Revive Therapeutics Ltd.

Condensed Interim Consolidated Financial Statements

Three and Six Months Ended December 31, 2020 and 2019

(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, 2020	June 30, 2020
ASSETS		
Current assets		
Cash and cash equivalents	$ **4,377,630**	$ 1,381,483
HST receivable	**50,972**	100,790
Lease receivable (note 4)	**184,150**	76,763
Prepaid expenses	**175,189**	499,212
Investments (note 5)	**-**	100,000
Total current assets	**4,787,941**	2,158,248
Non-current assets		
Investments (note 5)	**250,000**	250,000
Equipment (note 7)	**2,803**	3,191
Lease receivable (note 4)	**207,102**	349,141
Intangible asset (note 6)	**5,500,000**	5,500,000
Total non-current assets	**5,959,905**	6,102,332
Total assets	$ **10,747,846**	$ 8,260,580
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (notes 8 and 17)	$ **380,964**	$ 302,186
Lease liability (note 10)	**78,354**	70,014
Total current liabilities	**459,318**	372,200
Non-current liabilities		
Lease liability (note 10)	**314,227**	355,840
Statute barred liabilities (note 9)	**75,951**	63,511
Loan payable (note 11)	**40,000**	40,000
Total liabilities	**889,496**	831,551
Shareholders' equity		
Share capital (note 12)	**26,097,133**	19,126,095
Warrants and broker and finder warrants (notes 13 and 14)	**417,375**	1,403,051
Contributed surplus (note 15)	**6,663,819**	3,220,931
Accumulated deficit	**(23,319,977)**	(16,321,048)
Total shareholders' equity	**9,858,350**	7,429,029
Total liabilities and shareholders' equity	$ **10,747,846**	$ 8,260,580

Nature of operations and going concern (note 1)
Commitments and contingency (note 18)
Subsequent events (note 20)

Approved on behalf of the Board:

"Michael Frank", Director

"Andrew Lindzon", 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, 2020	Three Months Ended December 31, 2019	Six Months Ended December 31, 2020	Six Months Ended December 31, 2019
Expenses				
Research costs	**$ 1,030,079**	$ 163	**$ 1,270,526**	$ 36,914
Salaries and benefits (note 17(b))	**-**	(622)	**-**	158,218
Stock-based compensation (notes 15 and 17(b))	**833,916**	198,465	**3,809,121**	205,265
Office expenses (note 19)	**41,919**	37,369	**459,682**	76,346
Consulting fees	**448,210**	11,977	**1,321,219**	13,797
Professional fees (note 17(a)(i)(ii))	**290,560**	50,479	**318,569**	87,038
Rent	**-**	19,936	**-**	32,214
Depreciation and amortization (notes 6 and 7)	**194**	20,031	**388**	28,199
Comprehensive loss before the below items:	**$ 2,644,878**	$ 337,798	**$ 7,179,505**	$ 637,991
Accretion of lease liability (note 10)	**20,200**	22,940	**41,225**	30,848
Loss on sub-lease	**-**	16,713	**-**	16,713
Finance income on sub-lease (note 4)	**(19,835)**	(4,572)	**(40,455)**	(4,572)
Gain on disposition of investments (note 5)	**(198,846)**	-	**(198,846)**	-
Unrealized loss on investments	**30,000**	-	**17,500**	-
Comprehensive loss for the period	**$ (2,476,397)**	$ (372,879)	**$ (6,998,929)**	$ (680,980)
Comprehensive loss per share - basic and diluted (note 16)	**$ (0.01)**	$ (0.01)	**$ (0.03)**	$ (0.01)
Weighted average common shares outstanding - basic and diluted	**242,948,072**	72,411,282	**232,105,359**	72,411,282

