Revive Therapeutics Ltd.

Condensed Interim Consolidated Financial Statements

Three and Six Months Ended December 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)

	December 31, 2019	June 30, 2019
ASSETS		
Current assets		
Cash and cash equivalents	**$ 45,420**	$ 475,234
Other receivable	**8,277**	-
Lease receivable (note 4)	**42,670**	-
Prepaid expenses	**18,792**	53,090
Total current assets	**115,159**	528,324
Non-current assets		
Investment (note 5)	**750,000**	750,000
Equipment (note 6)	**3,710**	4,230
Lease receivable (note 4)	**387,089**	-
Total non-current assets	**1,140,799**	754,230
Total assets	**$ 1,255,958**	$ 1,282,554
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (notes 8 and 15)	**$ 320,027**	$ 321,772
Lease liability (note 9)	**64,527**	-
Total current liabilities	**384,554**	321,772
Non-current liabilities		
Lease liability (note 9)	**386,337**	-
Total liabilities	**770,891**	321,772
Shareholders' equity		
Share capital (note 10)	**9,352,491**	9,352,491
Warrants and broker and finder warrants (notes 11 and 12)	**430,370**	430,370
Contributed surplus (note 13)	**2,322,547**	2,117,282
Accumulated deficit	**(11,620,341)**	(10,939,361)
Total shareholders' equity	**485,067**	960,782
Total liabilities and shareholders' equity	**$ 1,255,958**	$ 1,282,554

Nature of operations and going concern (note 1)
Commitments and contingency (note 16)
Subsequent events (note 18)

Approved on behalf of the Board:

"Michael Frank", Director

"Christian Scovenna", 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, 2019	Three Months Ended December 31, 2018	Six Months Ended December 31, 2019	Six Months Ended December 31, 2018
Expenses				
Research costs	**$ 163**	$ 23,392	**$ 36,914**	$ 47,624
Salaries and benefits (note 15(b))	**(622)**	142,881	**158,218**	290,293
Stock-based compensation (notes 13(i)(ii)(iii)(iv)(v)(vi) and 15(b))	**198,465**	52,365	**205,265**	91,088
Office expenses (note 17)	**37,369**	49,828	**76,346**	69,801
Consulting fees	**11,977**	319	**13,797**	22,819
Professional fees (note 15(a)(i)(ii))	**50,479**	44,427	**87,038**	88,149
Rent	**19,936**	8,575	**32,214**	17,213
Depreciation and amortization (notes 6 and 7)	**20,031**	800	**28,199**	1,599
Accretion of lease liability (note 9)	**22,940**	-	**30,848**	-
Loss on sub-lease (note 2)	**16,713**	-	**16,713**	-
Finance income on sub-lease (note 4)	**(4,572)**	-	**(4,572)**	-
Comprehensive loss for the period	**$ (372,879)**	$ (322,587)	**$ (680,980)**	$ (628,586)
Comprehensive loss per share - basic and diluted (note 14)	**$ (0.01)**	$ (0.01)	**$ (0.01)**	$ (0.01)
Weighted average common shares outstanding - basic and diluted	**72,411,282**	58,401,282	**72,411,282**	58,396,934

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

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

Six Months Ended December 31,	2019	2018
Cash flow from operating activities		
Comprehensive loss for the period	$ (680,980)	$ (628,586)
Adjustments for:		
Depreciation and amortization	28,199	1,599
Stock-based compensation	205,265	91,088
Accretion of lease liability	30,848	-
Loss on sub-lease	16,713	-
Rent commission	19,936	-
Finance income on sub-lease	(4,572)	-
Net change in non-cash working capital:		
Other receivables	523	-
Prepaid expenses	5,664	(17,166)
Accounts payable and accrued liabilities	(14,161)	(26,020)
Net cash and cash equivalents used in operating activities	(392,565)	(579,085)
Financing activities		
Lease payments	(37,249)	-
Net cash and cash equivalents used in financing activities	(37,249)	-
Net change in cash and cash equivalents	(429,814)	(579,085)
Cash and cash equivalents, beginning of period	475,234	1,060,516
Cash and cash equivalents, end of period	$ 45,420	$ 481,431

