This Agreement shall enure to the benefit of and shall be binding upon the parties and their heirs, attorneys, guardians, estate trustees, executors, trustees and administrators and the successors of the Corporation.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement.

**REVIVE THERAPEUTICS LTD.**

_____
Name of Optionee:

_____
Authorized Signing Officer

**SCHEDULE "A1"**
ELECTION TO EXERCISE STOCK OPTIONS

**TO: REVIVE THERAPEUTICS LTD. (THE "CORPORATION")**

The undersigned option holder hereby irrevocably elects to exercise options ("**Options**") granted by the Corporation to the undersigned pursuant to a Stock Option Agreement dated ●, 20● for the number of common shares in the capital of the Corporation ("**Common Shares**") as set forth below:

| | |
|---|---|
| Number of Common Shares to be Acquired: | _____ |
| Option Exercise Price (per Common Share): | $_____ |
| Aggregate Purchase Price: | $_____ |
| Amount enclosed that is payable on account of withholding of tax or other required deductions relating to the exercise of the Options (contact the Corporation for details of such amount)(the "**Applicable Withholdings and Deductions**"): | $_____ |
| □ Or check here if alternative arrangements have been made with the Corporation with respect to the payment of Applicable Withholdings and Deductions; | |

and hereby tenders a certified cheque or bank draft for such Aggregate Purchase Price, and, if applicable, Applicable Withholdings and Deductions, and directs such Common Shares to be registered and a certificate therefore to be issued in the name of _____.

**DATED** this ____ day of _____, _____.

_____
Signature

_____
Name

**SCHEDULE "B"**

**CHARTER OF THE AUDIT COMMITTEE**
**OF THE BOARD OF DIRECTORS**

## I. PURPOSE

The Audit Committee is a committee of the board of directors (the "**Board**") of the Company. The function of the Audit Committee is to assist the Board in fulfilling its responsibilities to the shareholders of the Company, the securities regulatory authorities and stock exchanges, the investment community and others by:

(a) reviewing the annual and interim (quarterly) financial statements, related management discussion and analysis ("**MD&A**") and, where applicable, other financial information disclosed by the Company to any governmental body or the public, prior to its approval by the Board;

(b) overseeing the review of interim (quarterly) financial statements and/or MD&A by the Company's external auditor;

(c) recommending the appointment and compensation of the Company's external auditor, overseeing the external auditor's qualifications and independence and providing an open avenue of communication among the external auditor, financial and senior management and the Board;

(d) directly overseeing the work of the external auditor on the audit of annual financial statements; and

(e) monitoring the Company's financial reporting process and internal controls and compliance with legal and regulatory requirements related thereto.

The Audit Committee should primarily fulfill these responsibilities by carrying out the activities enumerated in Section III of this Charter. However, it is not the duty of the Audit Committee to prepare financial statements, to plan or conduct audits, to determine that the financial statements are complete and accurate and are in accordance with generally accepted accounting principles ("**GAAP**"), to conduct investigations, or to assure compliance with laws and regulations or the Company's internal policies, procedures and controls, as these are the responsibility of management and in certain cases the external auditor.

## II. COMPOSITION

1. The Audit Committee shall have a minimum of three members.

2. Every Audit Committee member must be a director of the Company. The Audit Committee shall be comprised of such directors as are determined by the Board, a majority of whom shall be independent within the meaning of National Instrument 52-110 – Audit Committees ("**NI 52-110**") of the Canadian Securities Administrators (or exempt therefrom), and free of any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee. Pursuant to the Business Corporations Act (Ontario) (the "**OBCA**") the majority of the Audit Committee members must not be officers, nor employees of the Company or any of its affiliates.

3. All members of the Audit Committee must have (or should gain within a reasonable period of time after appointment) a working familiarity with basic finance and accounting practices and otherwise be financially literate within the meaning of NI 52-110 (or exempt therefrom). Audit Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant.

4. The members of the Audit Committee shall be elected by the Board on an annual basis or until their successors shall be duly appointed. Audit Committee members shall hold office until the next annual meeting of shareholders subsequent to their appointment.

5. Unless a Chair is elected by the full Board, the members of the Audit Committee may designate a Chair by majority vote of the full Audit Committee membership.

6. The Secretary of the Audit Committee will be appointed by the Chair.

7. Any member of the Audit Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Audit Committee on ceasing to be a Director. The Board may fill vacancies on the Audit Committee by election from among the directors on the Board. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all its powers so long as a quorum remains.

## III. DUTIES AND RESPONSIBILITIES

1. The Audit Committee shall review and recommend to the Board for approval:

   (a) the Company's annual and interim financial statements, including any certification, report, opinion or review rendered by the external auditor, and review related MD&A;

   (b) press releases of the Company that contain financial information;

   (c) other financial information provided to any governmental body, stock exchange or the public as they see fit

   (d) documents referencing, containing or incorporating by reference the annual audited consolidated financial statements or interim financial results (e.g., prospectuses, press releases with financial results and Annual Information Form – when applicable) prior to their release; and

   (e) any other matter not mentioned herein but otherwise required pursuant to applicable laws, including, without limitation, NI 52-110 and the OBCA.

2. The Audit Committee, in fulfilling its mandate, will:

   (a) satisfy itself that adequate internal controls and procedures are in place to allow the Chief Executive Officer and the Chief Financial Officer to certify financial statements and other disclosure documents as required under securities laws;

   (b) review with management relationships with regulators, and the accuracy and timeliness of filing with regulatory authorities (when and if applicable);

   (c) ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures;

   (d) recommend to the Board the selection of the external auditor, consider the independence and effectiveness and approve the fees and other compensation to be paid to the external auditor;

   (e) review the performance of the external auditor and approve any proposed discharge and replacement of the external auditor when circumstances warrant;

   (f) review the annual audit plans of the internal and external auditors of the Company;

   (g) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;

   (h) monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing any material differences of opinion or disagreements between management and the external auditor;

(i) periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper;

(j) arrange for the external auditor to be available to the Audit Committee and the full Board as needed. Ensure that the auditors communicate directly with the Audit Committee and are made accountable to the Board and the Audit Committee, as representatives of the shareholders to whom the auditors are ultimately responsible;

(k) ensure that the external auditors are prohibited from providing non-audit services and approve any permissible non-audit engagements of the external auditors, in accordance with applicable legislation;

(l) review with management and the external auditor the Company's major accounting policies, including the impact of alternative accounting policies and key management estimates and judgments that can materially affect the financial results;

(m) review with management their approach to controlling and securing corporate assets (including intellectual property) and information systems, the adequacy of staffing of key functions and their plans for improvements;

(n) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;

(o) review the expenses of the Chairman and President of the Company annually;

(p) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls, or auditing matters and the confidential, anonymous submission by the Company's employees of concerns regarding questionable accounting or auditing matters; and

(q) perform such other duties as required by the Company's incorporating statute and applicable securities legislation and policies, including, without limitation, NI 52-110 and the OBCA.

3. The Audit Committee may engage independent counsel and other advisors as it determines necessary to carry out its duties, and may set and pay the compensation of such counsel and advisors. The Audit Committee may communicate directly with the Company's internal and external counsel and advisors.

## IV. MEETING PROCEDURES

1. The Audit Committee shall meet at such times and places as the Audit Committee may determine, but no less than four times per year. The Audit Committee should meet within forty-five (45) days (sixty (60) days in the event the Company is a "venture issuer" (as such term is defined in National Instrument 51-102 – Continuous Disclosure Obligations)) following the end of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related MD&A, and shall meet within ninety (90) days (one hundred and twenty (120) days in the event the Company is a "venture issuer") following the end of the financial year end to review and discuss the audited financial results for the preceding year and the related MD&A as well as any press release, or in both cases, by such earlier times as may be required in order to comply with applicable law or any stock exchange regulation.

2. Members of the Audit Committee shall be provided with reasonable notice of the time and place of meetings, which shall be not less than twenty-four (24) hours. The notice period may be waived by all members of the Audit Committee. Each of the Chairman of the Board, the external auditor, the Chief Executive Officer or the Chief Financial Officer shall be entitled to request that any member of the Audit Committee call a meeting.

3. The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their duties, members of the Audit Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Company with senior employees, officers and the external auditor of the Company, and others as they consider appropriate. The external auditor may, at its option, attend meetings of the Audit Committee.

4. In order to foster open communication, the Audit Committee or its Chair should meet at least annually with management and the external auditor in separate sessions to discuss any matters that the Audit Committee or each of these groups believes should be discussed privately. In addition, the Audit Committee or its Chair should meet with management quarterly in connection with the Company's interim financial statements.

5. Meetings of the Audit Committee may be conducted with members in attendance in person, by telephone or by video conference facilities.

6. Quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Audit Committee or such greater number as the Audit Committee shall by resolution determine.

7. A resolution in writing signed by all the members of the Audit Committee is valid as if it had been passed at a meeting of the Audit Committee.

8. The Audit Committee shall ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the Company.

**Schedule E(i)**

**Audited Consolidated Financial Statements for the years ended June 30, 2018 and 2017**

# 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 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Number of shares | Amount | Shares to be issued | Warrants and broker and finder warrants | Contributed surplus | Accumulated deficit | Total shareholders' equity |
| **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.

## 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.

**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.

**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

**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.

**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.

**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.

## 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.

**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 |

**(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 |

**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.

**(Expressed in Canadian dollars)**

**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 |

**(Expressed in Canadian dollars)**

## 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.

**(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.

**(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.

**(Expressed in Canadian dollars)**

**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 |

**(Expressed in Canadian dollars)**

## 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** |

**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.

**(Expressed in Canadian dollars)**

## 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 |

**(Expressed in Canadian dollars)**

## 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 | 1,776,760 |
| | 8,832,380 |

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.

**(Expressed in Canadian dollars)**

## 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.

**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 expring 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.

**(Expressed in Canadian dollars)**

## 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.

**Schedule E(ii)**

**Audited Consolidated Financial Statements for the years ended June 30, 2017 and 2016,**

# Revive Therapeutics Ltd.
# Consolidated Financial Statements
# Years Ended June 30, 2017 and 2016
# (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, 2017 and June 30, 2016, 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 audit to obtain reasonable assurance as to 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, 2017 and June 30, 2016, 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 19, 2017

Chartered Professional Accountants
Licensed Public Accountants

MNP LLP

# Revive Therapeutics Ltd.

**Consolidated Statements of Financial Position**
**(Expressed in Canadian dollars)**

| | June 30, 2017 | June 30, 2016 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | **$ 1,768,676** | $ 1,333,239 |
| Other receivables | **2,456** | - |
| Prepaid expenses | **126,202** | 16,996 |
| **Total current assets** | **1,897,334** | 1,350,235 |
| **Non-current assets** | | |
| Intangible assets (note 5) | **20,697** | 29,380 |
| Equipment (note 6) | **5,663** | 7,452 |
| **Total non-current assets** | **26,360** | 36,832 |
| **Total assets** | **$ 1,923,694** | $ 1,387,067 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities (notes 7 and 14) | **$ 308,502** | $ 818,430 |
| **Total liabilities** | **308,502** | 818,430 |
| **Shareholders' equity** | | |
| Share capital (note 8) | **7,448,740** | 5,022,262 |
| Warrants and broker and finder warrants (notes 9 and 10) | **240,958** | 1,129,522 |
| Contributed surplus (note 11) | **1,730,121** | 605,580 |
| Accumulated deficit | **(7,804,627)** | (6,188,727) |
| **Total shareholders' equity** | **1,615,192** | 568,637 |
| **Total liabilities and shareholders' equity** | **$ 1,923,694** | $ 1,387,067 |