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,	2020	2019
Cash flow from operating activities		
Comprehensive loss for the period	**$ (6,998,929)**	$ (680,980)
Adjustments for:		
Depreciation and amortization	**388**	28,199
Stock-based compensation	**3,809,121**	205,265
Gain on disposition of investments	**(198,846)**	-
Settlement of trade debt through issuance of shares	**730,300**	-
Accretion of lease liability	**41,225**	30,848
Loss on sub-lease	**-**	16,713
Rent commission	**-**	19,936
Finance income on sub-lease	**(40,455)**	(4,572)
Unrealized loss on investments	**17,500**	-
Foreign exchange loss	**12,440**	-
Net change in non-cash working capital:		
HST receivables	**49,818**	523
Prepaid expenses	**324,023**	5,664
Accounts payable and accrued liabilities	**78,778**	(14,161)
Net cash and cash equivalents used in operating activities	**(2,174,637)**	(392,565)
Investing activities		
Proceeds from sale of investment	**281,346**	-
Net cash and cash equivalents provided by investing activities	**281,346**	-
Financing activities		
Proceeds from exercise of warrants and broker warrants	**4,394,204**	-
Proceeds from exercise of stock options	**494,625**	-
Lease payments	**(74,498)**	(37,249)
Proceeds from sublease	**75,107**	-
Net cash and cash equivalents provided by (used in) financing activities	**4,889,438**	(37,249)
Net change in cash and cash equivalents	**2,996,147**	(429,814)
Cash and cash equivalents, beginning of period	**1,381,483**	475,234
Cash and cash equivalents, end of period	**$ 4,377,630**	$ 45,420

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

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

	Share capital					
	Number of shares	Amount	Warrants and broker and finder warrants	Contributed surplus	Accumulated deficit	Total shareholders' equity
Balance, June 30, 2019	**72,411,282**	**$ 9,352,491**	**$ 430,370**	**$ 2,117,282**	**$ (10,939,361)**	**$ 960,782**
Stock-based compensation (note 15)	-	-	-	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**

	Number of shares	Amount	Warrants and broker and finder warrants	Contributed surplus	Accumulated deficit	Total shareholders' equity
Balance, June 30, 2020	**199,889,511**	**$ 19,126,095**	**$ 1,403,051**	**$ 3,220,931**	**$ (16,321,048)**	**$ 7,429,029**
Common shares issued for exercise of warrants	50,571,398	5,157,489	(922,350)	-	-	4,235,139
Common shares issued for exercise of broker warrants	3,181,332	368,018	(208,953)	-	-	159,065
Fair value of warrants issued upon exercise of broker warrants	-	(145,627)	145,627	-	-	-
Common shares issued for exercise of stock options	2,250,000	860,858	-	(366,233)	-	494,625
Common shares issued for settlement of debt	3,327,425	730,300	-	-	-	730,300
Stock-based compensation (note 15)	-	-	-	3,809,121	-	3,809,121
Comprehensive loss for the period	-	-	-	-	(6,998,929)	(6,998,929)
Balance, December 31, 2020	**259,219,666**	**$ 26,097,133**	**$ 417,375**	**$ 6,663,819**	**$ (23,319,977)**	**$ 9,858,350**

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" and the Frankfurt Stock Exchange in Germany under the symbol "31R". Revive also trades in the United States under pink sheets as RVVTF. 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.

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 $23,319,977 as at December 31, 2020 (June 30, 2020 - $16,321,048). As at December 31, 2020, the Company had cash and cash equivalents of $4,377,630 (June 30, 2020 - $1,381,483) and a working capital of $4,328,623 (June 30, 2020 - working capital of $1,786,048). 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.

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by Novel Coronavirus ("COVID-19"). The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

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 25, 2021, 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, 2020, 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, 2021 could result in restatement of these unaudited condensed interim consolidated financial statements.

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

Adoption of new accounting policies

(a) IFRS 3. In October 2018, the IASB issued amendments to IFRS 3 "Definition of a Business" The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendment provides an assessment framework to determine when a series of integrated activities is not a business. The Company adopted this standard effective July 1, 2020 and the adoption of this new standard does not have a material impact on these unaudited condensed interim consolidated financial statements.

(b) IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The Company adopted this standard effective July 1, 2020 and the adoption of this new standard does not have a material impact on these unaudited condensed interim consolidated financial statements.

