Revive Therapeutics Ltd.
Consolidated Financial Statements
Years Ended June 30, 2021 and 2020
(Expressed in Canadian Dollars)

CLEARHOUSE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Revive Therapeutics Ltd.

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Revive Therapeutics Ltd. (the Company), which comprise the consolidated statements of financial position as at June 30, 2021 and 2020 and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2021 and 2020 and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern
We draw your attention to Note 1 in the consolidated financial statements, which indicates the Company incurred a comprehensive loss of $20,118,802 during the year ended June 30, 2021. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon
Management is responsible for the other information. The other information comprises the annual management's discussion and analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Pat Kenney.

Clearhouse LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
October 22, 2021

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

		June 30 2021		June 30, 2020
ASSETS				
Current assets				
Cash and cash equivalents	$	**16,599,663**	$	1,381,483
HST receivable		**33,281**		100,790
Lease receivable (note 6)		**93,504**		76,763
Prepaid expenses		**68,213**		499,212
Investments (note 7)		**-**		100,000
Total current assets		**16,794,661**		2,158,248
Non-current assets				
Investments (note 7)		**250,000**		250,000
Equipment (note 9)		**2,416**		3,191
Lease receivable (note 6)		**259,323**		349,141
Intangible assets (note 8)		**12,500,000**		5,500,000
Total non-current assets		**13,011,739**		6,102,332
Total assets	**$**	**29,806,400**	$	8,260,580
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (notes 10 and 21)	**$**	**509,425**	$	302,186
Lease liability (note 12)		**88,108**		70,014
Total current liabilities		**597,533**		372,200
Non-current liabilities				
Lease liability (note 12)		**267,732**		355,840
Statute barred liabilities (note 11)		**74,412**		63,511
Loan payable (note 14)		**60,000**		40,000
Total liabilities		**999,677**		831,551
Shareholders' equity				
Share capital (note 15)		**42,430,389**		19,126,095
Warrants and broker and finder warrants (notes 16 and 17)		**11,425,193**		1,403,051
Contributed surplus (note 18)		**11,390,991**		3,220,931
Accumulated deficit		**(36,439,850)**		(16,321,048)
Total shareholders' equity		**28,806,723**		7,429,029
Total liabilities and shareholders' equity	**$**	**29,806,400**	$	8,260,580

Nature of operations and going concern (note 1)
Commitments and contingency (note 22)
Subsequent event (note 24)

Approved on behalf of the Board:

"Michael Frank", Director

"Andrew Lindzon", 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)

For the Years Ended June 30,		2021		2020
Expenses				
Research costs	**$**	**6,704,623**	$	455,089
Salaries and benefits (note 21(b))		**-**		158,218
Stock-based compensation (notes 18 and 21(b))		**8,568,295**		1,191,320
Office expenses (note 23)		**895,891**		616,887
Consulting fees		**2,097,828**		942,808
Professional fees (note 21(a)(i)(ii))		**305,444**		266,704
Rent		**-**		26,440
Depreciation and amortization (notes 8 and 9)		**775**		28,265
Comprehensive loss before the below items:	**$**	**18,572,856**	$	3,685,731
Accretion of lease liability (note 12)		**78,982**		75,543
Accretion of convertible debenture (note 13)		**-**		6,029
Interest expense on convertible debenture		**-**		6,084
Loss on sub-lease		**-**		9,038
Finance income on sub-lease (note 6)		**(77,136)**		(47,595)
Loss from settlement of debt with shares (note 15b)(vi))		**1,725,446**		-
Loss on conversion of convertible debenture (note 13)		**-**		1,194,097
Gain on disposition of investments (note 7)		**(198,846)**		(44,740)
Unrealized loss on investments		**17,500**		497,500
Comprehensive loss for the year	**$**	**(20,118,802)**	$	(5,381,687)
Comprehensive loss per share - basic and diluted (note 19)	**$**	**(0.08)**	$	(0.05)
Weighted average common shares outstanding - basic and diluted		**267,491,089**		106,877,828

The accompanying notes to the 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)