**Nature of operations and going concern** (note 1)
**Commitments and contingency** (note 15)
**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, | 2017 | 2016 |
|---|---|---|
| **Expenses** | | |
| Research costs | **$ 408,216** | $ 1,568,288 |
| Salaries and benefits (note 14(b)) | **594,532** | 402,243 |
| Stock-based compensation (notes 11(i)(ii)) and 14(b)) | **144,279** | 115,361 |
| Office expenses (note 16) | **127,562** | 267,106 |
| Consulting fees (note 14(a)(iii)) | **182,854** | 102,940 |
| Professional fees (note 14(a)(i)(ii)) | **181,291** | 203,835 |
| Rent | **33,271** | 30,560 |
| Write-off of intangible assets | **8,415** | 41,375 |
| Depreciation and amortization (notes 5 and 6) | **3,572** | 6,224 |
| | **1,683,992** | 2,737,932 |
| Gain on settlement of accounts payable | **(68,092)** | - |
| **Comprehensive loss for the year** | **$ (1,615,900)** | $ (2,737,932) |
| **Comprehensive loss per share - basic and diluted** (note 12) | **$ (0.03)** | $ (0.11) |
| **Weighted average common shares outstanding - basic and diluted** | **47,687,315** | 24,236,465 |

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, | 2017 | 2016 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Comprehensive loss for the year | **$ (1,615,900)** | $ (2,737,932) |
| Adjustments for: | | |
| Depreciation and amortization | **3,572** | 6,224 |
| Stock-based compensation | **144,279** | 115,361 |
| Write-off of intangible assets | **8,415** | 41,375 |
| Gain on settlement of accounts payable | **(68,092)** | - |
| Net change in non-cash working capital: | | |
| Other receivables | **(2,456)** | 46,297 |
| Prepaid expenses | **(109,206)** | 28,130 |
| Accounts payable and accrued liabilities | **(441,836)** | 513,993 |
| **Net cash and cash equivalents used in operating activities** | **(2,081,224)** | (1,986,552) |
| **Investing activities** | | |
| Purchase of intangible assets | **(1,515)** | - |
| Purchase of equipment | **-** | (1,500) |
| **Net cash and cash equivalents used in investing activities** | **(1,515)** | (1,500) |
| **Financing activities** | | |
| Proceeds from issuance of shares and warrants | **1,500,000** | 844,693 |
| Share issue costs | **(130,084)** | (15,474) |
| Proceeds from exercise of warrants (including finder warrants) | **1,148,260** | - |
| **Net cash and cash equivalents provided by financing activities** | **2,518,176** | 829,219 |
| **Net change in cash and cash equivalents** | **435,437** | (1,158,833) |
| **Cash and cash equivalents, beginning of year** | **1,333,239** | 2,492,072 |
| **Cash and cash equivalents, end of year** | **$ 1,768,676** | $ 1,333,239 |

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 | | Warrants and broker | | | |
|---|---|---|---|---|---|---|
| | Number of shares | Amount | and finder warrants | Contributed surplus | Accumulated deficit | Total shareholders' equity |
| **Balance, June 30, 2015** | **23,936,437** | **$ 4,342,303** | **$ 980,262** | **$ 490,219** | **$ (3,450,795)** | **$ 2,361,989** |
| Common shares issued in private placement (note 8(b)(i)) | 8,446,930 | 844,693 | - | - | - | 844,693 |
| Transaction costs in private placement (note 8(b)(i)) | - | (12,689) | (2,785) | - | - | (15,474) |
| Valuation of warrants issued in private placement (note 8(b)(i)) | - | (152,045) | 152,045 | - | - | - |
| Stock-based compensation (note 11(i)) | - | - | - | 115,361 | - | 115,361 |
| Comprehensive loss for the year | - | - | - | - | (2,737,932) | (2,737,932) |
| **Balance, June 30, 2016** | **32,383,367** | **$ 5,022,262** | **$ 1,129,522** | **$ 605,580** | **$ (6,188,727)** | **$ 568,637** |
| Common shares issued in private placement (note 8(b)(ii)) | 15,000,000 | 1,500,000 | - | - | - | 1,500,000 |
| Valuation of warrants issued in private placement (note 8(b)(ii)) | - | (330,000) | 330,000 | - | - | - |
| Valuation of finder warrants issued in private placement (note 8(b)(ii)) | - | (26,900) | 26,900 | - | - | - |
| Transaction costs in private placements (note 8(b)(ii)) | - | (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)(iii)) | - | (7,535) | 7,535 | - | - | - |
| Transaction costs relating to warrant exercise | - | (3,945) | - | - | - | (3,945) |
| Stock-based compensation (note 11(i)(ii)) | - | - | - | 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** |

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

## 1. Nature of Operations and Going Concern

Revive Therapeutics Ltd. (the "Company" or "Revive") was incorporated under the Business Corporations Act (Ontario) on March 27, 2012. The Company's shares trade on the TSX Venture Exchange (the "Exchange") under the symbol "RVV" and the OTCQB® Market exchange in the United States under the symbol "RVVTF". The Company is focused on the development and commercialization of drugs for underserved medical needs. The Company's registered and legal office is located at 5 Director Court, Suite 105, Vaughan, Ontario, L4L 4S5.

These 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 $7,804,627 as at June 30, 2017 (June 30, 2016 - $6,188,727). As at June 30, 2017, the Company had cash and cash equivalents of $1,768,676 (June 30, 2016 - $1,333,239) and a working capital of $1,588,832 (June 30, 2016 - $531,805). The Company's ability to continue as a going concern is dependent upon its ability to obtain additional financing and or achieve profitable operations in the future. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern. These 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 19, 2017.

## 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, 2017.

*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.

**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.

**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 accumulated impairment losses.

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

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

| 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.

**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.

*Income taxes*

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

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

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

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

**2. Significant Accounting Policies (continued)**

*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.

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.

## 2. Significant Accounting Policies (continued)

*Recent accounting pronouncements*

IFRS 9 - Financial Instruments ("IFRS 9") was issued by the IASB on November 12, 2009 and then issued in its final form on July 24, 2014 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of assessing the impact of this pronouncement.

IFRS 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. 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, 2017 totalled $1,615,192 (June 30, 2016 - $568,637). 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, 2017.

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, 2017, 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, 2017. Management believes that the credit risk concentration with respect to financial instruments included in sales tax recoverable is minimal.

### Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at June 30, 2017, the Company had a cash and cash equivalents balance of $1,768,676 (June 30, 2016 - $1,333,239) to settle current liabilities of $308,502 (June 30, 2016 - $818,430) (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, 2017, 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 $18,000.

(b) Foreign currency risk

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

**(Expressed in Canadian dollars)**

## 4. Financial Risk Factors (continued)

**Fair value hierarchy and liquidity risk disclosure**

The following table illustrates the classification of the Company`s financial instruments recorded at fair value within the fair value hierarchy as at June 30, 2017 and June 30, 2016:

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

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

## 5. Intangible Assets

| Cost | REV-001 | REV-002 | REV-003 | Total |
|---|---|---|---|---|
| Balance, June 30, 2015 | $ 48,052 | $ 25,000 | $ 9,897 | $ 82,949 |
| Write-off | (48,052) | - | - | (48,052) |
| Balance, June 30, 2016 | - | 25,000 | 9,897 | 34,897 |
| Additions | - | 1,515 | - | 1,515 |
| Write-off | - | - | (9,897) | (9,897) |
| Balance, June 30, 2017 | $ - | $ 26,515 | $ - | $ 26,515 |

| Accumulated amortization | REV-001 | REV-002 | REV-003 | Total |
|---|---|---|---|---|
| Balance, June 30, 2015 | $ 4,274 | $ 3,280 | $ 492 | $ 8,046 |
| Amortization during the year | 2,403 | 1,250 | 495 | 4,148 |
| Write-off | (6,677) | - | - | (6,677) |
| Balance, June 30, 2016 | - | 4,530 | 987 | 5,517 |
| Amortization during the year | - | 1,288 | 495 | 1,783 |
| Write-off | - | - | (1,482) | (1,482) |
| Balance, June 30, 2017 | $ - | $ 5,818 | $ - | $ 5,818 |

| Carrying value | REV-001 | REV-002 | REV-003 | Total |
|---|---|---|---|---|
| Balance, June 30, 2016 | $ - | $ 20,470 | $ 8,910 | $ 29,380 |
| Balance, June 30, 2017 | $ - | $ 20,697 | $ - | $ 20,697 |

**5. Intangible Assets (continued)**

REV-001 and REV -003

On September 4, 2014, the Company terminated the REV−001 050831 Agreement, and recorded a write−off of intangible asset of $15,192 in respect thereof.

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

During the years ended June 30, 2017 and 2016, the Company incurred $nil in REV−001 research costs for consulting services of clinical trial design and research.

During the year ended June 30, 2017, the Company incurred $nil in REV−003 research costs for consulting services of clinical design and research (year ended June 30, 2016 − $nil) and wrote off $8,415 (year ended June 30, 2016 − $nil) of patent which expired during the year.

REV-002

On June 17, 2013, Revive and Xenexus entered into a patent assignment agreement (the "REV-002 Agreement"), which replaced and superseded a patent license agreement (the "REV-002 License") between Revive and Xenexus dated April 3, 2013. The REV-002 Agreement and its predecessor grant Revive the right to commercially exploit 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 annual license fees amounting to $10,000. Between April 3, 2013, and June 17, 2013, the Company paid $10,000 in accordance with the REV-002 License. Pursuant to the REV-002 Agreement, the Company acquired Patent Document AU2012905072, 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, 2017, 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.

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, 2017, the Company incurred $50,983 in REV−002 research costs for consulting services of clinical trial design and research (year ended June 30, 2016 − $1,516,950).

**(Expressed in Canadian dollars)**

**5. Intangible Assets (continued)**

REV-004 and REV-005

During the year ended June 30, 2017, the Company incurred $264,419 research costs for REV - 004 (year ended June 30, 2016 - $42,954) and $nil research costs for REV-005 (year ended June 30, 2016 - $1,702).

CANNABINOIDS

During the year ended June 30, 2017, the Company incurred $92,814 research costs for cannabinoids (year ended June 30, 2016 - $nil).

OTHER

During the year ended June 30, 2017, the Company incurred $nil (year ended June 30, 2016 - $6,682) general research costs not specifically allocated to any particular project.

