

RELEVIVUM TECHNOLOGIES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

December 31, 2018

RELEVIVUM TECHNOLOGIES INC.

DECEMBER 31, 2018

CONTENTS

	Page
NOTICE TO READER	2
FINANCIAL STATEMENTS	
Unaudited Condensed Consolidated Interim Statement of Financial Position	3
Unaudited Condensed Consolidated Interim Statement of Changes in Shareholders' Equity	4
Unaudited Condensed Consolidated Interim Statement of Operations and Comprehensive Loss	5
Unaudited Condensed Consolidated Interim Statement of Cash Flows	6
Notes to Unaudited Consolidated Condensed Interim Financial Statements	7 - 2

RELEVIVUM TECHNOLOGIES INC.

NOTICE TO READER

Management of the Company has prepared these unaudited condensed consolidated interim financial statements and their accompanying notes and is responsible for the integrity and fairness of the financial information presented therein. These have been reviewed and approved by the Company's Audit Committee and the Board of Directors. The Company's auditors have not reviewed or audited these consolidated interim unaudited financial statements.

RELEVIVUM TECHNOLOGIES INC.

As at December 31, 2018

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	December 31, 2018 \$	June 30, 2018 \$
Assets		
Current assets		
Cash and cash equivalents	1,013,356	2,075,050
Short-term investment (Note 4)	5,000	5,000
Receivables (Note 5)	75,755	143,473
Inventory	433,642	348,180
Prepaid expenses	491,254	255,109
Total current assets	2,019,007	2,826,812
Non-current assets		
Property and equipment	16,835	16,946
Intangible assets	3,384,789	3,456,843
Goodwill	2,275,061	2,275,061
Total assets	7,695,692	8,575,302
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	471,231	348,873
Contingent consideration payable	-	148,803
Bridge Loan payable (Note 6)	-	1,000,000
Loan payable (Note 7)	298,760	362,576
Current portion of long-term debt (Note 8)	314,510	1,498,747
Total current liabilities	1,084,501	3,358,999
Non-current liabilities		
Warrant Liability	343,500	109,500
Long-term debt (Note 8)	1,496,456	-
Total liabilities	2,924,457	3,468,499
Shareholders' equity		
Share capital (Note 12)	11,689,683	10,737,413
Share purchase warrants (Note 13)	943,800	683,884
Equity component of convertible debt	78,544	96,734
Contributed surplus	1,418,935	1,289,951
Accumulated other comprehensive loss	(19,618)	(15,894)
Deficit	(9,340,109)	(7,685,285)
Total shareholders' equity	4,771,235	5,106,803
Total liabilities and shareholders' equity	7,695,692	8,575,302

Going concern (Note 2)

Subsequent event (Note 21)

On behalf of the board:

"signed", Aurelio Useche _____

Aurelio Useche, Director

"signed", Andre Godin _____

Andre Godin, Director

The accompanying notes are an integral part of these financial statements.

RELEVIVUM TECHNOLOGIES INC.

For the period ended December 31, 2018

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Number of shares	Share capital \$	Warrants \$	Equity component of convertible debt \$	Contributed surplus \$	Deficit \$	Foreign currency translation reserve \$	Total \$
Balance - June 30, 2018	104,579,273	10,737,413	683,884	96,734	1,289,951	(7,685,285)	(15,894)	5,106,803
Net loss for the period	-	-	-	-	-	(1,654,824)	-	(1,654,824)
Other comprehensive loss for the period	-	-	-	-	-	-	(3,724)	(3,724)
Conversion of a portion of convertible notes	9,000,000	1,211,811	-	(96,734)	96,734	-	-	1,211,811
Issue of convertible notes	-	-	-	78,544	-	-	-	78,544
Issue of warrants	-	(260,000)	260,000	-	-	-	-	-
Share-based payments	-	-	-	-	32,250	-	-	32,250
Exercised warrants and options	2,500	459	(84)	-	-	-	-	375
Balance – December 31, 2018	113,581,773	11,689,683	943,800	78,544	1,418,935	(9,340,109)	(21,664)	4,771,235
Balance - June 30, 2017	65,971,466	5,119,909	1,129,168	631,161	236,894	(4,792,544)	-	2,324,588
Net loss and comprehensive loss for the period	-	-	-	-	-	(1,032,341)	-	(1,032,341)
Conversion of portion of convertible notes	7,350,001	749,538	-	-	-	-	-	749,538
Settlement of subscriptions receivable	-	60,000	-	-	-	-	-	60,000
Share-based payments	-	-	-	-	554,110	-	-	554,110
Exercised warrants and options	8,896,000	1,622,678	(235,410)	-	(51,968)	-	-	1,335,300
Balance – December 31, 2017	82,217,467	7,552,125	893,758	631,161	739,036	(5,824,885)	-	3,991,195