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, 2020 and June 30, 2020:

December 31, 2020	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 4,377,630	$ -	$ -	$ 4,377,630
Investments	-	-	250,000	250,000

June 30, 2020	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 1,381,483	$ -	$ -	$ 1,381,483
Investments	100,000	-	250,000	350,000

(Expressed in Canadian dollars)

3. Fair Value Measurements (continued)

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, 2020	Unrealized loss	Ending balance at December 31, 2020
December 31, 2020	$ 250,000	$ -	$ 250,000

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, 2020

Investment name	Valuation technique	Fair value	Unobservable inputs
Herman Holdings Limited ("HHL")	recent financing	**$ 250,000**	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, 2020, a change in the transaction price of 5% would result in an increase/decrease in the fair value estimate of the investment of approximately $12,500, keeping all other variables constant.

(Expressed in Canadian dollars)

4. Lease receivable

Balance, July 1, 2020	**$**	**425,904**
Reduction of lease receivable in settlement of lease liability		(75,107)
Finance income		40,455
Balance, December 31, 2020	**$**	**391,252**

Allocated as:		
Current	$	184,150
Long-term		207,102
	$	**391,252**

The underlying sub-lease agreement terminates on August 31, 2024.

5. Investments

Privately-held investment

In connection with the closing of 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 year ended June 30, 2020, the Company recorded an unrealized loss of $500,000 on investment in HHL common shares and during the three and six months ended December 31, 2020, the fair value of the investment remained unchanged at $250,000.

Investment in a public company

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. Revive issued to Red Light an aggregate of 3,000,000 common shares valued at $195,000 based on Revive's stock price on the date of issuance in consideration of 2,500,000 Red Light shares. During the year ended June 30, 2020, the Company sold 1,250,000 Red Light shares for proceeds of $142,240 in the Company investment broker's account which were included in cash and cash equivalents on the consolidated statement of financial position as at June 30, 2020. During the three and six months ended December 31, 2020, the Company disposed of all of the Red Light shares for proceeds of $281,346 and recorded a gain on disposition of investments of $198,846. During the three and six months ended December 31, 2020, the Company recorded an unrealized loss on investment of $30,000 and $17,500, respectively.

(Expressed in Canadian dollars)

6. Intangible Assets

Cost	**Psilocin**
Balance, June 30, 2020 and December 31, 2020	$ 5,500,000

Carrying value	**Psilocin**
Balance, June 30, 2020 and December 31, 2020	$ 5,500,000

Psilocin

On March 5, 2020, the Company completed its acquisition of all of the issued and outstanding securities in the capital of Psilocin Pharma Corp. ("Psilocin"), an arm's length party incorporated pursuant to the laws of the Province of Ontario. Psilocin is a specialty psychedelic sciences company focused on the development of Psilocybin-based therapeutics for significant unmet medical needs including rare and orphan indications.

Pursuant to the terms of a share exchange agreement dated March 4, 2020, Revive acquired all of the issued and outstanding securities of Psilocin through the issuance of an aggregate of 55 million common shares in the capital of Revive.

Psilocin was determined not to meet the definition of a business as per IFRS 3 as substantially all of the fair value of Psilocin was concentrated in one asset: its intellectual property. Accordingly, the acquisition was treated as an asset acquisition.

Details of the allocation of the estimated fair value of identifiable assets acquired and purchase consideration are as follows:

Purchase consideration:	$	5,500,000
Identifiable net assets acquired:		
Intellectual property	$	5,500,000

Psilocin has developed patent-pending formulation and production solutions for the active compound Psilocybin. The process encompassed with its intellectual property cover methods of production of Psilocybin-based formulations. Psilocin has developed formulations to date which include the Hydroxy Line. The line will include PSY-0.1 -Capsules, PSY-0.2 -Sublingual Spray, PSY-0.3 -Gel Cap, PSY-0.4/0.5 -Effervescent Tablets, and PSY-0.6 -Breath Strips. The precisely dosed formulations will work with both natural and synthetically derived Psilocybin which will be targeted for clinical research and subject to U.S. Food and Drug Administration ("FDA") approval in the treatment of depression, anxiety, bi-polar disorder, bulimia and anorexia nervosa, and a number of other diseases. Psilocin's range of products have been engineered to work synergistically with the body's own natural pathways of absorption while offering a contemporary approach to consumption.