**6. Equipment**

| Cost | Computer Equipment | Office Equipment | Total |
|---|---|---|---|
| Balance, June 30, 2015 | $ 4,129 | $ 7,737 | $ 11,866 |
| Additions | 1,500 | - | 1,500 |
| Balance, June 30, 2016 and June 30, 2017 | $ 5,629 | $ 7,737 | $ 13,366 |

| Accumulated depreciation | Computer Equipment | Office Equipment | Total |
|---|---|---|---|
| Balance, June 30, 2015 | $ 1,673 | $ 2,165 | $ 3,838 |
| Depreciation during the year | 962 | 1,114 | 2,076 |
| Balance, June 30, 2016 | $ 2,635 | $ 3,279 | $ 5,914 |
| Depreciation during the year | 898 | 891 | 1,789 |
| Balance, June 30, 2017 | $ 3,533 | $ 4,170 | $ 7,703 |

**(Expressed in Canadian dollars)**

## 6. Equipment (continued)

| Carrying value | Computer Equipment | Office Equipment | Total |
|---|---|---|---|
| Balance, June 30, 2016 | $ 2,994 | $ 4,458 | $ 7,452 |
| Balance, June 30, 2017 | $ 2,096 | $ 3,567 | $ 5,663 |

## 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, 2017 | As at June 30, 2016 |
|---|---|---|
| Accounts payable | **$ 237,204** | $ 498,251 |
| Accrued liabilities | **71,298** | 320,179 |
| | **$ 308,502** | $ 818,430 |

| | As at June 30, 2017 | As at June 30, 2016 |
|---|---|---|
| Less than 1 month | **$ 126,351** | $ 430,306 |
| 1 to 3 months | **27,367** | 68,997 |
| Greater than 3 months | **154,784** | 319,127 |
| | **$ 308,502** | $ 818,430 |

## 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.

**(Expressed in Canadian dollars)**

**8. Share Capital (continued)**

b) Common shares issued

As at June 30, 2017, the issued share capital amounted to $7,448,740 and there were nil shares held in escrow. Changes in issued share capital are as follows:

| | Number of Common Shares | Amount |
|---|---|---|
| **Balance, June 30, 2015** | **23,936,437** | **$ 4,342,303** |
| Common shares issued in private placement (i) | 8,446,930 | 844,693 |
| Transaction costs in private placement (i) | - | (12,689) |
| Valuation of warrants issued in private placement (i) | - | (152,045) |
| **Balance, June 30, 2016** | **32,383,367** | **$ 5,022,262** |
| Common shares issued in private placement (ii) | 15,000,000 | 1,500,000 |
| Valuation of warrants issued in private placement (ii) | - | (330,000) |
| Valuation of finder warrants issued in private placement (ii) | - | (26,900) |
| Transaction costs in private placement (ii) | - | (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 (iii) | - | (7,535) |
| Transaction costs relating to warrant exercise | - | (3,945) |
| **Balance, June 30, 2017** | **53,893,567** | **$ 7,448,740** |

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

**8. Share Capital (continued)**

b) Common shares issued (continued)

(ii) 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.

(iii) On March 1, 2017, 294,700 finder warrants were exercised (note 10) for 294,700 common shares and 147,350 warrants (note 9) with the same exercise price and expiry terms as the warrants issued in the Offering as described in note 8(b)(ii) 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.

**(Expressed in Canadian dollars)**

## 9. Warrants

The following table reflects the continuity of warrants for the years ended June 30, 2017 and 2016:

| | Number of Warrants | Weighted Average Exercise Price |
|---|---|---|
| **Balance, June 30, 2015** | **4,996,500** | **$ 0.85** |
| Issued in private placement (note 8(b)(i)) | 4,223,465 | 0.18 |
| **Balance, June 30, 2016** | **9,219,965** | **$ 0.54** |
| Issued in private placement (note 8(b)(ii)) | 7,500,000 | 0.18 |
| Exercised | (6,215,500) | 0.18 |
| Issued upon exercise of finder warrants (note 8(b)(iii)) | 147,350 | 0.18 |
| Expired | (4,996,500) | 0.85 |
| **Balance, June 30, 2017** | **5,655,315** | **$ 0.18** |

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** |

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

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

**(Expressed in Canadian dollars)**

## 10. Broker and Finder Warrants

The following table reflects the continuity of broker and finder warrants for the years ended June 30, 2017 and 2016:

| | Number of Broker Warrants | Weighted Average Exercise Price |
|---|---|---|
| **Balance, June 30, 2015 and June 30, 2016** | **349,755** | **$ 0.60** |
| Issued in private placement (note 8(b)(ii)) | 492,450 | 0.10 |
| Expiry | (349,755) | 0.60 |
| Exercised | (294,700) | 0.10 |
| **Balance, June 30, 2017** | **197,750** | **$ 0.10** |

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 |

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

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

**(Expressed in Canadian dollars)**

## 11. Stock Options

The following table reflects the continuity of stock options for the years ended June 30, 2017 and 2016:

| | Number of Stock Options | Weighted Average Exercise Price |
|---|---|---|
| **Balance, June 30, 2015, June 30, 2016** | **1,553,151** | **$ 0.62** |
| Grant (ii) | 965,000 | 0.28 |
| **Balance, June 30, 2017** | **2,518,151** | **$ 0.49** |

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 (i) | 0.60 | 7.62 | 925,000 | 925,000 | 345,058 |
| April 10, 2027 (ii) | 0.28 | 9.78 | 965,000 | 432,500 | 212,732 |
| | | | **2,518,151** | **1,985,651** | **$ 832,628** |

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

| Expiry Date | Exercise Price ($) | Weighted Average Remaining Contractual Life (years) | Number of Options Outstanding | Number of Options Vested (exercisable) | Grant Date Fair Value |
|---|---|---|---|---|---|
| July 9, 2023 | 0.30 | 7.03 | 38,151 | 38,151 | $ 9,270 |
| January 31, 2024 | 0.66 | 7.59 | 590,000 | 590,000 | 265,568 |
| February 10, 2025 (i) | 0.60 | 8.62 | 925,000 | 800,000 | 345,058 |
| | | | **1,553,151** | **1,428,151** | **$ 619,896** |

(i) On February 10, 2015, the Company granted 925,000 stock options to certain officers, directors, employees and consultants of the Company at an exercise price of $0.60 per common share expiring on February 10, 2025. The fair value of the stock options was estimated to be $345,058 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 108%; risk-free interest rates of 0.60%; and expected life of 4 years. 550,000 of these options vest as to one-half on the date of grant and one-half on one year anniversary of the date of grant and the remaining 375,000 options vest as to one-third on the date of grant and one-third on the one year anniversary of the date of grant and one-third on the two year anniversary of the date of grant. During the year ended June 30, 2017, $14,309 (year ended June 30, 2016 - $115,361) was recorded as stock-based compensation in the consolidated statements of comprehensive loss.

**(Expressed in Canadian dollars)**

## 11. Stock Options (continued)

(ii) 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, 2017, $129,970 (year ended June 30, 2016 - $nil) was recorded as stock-based compensation in the consolidated statements of comprehensive loss.

## 12. Net Loss per Common Share

The calculation of basic and diluted loss per share for the year ended June 30, 2017 was based on the loss attributable to common shareholders of $1,615,900 (year ended June 30, 2016 - $2,737,932) and the weighted average number of common shares outstanding of 47,687,315 (year ended June 30, 2016 - 24,236,465).

Diluted loss per share did not include the effect of 5,655,315 warrants (year ended June 30, 2016 - 9,219,965), 197,750 finder warrants (year ended June 30, 2016 - 349,755) and 2,518,151 stock options (year ended June 30, 2016 - 1,553,151) 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% (2016 - 26.5%) to the effective tax rate is as follows:

| | Year ended June 30, 2017 | Year ended June 30, 2016 |
|---|---|---|
| Loss before recovery of income taxes | $ (1,615,900) | $ (2,737,932) |
| Statutory tax rate | 26.5% | 26.5% |
| Expected income tax recovery | $ (428,214) | $ (725,550) |
| Tax rate changes and other adjustments | 500 | (360) |
| Effect of non-deductible expenses | 39,050 | 31,420 |
| Share issue costs | (41,600) | - |
| Change in tax benefits not recognized | 430,264 | 694,490 |
| Income tax (recovery) expense | $ - | $ - |

**(Expressed in Canadian dollars)**

## 13. Income Taxes (continued)

### 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:

| | 2017 | 2016 |
|---|---|---|
| Intangible assets | $ 68,960 | $ 60,822 |
| Share issuance costs | 343,860 | 354,525 |
| Non-capital losses carried forward | 7,055,540 | 5,431,189 |
| Other temporary difference | 6,160 | 5,410 |
| | $ 7,474,520 | $ 5,851,946 |

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

| | |
|---|---|
| 2032 | 5,670 |
| 2032 | 107,700 |
| 2033 | 138,110 |
| 2034 | 545,680 |
| 2035 | 1,851,510 |
| 2036 | 2,714,430 |
| 2037 | 1,692,440 |
| | 7,055,540 |

Share issuance costs will be fully amortized in 2021. 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.

**(Expressed in Canadian dollars)**

## 14. Related Party Balances and Transactions and Major Shareholders

(a) Related party balances and transactions:

Related parties include the directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

| **Years Ended June 30,** | | **2017** | | **2016** |
|---|---|---|---|---|
| Marrelli Support Services Inc. ("Marrelli Support") (i) | **$** | **48,172** | $ | 44,290 |
| DSA Corporate Services ("DSA") (ii) | **$** | **21,730** | $ | 20,892 |
| RangerCap Inc. ("RangerCap") (iii) | **$** | **-** | $ | 100,000 |

(i) Marrelli Support was owed $2,511 as at June 30, 2017 (June 30, 2016 - $2,683) for the services of Carmelo Marrelli to act as Chief Financial Officer (“CFO”) of the Company. This amount was included in accounts payable and accrued liabilities. The Company has entered into a consulting agreement (the “Marrelli Consulting Agreement”) with Marrelli Support and Mr. Marrelli to provide the services of Mr. Marrelli as CFO of the Company. The term of the Marrelli Consulting Agreement commenced on 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 $2,225 as at June 30, 2017 (June 30, 2016 - $4,727) for corporate secretarial and filing services. This amount was included in accounts payable and accrued liabilities. DSA is a private company controlled by Carmelo Marrelli, the CFO of the Company. Carmelo Marrelli is also the corporate secretary and sole director of DSA. Services were incurred in the normal course of operations for corporate secretarial, electronic filing and news dissemination services. The Company expects to continue to use DSA’s services for an indefinite period of time.

**(Expressed in Canadian dollars)**

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

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

(iii) RangerCap is owned by Craig Leon, Chief Executive Officer ("CEO") and one of the directors of the Company. The Company has entered into a consulting agreement (the "RangerCap Consulting Agreement") with RangerCap and Mr. Leon to provide the services of Mr. Leon as consultant of the Company. The term of the RangerCap Consulting Agreement commenced on January 1, 2015, and expired on December 31, 2015. Pursuant to the RangerCap Consulting Agreement, Mr. Leon was entitled to receive monthly compensation of $16,667 per month. In addition, Mr. Leon provided guidance and advice regarding general business, product development and capital markets strategy to the Company.

(b) Remuneration of directors and key management personnel of the Company, excluding consulting fees for the years ended June 30, 2017 and 2016 was as follows:

| **Year Ended June 30,** | **2017** | **2016** |
|---|---|---|
| Stock-based compensation | **$ 76,097** | $ 60,939 |
| Salaries and benefits | **$ 500,000** | $ 259,615 |

(c) Major shareholders:

As at June 30, 2017, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all of the common shares of the Company other than Mr. Fabio Chianelli, the President and a Director of the Company, who owns or controls, directly or indirectly, 12.95% of the issued and outstanding shares of the Company. These stockholdings can change at any time at the discretion of the owner.

None of the Company's major shareholders have different voting rights other than holders of the Company's common shares.

The Company is not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company. Other than Mr. Fabio Chianelli, the President and a Director of the Company, who owns or controls, directly or indirectly, 12.95% of 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 “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.

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.

In March 2015, the Company entered a lease agreement commencing on September 2015 for a 12-month period. In July 2016, the Company entered a new lease agreement commencing on September 1, 2016 for a 12-month period. The Company is required to pay minimum annual lease payment of $16,073. 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, 2017 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 research agreement with the University of Wisconsin and is committed to fund US$108,454 towards the research of cannaboids through to May 2018.

Subsequent to year end, the Company has also entered into a licensing arrangement with South Carolina 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.

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)**

## 16. Office Expenses

| Years Ended June 30, | 2017 | 2016 |
|---|---|---|
| Reporting issuer costs | **$ 54,107** | $ 195,191 |
| Administrative | **18,379** | 2,677 |
| Insurance | **36,142** | 45,590 |
| Travel and accommodation | **10,936** | 18,258 |
| Meals and entertainment | **6,177** | 6,439 |
| Bank charges | **4,949** | 6,860 |
| Interest income | **(3,128)** | (7,909) |
| | **$ 127,562** | $ 267,106 |

**Schedule E(iii)**

**Audited Consolidated Financial Statements for the years ended June 30, 2016 and 2015**

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

## Independent Auditor's Report

To the Shareholders of Revive Therapeutics Ltd.:

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

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinion**

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

**Emphasis of Matter**

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

MNP LLP

Toronto, Ontario
October 19, 2016

**Chartered Professional Accountants**
**Licensed Public Accountants**





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# Revive Therapeutics Ltd.