Years ended June 30,	2021	2020
Cash flow from operating activities		
Comprehensive loss for the year	**$ (20,118,802)**	$ (5,381,687)
Adjustments for:		
Depreciation and amortization	**775**	28,265
Stock-based compensation	**8,568,295**	1,191,320
Gain on disposition of investments	**(198,846)**	(44,740)
Loss on conversion of convertible debenture	**-**	1,194,097
Settlement of trade debt through issuance of shares	**980,300**	453,550
Loss on shares for debt settlement	**1,725,446**	-
Accretion of lease liability	**78,982**	75,543
Loss on sub-lease	**-**	9,038
Accretion of convertible debenture	**-**	6,029
Interest expense on convertible debenture	**-**	6,084
Finance income on sub-lease	**(77,136)**	(47,595)
Unrealized loss on investments	**17,500**	497,500
Foreign exchange loss	**10,901**	-
Net change in non-cash working capital:		
HST receivable	**67,509**	(100,790)
Prepaid expenses	**430,999**	(446,122)
Accounts payable and accrued liabilities	**207,238**	43,924
Net cash and cash equivalents used in operating activities	**(8,306,839)**	(2,515,584)
Investing activities		
Purchase of intangible asset	**(3,000,000)**	-
Proceeds from sale of investment	**281,346**	142,240
Net cash and cash equivalents used in investing activities	**(2,718,654)**	142,240
Financing activities		
Proceeds from issuance of shares, warrants and stock options	**28,669,186**	3,392,910
Share issuance costs	**(2,446,730)**	(294,855)
Lease payments	**(148,996)**	(136,181)
Proceeds from sublease	**150,213**	72,319
Proceeds from issuance of convertible debenture	**-**	205,400
Proceeds from loan payable	**20,000**	40,000
Net cash and cash equivalents provided by financing activities	**26,243,673**	3,279,593
Net change in cash and cash equivalents	**15,218,180**	906,249
Cash and cash equivalents, beginning of year	**1,381,483**	475,234
Cash and cash equivalents, end of year	**$ 16,599,663**	$ 1,381,483
Supplemental cash flow information		
Common shares issued for intangible asset	**$ 4,000,000**	$ 5,500,000
Common shares issued for investment	**$ -**	$ 195,000
Common shares issued for debt settlement	**$ 980,300**	$ 435,550
Common shares issued for conversion of convertible debenture	**$ -**	$ 1,386,662

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		Equity portion	Warrants and			
	Number of shares	Amount	of convertible debenture	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**
Common shares issued in private placement (note 15(b)(iii)(v))	49,935,000	2,496,750	-	-	-	-	2,496,750
Valuation of warrants issued in private placement (note 15(b)(iii)(v))	-	(956,502)	-	956,502	-	-	-
Valuation of finder warrants issued in private placement (note 15(b)(iii)(v))	-	(280,068)	-	280,068	-	-	-
Transaction costs in private placements (note 15(b)(iii)(v))	-	(167,725)	-	(127,131)	-	-	(294,856)
Shares issued in settlement of debt (note 15(b)(vi))	9,062,495	453,550	-	-	-	-	453,550
Equity portion of convertible debenture (note 13)	-	-	34,962	-	-	-	34,962
Conversion of convertible debenture (note 13)	4,368,000	1,386,662	(34,962)	-	-	-	1,351,700
Warrants issued in convertible debenture (note 13)	-	-	-	25,348	-	-	25,348
Common shares issued for intangible asset (note 8)	55,000,000	5,500,000	-	-	-	-	5,500,000
Common shares issued for investment (note 15(b)(iv))	3,000,000	195,000	-	-	-	-	195,000
Common shares issued for exercise of warrants	5,220,734	943,262	-	(160,152)	-	-	783,110
Common shares issued for exercise of broker warrants	42,000	8,254	-	(1,954)	-	-	6,300
Common shares issued for exercise of stock options	850,000	194,421	-	-	(87,671)	-	106,750
Stock-based compensation (note 18)	-	-	-	-	1,191,320	-	1,191,320
Net loss for the year	-	-	-	-	-	(5,381,687)	(5,381,687)
Balance, June 30, 2020	**199,889,511**	**$ 19,126,095**	**$ -**	**$ 1,403,051**	**$ 3,220,931**	**$ (16,321,048)**	**$ 7,429,029**

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 (continued)
(Expressed in Canadian dollars)

	Share capital		Equity portion of convertible debenture	Warrants and broker and finder warrants	Contributed surplus	Accumulated deficit	Total shareholders' equity
	Number of shares	Amount					
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 in prospectus offering (note 15(b)(v))	46,920,000	23,460,000	-	-	-	-	23,460,000
Valuation of warrants issued in prospectus offering (note 15(b)(v))	-	(9,895,659)	-	9,895,659	-	-	-
Valuation of finder warrants issued in prospectus offering (note 15(b)(v))	-	(1,947,698)	-	1,947,698	-	-	-
Transaction costs in prospectus offering (note 15(b)(v))	-	(1,321,234)	-	(1,125,496)	-	-	(2,446,730)
Common shares issued for exercise of warrants	53,695,598	5,564,108	-	(1,102,775)	-	-	4,461,333
Common shares issued for exercise of broker warrants	4,159,550	477,239	-	(269,262)	-	-	207,977
Fair value of warrants issued upon exercise of broker warrants	-	(676,318)	-	676,318	-	-	-
Common shares issued for exercise of stock options	2,800,000	938,110	-	-	(398,235)	-	539,875
Common shares issued for settlement of debt	3,827,425	2,705,746	-	-	-	-	2,705,746
Common shares issued for intangible asset (note 8)	6,666,667	4,000,000	-	-	-	-	4,000,000
Stock-based compensation (note 18)	-	-	-	-	8,568,295	-	8,568,295
Net loss for the year	-	-	-	-	-	(20,118,802)	(20,118,802)
Balance, June 30, 2021	**317,958,751**	**$ 42,430,389**	**$ -**	**$ 11,425,193**	**$ 11,390,991**	**$ (36,439,850)**	**$ 28,806,723**

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 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 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 $36,439,850 as at June 30, 2021 (June 30, 2020 - $16,321,048). As at June 30, 2021, the Company had cash and cash equivalents of $16,599,663 (June 30, 2020 - $1,381,483) and a working capital of $16,197,128 (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 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.