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

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

	Share capital						
	Number of shares	Amount	Shares to be issued	Warrants and broker and finder warrants	Contributed surplus	Accumulated deficit	Total shareholders' equity
Balance, June 30, 2018	**58,351,282**	**$ 8,423,540**	**$ 9,000**	**$ -**	**$ 1,984,052**	**$ (9,595,475)**	**$ 821,117**
Common shares issued for exercise of warrants	50,000	9,000	(9,000)	-	-	-	-
Stock-based compensation (note 13(i)(ii)(iii)(iv)(v))	-	-	-	-	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**
Balance, June 30, 2019	**72,411,282**	**$ 9,352,491**	**$ -**	**$ 430,370**	**$ 2,117,282**	**$ (10,939,361)**	**$ 960,782**
Stock-based compensation (note 13(v)(vi))	-	-	-	-	205,265	-	205,265
Comprehensive loss for the period	-	-	-	-	-	(680,980)	(680,980)
Balance, December 31, 2019	**72,411,282**	**$ 9,352,491**	**$ -**	**$ 430,370**	**$ 2,322,547**	**$ (11,620,341)**	**$ 485,067**

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 traded 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". On July 19, 2019, the Company received final approval to list its common shares on the Canadian Securities Exchange (the "CSE"), and to voluntarily delist its common shares from the Exchange. The common shares commenced trading on the CSE at the market opening on July 23, 2019. 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 The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario M5C 1P1.

On June 20, 2019, the Company announced that the Company was to establish a cannabis product derivative manufacturing and development facility and it entered into a definitive lease agreement to a 12,000 sq. ft. facility in Mississauga, Ontario (the “Mississauga Facility”).

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 $11,620,341 as at December 31, 2019 (June 30, 2019 - $10,939,361). As at December 31, 2019, the Company had cash and cash equivalents of $45,420 (June 30, 2019 - $475,234) and a working capital deficiency of $269,395 (June 30, 2019 - working capital of $206,552). 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 21, 2020, 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, 2019, 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, 2020 could result in restatement of these unaudited condensed interim consolidated financial statements.

2. Significant Accounting Policies (continued)

Change of accounting policy

Lessee

In January 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"), replacing IAS 17 - Leases. IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its statement of financial position, providing the reader with greater transparency of an entity's lease obligations. The Company adopted IFRS 16 – Leases on July 1, 2019. Previously, the Company classified leases as operating or finance leases based on IAS 17 - Leases.

The Company adopted IFRS 16, effective October 1, 2019, under the modified retrospective approach. Comparatives for 2019 were not restated. At transition, the Company elected to use the practical expedient available under the standard that allows lease assessments made under IAS 17 and IFRIC 4 to be used for existing contracts. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after July 1, 2019. The Company has determined that there is no change to the comparative periods required as a result of the adoption of this standard.

On initial application, for leases previously classified as operating leases under IAS 17, the Company has elected to record right-of-use assets based on the corresponding lease liability. On July 1, 2019, the adoption of IFRS 16 had no material impact on the Company's unaudited condensed interim financial statements with the Company's existing lease agreement which expired on August 31, 2019. On September 1, 2019, the Company entered into a new lease agreement for which the Company recorded lease obligations of $469,681 and right-of-use assets of $495,020, with no net impact on deficit (See Notes 7 and 9).

When measuring lease liabilities for those leases previously classified as operating leases under IAS 17, the Company discounted future lease payments using its incremental borrowing rate as at September 1, 2019. The weighted-average rate applied is 20%.

The Company has elected to apply the practical expedient on facility leases, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Company's accounting policy for leases under IFRS 16 is as follows:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases giving rise to right-of-use assets.