6. Intangible Assets (continued)

Psilocin (continued)

Psilocin has filed key provisional patent applications with the U.S. Patent and Trademark Office that cover methods of production of Psilocybin-based formulations. Furthermore, Psilocin has a patent-pending portfolio that includes Psilocybin extraction and crystallization methodologies.

The costs of provisional patents and pending applications are not amortized until the patent is approved and are reviewed each reporting period to determine if it is likely that the patent will be successfully granted.

REV-002

During the three and six months ended December 31, 2020, the Company incurred $nil and $26,151, respectively (three and six months ended December 31, 2019 - $nil and $21,627, respectively) 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, 2020, the Company incurred $64,018 and $124,061, respectively (three and six months ended December 31, 2019 - $nil and $8,153, respectively) research costs for REV - 004 and $nil (three and six months ended December 31, 2019 - $nil) research costs for REV-005.

CANNABINOIDS

During the three and six months ended December 31, 2020, the Company incurred $nil (three and six months ended December 31, 2019 - $163 and $6,743, respectively) research costs for cannabinoids.

BUCILLAMINE

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. The Company is exploring the use of Bucillamine as a potential novel treatment for infectious diseases including influenza and the coronavirus disease (COVID-19).

During the three and six months ended December 31, 2020, the Company incurred $856,408 and $917,062, respectively (three and six months ended December 31, 2019 - $nil) research costs for Bucillamine.

PSILOCYBIN

During the three and six months ended December 31, 2020, the Company incurred $40,000 and $55,000 (three and six months ended December 31, 2019 - $nil) research costs for Psilocybin-based formulations.

(Expressed in Canadian dollars)

6. Intangible Assets (continued)

DRUG DELIVERY TECHNOLOGY

The Company is focused on commercializing novel delivery technologies to effectively deliver psychedelics and 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.

During the three and six months ended December 31, 2020, the Company incurred $63,934 and $141,137, respectively (three and six months ended December 31, 2019 - $nil) research costs for drug delivery technology.

OTHER

During the three and six months ended December 31, 2020, the Company incurred $5,719 and $7,115, respectively (three and six months ended December 31, 2019 - $nil and $391, respectively) general research costs not specifically allocated to any particular project.

7. Equipment

Cost	Computer Equipment	Office Equipment	Total
Balance, June 30, 2020 and December 31, 2020	$ 7,171	$ 7,737	$ 14,908

Accumulated depreciation	Computer Equipment	Office Equipment	Total
Balance, June 30, 2020	$ 5,809	$ 5,908	$ 11,717
Depreciation during the period	205	183	388
Balance, December 31, 2020	$ 6,014	$ 6,091	$ 12,105

Carrying value	Computer Equipment	Office Equipment	Total
Balance, June 30, 2020	$ 1,362	$ 1,829	$ 3,191
Balance, December 31, 2020	$ 1,157	$ 1,646	$ 2,803

(Expressed in Canadian dollars)

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, 2020	As at June 30, 2020
Accounts payable	**$ 303,999**	$ 210,025
Accrued liabilities	**76,965**	92,161
	$ 380,964	$ 302,186

	As at December 31, 2020	As at June 30, 2020
Less than 1 month	**$ 328,605**	$ 244,829
1 to 3 months	**30,115**	6,630
Greater than 3 months	**22,244**	50,727
	$ 380,964	$ 302,186

9. Statute Barred Liabilities

During the year ended June 30, 2020, the Company transferred $63,511 of accounts payable (the “Statute-barred Claims”) to non-current liabilities on the basis that any claims in respect of the Statute-barred Claims were statute barred under the Limitations Act (Ontario). The Statute-barred Claims relate to expenses billed by third-party vendors. Under IFRS, a financial liability can only be derecognized from the Company’s Statement of Financial Position when it is extinguished, meaning only when the contract is discharged or canceled or expires. The effect of the Limitations Act is to prevent a creditor from enforcing an obligation, but it does not formally extinguish the financial liability under IFRS.