These consolidated financial statements were authorized for issuance by the Board on October 21, 2021.

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, 2021.

2. Significant Accounting Policies (continued)

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 the subsequent notes, using the significant accounting policies and measurement basis summarized below.

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 subsidiaries, Revive Therapeutics Inc. and Psilocin Pharma Corp. The financial statements of the Company's wholly owned subsidiaries, Revive Therapeutics Inc. and Psilocin Pharma Corp., are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements. The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

All inter-company balances and transactions between entities in the Company, including any unrealized 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 and with investment broker. 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

IFRS 9 - Financial Instruments ("IFRS 9") includes guidance on the classification, recognition and measurement, impairment, derecognition and general hedge accounting of financial assets and labilities.

Financial assets within the scope of IFRS 9 are classified in the following measurement categories: amortized cost, fair value through profit and loss ("FVTPL") or fair value through other comprehensive income ("FVTOCI") based on the business model in which they are held and the characteristics of their contractual cash flows. Financial liabilities are classified in the following measurement categories: FVTPL, or amortized cost.

2. Significant Accounting Policies (continued)

Financial instruments (continued)

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 period. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

Financial assets

All financial assets are recognized initially at fair value plus, in the case of investments not at FVTPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instruments.

Where fair values of financial assets recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values.

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria ofamortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss. The Company's cash and cash equivalent and investments are classified as financial asset measurred at FVTPL.

ii. Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest". They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

The Company's lease receivable is classified as a financial asset measured at amortized cost.

iii. Financial assets recorded at FVTOCI

Financial assets are recorded at FVTOCI when the change in fair value is attributable to changes in the Company's credit risk. The Company has no financial assets classified or measured at FVTOCI.

2. Significant Accounting Policies (continued)

Financial instruments (continued)

Impairment of financial assets

The impairment model under IFRS 9 is applicable to financial assets measured at amortized cost where any expected future credit losses are provided for, irrespective of whether a loss event has occurred as at the reporting date. the Company's only financial assets subject to impairment are amounts received which are measured at amortized costs. The Company has elected to apply the simplified approach on impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized. The Company has measured the lifetime expected credit losses taking into consideration historical credit loss experience and financial factors specific to debtors and other relevant factors.

Financial liabilities

Non-derivative financial liabilities are measured at amortized cost, unless theyare required to be measured at FVTPL as it is in the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVTPL.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost.The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's accounts payable and accrued liabilities, lease liability, statute barred liabilities and loan payable are classified as measured at amortized cost.

ii. Financial liabilities recorded FVTPL

Financial liabilities are classified as FVTPL if they do not fall into amortized cost detailed above.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

2. Significant Accounting Policies (continued)

Financial instruments (continued)

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in the consolidated statement of loss and comprehensive loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

Financial assets – The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset have expired or when contractual rights to the cashflows have been transferred. Gains and losses from the derecognition are recognized in the statements of loss and comprehensive loss.

Financial liabilities – The Company derecognizes a financial liability when the obligation specified in the contract is discharged, canceled or expired. The difference between the carrying amount of the derecognized financialliability and the consideration paid or payable, including noncash assets transferred, or liabilities assumed, is recognized in the statements of loss and comprehensive loss.

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 4. 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.

The determinations of fair value of the Company's privately-held investments 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 may indicate generally that the fair value of the investment has not materially changed. The fair value of a privately-held investment requires adjustment 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;

2. Significant Accounting Policies (continued)

Privately-held investments (continued)

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.

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 are 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	5 - 20 years	Straight-line

The Company does not start amortization for intangible assets with patent pending as they are not available for use.

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)

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.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired. Finite life intangible assets not yet available for use are tested annually for impairment.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. An impairment loss is recognized immediately in profit or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount, but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized in profit or loss for the period.

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 pre-tax 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.

2. Significant Accounting Policies (continued)

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 finder's 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.

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 and useful lives of capitalized intangible assets and equipment which are included in the consolidated statements of financial position. Management's assessment of whether indicator of impairment are present requires judgment based on facts and circumstances are reporting period ends.

ii. The capitalization of costs for internally generated intangible assets is subject to judgment including the technical feasibility, timeframe to commercialization, assessment of availability of resources to complete the project, and if economic benefits will be generated from its use.

iii. 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.

iv. 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.

v. Management decision that no provision is needed for the contingency in note 22 represents management estimates and the eventual resolution of the liability may differ based on additional information and the occurrence of future events.

vi. Fair value of investment. The fair value of investment recorded on the consolidated statements of financial position cannot be derived from active markets and is determined using a valuation model, the inputs to which are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish the fair value. Refer to note 4 for details.

vii. 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.

