

Letter from Lahav Gil, Relay Medical CEO

Toronto, Ontario--(Newsfile Corp. - August 8, 2018) - Relay Medical Corp. (the "**Company**" or "**Relay**") (CSE: RELA) (OTC: CHXIF) (FSE: EY2) (WKN: A2JQR0) is pleased to release the following letter from Lahav Gil, Company CEO.

From the desk of Lahav Gil, Chief Executive Officer, Relay Medical Corp.:

Dear Shareholders,

As we enter this new phase in business expansion, I would like to take this opportunity to address our shareholders, supporters and the investing public at large, to provide insight into our vision, strategy, and a broader reveal of our development philosophy.

Background

In the 1980's I started my career in Israel's tech start-up industry, immersing myself in the innovation culture and finding purpose in contributing creatively to projects at one of Israel's most innovative engineering shops. Much of my design foundation was developed at this time working with senior mechanical engineers, technology entrepreneurs and business leaders, where I was fortunate to gain valuable firsthand experience playing a part in the designing of leading-edge High-tech devices and automation lines. My first lesson in business was learning how not to push innovation onto the market, rather let the market pull it and how important it is to completely understand the "problem to be solved." While working under a JV with New Balance to automate and computerize one of their manufacturing processes, my team traveled to Boston to present a solution for the project and returned in utter disappointment. We had wasted months of time and funds developing a solution for a problem without validating the problem with the customer. Technologists often fall in love with their own ideas too early in the process and fail to develop the patience that is needed for iterations with the key stakeholders and the pressure testing of business and exit models.

From 2000 - 2004, I had an enriching experience while contracting for Creo/Kodak in Vancouver, Canada, where I was exposed to the critical role of culture in an innovation-driven organization. They went as far as creating a manual for the culture of the company, and devoted time and money to the training and cultivation of an amazing peer to peer culture. One key lesson I learnt there was how important the systematic reduction of fear is in fostering a fruitful innovation ecosystem. It is very difficult for an innovative and creative work environment to be successful if team members are intimidated when sharing ideas or addressing things that went wrong. I learnt how important a non-threatening culture is to the creative process. I also learnt about the intermixing of the two antagonists; creativity and process, seemingly oil and water, but when done correctly they bring amazing results.

In 2003, I launched Kangaroo Design, which later grew into the Kangaroo Group of Companies, specializing in MedTech innovation, engineering and productization. While starting as a contract design firm, Kangaroo evolved into a full-service MedTech support company, leading and managing the development of multiple projects concurrently and establishing intimate incubation partnerships that evolved in parallel with our growing client base. These early relationships and experience demonstrated the importance of balance in the relationship between inventors, product development and Product-Market-Fit iterations.

Kangaroo evolved and refined a culture of innovation with methodologies designed to work cohesively with start-ups and inventors to optimize project value, within the constraints of a heavily regulated industry. In April 2017, after having established Kangaroo as an important part of Canada's MedTech sector and contributing to the advancement of the health tech industry, the Company was sold to Canada's most prominent contract MedTech development firm, Starfish Medical.

This marked an ideal opportunity to utilize my accumulated experiences and proven processes to think about the next chapter of my professional life. After working with hundreds of inventors, reviewing countless technologies, and engaging in all areas of MedTech business and commercial development, it became clear to me that most start-ups and inventors require hands-on techno-commercial leadership as much or even more than they require financial resources — something that conventional development and funding models seldom address.

In identifying the need for an active and accountable mechanism of funding, developing, commercializing and transacting life sciences technologies in an effective corporate culture, the Relay Medical solution was born.

Relay Medical

The Relay business model combines expertise in development/commercial leadership, funding and strategic partnerships to offer inventors and early stage start-ups a unique "Integrated MedTech Accelerator" platform to develop and transact technologies with unmatched efficiency.

By utilizing proven methodologies, innovation culture, a multi disciplinary techno-commercial team and a flexible funding vehicle, we have organized the resources to develop multiple technologies concurrently and actively identify and curate a portfolio of undervalued MedTech opportunities for near term commercialization and transaction. It is our core focus at Relay to remain dedicated to building the organization holistically and as a long term endeavour to acquire, develop and transact technologies for the benefit of all related stakeholders.

Acquisition & Development Model

Relay's acquisition model is guided by robust criteria and supported by thorough market intelligence and an innovative execution process that ensure that each opportunity is critically evaluated for clinical and commercial advantages as well as its fit into the Relay infrastructure and domain expertise. To increase efficiencies, projects are chosen that complement existing techno-commercial infrastructure and leverage existing human resources and expertise to rapidly increase value.

All start-ups face the same fundamental internal contradictions. They need to build a product and an organization under conditions of extreme uncertainty. The Relay development model is to run a cohort of project-companies, spreading the risk, advancing the learning and making decisions across the entire portfolio, hand in hand with clinical leadership from the inventors, as an inherent part of the investment model. This model allows us to objectively manage the development of our acquisitions and the option to discontinue projects that do not pass through the next evaluation in our "stage-gated" process, without emotions or the dysfunctional effects of founder's syndrome. Acquisitions will be structured in ways that allow us to exit projects early without consequences to our shareholders when capital and manpower is better deployed or attributed to other projects, similar to how a fund manages investments.