RELEVIVUM TECHNOLOGIES INC.

For the period ended December 31, 2018

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS

	Three months ended December 31		Six months ended December 31	
	2018	2017	2018	2017
	\$	\$	\$	\$
Sales	1,006,501	968,474	1,991,552	2,121,468
Cost of Sales	451,894	372,235	898,244	890,448
Gross Profit	554,607	596,239	1,093,308	1,231,020
Expenses				
Administration fees	117,019	110,968	226,777	188,399
Consulting fees	187,177	111,138	346,227	200,335
General and administrative expenses	252,176	157,985	456,698	244,091
Selling and marketing	569,150	302,580	1,075,598	667,872
Professional fees	108,931	57,124	137,799	80,897
Amortization of assets	37,012	1,059	73,918	1,059
Share-based payments (Note 14)	32,250	554,110	32,250	554,110
Loss (gain) on foreign exchange	(2,018)	6,541	(576)	(76,761)
Write-down of contingent consideration payable	(77,670)	-	(77,670)	-
Change in fair value of warrants	243,000	-	234,000	-
Amortization of deferred financing costs	43,655	-	58,207	-
Interest on long-term debt	53,393	108,114	133,047	215,731
Accreted interest	7,483	91,210	51,857	187,653
Interest income	-	25	-	25
Net loss	(1,016,951)	(904,565)	(1,654,824)	(1,032,341)
Other comprehensive loss				
Exchange differences on translation of foreign operations	15,800	-	(3,724)	-
Comprehensive loss	15,800	-	(3,724)	(-)
Net comprehensive loss	(1,001,151)	(904,565)	(1,658,548)	(1,032,341)
LOSS PER SHARE:				
Basic and fully diluted	(0.0090)	(0.0130)	(0.0153)	(0.0152)
Weighted average number of common shares outstanding for the period	111,918,730	69,824,611	108,249,069	67,876,867

RELEVIVUM TECHNOLOGIES INC.

For the period ended December 31, 2018

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	Three months ended December 31		Six months ended December 31	
	2018	2017	2018	2017
	\$	\$	\$	\$
Cash flows for operating activities				
Net loss	(1,016,951)	(904,565)	(1,654,824)	(1,032,341)
Items not affecting cash:				
Share-based payments	32,250	554,110	32,250	554,110
Change in fair value of warrants	243,000	-	234,000	-
Write-down of contingent consideration payable	(77,670)	-	(77,670)	-
Unrealized (gain) loss on foreign exchange	15,800	46,601	(3,724)	(54,434)
Accreted interests	7,483	91,210	51,857	187,653
Amortization of property and equipment	1,165	1,059	2,224	1,059
Amortization of intangible assets	35,847	-	71,694	-
Amortization of deferred financing costs	43,655	-	58,207	-
Inventory purchased in deposit on acquisition	-	-	-	269,020
	(715,421)	(211,585)	(1,285,986)	(74,933)
Net changes in non-cash working capital items (Note 16)	(139,640)	(142,329)	(131,531)	(780,111)
Net cash used in operating activities	(855,061)	(353,914)	(1,417,517)	(855,044)
Cash flows for investing activities				
Repayment of contingent consideration payable	-	-	(71,133)	-
Acquisition of Property and equipment	-	(10,841)	(2,113)	(21,183)
Net cash used in investing activities	-	(10,841)	(73,246)	(21,183)
Cash flows for financing activities				
Settlement of subscriptions receivable	-	60,000	-	60,000
Issue of shares on exercise of options and warrants	375	1,335,300	375	1,335,300
Issuance of shares, net of share issue costs	-	-	-	-
Proceeds on issue of convertible notes payable, net of issue costs	575,000	-	575,000	-
Repayment of long-term debt	(82,490)	-	(82,490)	(25,380)
Issue of loan payable	298,760	-	298,760	375,780
Repayment of loan payable	(207,211)	(24,482)	(362,576)	(57,677)
Net cash flows provided by financing activities	584,434	1,370,818	429,069	1,688,023
Net increase in cash and cash equivalents	(270,627)	1,006,063	(1,061,694)	811,796
Cash and cash equivalents - beginning of period	1,283,983	710,336	2,075,050	904,603
Cash and cash equivalents - end of period	1,013,356	1,716,399	1,013,356	1,716,399