2. Significant Accounting Policies (continued)

Significant accounting judgments and estimates (continued)

viii. In determining the functional currency of the parent and its subsidiary, the Company considers the currency that mainly influences sales and the cost of providing goods and services in each jurisdiction in each the Company operates. The Company also considered secondary indicators including the currency in which funds from financing activities are denominated, the currency in which funds are retained and whether the activities of the subsidiaries are carried out as an extension of the Company or if they are carried out with a degree of autonomy.

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.

Compound instruments - convertible debenture

The components of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the contractual agreement. At the date of issue, the fair value of the liability component is estimated using the market interest rate then in effect for a similar non-convertible instrument. This amount is recorded as a liability, at amortized cost, using the effective interest rate method until its expiry at the time of conversion or maturity of the instrument. The equity component is determined by deducting the amount of the liability component of the total fair value of the compound instrument. This amount is recognized in equity, net of income tax effects, and is not subsequently remeasured.

Transaction costs related to the issuance of the convertible debenture are allocated to the liability and equity components in proportion to their initial carrying amounts. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the debenture using the effective interest method. Interest and accretion expense are recognized as a finance cost in the consolidated statements of comprehensive loss.

Lease

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.

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.

2. Significant Accounting Policies (continued)

Lease (continued)

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.

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 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 consolidated financial statements.

New interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact on the Company in the current or future reporting periods.

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, 2021 totalled $28,806,723 (June 30, 2020 - $7,429,029). 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, 2021.

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. Cash is held with select major Canadian chartered banks, from which management believes the risk of loss to be 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, 2021, the Company had a cash and cash equivalents balance of $16,599,663 (June 30, 2019 - $1,381,483) to settle current liabilities of $597,533 (June 30, 2020 - $372,200) (note 10). 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, 2021, 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 $170,000 (June 30, 2020 - $14,000).

(b) Foreign currency risk

The Company’s functional and reporting currency is the Canadian dollar. As of June 30, 2021, sensitivity to a plus or minus 10% change in US dollar foreign exchange rate would affect the reported comprehensive loss by approximately $16,000 (June 30, 2020 - $19,000).

(Expressed in Canadian dollars)

5. 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 June 30, 2021 and June 30, 2020:

June 30, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 16,599,663	$ -	$ -	$ 16,599,663
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

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 June 30, 2021**
June 30, 2021	$ 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:

June 30, 2021

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 June 30, 2021, 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)

6. Lease receivable

Balance, July 1, 2019	**$**	**-**
Additions		450,628
Reduction of lease receivable in settlement of lease liability		(72,319)
Finance income		47,595
Balance, June 30, 2020	**$**	**425,904**
Reduction of lease receivable in settlement of lease liability		(150,213)
Finance income		77,136
Balance, June 30, 2021	**$**	**352,827**

Allocated as:		
Current	$	93,504
Long-term		259,323
	$	**352,827**

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

7. 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 year ended June 30, 2021, 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 year ended June 30, 2021, 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 year ended June 30, 2021, the Company recorded an unrealized loss on investment of $17,500.

(Expressed in Canadian dollars)

8. Intangible Assets

Cost	**Psilocybin**	**Psilocin**	**Total**
Balance, June 30, 2019	$ -	$ -	$ -
Additions	-	5,500,000	5,500,000
Balance, June 30, 2020	-	5,500,000	5,500,000
Additions	7,000,000	-	7,000,000
Balance, June 30, 2021	$ 7,000,000	$ 5,500,000	$ 12,500,000

Carrying value	**Psilocybin**	**Psilocin**	**Total**
Balance, June 30, 2019	$ -	$ 5,500,000	$ 5,500,000
Balance, June 30, 2020 and June 30, 2021	$ 7,000,000	$ 5,500,000	$12,500,000

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.

8. 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.

The recoverable amount of Psilocin is determined based on its fair value less cost of disposal. The fair value less cost of disposal is determined based on the market value of the shares issued for the acquisition of Psilocin and management experience of the market. The fair value less cost of disposal is categorized as level 3 in the fair value heirarchy.

Psilocybin

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 the 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 (paid); (ii) $4 million will be satisfied through the issuance of securities in the capital of Revive (issued) 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 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 U.S. Food and Drug Administration (“FDA”) approval. In addition to the Purchase Price, Revive will also pay PharmaTher Holdings Ltd. a low single digit royalty on all future net sales of products derived from the Acquired Assets.

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 year ended June 30, 2021, the Company incurred $26151 (2020 - $21,627) in REV−002 research costs for consulting services of clinical trial design and research.

REV-004 and REV-005

During the year ended June 30, 2021, the Company incurred $319,794 (2020 - $8,153) research costs for REV - 004 and $nil (2020 - $nil) research costs for REV-005.

CANNABINOIDS

During the year ended June 30, 2021, the Company incurred $nil (2020 - $6,653) research costs for cannabinoids.