**Consolidated Statements of Financial Position**
**(Expressed in Canadian dollars)**

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

**Nature of operations and going concern** (note 1)
**Commitments and contingency** (note 15)
**Subsequent events** (note 17)

**Approved on behalf of the Board:**

"Fabio Chianelli", Director

"Craig Leon", Director

# Revive Therapeutics Ltd.

**Consolidated Statements of Comprehensive Loss**
**(Expressed in Canadian dollars)**

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

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

# Revive Therapeutics Ltd.

**Consolidated Statements of Cash Flows**
**(Expressed in Canadian dollars)**

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

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

# Revive Therapeutics Ltd.

**Consolidated Statements of Changes in Shareholders' Equity**
**(Expressed in Canadian dollars)**

| | Share capital | | | | | |
|---|---|---|---|---|---|---|
| | Number of shares | Amount | Warrants and broker warrants | Stock options | Accumulated deficit | Total shareholders' equity |
| **Balance, June 30, 2014** | **18,497,228** | **$ 2,428,907** | **$ 52,459** | **$ 218,038** | **$ (1,434,364)** | **$ 1,265,040** |
| Common shares issued in private placement (note 8(b)(i)) | 4,996,500 | 2,997,900 | - | - | - | 2,997,900 |
| Transaction costs in private placement (note 8(b)(i)) | - | (196,599) | (99,666) | - | - | (296,265) |
| Valuation of warrants issued in private placement (note 8(b)(i)) | - | (999,300) | 999,300 | - | - | - |
| Valuation of broker warrants issued in private placement (note 8(b)(i)) | - | (80,628) | 80,628 | - | - | - |
| Exercise of broker warrants | 414,927 | 124,478 | - | - | - | 124,478 |
| Fair value of broker warrants exercised | - | 52,459 | (52,459) | - | - | - |
| Common shares issued upon exercise of stock options | 27,782 | 8,335 | - | - | - | 8,335 |
| Fair value of stock options exercised | - | 6,751 | - | (6,751) | - | - |
| Expiration of stock options | - | - | - | (14,671) | 14,671 | - |
| Stock-based compensation (note 11(i)(ii)) | - | - | - | 293,603 | - | 293,603 |
| Comprehensive loss for the year | - | - | - | - | (2,031,102) | (2,031,102) |
| **Balance, June 30, 2015** | **23,936,437** | **$ 4,342,303** | **$ 980,262** | **$ 490,219** | **$ (3,450,795)** | **$ 2,361,989** |
| Common shares issued in private placement (note 8(b)(ii)) | 8,446,930 | 844,693 | - | - | - | 844,693 |
| Transaction costs in private placement (note 8(b)(ii)) | - | (12,689) | (2,785) | - | - | (15,474) |
| Valuation of warrants issued in private placement (note 8(b)(ii)) | - | (152,045) | 152,045 | - | - | - |
| Stock-based compensation (note 11(ii)) | - | - | - | 115,361 | - | 115,361 |
| Comprehensive loss for the year | - | - | - | - | (2,737,932) | (2,737,932) |
| **Balance, June 30, 2016** | **32,383,367** | **$ 5,022,262** | **$ 1,129,522** | **$ 605,580** | **$ (6,188,727)** | **$ 568,637** |

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

## 1. Nature of Operations and Going Concern

Revive Therapeutics Inc. ("Old Revive") was incorporated pursuant to the provisions of the Business Corporations Act (Ontario) on August 7, 2012.

Mercury Capital II Limited ("Mercury") was incorporated under the Business Corporations Act (Ontario) on March 27, 2012 with the intent on becoming a "Capital Pool Company" ("CPC") pursuant to Policy 2.4 - Capital Pool Companies (the "CPC Policy") of the TSX Venture Exchange (the "Exchange"). On December 30, 2013, the Company (as defined below) completed a triangular amalgamation whereby Old Revive shares were exchanged for Mercury shares on the basis of one (1) Mercury share for each one (1) Old Revive share (the "Amalgamation"). The Amalgamation was accounted for as a reverse takeover ("RTO") whereby Old Revive was identified as the acquirer for accounting purposes. The transaction was Mercury's Qualifying Transaction (as such term is defined in the CPC Policy) completed in accordance with the policies of the Exchange. Mercury had no significant assets other than cash with no commercial operations at the time of the RTO. Concurrently with the completion of the RTO, Mercury changed its name to "Revive Therapeutics Ltd." (the "Company" or "Revive"). On November 25, 2015, the Company announced that it had been listed for trading on the OTCQB® Market exchange in the United States under the symbol "RVVTF". The Company's shares continue to be traded on the Exchange under its existing symbol "RVV".

The Company is focused on the development and commercialization of drugs for underserved medical needs. The Company's registered and legal office is located at 5 Director Court, Suite 105, Vaughan, Ontario, L4L 4S5.

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

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

## 2. Significant Accounting Policies

*Statement of compliance*

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

*Basis of measurement*

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

**2. Significant Accounting Policies (continued)**

*Functional and presentation currency*

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

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

*Cash and cash equivalents*

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

*Financial instruments*

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

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

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

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

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

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

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

**2. Significant Accounting Policies (continued)**

*Equipment and intangible assets*

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

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

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

| 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.

*Impairment of non-financial assets*

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

**2. Significant Accounting Policies (continued)**

*Provisions*

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

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

*Stock-based compensation*

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

*Income taxes*

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

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

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

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

*Loss per share*

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

**2. Significant Accounting Policies (continued)**

*Significant accounting judgments and estimates*

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

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

i. the recoverability of capitalized intangible assets and equipment which are included in the consolidated statements of financial position.

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

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

*Share capital*

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

## 2. Significant Accounting Policies (continued)

*Recent accounting pronouncements*

IFRS 9 - Financial Instruments ("IFRS 9") was issued by the IASB on November 12, 2009 and then issued in its final form on July 24, 2014 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of assessing the impact of this pronouncement.

IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") was issued by IASB in May 2014, replacing IAS 11 - Construction Contracts, IAS 18 - Revenue, and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework that applies to contracts with customers. The standard required an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. Disclosure requirements have also been expanded. IFRS 15 is effective for years beginning on or after January 1, 2018, with early adoption permitted. The standard may be applied retrospectively or using a modified retrospective approach. The Company is in the process of assessing the impact of this pronouncement.

## 3. Capital Management

The Company manages its capital with the following objectives:

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

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

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

## 4. Financial Risk Factors

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

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

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

### Credit risk

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

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

### Liquidity risk

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

### Market risk

(a) Interest rate risk

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

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

(b) Foreign currency risk

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

**(Expressed in Canadian dollars)**

## 4. Financial Risk Factors (continued)

### Fair value hierarchy and liquidity risk disclosure

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

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

## 5. Intangible Assets

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

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

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

**5. Intangible Assets (continued)**

REV-001

On September 4, 2014, the Company terminated the REV-001 050831 Agreement, and recorded a write-off of intangible asset of $15,192 in respect thereof.

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

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

REV-002

On June 17, 2013, Revive and Xenexus entered into a patent assignment agreement (the "REV-002 Agreement"), which replaced and superseded a patent license agreement (the "REV-002 License") between Revive and Xenexus dated April 3, 2013. The REV-002 Agreement and its predecessor grant Revive the right to commercially exploit Patent Document AU2012905072 with respect to the use of bucillamine, a rheumatoid arthritis drug for the treatment of gout. Pursuant to the REV-002 License, the Company was required to pay annual license fees amounting to $10,000. Between April 3, 2013, and June 17, 2013, the Company paid $10,000 in accordance with the REV-002 License. Pursuant to the REV-002 Agreement, the Company acquired Patent Document AU2012905072 in exchange for a $15,000 cash payment (paid). If the Company licenses the patent acquired under the REV-002 Agreement, it will be required to pay to Xenexus 5% of any upfront milestone payments and subsequent milestone fees from its licensee. To date, no milestone payments have been incurred or paid. As of June 30, 2016, the Company is in compliance with the terms of the REV-002 Agreement.

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

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

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

**5. Intangible Assets (continued)**

REV-002 (continued)

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

REV-003

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

On January 15, 2015, the Company announced that it has entered into a research collaboration with Rettsyndrome.org to explore the potential of Revive's REV-003 (Tianeptine) for the treatment of Rett Syndrome. On April 27, 2015, the Company announced positive study results from this collaboration and additional studies are ongoing.

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

REV-004 and REV-005

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

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

OTHER

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

**(Expressed in Canadian dollars)**

## 6. Equipment

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

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

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

## 7. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for purchases relating to research and development and general operating activities.

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

**(Expressed in Canadian dollars)**

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

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

## 8. Share Capital

a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

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

| | Number of Common Shares | Amount |
|---|---|---|
| **Balance, June 30, 2014** | **18,497,228** | **$ 2,428,907** |
| Common shares issued in private placement (i) | 4,996,500 | 2,997,900 |
| Transaction costs in private placement (i) | - | (196,599) |
| Valuation of warrants issued in private placement (i) | - | (999,300) |
| Valuation of broker warrants issued in private placement (i) | - | (80,628) |
| Common shares issued upon exercise of broker warrants | 414,927 | 124,478 |
| Fair value of broker warrants exercised | - | 52,459 |
| Common shares issued upon exercise of stock options | 27,782 | 8,335 |
| Fair value of stock options exercised | - | 6,751 |
| **Balance, June 30, 2015** | **23,936,437** | **$ 4,342,303** |
| Common shares issued in private placement (ii) | 8,446,930 | 844,693 |
| Transaction costs in private placement (ii) | - | (12,689) |
| Valuation of warrants issued in private placement (ii) | - | (152,045) |
| **Balance, June 30, 2016** | **32,383,367** | **$ 5,022,262** |

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

**(Expressed in Canadian dollars)**

## 8. Share Capital (continued)

(i) The Offering was led by Beacon Securities Limited ("Beacon") as the sole agent and bookrunner. The Company incurred total transaction costs of $298,998 including a 7% cash commission on the gross proceeds of the Offering paid to Beacon. $196,599 of the total transaction costs was allocated to share capital and the remaining $99,666 was allocated to warrants.

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

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

## 9. Warrants

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

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

**(Expressed in Canadian dollars)**

**9. Warrants (continued)**

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

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

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

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

**10. Broker Warrants**

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

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

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

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

**(Expressed in Canadian dollars)**

## 10. Broker Warrants (continued)

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

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

## 11. Stock Options

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

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

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

| Expiry Date | Exercise Price ($) | Weighted Average Remaining Contractual Life (years) | Number of Options Outstanding | Number of Options Vested (exercisable) | Grant Date Fair Value |
|---|---|---|---|---|---|
| July 9, 2023 | 0.30 | 7.03 | 38,151 | 38,151 | $ 9,270 |
| January 31, 2024 (i) | 0.66 | 7.59 | 590,000 | 590,000 | 265,568 |
| February 10, 2025 (ii) | 0.60 | 8.62 | 925,000 | 800,000 | 345,058 |
| | | | **1,553,151** | **1,428,151** | **$ 619,896** |

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

| Expiry Date | Exercise Price ($) | Weighted Average Remaining Contractual Life (years) | Number of Options Outstanding | Number of Options Vested (exercisable) | Grant Date Fair Value |
|---|---|---|---|---|---|
| July 9, 2023 | 0.30 | 8.28 | 38,151 | 38,151 | $ 9,270 |
| January 31, 2024 (i) | 0.66 | 8.48 | 590,000 | 590,000 | 265,568 |
| February 10, 2025 (ii) | 0.60 | 9.87 | 925,000 | 400,000 | 345,058 |
| | | | **1,553,151** | **1,028,151** | **$ 619,896** |

## 11. Stock Options (continued)

(i) On January 31, 2014, the Company granted 590,000 stock options to certain officers, directors, and employees of the Company at an exercise price of $0.66 per common share expiring on January 31, 2024. The fair value of the stock options was estimated to be $265,568 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 100%; risk-free interest rates of 1.95%; and expected lives of 4 years. The options vest as to one-half on the date of grant and one-half on one year anniversary of the date of grant. During the year ended June 30, 2016, $nil (year ended June 30, 2015 - $78,213) was recorded as stock-based compensation in the consolidated statements of comprehensive loss.