The key to having success under this model is to effectively manage the various gates in a project so that unnecessary resources are not consumed advancing a project that is not worthy of advancement. We refer to our product development methodology as: "Due Diligence by Doing." It entails investing and iterating in measured steps, as the team gains more insight about the Product-Market-Fit and Exit-Architecture.

Value Proposition — What does this mean to our shareholders?

At Relay, we provide inventors and start-ups a solution that offers upside and ongoing support. We provide investors, ourselves included, an opportunity to participate in the development and transaction upside regarding interesting and important MedTech opportunities.

The public company infrastructure allows Relay to incorporate flexible financing structures that are attractive to inventors and that are not possible in a private company structure. It also gives our investors access to a de-risked investment structure that is not attainable in a single product development company.

Using this infrastructure and drawing on our dedication and expertise, it is our intent to conduct multiple acquisitions and transactions each year, building out capacity and returns for all related stakeholders. It is our intention to transact each acquisition pre-commercially within 3 years of vend-in to aggressively deliver on this model. The planned frequency of exits under this model is expected to create a regular stream of portfolio wins.

Moving Forward

Having spent the beginning of this year focused on foundation building, we are now at a juncture to put our model in motion. We have built a dedicated business and product development team to accelerate development and maximize value for the HemoPalm IP asset and are progressing on prototype development of the UX Data Sciences 1st generation product, which will be reported on in the near term.

As an organization we have established a leadership team and sufficient finances to propel the value of the company and advance our development and acquisition activities. Our acquisition team is currently engaged in various stages of due diligence and negotiation with what we believe to be further promising assets that will be valuable additions to the Company's growing portfolio.

Speaking on behalf of the entire Relay Medical team, I can tell you that we are all dedicated and motivated to put this plan into motion. None of this would be possible without the amazing support from our shareholders from around the world who we owe a great deal of thanks to for their patience while we have completed the necessary ground work to prepare ourselves to operate as a world class development organization. We all look forward to the market realization of what we have accomplished from the beginning of the year.

Closing commentary about innovation

The most critical part of innovation is the visioning of something entirely new, be it a product, a process or a business. No one can really "process" innovation. The best process we have come to thus far is to build a clear framework, with goals and boundaries, and then to let a group of very creative cross disciplinary, problem-solving people to do their "thing". It is critical that these people are trained in both team-based synergy and in how to navigate through uncertainty. On a personal note, I have always been fascinated by the creative process itself and this wonderful question of where do the good ideas actually come from, and how to increase the flow of these ideas. For me, working intermixed with inventors, scientists, designers, engineers, business people and shareholders has been a fascinating and most rewarding life journey and I am looking forward to continue this journey at Relay Medical.

"Lahav Gil"

Lahav Gil, Chief Executive Officer

Other Business

The Company is pleased to announce the launch of a new website available in both English and German at www.relaymedical.com

Relay would also like to welcome Munich, Germany, based seasoned investment communications advisor Mr. Bernhard Langer. Mr. Langer has over 20 years experience in the capital markets in communication and digital media. Mr. Langer will advise the Company and manage EU investor relations activities.

About Relay Medical Corp.

Relay Medical is an evolving "Integrated Medtech Accelerator" platform, headquartered in Toronto, Ontario, Canada, which develops and productizes multiple products and projects concurrently. It has an active team dedicated to scouting and reviewing strategic acquisitions that are complimentary to current infrastructure assets. It intends to be a leading engine for MedTech innovation. By sourcing technologies and integrating the funding and development of products in one organization, led and managed by one expert team, Relay Medical is building the capacity to develop and transact technologies with high efficiency.

The Company currently has two projects under development. HemoPalm, the Company's lead product, is the only handheld blood analysis system which combines Blood Gases & Electrolytes with full CO-oximetry. On May 24, 2018 the Company acquired UX Data Sciences Corp., a medical technology and data science company developing user friendly products and systems solutions for improving, tracking and monitoring patient compliance and medication adherence. The product mission is to improve consumer's relationships with their medications and foster a more cohesive ecosystem between patients, doctors, carers, providers, and payors.

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Forward-looking Information Cautionary Statement

Except for statements of historic fact, this news release contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking statements including, but not limited to delays or uncertainties with regulatory approvals, including that of the CSE. There are uncertainties inherent in forward-looking information, including factors beyond the Company's control. There are no assurances that the commercialization plans for UXD described in this news release will come into effect on the terms or time frame described herein. The Company undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change except as required by law. The reader is cautioned not to place undue reliance on forward-looking statements. Additional information identifying risks and uncertainties that could affect financial results is contained in the Company's filings with Canadian securities regulators, which filings are available at www.sedar.com.