(Expressed in Canadian dollars)

8. Intangible Assets (continued)

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 year ended June 30, 2021, the Company incurred $4,819,687 (2020 - $304,742) research costs for Bucillamine.

PSILOCYBIN

During the year ended June 30, 2021, the Company incurred $134,825 (2020 - $42,827) research costs for Psilocybin-based formulations.

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 year ended June 30, 2021, the Company incurred $333,348 (2020 - $70,695) research costs for drug delivery technology.

OTHER

During the year ended June 30, 2021, the Company incurred $820,818 (2020 - $392) general research costs not specifically allocated to any particular project.

9. Equipment

Cost	Computer Equipment	Office Equipment	Total
Balance, June 30, 2019, 2020 and 2021	$ 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 year	583	456	1,039
Balance, June 30, 2020	$ 5,809	$ 5,908	$ 11,717
Depreciation during the year	410	365	775
Balance, June 30, 2021	$ 6,219	$ 6,273	$ 12,492

(Expressed in Canadian dollars)

9. Equipment (continued)

Carrying value	**Computer Equipment**	**Office Equipment**	**Total**
Balance, June 30, 2020	$ 1,362	$ 1,829	$ 3,191
Balance, June 30, 2021	$ 952	$ 1,464	$ 2,416

10. 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, 2021	**As at June 30, 2020**
Accounts payable	**$ 436,021**	$ 210,025
Accrued liabilities	**73,404**	92,161
	$ 509,425	$ 302,186

	As at June 30, 2021	**As at June 30, 2020**
Less than 1 month	**$ 389,003**	$ 244,829
1 to 3 months	**18,526**	6,630
Greater than 3 months	**101,896**	50,727
	$ 509,425	$ 302,186

(Expressed in Canadian dollars)

11. 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 June 30, 2021, the Company had statute-barred liabilities of $74,412.

12. Lease Liability

Balance, July 1, 2019	**$**	**-**
Additions		474,474
Accretion		75,543
Lease payments and settlement of lease receivable		(124,163)
Balance, June 30, 2020	**$**	**425,854**
Accretion		78,982
Lease payments and settlement of lease receivable		(148,996)
Balance, June 30, 2021	**$**	**355,840**

Allocated as:		
Current	$	88,108
Long-term		267,732
	$	**355,840**

The underlying lease agreement terminates on August 31, 2024.

13. Convertible Debenture

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, 2025. The fair value of the Warrants was estimated to be $25,348 using a valuation model incorporating Black-Scholes on the following assumptions: dividend yield of 0%; volatility of 136.52%; risk-free interest rate of 1.48%; and expected life of 5 years.

The Convertible Debentures have a maturity of 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.

The Company incurred $4,200 transaction costs for the issuance of the convertible debenture. The net proceeds of $205,800 of the convertible debenture were separated into liability component of $145,490, equity component of $34,962 and warrants of $25,348, using the effective interest rate method with an effective interest rate of 20% per annum. On June 11, 2020, the convertible debenture and accrued interest were converted to 4,368,000 common shares of the Company valued at $1,351,700 based on the stock price of Revive on the date of issuance of the common shares. The conversion resulted in a loss on conversion of convertible debenture of $151,518 based on the carrying value of the convertible debenture of $151,518 and accrued interest of $6,084 as at the date of conversion. During the year ended June 30, 2020, the Company recorded accretion expense of $6,029 and interest expense of $6,084 in the consolidated statements of comprehensive loss.

14. 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 $60,000 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 $20,000 of the loan will be forgiven if $40,000 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.

(Expressed in Canadian dollars)

15. 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, 2021, the issued share capital amounted to $42,430,389 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	**72,411,282**	**$ 9,352,491**
Common shares issued in private placement (i)(iii)	49,935,000	2,496,750
Valuation of warrants issued in private placement (i)(iii)	-	(956,502)
Valuation of finder warrants issued in private placement (i)(iii)	-	(280,068)
Transaction costs in private placement (i)(iii)	-	(167,725)
Common shares issued in settlement of debt (iv)	9,062,495	453,550
Common shares issued for conversion of convertible debenture (note 13)	4,368,000	1,386,662
Common shares issued for intangible asset (note 8)	55,000,000	5,500,000
Common shares issued for investment (ii)	3,000,000	195,000
Common shares issued for exercise of warrants	5,220,734	943,262
Common shares issued for exercise of broker warrants	42,000	8,254
Common shares issued for exercise of stock options	850,000	194,421
Balance, June 30, 2020	**199,889,511**	**19,126,095**
Common shares issued in prospectus offering (v)	46,920,000	23,460,000
Valuation of warrants issued in prospectus offering (v)	-	(9,895,659)
Valuation of finder warrants issued in prospectus offering (v)	-	(1,947,698)
Transaction costs in prospectus offering (v)	-	(1,321,234)
Common shares issued for exercise of warrants	53,695,598	5,564,108
Common shares issued for exercise of broker warrants	4,159,550	477,239
Fair value of warrants issued upon exercised of broker warrants	-	(676,318)
Common shares issued for exercise of stock options	2,800,000	938,110
Common shares issued for settlement of debt (vi)	3,827,425	2,705,746
Common shares issued for intangible asset (note 8)	6,666,667	4,000,000
Balance, June 30, 2021	**317,958,751**	**$ 42,430,389**