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

## 12. Net Loss per Common Share

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

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

**(Expressed in Canadian dollars)**

## 13. Income Taxes

### Reconciliation of statutory tax rate

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

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

### Unrecognized deferred tax assets

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

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

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

| | |
|---|---|
| 2032 | 181,460 |
| 2033 | 138,113 |
| 2034 | 545,679 |
| 2035 | 1,851,509 |
| 2036 | 2,714,428 |
| | 5,431,189 |

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

**(Expressed in Canadian dollars)**

## 14. Related Party Balances and Transactions and Major Shareholders

(a) Related party balances and transactions:

Related parties include the directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

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

(i) Marrelli Support was owed $2,683 as at June 30, 2016 (June 30, 2015 - $3,534) for the services of Carmelo Marrelli to act as Chief Financial Officer (“CFO”) of the Company. This amount was included in accounts payable and accrued liabilities. The Company has entered into a consulting agreement (the “Marrelli Consulting Agreement”) with Marrelli Support and Mr. Marrelli to provide the services of Mr. Marrelli as CFO of the Company. The term of the Marrelli Consulting Agreement commenced on January 8, 2013, and shall continue until terminated by either Mr. Marrelli or the Company. Pursuant to the Marrelli Consulting Agreement, Mr. Marrelli is entitled to receive monthly compensation of $1,250 per month, and incentive stock option grants on a reasonable basis, consistent with the grant of options to other grantees. In addition, Marrelli Support provides bookkeeping services to the Company. Mr. Marrelli is the President of Marrelli Support. The amounts charged by Marrelli Support are based on what Marrelli Support usually charges its clients. The Company expects to continue to use Marrelli Support for an indefinite period of time.

(ii) DSA was owed $4,727 as at June 30, 2016 (June 30, 2015 - $1,078) for corporate secretarial and filing services. This amount was included in accounts payable and accrued liabilities. DSA is a private company controlled by Carmelo Marrelli, the CFO of the Company. Carmelo Marrelli is also the corporate secretary and sole director of DSA. Services were incurred in the normal course of operations for corporate secretarial, electronic filing and news dissemination services. The Company expects to continue to use DSA’s services for an indefinite period of time.

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

**(Expressed in Canadian dollars)**

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

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

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

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

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

(c) Major shareholders:

As at June 30, 2016, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all of the common shares of the Company other than Mr. Fabio Chianelli, the Chief Executive Officer ("CEO") and a Director of the Company, who owns or controls, directly or indirectly, 21.22% of the issued and outstanding shares of the Company. These stockholdings can change at any time at the discretion of the owner.

None of the Company's major shareholders have different voting rights other than holders of the Company's common shares.

The Company is not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company. Other than Mr. Fabio Chianelli, the CEO and a Director of the Company, who owns or controls, directly or indirectly, 21.22% of the issued and outstanding shares of the Company, the Company is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

**(Expressed in Canadian dollars)**

## 15. Commitments and Contingency

Commitments

The Company has entered into an agreement (the "Employment Agreement") with an officer (Fabio Chianelli) (the "Officer") of the Company to provide services to the Company in the general capacity of CEO and to undertake the duties and exercise the powers associated with this role. Under the terms of the Employment Agreement, the CEO is contracted by the Company for an indefinite term, commencing as of January 1, 2014. The Company shall pay the CEO a $250,000 base salary per annum (the "Annual Base Salary") and annual bonus payments (the "Bonus") from time to time, at the Board's entire discretion, of up to 100% of the Annual Base Salary based on the achievement of corporate goals and benchmarks relating to the Company's overall performance. The Employment Agreement requires an additional contingent lump-sum payment equal to the Officer's then Annual Base Salary and the Bonus paid or declared to the Officer, if any, in the Company's previously completed fiscal year upon the occurrence of a change of control or termination without cause. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

The Company entered into a lease commencing on September 2013 for a 24-month period. The Company is required to pay minimum annual lease payments of $25,353 for the premise. In March 2015, the Company entered a new lease agreement commencing on September 2015 for a 12-month period. In August 2016, the Company entered a new lease agreement commencing on September 1, 2016 for a 12-month period. The Company is required to pay minimum annual lease payment of $16,073.

Contingency

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

## 16. Office Expenses

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

## 17. Subsequent Events

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

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

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

**Schedule F(i)**

**Unaudited Interim Consolidated Financial Statements for the three and nine months ended March 31, 2019 and 2018**

# 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, | | Nine Months Ended March 31, | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **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** |
| | | | | | | | |
| **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.

**Schedule F(ii)**

**Unaudited Interim Consolidated Financial Statements for the three and six months ended December 31, 2018 and 2017**

# Revive Therapeutics Ltd.
# Condensed Interim Consolidated Financial Statements
# Three and Six Months Ended December 31, 2018 and 2017
# (Expressed in Canadian Dollars)
# (Unaudited)

**Notice to Reader**

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

# Revive Therapeutics Ltd.

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

| | December 31, 2018 | June 30, 2018 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | **$ 481,431** | $ 1,060,516 |
| Prepaid expenses | **42,936** | 25,770 |
| **Total current assets** | **524,367** | 1,086,286 |
| **Non-current assets** | | |
| Intangible assets (note 3) | **27,601** | 28,498 |
| Equipment (note 4) | **4,931** | 5,633 |
| **Total non-current assets** | **32,532** | 34,131 |
| **Total assets** | **$ 556,899** | $ 1,120,417 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities (notes 5 and 11) | **$ 273,280** | $ 299,300 |
| **Total liabilities** | **273,280** | 299,300 |
| **Shareholders' equity** | | |
| Share capital (note 6) | **8,432,540** | 8,423,540 |
| Shares to be issued | **-** | 9,000 |
| Contributed surplus (note 9) | **2,075,140** | 1,984,052 |
| Accumulated deficit | **(10,224,061)** | (9,595,475) |
| **Total shareholders' equity** | **283,619** | 821,117 |
| **Total liabilities and shareholders' equity** | **$ 556,899** | $ 1,120,417 |

**Nature of operations and going concern** (note 1)
**Commitments and contingency** (note 12)
**Subsequent event** (note 14)

**Approved on behalf of the Board:**

"Fabio Chianelli", Director

"Craig Leon", Director

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

# Revive Therapeutics Ltd.

**Condensed Interim Consolidated Statements of Comprehensive Loss**
**(Expressed in Canadian dollars)**
**(Unaudited)**

| | Three Months Ended December 31, | | Six Months Ended December 31, | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| **Expenses** | | | | |
| Research costs | **$ 23,392** | $ 94,134 | **$ 47,624** | $ 177,722 |
| Salaries and benefits (note 11(b)) | **142,881** | 149,342 | **290,293** | 295,483 |
| Stock-based compensation (notes 9(i)(ii)(iii)(iv)(v)(vi)) and 11(b)) | **52,365** | 54,446 | **91,088** | 81,256 |
| Office expenses (note 13) | **49,828** | 43,668 | **69,801** | 62,108 |
| Consulting fees | **319** | 35,750 | **22,819** | 141,515 |
| Professional fees (note 11(a)(i)(ii)) | **44,427** | 47,586 | **88,149** | 98,307 |
| Rent | **8,575** | 8,569 | **17,213** | 18,385 |
| Depreciation and amortization (notes 3 and 4) | **800** | 715 | **1,599** | 1,430 |
| **Comprehensive loss for the period** | **$ (322,587)** | $ (434,210) | **$ (628,586)** | $ (876,206) |
| **Comprehensive loss per share - basic and diluted** (note 10) | **$ (0.01)** | $ (0.01) | **$ (0.01)** | $ (0.02) |
| **Weighted average common shares outstanding - basic and diluted** | **58,401,282** | 54,644,606 | **58,396,934** | 54,269,087 |

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)**

| Six Months Ended December 31, | 2018 | 2017 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Comprehensive loss for the period | **$ (628,586)** | $ (876,206) |
| Adjustments for: | | |
| Depreciation and amortization | **1,599** | 1,430 |
| Stock-based compensation | **91,088** | 81,256 |
| Net change in non-cash working capital: | | |
| Other receivables | **-** | 2,456 |
| Prepaid expenses | **(17,166)** | 1,938 |
| Accounts payable and accrued liabilities | **(26,020)** | (15,097) |
| **Net cash and cash equivalents used in operating activities** | **(579,085)** | (804,223) |
| **Investing activities** | | |
| Purchase of equipment | **-** | (1,542) |
| **Net cash and cash equivalents used in investing activities** | **-** | (1,542) |
| **Financing activities** | | |
| Proceeds from exercise of warrants (including finder warrants) | **-** | 445,878 |
| **Net cash and cash equivalents provided by financing activities** | **-** | 445,878 |
| **Net change in cash and cash equivalents** | **(579,085)** | (359,887) |
| **Cash and cash equivalents, beginning of period** | **1,060,516** | 1,768,676 |
| **Cash and cash equivalents, end of period** | **$ 481,431** | $ 1,408,789 |

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 | 2,477,100 | 445,878 | | - | - | - | 445,878 |
| Reclassification of fair value of warrants and finder warrants exercised | - | 100,811 | - | (100,811) | - | - | - |
| Stock-based compensation (note 9(i)(ii)(iii)) | - | - | - | - | 81,256 | - | 81,256 |
| Comprehensive loss for the period | - | - | - | - | - | (876,206) | (876,206) |
| **Balance, December 31, 2017** | **56,370,667** | **$ 7,995,429** | **$ -** | **$ 140,147** | **$ 1,811,377** | **$ (8,680,833)** | **$ 1,266,120** |
| | | | | | | | |
| **Balance, June 30, 2018** | **58,351,282** | **$ 8,423,540** | **$ 9,000** | **$ -** | **$ 1,984,052** | **$ (9,595,475)** | **$ 821,117** |
| Common shares issued for exercise of warrants | 50,000 | 9,000 | (9,000) | - | - | - | - |
| Stock-based compensation (note 9(ii)(iii)(iv)(v)(vi)) | - | - | - | - | 91,088 | - | 91,088 |
| Comprehensive loss for the period | - | - | - | - | - | (628,586) | (628,586) |
| **Balance, December 31, 2018** | **58,401,282** | **$ 8,432,540** | **$ -** | **$ -** | **$ 2,075,140** | **$ (10,224,061)** | **$ 283,619** |

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 $10,224,061 as at December 31, 2018 (June 30, 2018 - $9,595,475). As at December 31, 2018, the Company had cash and cash equivalents of $481,431 (June 30, 2018 - $1,060,516) and a working capital of $251,087 (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 February 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**

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.

**(Expressed in Canadian dollars)**

**2. Significant Accounting Policies (continued)**

**Accounting policies adoptions and changes (continued)**

IFRS 9 Financial Instruments ("IFRS 9") (continued)

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.

*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.