The accompanying notes are an integral part of these financial statements.

RELEVIVUM TECHNOLOGIES INC.

As at December 31, 2018

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Nature of business

Relevivum Technologies Inc., (the "Company") was incorporated under the Canada Business Corporations Act on July 19, 2012, is a publicly traded company currently trading under ticker symbol "RLV" on the TSX Venture Exchange and "6BX" on the Open Market Segment of the Frankfurt Stock Exchange.

The address of the Company's registered head office is 1000 Sherbrooke St. West, Suite 2700, Montreal, Quebec, Canada.

The principal business of the Company is the identification, evaluation and acquisition of assets or businesses in the Health and Wellness markets. The Company is focused in two major areas, namely E-Commerce and Wellness Services.

On August 7, 2015 the Company completed its qualifying transaction ("Qualifying Transaction") and on December 17, 2015, the Company changed its name to Relevivum Technologies Inc.

2. Going concern uncertainty

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on the going concern basis, which presumes the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of business. The Company has a history of losses, has consumed significant amount of cash resources in the past and has continued to do so in the period ended December 31, 2018. During the period ended December 31, 2018, the Company incurred a net loss of \$1,654,824 and had negative cash flow from operations of \$1,417,517. As at December 31, 2018, the Company had a working capital of \$934,506.

As at December 31, 2018, the Company had \$1,013,356 in cash. However, the Company expects that cash disbursements over the next 12 months will exceed cash resources and additional funds will be required to finance the operations of the Company. As such the use of the going concern assumption may not be appropriate. Therefore, as at December 31, 2018, there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern without obtaining additional financial resources.

To date, the Company has financed its cash requirements primarily by issuing shares, warrants and debt instruments. The Company's ability to continue as a going concern is subject to its ability to raise additional financing and to generate cash flows from its operations.

These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary if the Company is unable to continue as a going concern. Such adjustments could be material.

3. Basis of preparation

The financial statements were authorized for issuance on February 25, 2019 by the board of directors of the Company.

The functional currency of the Company is the Canadian Dollar, which is the presentation currency of the consolidated financial statements.

RELEVIVUM TECHNOLOGIES INC.

As at December 31, 2018

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Basis of preparation - Cont'd

3.1 Statement of compliance

These unaudited condensed interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, IAS 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures required in annual financial statements have been condensed or omitted. These condensed interim financial statements are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim financial statements be read in conjunction with the most recent audited annual financial statements of the Company for the year ended June 30, 2018.

3.2 Basis of consolidation

The unaudited condensed interim financial statements include the accounts of the Company and its wholly owned subsidiaries, Ovid Acquisition Corp., Biocannabix Health Corporation and BGX E-Health LLC.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The subsidiaries are included in the consolidated financial statements from the date the Company gains control until it ceases to control. Intercompany balances and transactions, and unrealized gains and losses arising from intercompany transactions are eliminated in preparing the consolidated financial statements. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

3.3 Basis of measurement

The unaudited condensed interim financial statements have been prepared under the historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss which are measured at fair value. In addition, the financial statements have been prepared using the accrual basis of accounting.

3.4 Accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions about the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from those estimates and such differences could be significant.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Company. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing the Financial Statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual Financial Statements for the year ended June 30, 2018.

RELEVIVUM TECHNOLOGIES INC.

As at December 31, 2018

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Short-term investment

The short-term investment is a cashable investment certificate with the Company's bank bearing interest at the rate of 0.5% maturing within one year and whose market value approximates cost.