15. Share Capital (continued)

b) Common shares issued (continued)

(i) On March 18, 2020, the Company closed a private placement of 33,535,000 units ("Units") at a price of $0.05 per Unit for gross proceeds of $1,676,750 (the "Offering"). Hampton Securities Limited acted as sole lead agent (the "Agent") in connection with the Offering. Each Unit consists of one common share ("Share") in the capital of the Company and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.07 per share at any time until March 18, 2023. The fair value of the Warrants was estimated to be $704,235 using a valuation model incorporating Black-Scholes on the following assumptions: dividend yield of 0%; volatility of 139.73%; risk-free interest rate of 0.79%; and expected life of 3 years. The Company incurred total transaction costs of $212,558 including $150,908 cash commission to the Agent and a corporate finance fee of $22,600. The Company also issued 3,018,150 non-transferable broker warrants. Each broker warrant entitles the Agent to purchase one Unit of the Company (each a "Compensation Unit") at the price of $0.05 per Unit at any time until March 18, 2022. Each Compensation Unit is comprised of one common share of the Company and one common share purchase warrant with each warrant exercisable into one common share of the Company at a price of $0.07 per share at any time until March 18, 2023. The fair value of the broker warrants was estimated to be $97,472 using a valuation model incorporating Black-Scholes on the following assumptions: dividend yield of 0%; volatility of 156.11%; risk-free interest rate of 0.69%; and expected life of 2 years.

(ii) On February 10, 2020, the Company issued 3,000,000 common shares valued at $165,000 based on Revive's stock price on the date of issuance in consideration of 2,500,000 Red Light shares (note 7).

(iii) On April 14, 2020, the Company closed an additional 16,400,000 units ("Units") at a price of $0.05 per Unit for gross proceeds of $820,000 in connection with the closing of a second tranche of its brokered private placement financing (the "Offering"). Hampton Securities acted as sole lead agent (the "Agent") in connection with the Offering. Each Unit consists of one common share (each a “Share”) in the capital of the Company and one common share purchase warrant (each a “Warrant”). Each Warrant entitles the holder thereof to acquire one common share of the Company (each a “Warrant Share”) at a price of $0.07 per Warrant Share at any time until April 14, 2023. The fair value of the Warrants was estimated to be $377,200 using a valuation model incorporating Black-Scholes on the following assumptions: dividend yield of 0%; volatility of 144.75%; risk-free interest rate of 0.43%; and expected life of 3 years. The Company incurred total transaction costs of $82,298 including $73,800 cash commission to the Agent. Pursuant to the Offering, Revive issued the Agent and its sub-agents an aggregate of 1,476,000 non-transferable broker warrants (the “Broker Warrants”). Each Broker Warrant entitles the Agent and sub-agents to purchase one unit of the Company (each a “Compensation Unit”) at the price of $0.05 per Compensation Unit at any time until April 14, 2022. Each Compensation Unit is comprised of one common share in the capital of the Company 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 Company (each a “Compensation Warrant Share”) at a price of $0.07 per Compensation Warrant Share at any time until April 14, 2023. The fair value of the broker warrants was estimated to be $182,596 using a valuation model incorporating Black-Scholes on the following assumptions: dividend yield of 0%; volatility of 162.59%; risk-free interest rate of 0.37%; and expected life of 2 years.

(iv) On April 9, 2020, the Company issued 9,062,495 common shares valued at $453,550 in settlement of accounts payable and accrued liabilities of $453,550.

(Expressed in Canadian dollars)

15. Share Capital (continued)

b) Common shares issued (continued)

(v) 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"). Additionally, the Company paid the Underwriters a corporate finance fee in 920,000 Units equal to 2.0% of the aggregate number of Units issued pursuant to the Offering. 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. The fair value of the warrants was estimated to be $9,895,659 using a valuation model incorporating Black-Scholes on the following assumptions: dividend yield 0%; volatility 168.19%; risk-free interest rates of 0.23%; and expected lives of 3 years.

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 3,220,000 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. The fair value of the warrants was estimated to be $1,947,698 using a valuation model incorporating Black-Scholes on the following assumptions: dividend yield 0%; volatility 168.19%; risk-free interest rates of 0.23%; and expected lives of 3 years.

(vi) During the year ended June 30, 2021, the Company issued 3,727,425 common shares valued at $2,705,746 in settlement of accounts payable and accrued liabilities of $980,300.