**(Expressed in Canadian dollars)**

## 3. Intangible Assets

| **Cost** | **REV-002** |
|---|---|
| Balance, June 30, 2018 and December 31, 2018 | $ 35,876 |

| **Accumulated amortization** | **REV-002** |
|---|---|
| Balance, June 30, 2018 | $ 7,378 |
| Amortization during the period | 897 |
| Balance, December 31, 2018 | $ 8,275 |

| **Carrying value** | **REV-002** |
|---|---|
| Balance, June 30, 2018 | $ 28,498 |
| Balance, December 31, 2018 | $ 27,601 |

REV-002

During the three and six months ended December 31, 2018, the Company incurred $414 and $1,156, respectively (three and six months ended December 31, 2017 - $nil and ($48,953)) in REV−002 research costs for consulting services of clinical trial design and research.

REV-004 and REV-005

During the three and six months ended December 31, 2018, the Company incurred $1,343 and $4,565, respectively (three and six months ended December 31, 2017 - $43,529 and $84,750, respectively) research costs for REV - 004 and $nil (three and six months ended December 31, 2017 - $nil) research costs for REV-005.

CANNABINOIDS

During the three and six months ended December 31, 2018, the Company incurred $21,611 and $36,510, respectively (three and six months ended December 31, 2017 - $35,476 and $120,611, respectively) research costs for cannabinoids.

OTHER

During the three and six months ended December 31, 2018, the Company incurred $24 and $5,393, respectively (three and six months ended December 31, 2017 - $15,129 and $21,314, respectively) general research costs not specifically allocated to any particular project.

**(Expressed in Canadian dollars)**

## 4. Equipment

| Cost | Computer Equipment | Office Equipment | Total |
|---|---|---|---|
| Balance, June 30, 2018 and December 31, 2018 | $ 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 | 417 | 285 | 702 |
| Balance, December 31, 2018 | $ 4,810 | $ 5,167 | $ 9,977 |

| Carrying value | Computer Equipment | Office Equipment | Total |
|---|---|---|---|
| Balance, June 30, 2018 | $ 2,778 | $ 2,855 | $ 5,633 |
| Balance, December 31, 2018 | $ 2,361 | $ 2,570 | $ 4,931 |

## 5. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for purchases relating to research and development and general operating activities.

| | As at December 31, 2018 | As at June 30, 2018 |
|---|---|---|
| Accounts payable | **$ 201,570** | $ 213,162 |
| Accrued liabilities | **67,233** | 80,894 |
| HST payable | **4,477** | 5,244 |
| | **$ 273,280** | $ 299,300 |

| | As at December 31, 2018 | As at June 30, 2018 |
|---|---|---|
| Less than 1 month | **$ 87,267** | $ 170,485 |
| 1 to 3 months | **35,682** | 1,228 |
| Greater than 3 months | **150,331** | 127,587 |
| | **$ 273,280** | $ 299,300 |

**(Expressed in Canadian dollars)**

## 6. Share Capital

a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

As at December 31, 2018, the issued share capital amounted to $8,432,540 and there were nil shares held in escrow. Changes in issued share capital are as follows:

| | Number of Common Shares | Amount |
|---|---|---|
| **Balance, June 30, 2017** | **53,893,567** | **$ 7,448,740** |
| Exercise of warrants and broker warrants | 2,477,100 | 445,878 |
| Reclassification of fair value of warrants exercised | - | 100,811 |
| **Balance, December 31, 2017** | **56,370,667** | **$ 7,995,429** |
| **Balance, June 30, 2018** | **58,351,282** | **$ 8,423,540** |
| Common shares issued for exercise of warrants (i) | 50,000 | 9,000 |
| **Balance, December 31, 2018** | **58,401,282** | **$ 8,432,540** |

(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.

## 7. Warrants

The following table reflects the continuity of warrants for the periods ended December 31, 2018 and 2017:

| | Number of Warrants | Weighted Average Exercise Price |
|---|---|---|
| **Balance, June 30, 2017** | **5,655,315** | **$ 0.18** |
| Exercised | (2,477,100) | 0.18 |
| **Balance, December 31, 2017** | **3,178,215** | **$ 0.18** |
| **Balance, June 30, 2018 and December 31, 2018 (i)** | **-** | **$ -** |

(i) No warrants were outstanding as at December 31, 2018 and June 30, 2018.

**(Expressed in Canadian dollars)**

## 8. Broker and Finder Warrants

The following table reflects the continuity of broker and finder warrants for the periods ended December 31, 2018 and 2017:

| | Number of Broker Warrants | Weighted Average Exercise Price |
|---|---|---|
| **Balance, June 30, 2017 and December 31, 2017** | **197,750** | **$ 0.10** |
| **Balance, June 30, 2018 and December 31, 2018 (i)** | **-** | **$ -** |

(i) No broker and finder warrants were outstanding as at December 31, 2018 and June 30, 2018.

## 9. Stock Options

The following table reflects the continuity of stock options for the periods ended December 31, 2018 and 2017:

| | 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, December 31, 2017** | **3,118,151** | **$ 0.45** |
| **Balance, June 30, 2018** | **3,468,151** | **$ 0.42** |
| Granted (v)(vi) | 575,000 | 0.19 |
| **Balance, December 31, 2018** | **4,043,151** | **$ 0.39** |

The following table reflects the actual stock options issued and outstanding as at December 31, 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 | 4.52 | 38,151 | 38,151 | $ 9,270 |
| January 31, 2024 | 0.66 | 5.09 | 590,000 | 590,000 | 265,568 |
| February 10, 2025 | 0.60 | 6.12 | 925,000 | 925,000 | 345,058 |
| April 10, 2027 (i) | 0.28 | 8.28 | 965,000 | 865,000 | 212,732 |
| November 1, 2022 (ii) | 0.20 | 3.84 | 250,000 | 250,000 | 31,336 |
| November 29, 2022 (iii) | 0.325 | 3.92 | 350,000 | 350,000 | 92,289 |
| June 8, 2023 (iv) | 0.205 | 4.44 | 350,000 | 175,000 | 59,785 |
| August 21, 2023 (v) | 0.205 | 4.64 | 75,000 | 25,000 | 10,070 |
| October 11, 2020 (vi) | 0.19 | 1.78 | 500,000 | 166,667 | 56,765 |
| | | | **4,043,151** | **3,384,818** | **$ 1,082,873** |

**9. 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 six months ended December 31, 2018, $nil (three and six months ended December 31, 2017 - $26,810 and $53,620, 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 six months ended December 31, 2018, $2,337 and $3,580, respectively (three and six months ended December 31, 2017 - $10,716) 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 six months ended December 31, 2018, $9,098 and $14,979, respectively (three and six months ended December 31, 2017 - $16,920) 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 six months ended December 31, 2018, $14,440 and $42,130, respectively (three and six months ended December 31, 2017 - $nil) was recorded as stock-based compensation in the unaudited condensed interim consolidated statements of comprehensive loss.

## 9. 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 six months ended December 31, 2018, $1,269 and $5,178, respectively (three and six months ended December 31, 2017 - $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 six months ended December 31, 2018, $25,221(three and six months ended December 31, 2017 - $nil) was recorded as stock-based compensation in the unaudited condensed interim consolidated statements of comprehensive loss.

## 10. Net Loss per Common Share

The calculation of basic and diluted loss per share for the three and six months ended December 31, 2018 was based on the loss attributable to common shareholders of $322,587 and $628,586, respectively (three and six months ended December 31, 2017 - $434,210 and $876,206, respectively) and the weighted average number of common shares outstanding of 58,401,282 and 58,396,934, respectively (three and six months ended December 31, 2017 - 54,644,606 and 54,269,087, respectively).

Diluted loss per share did not include the effect of nil warrants (three and six months ended December 31, 2017 - 3,178,215), nil finder warrants (three and six months ended December 31, 2017 - 197,750) and 4,043,151 stock options (three and six months ended December 31, 2017 - 3,118,151) as they are anti-dilutive.

**(Expressed in Canadian dollars)**

## 11. Related Party Balances and Transactions and Major Shareholders

(a) Related party balances and transactions:

Related parties include the directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

| | Three Months Ended December 31, 2018 | Three Months Ended December 31, 2017 | Six Months Ended December 31, 2018 | Six Months Ended December 31, 2017 |
|---|---|---|---|---|
| Marrelli Support Services Inc. ("Marrelli Support") (i) | **$ 18,508** | $ 18,357 | **$ 28,774** | $ 28,927 |
| DSA Corporate Services Inc. and DSA Filing Services Limited (together, known as "DSA") (ii) | **$ 6,059** | $ 8,509 | **$ 13,533** | $ 14,307 |

(i) Marrelli Support was owed $2,357 as at December 31, 2018 (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 $2,160 as at December 31, 2018 (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)**

## 11. 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 December 31, 2018 and 2017 was as follows:

| | Three Months Ended December 31, 2018 | Three Months Ended December 31, 2017 | Six Months Ended December 31, 2018 | Six Months Ended December 31, 2017 |
|---|---|---|---|---|
| Stock-based compensation | **$ -** | $ 15,697 | **$ -** | $ 31,394 |
| Salaries and benefits | **$ 125,000** | $ 125,000 | **$ 250,000** | $ 250,000 |

(c) Major shareholders:

As at December 31, 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, 11.76% 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, 11.76% 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.

## 12. 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.

## 12. 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 December 31, 2018, the Company is seeking development and commercialization partners to advance the program.

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 three and six months ended December 31, 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.

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 Axim 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.

On September 21, 2018, the Company signed a supply and licensing term sheet with PFHIX Inc. for licensing of PFHIX's technology and supply of Crystals, a product of PFHIX, for use by the Company in the production of its cannabinoids products. The initial fee was $10,000 payable by the Company to PFHIX Inc. The term sheet has expired and no further commitments is required.

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)**

## 13. Office Expenses

| | Three Months Ended December 31, 2018 | Three Months Ended December 31, 2017 | Six Months Ended December 31, 2018 | Six Months Ended December 31, 2017 |
|---|---|---|---|---|
| Reporting issuer costs | **$ 24,571** | $ 25,907 | **$ 30,356** | $ 27,348 |
| Administrative | **17,647** | 5,399 | **23,805** | 9,912 |
| Insurance | **8,024** | 9,001 | **16,017** | 18,858 |
| Travel and accommodation | **316** | 2,520 | **905** | 2,902 |
| Meals and entertainment | **107** | 1,244 | **441** | 3,556 |
| Bank charges | **855** | 637 | **1,408** | 1,448 |
| Interest income | **(1,692)** | (1,040) | **(3,131)** | (1,916) |
| | **$ 49,828** | $ 43,668 | **$ 69,801** | $ 62,108 |

## 14. Subsequent Events

(i) On February 5, 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.

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.

(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.

**14. Subsequent Events (continued)**

(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.

(ii) 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.

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.