At the commencement date, a right-of-use asset is measured at cost, where cost comprises: (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date, less any lease incentives received; (c) any initial direct costs incurred by the Company; and (d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

2. Significant Accounting Policies (continued)

Change of accounting policy (continued)

Significant accounting judgments, estimates and assumptions in adoption of IFRS 16

A lease liability is initially measured at the present value of the unpaid lease payments discounted using the interest rate implicit in in the lease or if that rate cannot be reliably determined, the Company's incremental borrowing rate. Subsequently, the Company measures a lease liability at amortized cost using the effective interest method. It is then remeasured to reflect revised in-substance fixed lease payments. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any re-measurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term.

All the components of the lease liability are required to be discounted to reflect the present value of the payments. The discount rate to use is the rate implicit in the lease, unless this cannot readily be determined, in which case the lessee's incremental borrowing rate is used instead. The definition of the lessee's incremental borrowing rate states that the rate should represent what the lessee would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. Significant judgment is required to estimate an incremental borrowing rate in the context of a right-of-use asset.

Sub-lease

When the Company is an intermediate lessor, it determines at lease inception date whether the sub-lease is a finance lease or an operating lease based on whether the contract transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the sub-lease is a finance lease; if not, then it is an operating lease. Payments from sub-leases that are determined to be operating leases are recorded as cost recovery under general and administrative expenses in the period the payment is due.

For finance leases, and when the Company acts as intermediate lessor, it recognizes a sublease receivable and derecognizes the right-of-use assets relating to the head lease that it transfers to the sub lessees. Right-of-use assets and lease receivables relating to the sub leases are measured in the same way as the right-of-use assets and lease liabilities for the head lease, using the same discount rate to measure the present value of the future payments to be received.

The Company presents accretion expense in the head lease separate from the accretion income from the sub-lease.

On December 11, 2019, the Company sub-leased the right-of-use asset that the Company leased on September 1, 2019 and recognized a loss on sub-lease of $16,713.

(Expressed in Canadian dollars)

3. Fair Value Measurements

The following table illustrates the classification of the Company's financial instruments recorded at fair value within the fair value hierarchy as at December 31, 2019 and June 30, 2019:

December 31, 2019	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 45,420	$ -	$ -	$ 45,420
Investment	-	-	750,000	750,000

June 30, 2019	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 475,234	$ -	$ -	$ 475,234
Investment	-	-	750,000	750,000

Level 3 hierarchy:

The following table presents the changes in fair value measurement of financial instrument classified as Level 3. The financial instrument is measured at fair value utilizing non-observable market inputs.

Investment at fair value	Opening balance at July 1, 2019	Purchases	Ending balance at December 31, 2019
December 31, 2019	$ 750,000	$ -	$ 750,000

Within Level 3, the Company includes a non-public company investment. The key assumptions used in the valuation of the instrument include (but are not limited to) the value at which a recent financing was done by the investee.

The following table presents the fair value, categorized by key valuation techniques and the unobservable inputs used within Level 3 as at:

December 31, 2019

Investment name	Valuation technique	Fair value	Unobservable inputs
Herman Holdings Limited ("HHL")	recent financing	**$ 750,000**	Transaction price

As the valuation of investments for which market quotations are not readily available and are inherently uncertain, the values may fluctuate materially within short periods of time and are based on estimates, and determinations of fair value may differ materially from values that would have resulted if a ready market existed for the investments. As at December 31, 2019, a change in the transaction price of 5% would result in an increase/decrease in the fair value estimate of the investment of approximately $37,500, keeping all other variables constant.

(Expressed in Canadian dollars)

4. Lease receivable

Balance, July 1, 2019	**$**	**-**
Additions		450,628
Settlement of rent commission		(19,936)
Transfer to other receivable		(5,505)
Finance income		4,572
Balance, December 31, 2019	**$**	**429,759**

Allocated as:		
Current	$	42,670
Long-term		387,089
	$	**429,759**

5. Investment

In connection with the closing of the the non-brokered private placement 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 payment of $750,000 representing 5% of the issued and outstanding HHL Shares. During the three and six months ended December 31, 2019, the fair value of the investment remained unchanged at $750,000.