5. Receivables

Receivables are comprised of the following:

	December 31, 2018	June 30, 2018
	\$	\$
Trade and other receivables	40,883	42,458
Sales taxes refundable	34,872	101,015
	75,755	143,473

6. Loan payable

The loan is the balance of a US\$219,000 product development and marketing facility issued on October 4, 2018. It bears interest at a rate of 15.22% per annum, repayable in 12 monthly payments of US\$25,902, including interest starting in February 4, 2019. The loan is repaid automatically from ongoing sales and cash flows from the Company's Amazon account and is secured by the inventory in Amazon fulfillment centers and the Company's Amazon account administered by Amazon Services LLC.

The previous balance of loan of US\$350,000 product development and marketing facility issued on April 3, 2018 was repaid in full on October 4, 2018.

7. Bridge Loan payable

On June 25, 2018, The Company issued an unsecured bridge loan in the aggregate principal amount of \$1,176,471, which includes a discount of \$176,471.

The bridge loan is maturing on June 24, 2020 and is bearing interests at 12-month \$US Libor rate plus 8%.

On December 20, 2018, the bridge loan was converted into convertible notes in the aggregate principal amount of \$1,176,471, which includes a discount of \$176,471 and \$1,000,000 of which would be convertible into shares of the Company at \$0.15 per share.

RELEVIVUM TECHNOLOGIES INC.

As at December 31, 2018

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. Long-term debt

	December 31, 2018 \$	June 30, 2018 \$
Convertible notes payable bearing interest at the 12-month \$US Libor rate plus 8% per annum, payable monthly, in advance, maturing June 7, 2019, secured by a general assignment of all of the assets of the Company. The note holders have a right to convert 85% of the outstanding capital of \$Nil ⁽²⁾⁽³⁾ (\$1,747,000 as of June 30, 2018) at a strike price of \$0.15 per share. The Company may prepay any portion of the principal amount together with accrued interest thereon at any time after December 7, 2017. ⁽¹⁾	314,510	1,556,954
Convertible notes payable bearing interest at the 12-month \$US Libor rate plus 8% per annum, payable monthly, in advance, maturing December 20, 2020, secured by a general assignment of all of the assets of the Company. The note holders have a right to convert 85% of the outstanding capital of \$1,176,471 at a strike price of \$0.15 per share. The Company may prepay any portion of the principal amount together with accrued interest thereon at any time ⁽⁴⁾ .	950,131	-
Convertible notes payable bearing interest at the 12-month \$US Libor rate plus 8% per annum, payable monthly, in advance, maturing December 20, 2020, secured by a general assignment of all of the assets of the Company. The note holders have a right to convert 85% of the outstanding capital of \$676,471 at a strike price of \$0.15 per share. The Company may prepay any portion of the principal amount together with accrued interest thereon at any time ⁽⁵⁾ .	546,325	-
Total obligations	1,810,966	1,556,954
Less debt issue costs	-	(58,207)
	1,810,966	1,498,747
Less due within one year	(314,510)	(1,498,747)
	1,496,456	-
Principal payments are due in the following fiscal years:		
	\$	\$
2019	314,510	1,498,747
2020	1,496,456	-
	1,810,966	1,498,747

RELEVIVUM TECHNOLOGIES INC.

As at December 31, 2018

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. Long-term debt - Cont'd

- (1) On initial recognition, the convertible notes of \$2,250,000 were broken down into the following financial components: a financial liability of \$2,088,777 and an equity instrument of \$161,223.
- (2) On December 12, 2017, \$900,000 of the convertible note were converted into 6,000,001 shares at \$0.15 per shares and 2,999,999 warrants at an exercise price of \$0.15 per warrant.
- (3) On December 20, 2018, \$1,350,000 of the convertible note were converted into 9,000,000 shares at \$0.15 per share and \$82,490 of convertible notes were repaid.
- (4) On December 20, 2018, the bridge loan was converted into convertible notes in the aggregate principal amount of \$1,176,471, which includes a discount of \$176,471 and \$1,000,000 of which would be convertible into shares of the Company at \$0.15 per share. On initial recognition, the convertible notes of \$1,000,000 were broken down into the following financial components: a financial liability of \$950,131 and an equity instrument of \$49,869. In addition, 4,500,000 warrants exercisable at \$0.15 per warrant were issued to the lenders.
- (5) On December 20, 2018, the Company issued convertible notes in the aggregate principal amount of \$1,176,471, which includes a discount of \$176,471 and \$1,000,000 of which would be convertible into shares of the Company at \$0.15 per share. As of December 31, 2018, only \$575,000 were received. On initial recognition, the convertible notes of \$575,000 were broken down into the following financial components: a financial liability of \$546,325 and an equity instrument of \$28,675. In addition, 5,000,000 warrants exercisable at \$0.15 per warrant were issued to the lenders.