It is the position of management of the Company that the Statute-barred Claims cannot be enforced by the creditors, do not create any obligation for the Company to pay out any cash and do not affect the financial or working capital position of the Company. The Statute-barred Claims are required to be reflected on the Company’s Statement of Financial Position as a result of the current interpretation of IFRS, but they are classified as non-current liabilities as the Company has no intention to pay these Statute-barred Claims and the creditors cannot enforce payment of the Statute-barred Claims.

As at December 31, 2020, the Company had statute-barred liabilities of $75,951.

(Expressed in Canadian dollars)

10. Lease Liability

Balance, July 1, 2020	**$**	**425,854**
Accretion		41,225
Lease payments and settlement of lease receivable		(74,498)
Balance, December 31, 2020	**$**	**392,581**

Allocated as:		
Current	$	78,354
Long-term		314,227
	$	**392,581**

The underlying lease agreement terminates on August 31, 2024.

11. Loan Payable

During the year ended June 30, 2020, the Company applied for the COVID-19 Relief Line of Credit as part of the Government-sponsored Canada Emergency Business Account (CEBA). The credit limit of $40,000 has an interest rate of 0% until December 31, 2020. On January 1, 2021, the operating line of credit will be converted to a 2-year 0% interest term loan, to be repaid by December 31, 2022 of which $10,000 of the loan will be forgiven if $30,000 is repaid in full on or before December 31, 2022. If on December 31, 2022 the loan is not repaid, the Company can exercise the option for a 3-year term extension at an interest rate of 5% on the balance over the term extension period. The Company expects to pay the loan prior to December 31, 2022.

12. 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, 2020, the issued share capital amounted to $26,097,133 and there were nil shares held in escrow. Changes in issued share capital are as follows:

	Number of Common Shares	Amount
Balance, June 30, 2019 and December 31, 2019	**72,411,282**	**$ 9,352,491**

(Expressed in Canadian dollars)

12. Share Capital (continued)

b) Common shares issued (continued)

	Number of Common Shares	Amount
Balance, June 30, 2020	**199,889,511**	**$ 19,126,095**
Common shares issued for exercise of warrants	50,571,398	5,157,489
Common shares issued for exercise of broker warrants	3,181,332	368,018
Fair value of warrants issued upon exercised of broker warrants	-	(145,627)
Common shares issued for exercise of stock options	2,250,000	860,858
Common shares issued for settlement of debt (note 18)	3,327,425	730,300
Balance, December 31, 2020	**259,219,666**	**$ 26,097,133**

13. Warrants

The following table reflects the continuity of warrants for the periods ended December 31, 2020 and 2019:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2019 and December 31, 2019	**14,010,000**	**$ 0.15**
Balance, June 30, 2020	**62,924,266**	**$ 0.08**
Exercised	(50,571,398)	0.08
Issued	3,181,332	0.07
Balance, December 31, 2020	**15,534,200**	**$ 0.07**

The following table reflects warrants issued and outstanding as at December 31, 2020:

Expiry Date and Description	Exercise Price ($)	Fair Value ($)	Number of Warrants Outstanding
February 4, 2021	0.15	3,175	100,000
February 5, 2025	0.07	25,348	4,200,000
March 18, 2023	0.07	194,740	4,787,330
April 14, 2023	0.07	187,267	6,446,870
Transaction costs		(64,270)	
	0.07	**346,260**	**15,534,200**

(Expressed in Canadian dollars)

14. Broker and Finder Warrants

The following table reflects the continuity of broker and finder warrants for the periods ended December 31, 2020 and 2019:

	Number of Broker Warrants	Weighted Average Exercise Price
Balance, June 30, 2019 and December 31, 2019	**42,000**	**$ 0.15**
Balance, June 30, 2020	**4,494,150**	**$ 0.05**
Exercised	(3,181,332)	0.05
Balance, December 31, 2020	**1,312,818**	**$ 0.05**