**Schedule F(iii)**

**Unaudited Interim Consolidated Financial Statements for the three months ended September 30, 2018 and 2017**

# Revive Therapeutics Ltd.
# Condensed Interim Consolidated Financial Statements
# Three Months Ended September 30, 2018 and 2017
# (Expressed in Canadian Dollars)
# (Unaudited)

**Notice to Reader**

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

# Revive Therapeutics Ltd.

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

| | | September 30, 2018 | | June 30, 2018 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | **$** | **766,525** | $ | 1,060,516 |
| Prepaid expenses | | **23,838** | | 25,770 |
| **Total current assets** | | **790,363** | | 1,086,286 |
| **Non-current assets** | | | | |
| Intangible assets (note 3) | | **28,050** | | 28,498 |
| Equipment (note 4) | | **5,282** | | 5,633 |
| **Total non-current assets** | | **33,332** | | 34,131 |
| **Total assets** | **$** | **823,695** | $ | 1,120,417 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | |
| **Current liabilities** | | | | |
| Accounts payable and accrued liabilities (notes 5 and 11) | **$** | **269,854** | $ | 299,300 |
| **Total liabilities** | | **269,854** | | 299,300 |
| **Shareholders' equity** | | | | |
| Share capital (note 6) | | **8,432,540** | | 8,423,540 |
| Shares to be issued | | **-** | | 9,000 |
| Contributed surplus (note 9) | | **2,022,775** | | 1,984,052 |
| Accumulated deficit | | **(9,901,474)** | | (9,595,475) |
| **Total shareholders' equity** | | **553,841** | | 821,117 |
| **Total liabilities and shareholders' equity** | **$** | **823,695** | $ | 1,120,417 |

**Nature of operations and going concern** (note 1)
**Commitments and contingency** (note 12)
**Subsequent event** (note 14)

**Approved on behalf of the Board:**

"Fabio Chianelli", Director

"Craig Leon", Director

# Revive Therapeutics Ltd.

**Condensed Interim Consolidated Statements of Comprehensive Loss**
**(Expressed in Canadian dollars)**
**(Unaudited)**

| **Three Months Ended September 30,** | **2018** | **2017** |
|---|---|---|
| **Expenses** | | |
| Research costs | **$ 24,232** | $ 83,588 |
| Salaries and benefits (note 11(b)) | **147,412** | 146,141 |
| Stock-based compensation (notes 9(i)(ii)(iii)(iv)(v)) and 11(b)) | **38,723** | 26,810 |
| Office expenses (note 13) | **19,973** | 18,440 |
| Consulting fees | **22,500** | 105,765 |
| Professional fees (note 11(a)(i)(ii)) | **43,722** | 50,721 |
| Rent | **8,638** | 9,816 |
| Depreciation and amortization (notes 3 and 4) | **799** | 715 |
| **Comprehensive loss for the period** | **$ (305,999)** | $ (441,996) |
| **Comprehensive loss per share - basic and diluted** (note 10) | **$ (0.01)** | $ (0.01) |
| **Weighted average common shares outstanding - basic and diluted** | **58,392,586** | 53,893,567 |

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)**

| Three Months Ended September 30, | 2018 | 2017 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Comprehensive loss for the period | **$ (305,999)** | $ (441,996) |
| Adjustments for: | | |
| Depreciation and amortization | **799** | 715 |
| Stock-based compensation | **38,723** | 26,810 |
| Net change in non-cash working capital: | | |
| Other receivables | **-** | 2,456 |
| Prepaid expenses | **1,932** | (494) |
| Accounts payable and accrued liabilities | **(29,446)** | 51,844 |
| **Net cash and cash equivalents used in operating activities** | **(293,991)** | (360,665) |
| **Investing activities** | | |
| Purchase of equipment | **-** | (1,542) |
| **Net cash and cash equivalents used in investing activities** | **-** | (1,542) |
| **Net change in cash and cash equivalents** | **(293,991)** | (362,207) |
| **Cash and cash equivalents, beginning of period** | **1,060,516** | 1,768,676 |
| **Cash and cash equivalents, end of period** | **$ 766,525** | $ 1,406,469 |

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** |
| Stock-based compensation (note 9(i)) | - | - | - | - | 26,810 | - | 26,810 |
| Comprehensive loss for the period | - | - | - | - | - | (441,996) | (441,996) |
| **Balance, September 30, 2017** | **53,893,567** | **$ 7,448,740** | **$ -** | **$ 240,958** | **$ 1,756,931** | **$ (8,246,623)** | **$ 1,200,006** |
| | | | | | | | |
| **Balance, June 30, 2018** | **58,351,282** | **$ 8,423,540** | **$ 9,000** | **$ -** | **$ 1,984,052** | **$ (9,595,475)** | **$ 821,117** |
| Common shares issued for exercise of warrants | 50,000 | 9,000 | (9,000) | - | - | - | - |
| Stock-based compensation (note 9(ii)(iii)(iv)(v)) | - | - | - | - | 38,723 | - | 38,723 |
| Comprehensive loss for the period | - | - | - | - | - | (305,999) | (305,999) |
| **Balance, September 30, 2018** | **58,401,282** | **$ 8,432,540** | **$ -** | **$ -** | **$ 2,022,775** | **$ (9,901,474)** | **$ 553,841** |

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 $9,901,474 as at September 30, 2018 (June 30, 2018 - $9,595,475). As at September 30, 2018, the Company had cash and cash equivalents of $766,525 (June 30, 2018 - $1,060,516) and a working capital of $520,509 (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 November 28, 2018, 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**

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.

**(Expressed in Canadian dollars)**

**2. Significant Accounting Policies (continued)**

**Accounting policies adoptions and changes (continued)**

IFRS 9 Financial Instruments ("IFRS 9") (continued)

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.

*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.

**(Expressed in Canadian dollars)**

## 3. Intangible Assets

| **Cost** | | **REV-002** |
|---|---|---|
| Balance, June 30, 2018 and September 30, 2018 | $ | 35,876 |

| **Accumulated amortization** | | **REV-002** |
|---|---|---|
| Balance, June 30, 2018 | $ | 7,378 |
| Amortization during the period | | 448 |
| Balance, September 30, 2018 | $ | 7,826 |

| **Carrying value** | | **REV-002** |
|---|---|---|
| Balance, June 30, 2018 | $ | 28,498 |
| Balance, September 30, 2018 | $ | 28,050 |

REV-002

During the three months ended September 30, 2018, the Company incurred $742 (three months ended September 30,2017 - ($48,953)) in REV−002 research costs for consulting services of clinical trial design and research.

REV-004 and REV-005

During the three months ended September 30, 2018, the Company incurred $3,222 (three months ended September 30, 2017 - $41,221) research costs for REV - 004 and $nil (three months ended September 30, 2017 - $nil) research costs for REV-005.

CANNABINOIDS

During the three months ended September 30, 2018, the Company incurred $14,899 (three months ended September 30, 2017 - $85,135) research costs for cannabinoids.

OTHER

During the three months ended September 30, 2018, the Company incurred $5,369 (three months ended September 30, 2017 - $6,185) general research costs not specifically allocated to any particular project.

**(Expressed in Canadian dollars)**

## 4. Equipment

| Cost | Computer Equipment | Office Equipment | Total |
|---|---|---|---|
| Balance, June 30, 2018 and September 30, 2018 | $ 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 | 208 | 143 | 351 |
| Balance, September 30, 2018 | $ 4,601 | $ 5,025 | $ 9,626 |

| Carrying value | Computer Equipment | Office Equipment | Total |
|---|---|---|---|
| Balance, June 30, 2018 | $ 2,778 | $ 2,855 | $ 5,633 |
| Balance, September 30, 2018 | $ 2,570 | $ 2,712 | $ 5,282 |

## 5. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for purchases relating to research and development and general operating activities.

| | As at September 30, 2018 | As at June 30, 2018 |
|---|---|---|
| Accounts payable | **$ 184,870** | $ 213,162 |
| Accrued liabilities | **83,797** | 80,894 |
| HST payable | **1,187** | 5,244 |
| | **$ 269,854** | $ 299,300 |

| | As at September 30, 2018 | As at June 30, 2018 |
|---|---|---|
| Less than 1 month | **$ 118,934** | $ 170,485 |
| 1 to 3 months | **7,348** | 1,228 |
| Greater than 3 months | **143,572** | 127,587 |
| | **$ 269,854** | $ 299,300 |

**(Expressed in Canadian dollars)**

## 6. Share Capital

a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

As at September 30, 2018, the issued share capital amounted to $8,432,540 and there were nil shares held in escrow. Changes in issued share capital are as follows:

| | Number of Common Shares | Amount |
|---|---|---|
| **Balance, June 30, 2017 and September 30, 2017** | **53,893,567** | **$ 7,448,740** |
| **Balance, June 30, 2018** | **58,351,282** | **$ 8,423,540** |
| Common shares issued for exercise of warrants (i) | 50,000 | 9,000 |
| **Balance, September 30, 2018** | **58,401,282** | **$ 8,432,540** |

(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.

## 7. Warrants

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

| | Number of Warrants | Weighted Average Exercise Price |
|---|---|---|
| **Balance, June 30, 2017 and September 30, 2017** | **5,655,315** | **$ 0.18** |
| **Balance, June 30, 2018 and September 30, 2018 (i)** | **-** | **$ -** |

(i) No warrants were outstanding as at September 30, 2018 and June 30, 2018.

**(Expressed in Canadian dollars)**

## 8. Broker and Finder Warrants

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

| | Number of Broker Warrants | Weighted Average Exercise Price |
|---|---|---|
| **Balance, June 30, 2017 and September 30, 2017** | **197,750** | **$ 0.10** |
| **Balance, June 30, 2018 and September 30, 2018 (i)** | **-** | **$ -** |

(i) No broker and finder warrants were outstanding as at September 30, 2018 and June 30, 2018.

## 9. Stock Options

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

| | Number of Stock Options | Weighted Average Exercise Price |
|---|---|---|
| **Balance, June 30, 2017 and September 30, 2017** | **2,518,151** | **$ 0.49** |
| **Balance, June 30, 2018** | **3,468,151** | **$ 0.42** |
| Granted (v) | 75,000 | 0.21 |
| **Balance, September 30, 2018** | **3,543,151** | **$ 0.42** |

The following table reflects the actual stock options issued and outstanding as at September 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 | 4.78 | 38,151 | 38,151 | $ 9,270 |
| January 31, 2024 | 0.66 | 5.34 | 590,000 | 590,000 | 265,568 |
| February 10, 2025 | 0.60 | 6.37 | 925,000 | 925,000 | 345,058 |
| April 10, 2027 (i) | 0.28 | 8.53 | 965,000 | 865,000 | 212,732 |
| November 1, 2022 (ii) | 0.20 | 4.09 | 250,000 | 187,500 | 31,336 |
| November 29, 2022 (iii) | 0.325 | 4.17 | 350,000 | 262,500 | 92,289 |
| June 8, 2023 (iv) | 0.205 | 4.69 | 350,000 | 87,500 | 59,785 |
| August 21, 2023 (v) | 0.205 | 4.89 | 75,000 | 25,000 | 10,070 |
| | | | **3,543,151** | **2,980,651** | **$ 1,026,108** |

**9. 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 months ended September 30, 2018, $nil (three months ended September 30, 2017 - $26,810) 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 months ended September 30, 2018, $1,243 (three months ended September 30, 2017 - $nil) 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 months ended September 30, 2018, $5,881 (three months ended September 30, 2017 - $nil) 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 months ended September 30, 2018, $27,690 (three months ended September 30, 2017 - $nil) was recorded as stock-based compensation in the unaudited condensed interim consolidated statements of comprehensive loss.

(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 months ended September 30, 2018, $3,909 (three months ended September 30, 2017 - $nil) was recorded as stock-based compensation in the unaudited condensed interim consolidated statements of comprehensive loss.

**(Expressed in Canadian dollars)**

## 10. Net Loss per Common Share

The calculation of basic and diluted loss per share for the three months ended September 30, 2018 was based on the loss attributable to common shareholders of $305,999 (three months ended September 30, 2017 - $441,996) and the weighted average number of common shares outstanding of 58,392,586 (three months ended September 30, 2017 - 53,893,567).

Diluted loss per share did not include the effect of nil warrants (three months ended September 30, 2017 - 5,655,315), nil finder warrants (three months ended September 30, 2017 - 197,750) and 3,543,151 stock options (three months ended September 30, 2017 - 2,518,151) as they are anti-dilutive.