16. Warrants

The following table reflects the continuity of warrants for the years ended June 30, 2021 and 2020:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2019	**14,010,000**	**$ 0.15**
Issued in private placements	49,935,000	0.07
Issued with convertible debenture	4,200,000	0.07
Exercised	(5,220,734)	0.15
Balance, June 30, 2020	**62,924,266**	**$ 0.08**
Exercised	(53,895,598)	0.08
Issued	51,079,550	0.65
Balance, June 30, 2021	**60,108,218**	**$ 0.56**

(Expressed in Canadian dollars)

16. Warrants (continued)

The following table reflects warrants issued and outstanding as at June 30, 2021:

Expiry Date and Description	Exercise Price ($)	Fair Value ($)	Number of Warrants Outstanding
February 5, 2025	0.07	25,348	4,200,000
March 18, 2023	0.07	434,251	4,014,070
April 14, 2023	0.07	290,817	4,974,148
February 12, 2024	0.70	8,770,163	46,920,000
Transaction costs		(53,889)	
	0.56	**9,466,690**	**60,108,218**

17. Broker and Finder Warrants

The following table reflects the continuity of broker and finder warrants for the years ended June 30, 2021 and 2020:

	Number of Broker Warrants	Weighted Average Exercise Price
Balance, June 30, 2019	**42,000**	**$ 0.15**
Issued	4,494,150	0.05
Exercised	(42,000)	0.15
Balance, June 30, 2020	**4,494,150**	**$ 0.05**
Exercised	(4,159,550)	0.05
Issued	3,220,000	0.50
Balance, June 30, 2021	**3,554,600**	**$ 0.46**

The following table reflects broker and finder warrants issued and outstanding as at June 30, 2021:

Expiry Date	Exercise Price ($)	Fair Value ($)	Number of Broker Warrants Outstanding
March 18, 2022	0.05	10,806	334,600
February 12, 2024	0.50	1,947,698	3,220,000
	0.46	**1,958,504**	**3,554,600**

(Expressed in Canadian dollars)

18. 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 years ended June 30, 2021 and 2020:

	Number of Stock Options	Weighted Average Exercise Price
Balance, June 30, 2019	**4,170,709**	**$ 0.39**
Cancelled	(1,450,000)	0.48
Granted (ii)(iii)(iv)(v)	10,375,000	0.20
Exercised	(850,000)	0.13
Balance, June 30, 2020	**12,245,709**	**$ 0.24**
Granted (iv)(vii)(viii)(ix)	19,800,000	0.47
Exercised	(2,800,000)	0.19
Cancelled	(140,000)	0.38
Balance, June 30, 2021	**29,105,709**	**$ 0.40**

The following table reflects the actual stock options issued and outstanding as at June 30, 2021:

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	2.02	40,375	40,375	$ 9,270
January 31, 2024	0.66	2.59	195,000	195,000	87,772
February 10, 2025	0.60	3.62	280,000	280,000	104,450
April 10, 2027	0.28	5.78	315,000	315,000	69,441
November 1, 2022	0.20	1.34	250,000	250,000	31,336
November 29, 2022	0.325	1.42	100,000	100,000	26,368
April 22, 2024	0.17	2.81	125,334	125,334	14,193
December 27, 2029 (ii)	0.07	8.50	3,150,000	3,150,000	160,082
May 25, 2030 (v)	0.33	8.91	5,100,000	5,100,000	1,638,191
August 6, 2025 (vi)	0.33	4.10	6,000,000	6,000,000	2,148,379
August 12, 2025 (vii)	0.36	4.12	2,500,000	2,500,000	727,961
August 12, 2025 (viii)	0.35	4.12	1,250,000	1,250,000	364,173
August 24, 2025 (ix)	0.35	4.15	300,000	300,000	76,789
June 21, 2026 (x)	0.35	4.98	9,500,000	9,500,000	4,428,995
			29,105,709	**29,105,709**	**$ 9,887,400**

18. Stock Options (continued)

(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 year ended June 30, 2021, $nil (2020 - $16,616) was recorded as stock-based compensation in the 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 year ended June 30, 2021, $nil (2020 - $195,656) was recorded as stock-based compensation in the consolidated statements of comprehensive loss.

(iii) On February 7, 2020, the Company granted a consultant of the Company 500,000 options at an exercise price of $0.07 per share expiring on February 7, 2025. The fair value of the stock options was estimated to be $27,886 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 131.53%; risk-free interest rates of 1.34%; and expected life of 5 years. These options vested upon grant. During the year ended June 30, 2021, $nil (2020 - $27,886) was recorded as stock-based compensation in the consolidated statements of comprehensive loss.

(iv) On April 20, 2020, the Company granted a consultant of the Company 850,000 stock options at an exercise price of $0.125 per share expiring on April 20, 2025. The fair value of the stock options was estimated to be $94,214 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 141%; risk-free interest rates of 0.44%; and expected life of 5 years. These options vested upon grant. During the year ended June 30, 2021, $nil (2020 - $94,214) was recorded as stock-based compensation in the consolidated statements of comprehensive loss.

(v) 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 year ended June 30, 2021, $749,165 (2020 - $856,948) was recorded as stock-based compensation in the consolidated statements of comprehensive loss.