The following table reflects broker and finder warrants issued and outstanding as at December 31, 2020:

Expiry Date	Exercise Price ($)	Fair Value ($)	Number of Broker Warrants Outstanding
March 18, 2022	0.05	32,252	998,670
April 14, 2022	0.05	38,863	314,148
	0.05	**71,115**	**1,312,818**

15. 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, 2020 and 2019:

	Number of Stock Options	Weighted Average Exercise Price
Balance, June 30, 2019 and December 31, 2019	**4,170,709**	**$ 0.39**
Balance, June 30, 2020	**12,245,709**	**$ 0.24**
Granted (iii)(iv)(v)(vi)	10,300,000	0.34
Exercised	(2,250,000)	0.22
Balance, December 31, 2020	**20,295,709**	**$ 0.29**

(Expressed in Canadian dollars)

15. Stock Options (continued)

The following table reflects the actual stock options issued and outstanding as at December 31, 2020:

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	2.52	40,375	40,375	$ 9,270
January 31, 2024	0.66	3.08	215,000	215,000	96,775
February 10, 2025	0.60	4.12	300,000	300,000	111,911
April 10, 2027	0.28	6.28	415,000	415,000	91,486
November 1, 2022	0.20	1.84	250,000	250,000	31,336
November 29, 2022	0.325	1.91	100,000	100,000	26,368
August 21, 2023	0.205	2.64	50,000	50,000	6,591
April 22, 2024	0.17	3.31	125,334	125,334	14,193
December 27, 2029 (ii)	0.07	8.99	3,650,000	3,650,000	185,492
May 25, 2030 (iii)	0.33	9.40	5,100,000	2,550,000	1,638,191
August 6, 2025 (iv)	0.33	4.60	6,000,000	6,000,000	2,148,379
August 12, 2025 (v)	0.36	4.62	2,500,000	2,500,000	727,961
August 12, 2025 (vi)	0.35	4.62	1,250,000	1,250,000	364,173
August 24, 2025 (vii)	0.35	4.65	300,000	300,000	76,789
			20,295,709	**17,745,709**	**$ 5,528,915**

(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. 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 30, 2020, $nil (three and six months ended December 31, 2019 - $2,809 and $9,609, respectively) was recorded as stock-based compensation in the unaudited condensed interim consolidated statements of comprehensive loss.

(ii) 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, 2029. 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. As at December 31, 2020, 3,650,000 of these options were outstanding. During the three and six months ended December 31, 2020, $nil (three and six months ended December 31, 2019 - $195,656) was recorded as stock-based compensation in the unaudited condensed interim consolidated statements of comprehensive loss.

(iii) On May 25, 2020, the Company granted certain officers, directors, employees and consultants of the Company 5,175,000 stock options at an exercise price of $0.33 per share expiring on May 25, 2030. The fair value of the stock options was estimated to be $1,662,282 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 147.29%; risk-free interest rates of 0.36%; and expected life of 5 years. These options vest as to one half (1/2) of the options on the date of grant and one half (1/2) of the options on the date which is one (1) year from the date of grant. During the three and six months ended December 31, 2020, $209,493 and $418,986, respectively (three and six months ended December 31, 2019 - $nil) was recorded as stock-based compensation in the unaudited condensed interim consolidated statements of comprehensive loss.

15. Stock Options (continued)

(iv) On August 6, 2020, the Company granted an officer of the Company 6,000,000 stock options at an exercise price of $0.33 per share expiring on August 6, 2025. The fair value of the stock options was estimated to be $2,148,379 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 155.17%; risk-free interest rates of 0.32%; and expected life of 5 years. These options vested immediately upon grant. During the three and six months ended December 31, 2020, $nil and $2,148,379, respectively (three and six months ended December 31, 2019 - $nil) was recorded as stock-based compensation in the unaudited condensed interim consolidated statements of comprehensive loss.