6. Equipment

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

Accumulated depreciation	**Computer Equipment**	**Office Equipment**	**Total**
Balance, June 30, 2019	$ 5,226	$ 5,452	$ 10,678
Depreciation during the period	292	228	520
Balance, December 31, 2019	$ 5,518	$ 5,680	$ 11,198

Carrying value	**Computer Equipment**	**Office Equipment**	**Total**
Balance, June 30, 2019	$ 1,945	$ 2,285	$ 4,230
Balance, December 31, 2019	$ 1,653	$ 2,057	$ 3,710

(Expressed in Canadian dollars)

7. Right-of-use Asset

		Office lease
Balance, July 1, 2019	**$**	**495,020**
Depreciation		(27,679)
Transferred to sub-lease		(467,341)
Balance, December 31, 2019	**$**	**-**

8. 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, 2019		As at June 30, 2019
Accounts payable	**$**	**251,383**	$	199,641
Accrued liabilities		**68,644**		122,044
HST payable		**-**		87
	$	**320,027**	$	321,772

		As at December 31, 2019		As at June 30, 2019
Less than 1 month	**$**	**84,929**	$	210,027
1 to 3 months		**21,743**		52
Greater than 3 months		**213,355**		111,693
	$	**320,027**	$	321,772

(Expressed in Canadian dollars)

9. Lease Liability

Balance, July 1, 2019	**$**	**469,681**
Accretion		30,848
Lease payments		(37,249)
Transfer to accounts payable and accrued liabilities for arrears rent [1]		(12,416)
Balance, December 31, 2019	**$**	**450,864**

Allocated as:		
Current	$	64,527
Long-term		386,337
	$	**450,864**

[1] Subsequent to December 31, 2019, the Company received a letter from the landlord of the lease that the Company failed to make the lease payment for the month of January 2020 and is in default of the lease agreement. If the default is not remedied in a timely manner, the Company may be subject to interest and penalties on the arrears and the lease may be terminated. If the lease is terminated, the lease receivable on the sub-lease may not be collectible. Subsequent to December 31, 2019, the Company has rectified the lease default and the lease is in good standing (note 18(vii)).

10. 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, 2019, the issued share capital amounted to $9,352,491 and there were nil shares held in escrow. Changes in issued share capital are as follows:

	Number of Common Shares	Amount
Balance, June 30, 2018	**58,351,282**	**$ 8,423,540**
Common shares issued for exercise of warrants	50,000	9,000
Balance, December 31, 2018	**58,401,282**	**$ 8,432,540**
Balance, June 30, 2019 and December 31, 2019	**72,411,282**	**$ 9,352,491**

(Expressed in Canadian dollars)

11. Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2018 and December 31, 2018	**-**	**$ -**
Issued	14,010,000	0.15
Balance, June 30, 2019 and December 31, 2019	**14,010,000**	**$ 0.15**

The following table reflects warrants issued and outstanding as at December 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		(16,036)	
	0.15	**428,416**	**14,010,000**

12. Broker and Finder Warrants

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

	Number of Broker Warrants	Weighted Average Exercise Price
Balance, June 30, 2018 and December 31, 2018	**-**	**$ -**
Issued	42,000	0.15
Balance, June 30, 2019 and December 31, 2019	**42,000**	**$ 0.15**

The following table reflects broker and finder warrants issued and outstanding as at December 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)

13. Stock Options

The Company has granted options for the purchase of common shares to its directors, officers, employees and certain consultants. The purpose of the plan is to attract, retain and motivate these parties by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and to benefit from its growth. These options are valid for a maximum of 10 years from the date of issue. Vesting terms and conditions are determined by the Board of Directors at the time of the grant. The maximum number of options to be issued under the plan shall not exceed 10% of the total number of common shares issued and outstanding.