## 11. Related Party Balances and Transactions and Major Shareholders

(a) Related party balances and transactions:

Related parties include the directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

| **Three Months Ended September 30,** | | **2018** | | **2017** |
|---|---|---|---|---|
| Marrelli Support Services Inc. ("Marrelli Support") (i) | **$** | **10,266** | $ | 10,570 |
| DSA Corporate Services Inc. and DSA Filing Services Limited (together, known as "DSA") (ii) | **$** | **7,474** | $ | 5,798 |

(i) Marrelli Support was owed $2,448 as at September 30, 2018 (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 $4,438 as at September 30, 2018 (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)**

## 11. 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 September 30, 2018 and 2017 was as follows:

| Three Months Ended September 30, | 2018 | 2017 |
|---|---|---|
| Stock-based compensation | **$ -** | $ 15,697 |
| Salaries and benefits | **$ 125,000** | $ 125,000 |

(c) Major shareholders:

As at September 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, 11.76% 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, 11.76% 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.

## 12. 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.

## 12. 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 September 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 is currently seeking development and commercialization partners to advance the program.

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 three months ended 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.

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 Axim 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.

On September 21, 2018, the Company signed a supply and licensing term sheet with PFHIX Inc. for licensing of PFHIX's technology and supply of Crystals, a product of PFHIX, for use by the Company in the production of its cannabinoids products. The initial fee was $10,000 payable by the Company to PFHIX Inc. The term sheet has expired and no further commitments is required.

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)**

## 13. Office Expenses

| Three Months Ended September 30, | 2018 | 2017 |
|---|---|---|
| Reporting issuer costs | **$ 5,785** | $ 1,441 |
| Administrative | **6,158** | 4,513 |
| Insurance | **7,993** | 9,857 |
| Travel and accommodation | **589** | 382 |
| Meals and entertainment | **334** | 2,312 |
| Bank charges | **553** | 811 |
| Interest income | **(1,439)** | (876) |
| | **$ 19,973** | $ 18,440 |

## 14. Subsequent Events

(i) 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.

(ii) On November 7, 2018, the Company announced that the U.S. Food and Drug Administration ("FDA") granted orphan drug designation for cannabidiol ("CBD") in the prevention of ischemia and reperfusion injury ("IRI") resulting from solid organ transplantation.

## Schedule G

## Consolidated Capitalization

The following table sets forth the consolidated capitalization of the Company at March 31, 2019 and June 30, 2018. The table should be read in conjunction with the unaudited interim consolidated financial statements for the three and nine months ended March 31, 2019 and 2018, and the audited consolidated financial statements of the Company for the years ended June 30, 2018 and 2017.

| | | 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 | | **750,000** | | - |
| **Total current assets** | | **1,609,266** | | 1,086,286 |
| **Non-current assets** | | | | |
| Intangible assets | | **27,833** | | 28,498 |
| Equipment | | **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 | **$** | **262,021** | $ | 299,300 |
| **Total liabilities** | | **262,021** | | 299,300 |
| **Shareholders' equity** | | | | |
| Share capital | | **9,341,973** | | 8,423,540 |
| Shares to be issued | | **-** | | 9,000 |
| Warrants and broker and finder warrants | | **425,421** | | - |
| Contributed surplus | | **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 |

## Schedule H

## Options to Purchase Securities

The information in the table below is current as of the date of this Listing Statement:

| Category | Number of Option holders | Number of Options to Acquire Common Share of the Company | Exercise Price | Expiration Date |
|---|---|---|---|---|
| A. All of the Company's executive officers and past executive officers | 4 | 990,000 | 395,000 @ $0.66<br>280,000 @ $0.60<br>315,000 @ $0.28 | 31-Jan-24<br>10-Feb-25<br>10-Apr-27 |
| B. All of the Company's directors and past directors who are not also executive officers of the Company | 2 | 715,375 | 40,375 @ $0.30<br>175,000 @ $0.66<br>250,000 @ $0.60<br>250,000 @ $0.28 | 9-Jul-23<br>31-Jan-24<br>10-Feb-25<br>10-Apr-27 |
| C. All executive officers and past executive officers of Revive Therapeutics Inc. ("**Revive Inc.**"), excluding individuals included in items A & B | N/A | N/A | N/A | N/A |
| D. All directors and past directors, of Revive Inc. who are not also executive officers of Revive Inc., excluding individuals included in items A & B | N/A | N/A | N/A | N/A |
| E. All other employees and past employees of the Company | 1 | 140,000 | 20,000 @ $0.66<br>20,000 @ $0.60<br>100,000 @ $0.28 | 24-Jan-24<br>10-Feb-25<br>10-Apr-27 |
| F. All other employees and past employees of Revive Inc. | Nil | N/A | N/A | N/A |
| G. All consultants of the Company | 9 | 2,325,334 | 375,000 @ $0.60<br>300,000 @ $0.28<br>250,000 @ $0.20<br>350,000 @ $0.325<br>350,000 @$0.205<br>75,000 @ $0.205<br>500,000 @ $0.19<br>125,334 @ $0.17 | 10-Feb-25<br>10-Apr-27<br>1-Nov-22<br>29-Nov-22<br>8-Jun-23<br>21-Aug-23<br>11-Oct-20<br>22-Apr-24 |
| H. Any other person or company | Nil | Nil | N/A | N/A |

## Schedule I

## Capitalization

## 14. Capitalization

Please note that the information contained in this section of the Listing Statement is current as of July 10, 2019.

14.1 Prepare and file the following chart for each class of securities to be listed:

**Issued Capital**

| | Number of Securities (non-diluted) | Number of Securities (fully-diluted) | %of Issued (non-diluted) | % of Issued (fully diluted) |
|---|---|---|---|---|
| Public Float | | | | |
| Total outstanding (A) | 72,411,282 | 90,633,991 | 100% | 100% |
| Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)* | 10,286,699 | 11,992,074 | 14.2% | 13.2% |
| Total Public Float (A-B) | 62,124,583 | 78,641,917 | 85.8% | 86.8% |
| Freely-Tradeable Float | | | | |
| Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C) | 0 | 0 | 0% | 0% |
| Total Tradeable Float (A-C) | 72,411,282 | 90,633,991 | 100% | 100% |

* To the knowledge of the Company, other than Related Persons, no person or company beneficially owns or controls, directly or indirectly, more than 5% of the Common Shares of the Company, or would beneficially own or control, directly or indirectly, more than a 5% of the Common Shares of the Company upon exercise or conversion of other securities held.

Public Securityholders (Registered)

**Instruction:** For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

**Class of Security**

| **Size of Holding** | **Number of holders** | **Total number of securities** |
|---|---|---|
| 1 – 99 securities | | |
| 100 – 499 securities | | |
| 500 – 999 securities | 6 | 3,000 |
| 1,000 – 1,999 securities | | |
| 2,000 – 2,999 securities | | |
| 3,000 – 3,999 securities | | |
| 4,000 – 4,999 securities | | |
| 5,000 or more securities | 17 | 62,121,583 |

Public Securityholders (Beneficial)

**Instruction:** Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

**Class of Security**

| **Size of Holding** | **Number of holders** | **Total number of securities** |
|---|---|---|
| 1 – 99 securities | 50 | 1,818 |
| 100 – 499 securities | 261 | 63,857 |
| 500 – 999 securities | 241 | 145,445 |
| 1,000 – 1,999 securities | 442 | 529,394 |
| 2,000 – 2,999 securities | 279 | 615,794 |
| 3,000 – 3,999 securities | 183 | 590,922 |
| 4,000 – 4,999 securities | 131 | 550,848 |
| 5,000 or more securities | 1,329 | 60,180,830 |
| Unable to confirm | | |

**Please note that the breakdown of beneficial holdings provided above indicates that the total number of common shares held by public securityholders is 62,678,908; however, the actual total number of common shares held by public securityholders is 62,124,583. The Company understands that the reason for this difference of 554,325 common shares is due to the fact that settlement dates between cross-border brokers can result in a discrepancy between the number of holders and securities contained in the registered shareholder list generated by the transfer agent and the share range reports generated by the intermediary.

Non-Public Securityholders (Registered)

**Instruction:** For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart.

**Class of Security**

| **Size of Holding** | **Number of holders** | **Total number of securities** |
|---|---|---|
| 1 – 99 securities | | |
| 100 – 499 securities | | |
| 500 – 999 securities | | |
| 1,000 – 1,999 securities | | |
| 2,000 – 2,999 securities | | |
| 3,000 – 3,999 securities | | |
| 4,000 – 4,999 securities | | |
| 5,000 or more securities | 4 | 10,286,699 |

# Schedule J

## Securities Convertible/Exchangeable into Common Shares

Outstanding securities issued by the Company that are not traded or listed on a marketplace consist of common share purchase warrants and stock options. Both can be exercised to acquire common shares during a specified period of time by paying the stated exercise price to the Company.

***Warrants***

As at the date of this Listing Statement, the Company had 14,010,000 warrants issued and outstanding. Each warrant entitles the holder to acquire one common share at a price of $0.15 per common share. 10,960,000 of the warrants issued and outstanding expire on February 4, 2021, and 3,050,000 of the warrants issued and outstanding expire on February 8, 2021.

***Broker Warrants***

As at the date of this Listing Statement, the Company had 42,000 broker warrants issued and outstanding. Each broker warrant entitles the holder to acquire one common share at a price of $0.15 per common share. The broker warrants expire on February 4, 2021.

***Stock Options***

The Company has an incentive stock option plan for the purchase of common shares for its directors, officers, employees, management company employee or consultants of the Company or a subsidiary of the Company. The aggregate number of common shares reserved for issuance under the stock option plan is 10% of the issued and outstanding shares at the time of grant.

As at the date of this Listing Statement, the Company had 4,170,709 options issued and outstanding, as summarized in the table below:

| Number of Options | Issue/Exercise Price per Option* | Date of Issue |
|---|---|---|
| 40,375 | $0.30 | 09-Jul-13 |
| 590,000 | $0.66 | 31-Jan-14 |
| 925,000 | $0.60 | 11-Feb-15 |
| 965,000 | $0.28 | 10-Apr-17 |
| 250,000 | $0.20 | 01-Nov-17 |
| 350,000 | $0.325 | 29-Nov-17 |
| 350,000 | $0.205 | 08-Jun-18 |
| 75,000 | $0.205 | 21-Aug-18 |
| 500,000 | $0.19 | 11-Oct-18 |
| 125,334 | $0.17 | 01-May-19 |

*Note that in no event shall the Exercise Price be less than the Market Price (as defined in Revive's incentive stock option plan).

## Schedule K

## Certificate of the Issuer

Pursuant to a resolution duly passed by its Board of Directors, Revive Therapeutics Ltd. hereby applies for the listing of the above mentioned securities on the Canadian Securities Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Revive Therapeutics Ltd. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario

this 15th day of July, 2019.

**Craig Leon**
Chief Executive Officer

**Fabio Chianelli**
President

**Carlo Sansalone**
Director

**William Jackson**
Director

## Schedule K

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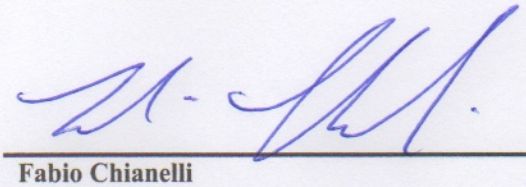
Dated at Toronto, Ontario

this 15th day of July, 2019.



**Craig Leon**
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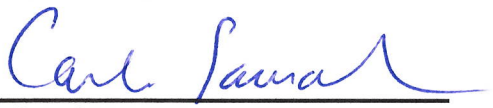
Dated at Toronto, Ontario

this 15th day of July, 2019.

**Craig Leon**
Chief Executive Officer



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Dated at Toronto, Ontario

this 15th day of July, 2019.

**Craig Leon**
Chief Executive Officer

**Fabio Chianelli**
President

**Carlo Sansalone**
Director

**William Jackson**
Director