(v) On August 12, 2020, the Company granted a consultant of the Company 2,500,000 stock options at an exercise price of $0.35 per share expiring on August 12, 2025. The fair value of the stock options was estimated to be $727,960 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 155.24%; risk-free interest rates of 0.41%; and expected life of 5 years. These options vested immediately upon grant. During the three and six months ended December 31, 2020, $315,117 and 727,960, respectively (three and six months ended December 31, 2019 - $nil) was recorded as stock-based compensation in the unaudited condensed interim consolidated statements of comprehensive loss.

(vi) On August 12, 2020, the Company granted certain consultants of the Company 1,500,000 stock options at an exercise price of $0.35 per share expiring on August 12, 2025. The fair value of the stock options was estimated to be $437,007 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 155.24%; risk-free interest rates of 0.41%; and expected life of 5 years. These options vested immediately upon grant. During the three and six months ended December 31, 2020, $262,005 and $437,007, respectively (three and six months ended December 31, 2019 - $nil) was recorded as stock-based compensation in the unaudited condensed interim consolidated statements of comprehensive loss.

(vii) On August 24, 2020, the Company granted a consultant of the Company 300,000 stock options at an exercise price of $0.35 per share expiring on August 24, 2025. The fair value of the stock options was estimated to be $76,789 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 155.29%; risk-free interest rates of 0.38%; and expected life of 5 years. These options vested immediately upon grant. During the three and six months ended December 31, 2020, $nil and $29,488, respectively (three and six months ended December 31, 2019 - $nil) was recorded as stock-based compensation in the unaudited condensed interim consolidated statements of comprehensive loss.

(Expressed in Canadian dollars)

16. Net Loss per Common Share

The calculation of basic and diluted loss per share for the three and six months ended December 31, 2020 was based on the loss attributable to common shareholders of $2,476,397 and $6,998,929, respectively (three and six months ended December 31, 2019 - $372,879 and $680,980, respectively) and the weighted average number of common shares outstanding of 242,948,072 and 232,105,359, respectively (three and six months ended December 31, 2019 - 72,411,282 and 72,411,282, respectively).

Diluted loss per share did not include the effect of 15,534,200 warrants (three and six months ended December 31, 2019 - 14,010,000), 1,312,818 finder warrants (three and six months ended December 31, 2019 - 42,000) and 20,295,709 stock options (three and six months ended December 31, 2019 - 4,170,709) as they are anti-dilutive.

17. 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,		Six Months Ended December 31,	
	2020	**2019**	**2020**	**2019**
Marrelli Support Services Inc. ("Marrelli Support") (i)	**$ 20,700**	$ 18,176	**$ 30,830**	$ 28,369
DSA Corporate Services Inc. and DSA Filing Services Limited (together, known as "DSA") (ii)	**$ 13,634**	$ 6,316	**$ 25,669**	$ 12,006

(i) The Company owed Marrelli Support $2,363 as at December 31, 2020 (June 30, 2020 - owed $2,352) 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 Managing Director 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)

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

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

(ii) The Company owed DSA $1,056 as at December 31, 2020 (June 30, 2020 - $4,603) 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 for the periods ended December 31, 2020 and 2019 was as follows:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2020	**2019**	**2020**	**2019**
Stock-based compensation	**$ 141,686**	$ 177,869	**$ 2,431,751**	$ 177,869
Consulting fees	**$ 90,000**	$ -	**$ 180,000**	$ -
Salaries and benefits - former President and CEO	**$ -**	$ -	**$ -**	$ 125,000

(c) Major shareholders:

As at December 31, 2020, 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.

18. Commitments and Contingency

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. The arrangement with South Carolina Research Foundation specifies minimum annual royalty payments as follows: due on or before January 1, 2021 - USD $7,500; due on or before January 1, 2022 and each anniversary thereafter - USD $10,000.

Contingency

The Company was in dispute with a supplier over invoices in the amount of $827,574 plus interest for which the supplier had sought arbitration. The dispute was in arbitration and on November 17, 2020, the Company signed a settlement agreement with the supplier for $500,000, $250,000 of which was paid in cash and the remaining $250,000 was settled through issuance of common shares during the three and six months ended December 31, 2020 (note 12).