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

	Number of Stock Options	Weighted Average Exercise Price
Balance, June 30, 2018	**3,470,375**	**$ 0.42**
Granted (iv)(v)	575,000	0.19
Balance, December 31, 2018	**4,045,375**	**$ 0.39**
Balance, June 30, 2019	**4,170,709**	**$ 0.39**
Cancelled	(175,000)	0.60
Granted (vi)	3,850,000	0.07
Balance, December 31, 2019	**7,845,709**	**$ 0.35**

The following table reflects the actual stock options issued and outstanding as at December 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
June 18, 2020	0.66	0.47	20,000	20,000	$ 9,002
June 18, 2020	0.60	0.47	20,000	20,000	7,461
June 18, 2020	0.28	0.47	100,000	100,000	22,045
July 9, 2023	0.30	3.52	40,375	40,375	9,270
January 31, 2024	0.66	4.09	570,000	570,000	256,566
February 10, 2025	0.60	5.12	730,000	730,000	272,316
April 10, 2027	0.28	7.28	865,000	865,000	190,687
November 1, 2022 (i)	0.20	2.84	250,000	250,000	31,336
November 29, 2022 (ii)	0.325	2.92	350,000	350,000	92,289
June 8, 2023 (iii)	0.205	3.44	350,000	350,000	59,785
August 21, 2023 (iv)	0.205	3.64	75,000	75,000	9,887
October 11, 2020 (v)	0.19	0.78	500,000	333,333	53,960
April 22, 2024	0.17	4.31	125,334	125,334	14,193
December 27, 2024 (vi)	0.07	4.99	3,850,000	3,850,000	195,656
			7,845,709	**7,679,042**	**$ 1,224,453**

13. Stock Options (continued)

(i) 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, 2019, $nil (three and six months ended December 31, 2018 - $2,337 and $3,580, respectively) were recorded as stock-based compensation in the unaudited condensed interim consolidated statements of comprehensive loss.

(ii) 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, 2019, $nil (three and six months ended December 31, 2018 - $9,098 and $14,979, respectively) was recorded as stock-based compensation in the unaudited condensed interim consolidated statements of comprehensive loss.

(iii) 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, 2019, $nil (three and six months ended December 31, 2018 - $14,440 and $42,130, respectively) was recorded as stock-based compensation in the unaudited condensed interim consolidated statements of comprehensive loss.

(iv) 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 $9,887 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 117.19%; risk-free interest rates of 2.18%; and expected life of 5 years. These options all vested during the year ended June 30, 2019. During the three and six months ended December 31, 2019, $nil (three and six months ended December 31, 2018 - $1,269 and $5,178, respectively) was recorded as stock-based compensation in the unaudited condensed interim consolidated statements of comprehensive loss.

(v) 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 $53,960 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 113.91%; 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, 2019, $2,809 and $9,609, respectively (three and six months ended December 31, 2018 - $25,221) was recorded as stock-based compensation in the unaudited condensed interim consolidated statements of comprehensive loss.

(Expressed in Canadian dollars)

13. Stock Options (continued)

(vi) On December 27, 2019, the Company granted directors of the Company 3,850,000 options at an exercise price of $0.07 per share expiring on December 27, 2024. The fair value of the stock options was estimated to be $195,656 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 129.60%; risk-free interest rates of 1.62%; and expected life of 5 years. These options vested upon grant. During the three and six months ended December 31, 2019, $195,656 (three and six months ended December 31, 2018 - $nil) was recorded as stock-based compensation in the unaudited condensed interim consolidated statements of comprehensive loss.