RELEVIVUM TECHNOLOGIES INC.

As at December 31, 2018

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9. Share capital

Authorized -

An unlimited number of common shares and an unlimited number of preferred shares without nominal or par values

Issued -

	December 31, 2018		June 30, 2018	
	#	\$	#	\$
Common shares	113,581,773	11,689,683	104,579,273	10,737,413
		11,689,683		10,737,413

Capital stock transactions are summarized as follows:

During the period ended December 31, 2018, 2,500 shares were issued on the exercise of warrants in exchange for \$375.

On December 20, 2018, total convertible notes of \$1,350,000 were converted into 9,000,000 shares. An amount of \$1,211,811, representing the liability amount at the date of conversion, was reversed into share capital.

During the year ended June 30, 2018, the following transactions occurred:

The Company issued a total of 38,607,807 shares pursuant to the following:

15,583,883 shares were issued on the exercise of warrants in exchange for \$2,337,583.

1,020,000 shares were issued on the exercise of incentive options and broker warrants in exchange for \$165,000.

66,235 shares were issued in exchange of services for \$13,750.

On December 12, 2017, the holders of the Convertible Notes payable described in Note 8 converted \$900,000 of the notes payable into 6,000,001 shares and 2,999,999 warrants. A further 1,350,000 shares were issued on the cashless exercise of 1,500,000 of those warrants. An amount of \$751,191, representing the liability amount at the date of conversion, was reversed into share capital.

On June 7, 2018, the total convertible balance of sale of \$2,001,515 (USD\$1,550,000) was converted into 14,337,500 shares and in addition the last interest installment of \$40,030 (USD\$31,000) was also converted into 250,188 shares. An amount of \$1,780,790, representing the liability amount at the date of conversion, was reversed into share capital.

As of December 31, 2018, 225,000 of the issued and outstanding shares are subject to escrow conditions.

RELEVIVUM TECHNOLOGIES INC.

As at December 31, 2018

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. Share purchase warrants

Share purchase warrants outstanding and exercisable as at December 31, 2018 are summarized as follows:

	Three months ended December 31, 2018		Six months ended December 31, 2018	
	Number of Warrants	Weighted Average Exercise Price \$	Number of Warrants	Weighted Average Exercise Price \$
Balance - beginning of period	19,028,999	0.1466	24,829,832	0.1474
Issued	9,500,000	0.1500	9,500,000	0.1500
Exercised for cash	-	0.1500	(2,500)	0.1500
Expired	-	-	(5,798,333)	0.1500
Balance - end of period	28,528,999	0.1477	28,528,999	0.1477
Exercisable	19,028,999	0.1466	19,028,999	0.1466

On December 20, 2018, the Company issued 4,500,000 warrants to lenders at an exercise price of \$0.15. The holders of these warrants may elect, in lieu of exercising the warrants for cash, a cashless exercise option to receive common shares equal to the fair value of the warrants based on the number of warrants to be exercised multiplied by a five-day weighted average market price less the exercise price, with the difference divided by the weighted average market price. If a warrant holder exercises this option, there will be variability in the number of shares issued per warrant.

Therefore, these warrants fail to meet the definition of equity and must instead be classified as a derivative liability and measured at fair value with changes in fair value recognized in the statement of operations at each period end. The derivative liability will ultimately be converted to the Company's equity (common shares) when the warrants are exercised or will be extinguished upon the expiry of the outstanding warrants and will not result in the outlay of any cash by the Company.