(Expressed in Canadian dollars)

19. Office Expenses

	Three Months Ended December 31, 2020	Three Months Ended December 31, 2019	Six Months Ended December 31, 2020	Six Months Ended December 31, 2019
Reporting issuer costs	**$ 14,093**	$ 15,482	**$ 41,316**	$ 33,672
Marketing and promotion	**5,500**	-	**275,160**	-
Administrative	**2,948**	2,715	**112,315**	7,341
Insurance	**17,474**	16,410	**26,840**	31,753
Travel and accommodation	**143**	770	**143**	1,148
Meals and entertainment	**-**	1,332	**405**	2,217
Bank charges	**1,761**	716	**3,503**	1,272
Interest income	**-**	(56)	**-**	(1,057)
	$ 41,919	$ 37,369	**$ 459,682**	$ 76,346

20. Subsequent Events

(i) Subsequent to December 31, 2020, 1,100,000 warrants were exercised for gross proceeds of $109,000, 1,128,218 broker warrants were exercised for gross proceeds of $56,411 and 250,000 stock options were exercised for gross proceeds of $23,935.

(ii) On February 12, 2021, the Company closed its previously announced bought deal prospectus offering of 46,000,000 units ("Units") at a price of $0.50 per Unit for aggregate gross proceeds of $23,000,000 (the "Offering"), which includes the exercise in full of the 15% over-allotment option. The syndicate of underwriters was led by Canaccord Genuity Corp. and Leede Jones Gable Inc. as the co-lead underwriters (together, the "Underwriters"). The Units were offered and sold by way of a short form prospectus filed with the securities commissions in each of the provinces of Canada, other than Québec.

Each Unit is comprised of one common share of the Company (a “Common Share”) and one common share purchase warrant (a “Warrant”). Each Warrant entitles the holder thereof to purchase one Common Share at an exercise price of $0.70 per Common Share until February 12, 2024. If the daily volume weighted average trading price of the Common Shares on the Canadian Securities Exchange (the “Exchange”) is greater than $1.10 for the preceding ten (10) consecutive trading days, the Company may accelerate the expiry date of the Warrants to a date that is at least 30 trading days following the date on which the Company issues a press release announcing the reduced warrant term.

In consideration for the services provided by the Underwriters in connection with the Offering, the Company paid the Underwriters a cash commission equal to 7.0% of the aggregate gross proceeds of the Offering and issued to the Underwriters warrants exercisable at any time up to February 12, 2024 to acquire that number of Units which is equal to 7.0% of the aggregate number of Units issued pursuant to the Offering, at an exercise price of $0.50 per Unit. Additionally, the Company paid the Underwriters a corporate finance fee in Units equal to 2.0% of the aggregate number of Units issued pursuant to the Offering.

20. Subsequent Events (continued)

(iii) On February 17, 2021, the Company signed an asset purchase agreement (the "Agreement") with PharmaTher Inc. ("PharmaTher") a wholly-owned subsidiary of Newscope Capital Corporation to purchase the full rights to PharmaTher's intellectual property (the "Acquired Assets") pertaining to psilocybin (the "Acquisition"). Pursuant to Agreement, Revive will pay aggregate consideration of up to $10 million (the “Purchase Price”). The Purchase Price will be satisfied as follows: (i) $3 million in cash will be paid on the closing date; (ii) $4 million will be satisfied through the issuance of securities in the capital of Revive and (iii) up to $3 million, in either cash or securities in the capital of Revive, in the event that Revive achieves certain milestones, which include Revive obtaining U.S. Food and Drug Administration ("FDA") orphan drug designation for psilocybin in the treatment of stroke, traumatic brain injury, or cancer, the commencement of a Phase 2 clinical trial and the regulatory filing for market authorization, such as FDA approval. In addition to the Purchase Price, Revive will also pay Newscope Capital Corporation a low single digit royalty on all future net sales of products derived from the Acquired Assets.