14. Net Loss per Common Share

The calculation of basic and diluted loss per share for the three and six months ended December 31, 2019 was based on the loss attributable to common shareholders of $372,879 and $680,980, respectively (three and six months ended December 31, 2018 - $322,587 and $628,586, respectively) and the weighted average number of common shares outstanding of 72,411,282 (three and six months ended December 31, 2018 - 58,401,282 and 58,396,934, respectively).

Diluted loss per share did not include the effect of 14,010,000 warrants (three and six months ended December 31, 2018 - nil), 42,000 finder warrants (three and six months ended December 31, 2018 - nil) and 7,845,709 stock options (three and six months ended December 31, 2018 - 4,045,375) as they are anti-dilutive.

15. 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, 2019	Three Months Ended December 31, 2018	Six Months Ended December 31, 2019	Six Months Ended December 31, 2018
Marrelli Support Services Inc. ("Marrelli Support") (i)	**$ 18,176**	$ 18,508	**$ 28,369**	$ 28,774
DSA Corporate Services Inc. and DSA Filing Services Limited (together, known as "DSA") (ii)	**$ 6,316**	$ 6,059	**$ 12,006**	$ 13,533

(i) Marrelli Support had an advance from the Company of $2,377 as at December 31, 2019 (June 30, 2019 - owed $2,390) 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.

(Expressed in Canadian dollars)

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

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

(ii) DSA had an advance from the Company of $7,124 as at December 31, 2019 (June 30, 2019 - $1,293) 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 including Chief Executive Officer and Chief Financial Officer of the Company, excluding consulting fees, which were included in the related parties transaction table above, for the periods ended December 31, 2019 and 2018 was as follows:

	Three Months Ended December 31, 2019	**Three Months Ended December 31, 2018**	**Six Months Ended December 31, 2019**	**Six Months Ended December 31, 2018**
Stock-based compensation	**$ 177,869**	$ -	**$ 177,869**	$ -
Salaries and benefits	**$ -**	$ 125,000	**$ 125,000**	$ 250,000

(c) Major shareholders:

As at December 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.

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. 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.

16. Commitments and Contingency

In June 11, 2019, the Company entered a new lease agreement commencing on September 1, 2019 for a 5-year period. The Company is required to pay minimum annual lease payment of $93,047.

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, 2019.

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.

(Expressed in Canadian dollars)

16. Commitments and Contingency (continued)

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.

17. Office Expenses

	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018	Six Months Ended December 31, 2019	Six Months Ended December 31, 2018
Reporting issuer costs	**$ 15,482**	$ 24,571	**$ 33,672**	$ 30,356
Administrative	**2,715**	17,647	**7,341**	23,805
Insurance	**16,410**	8,024	**31,753**	16,017
Travel and accommodation	**770**	316	**1,148**	905
Meals and entertainment	**1,332**	107	**2,217**	441
Bank charges	**716**	855	**1,272**	1,408
Interest income	**(56)**	(1,692)	**(1,057)**	(3,131)
	$ 37,369	$ 49,828	**$ 76,346**	$ 69,801

18. Subsequent Events

(i) Subsequent to December 31, 2019, the Company cancelled 875,000 stock options granted to former officers and directors of the Company.

(ii) Subsequent to December 31, 2019, the Company received a letter from the landlord of the lease that the Company failed to make the lease payment for the month of January 2020 and is in default of the lease agreement. If the default is not remedied in a timely manner, the Company may be subject to interest and penalties on the arrears and the lease may be terminated. If the lease is terminated, the lease receivable on the sub-lease may not be collectible.

(iii) On February 5, 2020, the Company issued 210,000 secured convertible debenture units (the “Debenture Units”) to arm’s length parties for aggregate gross proceeds of $210,000.Each Debenture Unit consists of one (1) 12% secured convertible debenture (the “Convertible Debentures”) maturing three (3) years from the date of issuance and 20 common share purchase warrants of Revive (the “Warrants”). Each Warrant shall entitle the holder thereof to purchase one common share in the capital of Revive (each, a “Common Share”) at an exercise price of $0.07 at any time up to February 5, 2023.