(vi) 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 year ended June 30, 2021, $2,148,379 (2020 - $nil) was recorded as stock-based compensation in the consolidated statements of comprehensive loss.

(vii) 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 year ended June 30, 2021, $727,960 (2020 - $nil) was recorded as stock-based compensation in the consolidated statements of comprehensive loss.

(Expressed in Canadian dollars)

18. Stock Options (continued)

(viii) 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 year ended June 30, 2021, $437,007 (2020 - $nil) was recorded as stock-based compensation in the consolidated statements of comprehensive loss.

(ix) 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 year ended June 30, 2021, $76,789 (2020 - $nil) was recorded as stock-based compensation in the consolidated statements of comprehensive loss.

(x) On June 21, 2021, the Company granted officers and directors of the Company 9,500,000 stock options at an exercise price of $0.60 per share expiring on June 21, 2026. The fair value of the stock options was estimated to be $4,428,995 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 155.76%; risk-free interest rates of 0.97%; and expected life of 5 years. These options vested immediately upon grant. During the year ended June 30, 2021, $4,428,995 (2020 - $nil) was recorded as stock-based compensation in the consolidated statements of comprehensive loss.

19. Net Loss per Common Share

The calculation of basic and diluted loss per share for the year ended June 30, 2021 was based on the loss attributable to common shareholders of $20,118,802 (2020 - $5,381,687) and the weighted average number of common shares outstanding of 267,491,089 (2020 - 106,877,828).

Diluted loss per share did not include the effect of 60,108,218 warrants (2020 - 62,924,266), 3,554,600 finder warrants (2020 - 4,494,150) and 29,105,709 stock options (2020 - 12,245,709) as they are anti-dilutive.

20. Income Taxes

Reconciliation of statutory tax rate

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2020 - 26.5%) to the effective tax rate is as follows:

		Year ended June 30, 2021		Year ended June 30, 2020
Loss before recovery of income taxes	$	(20,118,802)	$	(5,381,687)
Statutory tax rate		26.5%		26.5%
Expected income tax recovery	$	(5,331,483)	$	(1,426,147)
Share-based compensation and non-deductible expenses		2,270,941		634,954
Amounts booked directly into equity		(87,159)		(78,137)
Other permanent differences		598,261		26,943
Change in tax benefits not recognized		2,549,440		842,387
Income tax (recovery) expense	$	-	$	-

(Expressed in Canadian dollars)

20. 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:

	2021	2020
Capital assets	$ (586,362)	$ 26,854
Share issuance costs	348,635	86,383
Non-capital losses carried forward	6,072,342	3,330,835
Capital losses carried forward	228,622	-
Investments	65,320	131,838
Other temporary difference	-	3,207
	$ 6,128,557	$ 3,579,117
Less: deferred tax assets not recognized	(6,128,557)	(3,579,117)
Net deferred tax assets	$ -	$ -

As at June 30, 2021 and 2020, the Company had a 100% valuation allowance against its deferred income tax balances as it is not considered probable that sufficient future tax profit will allow the deferred tax assets to be realized.

Share issuance costs will be fully amortized in 2025. Intangible assets and other temporary differences may be carried forward indefinitely.

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

2031	5,664
2032	107,704
2033	138,113
2034	545,679
2035	1,851,509
2036	2,715,262
2037	1,691,703
2038	1,746,802
2039	1,298,870
2040	2,601,666
2041	10,211,525
	22,914,497

(Expressed in Canadian dollars)

21. 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.

Year Ended June 30,	2021	2020
Marrelli Support Services Inc. ("Marrelli Support") (i)	**$ 57,652**	$ 49,412
DSA Corporate Services Inc. and DSA Filing Services Limited (together, known as "DSA") (ii)	**$ 55,035**	$ 39,702

(i) The Company owed Marrelli Support $2,351 as at June 30, 2021 (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.

(ii) The Company owed DSA $3,706 as at June 30, 2021 (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 years ended June 30, 2021 and 2020 was as follows:

	2021	2020
Stock-based compensation	**$ 5,916,761**	$ 774,007
Consulting fees	**$ 360,000**	$ 382,859
Salaries and benefits - former President and CEO	**$ -**	$ 125,000

(c) Major shareholders:

As at June 30, 2021, 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.

(Expressed in Canadian dollars)

22. 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 year ended June 30, 2021 (note 15).

23. Office Expenses

	2021	**2020**
Reporting issuer costs	**$ 338,654**	$ 95,259
Marketing and promotion	**275,160**	-
Administrative	**136,675**	451,750
Insurance	**163,815**	53,418
Travel and accommodation	**143**	11,160
Meals and entertainment	**1,042**	3,193
Bank charges	**6,345**	3,164
Interest income	**(25,943)**	(1,057)
	$ 895,891	$ 616,887

24. Subsequent Events

Subsequent to year ended June 30, 2021, 1,000,000 warrants were exercised for proceeds of $70,000**.**

Subsequent to year ended June 30, 2021, 500,000 stock options were granted to certain consultants with each option exercisable at $0.6 per share.