The company uses the Black-Scholes option pricing model to estimate fair value. The following assumptions were used to estimate the fair value of the new derivative warrant liability on December 31, 2018:

	2018
Risk free interest rate	1.91%
Expected volatility	135%
Dividend yield	NIL
Expected life	1.97 years
Fair value per warrant	\$0.063

RELEVIVUM TECHNOLOGIES INC.

As at December 31, 2018

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. Share purchase warrants - Cont'd

On December 20, 2018, the Company issued 5,000,000 warrants to lenders. Each warrant entitles the holder to purchase one common share of the Company.

The company uses the Black-Scholes option pricing model to estimate fair value. The following assumptions were used to estimate the fair value of these warrants on December 20, 2018:

	2018
Risk free interest rate	1.91%
Expected volatility	135%
Dividend yield	NIL
Expected life	2 years
Fair value per warrant	\$0.052

The warrants are summarized as follows:

Number of warrants	Exercise price	Expiry Date
	\$	
1,722,500	0.1125	August 2019
12,423,500	0.1500	June 2019
3,383,000	0.1500	August 2019
1,499,999	0.1500	December 2019
9,500,000	0.1500	December 2020

11. Share based payments

On November 7, 2012, the Company established an incentive stock option plan (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares.

On December 22, 2017, the Company amended the Stock Option Plan to increase the maximum number of common shares issuable to 6,983,684. These options vest over a period determined by the Board of Directors when granted and expire after a period of up to ten years, provided that the number of common shares reserved for issuance under the Stock Option Plan does not exceed ten percent of the outstanding common shares issued. The Board of Directors determines the exercise price per common share and the number of common shares that may be allotted to each director, officer, employee and consultant of the Company and all other terms and conditions of the options granted under the Stock Option Plan.

RELEVIVUM TECHNOLOGIES INC.

As at December 31, 2018

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. Share based payments – Cont'd

The Company has accounted for options granted using the fair value method.

The fair value of the 250,000 options granted to consultants on October 12, 2018, which vested entirely on the date of grant, was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions:

	Six months ended December 31, 2018
Risk free interest rate	2.49%
Expected volatility	109.55%
Dividend yield	NIL
Expected life	10 years
Grant date fair value	\$0.1290

The expense for share-based payments are summarized as follows:

	Three months ended December 31, 2018	Six months ended December 31, 2018
Options granted to directors and officers	-	-
Options granted to consultants	32,250	32,250
	32,250	32,250

RELEVIVUM TECHNOLOGIES INC.

As at December 31, 2018

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. Share based payments – Cont'd

A summary of changes in the Company's common share purchase options is presented below:

	Three months ended December 31, 2018		Six months ended December 31, 2018	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Balance - beginning of period	4,535,000	0.1831	4,812,800	0.1793
Exercised during the period	-	-	-	-
Granted during the period	250,000	0.1500	250,000	0.1500
Expired during the period	(580,000)	0.2500	(857,800)	0.2072
Balance - end of period	4,205,000	0.1719	4,205,000	0.1719
Balance exercisable - end of period	4,205,000	0.1719	4,205,000	0.1719

The Company's stock options outstanding and exercisable as at December 31, 2018 are summarized as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Range of Expiry Date	Weighted Average Remaining Contractual Life
180,000	180,000	0.10	December 21, 2022	48 months
1,250,000	1,250,000	0.15	September 1, 2025	80 months
2,525,000	2,525,000	0.19	August 22 2027	108 months
250,000	250,000	0.15	October 12, 2028	118 months

12. Statement of cash flows

Changes in non-cash working capital items:

	Three months ended December 31		Six months ended December 31	
	2018 \$	2017 \$	2018 \$	2017 \$
Receivables	4,408	(51,029)	67,718	(270,631)
Inventory	(81,446)	42,449	(85,462)	(177,550)
Prepaid expenses	(267,476)	(47,377)	(236,145)	(52,691)
Accrued liabilities	206,920	(86,372)	124,404	(279,239)
	(137,594)	(142,329)	(129,485)	(780,111)

RELEVIVUM TECHNOLOGIES INC.