The Convertible Debentures will have a maturity 36 months from the date of issuance (the “Maturity Date”) and shall bear interest at a rate of 12% per annum from the date of issue. Interest will accrue and be payable on the Maturity Date. The holder of the Convertible Debentures shall have the right to demand immediate payment of the Convertible Debentures, together will all accrued interest thereon, provided that such demand cannot be made prior to June 6, 2020.

The principal amount of each Convertible Debenture shall be convertible, for no additional consideration, into Common Shares at the option of the holder at any time prior to the close of business on the Maturity Date at a conversion price equal to $0.05 (the “Conversion Price”) per Common Share.

18. Subsequent Events (continued)

(iv) On February 10, 2020, the Company entered into a supply and collaboration agreement (the "Agreement") with Red Light Holland Financing Inc. ("Red Light"), an arm's length party. Pursuant to the Agreement Red Light will sell to Revive a consistent strain of truffles for the sole purpose of Revive undertaking research and development on the suitability and implementation of its novel cannabinoid delivery technology with respect to the truffles and its extracts. Red Light has also agreed to, upon request, provide Revive with any information, studies, papers and other information it may have pertaining to the truffles which may be deemed to be beneficial to Revive for undertaking the research and development.

(v) On February 11, 2020, the Company announced that it engaged Hampton Securities Limited, as sole lead agent (the "Agent"), in connection with a private placement offering, on a "commercially reasonable efforts" basis, of up to 40,000,000 units of Revive (the "Units") at a price of $0.05 per Unit (the "Unit Price") for gross proceeds of up to $2,000,000 (the "Offering"). Each Unit shall consist of one common share ("Share") in the capital of the Company and one common share purchase warrant ("Warrant"). Each Warrant will entitle the holder thereof to acquire one common share of the Company (each a "Warrant Share") at a price of $0.07 per Warrant Share for a period of 36 months following the Closing Date.

In connection with the Offering, the Agent will receive a cash commission equal to 9.0% of the gross proceeds raised under the Offering and will be issued on the Closing Date compensation warrants (the "Compensation Warrants") entitling the Agent to subscribe for that number of units (each a "Compensation Unit") as is equal to 9.0% of the total number of Units sold pursuant to the Offering. Each Compensation Warrant shall entitle the holder thereof to purchase one Compensation Unit at a price of $0.05 per Compensation Unit for a period of 24 months from the Closing Date. Each Compensation Unit shall be comprised of one common share in the capital of the Corporation and one common share purchase warrant (each a "Compensation Unit Warrant"). Each Compensation Unit Warrant shall entitle the holder thereof to purchase one common share in the capital of the Corporation (each a "Compensation Warrant Share") at a price of $0.07 per Compensation Warrant Share for the period of 36 months from the Closing Date. The Company has also agreed to pay the Agent a corporate finance fee equal to $20,000, payable in cash on the Closing Date.

(vi) On February 12, 2020, the Company announced that it entered into a letter of intent, dated February 11, 2020 (the "LOI") with Psilocin Pharma Corp. ("Psilocin"), an arm's length party incorporated pursuant to the laws of the Province of Ontario. Pursuant to the terms of the LOI, Revive will acquire all of the issued and outstanding securities of Psilocin (the "Proposed Acquisition") for an aggregate purchase price of $2.75 million (the "Purchase Price"). The Purchase Price will be satisfied through the issuance of an aggregate of 55 million common shares in the capital of Revive at a deemed price of $0.05 per share. Upon the execution of the LOI, Revive agreed to deposit an aggregate of 10 million common shares (the "Deposit Shares") in the capital of Revive, for an aggregate consideration of $500,000, into escrow as a deposit of the Purchase Price. In the event that the Proposed Acquisition does not close, the Deposit Shares will be returned to Revive for cancellation.

(vii) Subsequent to December 31, 2019, the Company has rectified the lease default and the lease is in good standing.