As at December 31, 2018

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13. Related party transactions

During the six months period the following transactions occurred:

- Consulting fees include \$15,762 (2017 – \$12,671) paid to a director of the Company.
- Administration fees include directors fees of \$9,500 (2017 – Nil).
- Professional fees include \$23,914 of services provided by the legal secretary (2017 - \$27,913).

These transactions are measured at the exchange amount, which is the amount of consideration determined and agreed to by the related parties. As at December 31, 2018, the balance due to related parties amounted to \$14,449.

14. Capital disclosures

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders;
- to maintain sufficient cash resources to support its ongoing activities;
- to maintain a flexible capital structure which optimizes the cost of capital at an acceptable level of risk.

In the management of capital, the Company considers the items included in shareholders' equity in the definition of capital.

The Company manages its capital structure and makes adjustments to it in light of economic conditions and the risk characteristics of the underlying assets. The Company, upon the approval of the Board of Directors, will balance its overall capital structure through the issue of new shares, acquiring or disposing of assets, or by undertaking other activities as deemed appropriate under specific circumstances.

The Company is not exposed to any other externally imposed capital requirements.

15. Compensation of key management

Key management includes the roles of CEO, CFO and Chairman of the Board. During the period, the following compensation was paid to key management.

	Three months ended December 31		Six months ended December 31	
	2018	2017	2018	2017
	\$	\$	\$	\$
Administration fees	73,651	80,481	149,532	142,353
Share-based payments	-	230,422	-	230,422
	73,651	310,903	149,532	372,775

RELEVIVUM TECHNOLOGIES INC.

As at December 31, 2018

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

16. Financial instruments and risk management

Fair Value

Hierarchy of Fair Value Measurements

IFRS 13 requires disclosure of a three-level hierarchy for fair value measurements based upon transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1: Fair value is based on quoted market prices in active markets for identical assets or liabilities.

Level 2: Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar, but not identical, assets or liabilities in active markets, quoted market prices for identical assets or liabilities in markets that are not active, and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Fair value is based on non-observable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Financial instruments classified within Level 3 of the fair value hierarchy are initially fair valued at their transaction price, which is considered the best estimate of fair value. After initial measurement, the fair value of Level 3 assets and liabilities is determined using valuation models, discounted cash flow methodologies, or similar techniques.

The carrying values of cash and cash equivalents, short-term investment, receivables, accounts payable and accrued liabilities, bridge loan payable and loan payable approximate their fair values due to the immediate or short-term maturity of these financial instruments.

The determination of the fair value of cash and cash equivalents was calculated using level 1 fair value hierarchy.

The determination of the convertible notes payable was calculated using level 2 fair value hierarchy.

Credit risk

The Company is exposed to credit risk through its cash and cash equivalents and trade and other receivables. Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract.

Cash and cash equivalents are maintained with a high quality financial institution. As the Company's cash is held by a single Canadian bank, there is a concentration of credit risk. The carrying amount of cash and cash equivalents represents the Company's maximum credit exposure.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

RELEVIVUM TECHNOLOGIES INC.

As at December 31, 2018

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

16. Financial instruments and risk management - Cont'd

Interest rate sensitivity

The following table demonstrates the sensitivity to a possible change in interest rates on the debts described in Note 11. With all other variables held constant, the Company's loss before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/decrease %	Effect on annual loss before tax \$
2018	1%	21,675
2017	1%	17,470

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Carrying amounts in the Company's consolidated financial statements are based upon best estimates of amounts ultimately realizable after conversion to Canadian funds. As at September 30, 2018, assets and liabilities in foreign currencies are approximately as follows:

	US dollars
Cash	3,637
Prepaid	15,118
Accounts payable and accrued liabilities	13,439
Contingent consideration payable	-

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by continuously forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

RELEVIVUM TECHNOLOGIES INC.

As at December 31, 2018

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

17. Commitments

The Company's commitments, under operating leases on equipment and on its administrative offices expiring between October, 2021 and February, 2022, amount to \$828,382. Payments for the next four years are as follows:

	\$
2019	276,068
2020	301,068
2021	251,068
2022	178

18. Subsequent events

On January 7, 2019, the remaining \$425,000 of the convertible notes issued on December 20, 2018 were received.