



**RELAY MEDICAL CORP.
(FORMERLY CHROMEDX CORP.)
CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED JUNE 30, 2018 AND 2017**

INDEX

Notice of No Auditor Review	1
Condensed Interim Consolidated Statements of Financial Position	2
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss	3
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity	4
Condensed Interim Consolidated Statements of Cash Flows	5
Notes to the Consolidated Financial Statements	6 - 13

RELAY MEDICAL CORP. (FORMERLY CHROMEDX CORP.)
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
JUNE 30, 2018

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

RELAY MEDICAL CORP. (FORMERLY CHROMEDX CORP.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED - Expressed in Canadian dollars)

As at	June 30, 2018	September 30, 2017
Assets		
Current assets		
Cash and cash equivalents	\$ 1,096,278	\$ 477,115
Restricted cash	55,000	-
HST and accounts receivable	343,422	116,034
Prepaid expenses	72,666	8,704
	1,567,365	601,853
Non-current assets		
Reclamation bonds	70,988	70,988
Promissory note (note 8)	59,429	59,429
Research & development projects (note 6)	2,861,960	-
Patents (note 7)	1,060,425	1,550,493
	\$ 5,620,167	\$ 2,282,763
Liabilities		
Accounts payable and accrued liabilities	\$ 225,329	\$ 177,264
	225,329	177,264
Shareholders' equity		
Capital stock (note 9 (a))	14,535,679	8,368,737
Warrant reserve (note 9 (c))	1,480,937	1,614,113
Contributed surplus	5,125,384	1,850,809
Deficit	(15,747,162)	(9,728,160)
	5,394,838	2,105,499
	\$ 5,620,167	\$ 2,282,763

NATURE OF OPERATIONS AND GOING CONCERN, (Note 1)

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

RELAY MEDICAL CORP. (FORMERLY CHROMEDX CORP.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTH PERIODS ENDED JUNE 30, 2018 and 2017
(UNAUDITED - Expressed in Canadian dollars)

	Three Months		Nine Months	
	2018	2017	2018	2017
Expenses				
Share-based compensation (note 9(b))	\$ 857,046	\$ -	\$ 3,287,022	\$ 362,257
Consulting fees	405,093	234,268	1,005,274	641,866
Patent amortization expense (note 7)	163,356	163,554	490,068	490,579
Shareholder communications and marketing	117,525	25,000	389,299	100,131
Office, general and administrative	259,075	113,539	432,648	244,291
Management fees (note 10)	62,510	57,500	185,020	145,000
Professional fees	110,423	79,718	229,670	391,345
Net loss and comprehensive loss for the period	\$ 1,975,027	\$ 673,579	\$ 6,019,002	\$ 2,375,469
Loss per share				
Basic and diluted (note 13)	\$ (0.02)	\$ (0.01)	\$ (0.07)	\$ (0.04)
Weighted average number of common shares outstanding, basic and diluted	91,431,848	62,504,075	83,241,580	60,431,063

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

RELAY MEDICAL CORP. (FORMERLY CHROMEDX CORP.)

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTH PERIODS ENDED JUNE 30, 2018 and 2017)**

(UNAUDITED - Expressed in Canadian dollars)

	Capital Stock		Warrant reserve	Contributed surplus	Deficit	Total
	Number of shares	Amount				
Balance - October 1, 2016	56,045,097	6,486,576	972,830	526,316	(5,847,763)	2,137,959
Shares issued for cash, net of issuance costs	12,800,667	1,907,225	-	-	-	1,907,225
Shares issued for cash on exercise of options	200,000	20,000	-	-	-	20,000
Shares issued for cash on exercise of warrants	2,759,000	551,800	-	-	-	551,800
Fair value of options exercised	-	23,148	-	(23,148)	-	-
Fair value of warrants issued, exercised and expired	-	(1,498,003)	1,498,003	-	-	-
Share-based compensation	-	-	-	362,257	-	362,257
Net loss for the period	-	-	-	-	(2,375,469)	(2,375,469)
Balance - June 30, 2017	71,804,764	\$ 7,490,746	\$ 2,470,833	\$ 865,425	\$ (8,223,232)	\$ 2,603,772
Shares issued for cash, net of issuance costs	-	(781,357)	751,055	-	-	(30,302)
Shares issued for cash on exercise of options	100,000	10,000	-	-	-	10,000
Shares issued for cash on exercise of warrants	150,000	30,000	-	-	-	30,000
Fair value of options exercised	-	11,573	-	(11,573)	-	-
Fair value of warrants issued, exercised and expired	-	1,607,775	(1,607,775)	-	-	-
Share-based compensation	-	-	-	996,957	-	996,957
Net loss for the period	-	-	-	-	(1,504,928)	(1,504,928)
Balance - September 30, 2017	72,054,764	\$ 8,368,737	\$ 1,614,113	\$ 1,850,809	\$ (9,728,160)	\$ 2,105,499
Balance - October 1, 2017	72,054,764	8,368,737	1,614,113	1,850,809	(9,728,160)	2,105,499
Shares issued for cash, net of issuance costs (note 9 (a))	7,570,500	884,748	589,824	-	-	1,474,572
Shares issued for cash on exercise of options (note 9 (b))	600,000	62,500	-	-	-	62,500
Shares issued for cash on exercise of warrants (note 9 (c))	6,213,959	1,122,617	-	-	-	1,122,617
Shares issued on asset acquisition (note 6)	15,280,139	3,361,630	-	-	-	3,361,630
Fair value of options exercised and expired	-	12,447	-	(12,447)	-	-
Fair value of warrants exercised and expired	-	723,000	(723,000)	-	-	-
Share-based compensation (note 9 (b))	-	-	-	3,287,022	-	3,287,022
Net loss for the period	-	-	-	-	(6,019,002)	(6,019,002)
Balance - June 30, 2018	101,719,362	\$ 14,535,679	\$ 1,480,937	\$ 5,125,384	\$ (15,747,162)	\$ 5,394,838

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

RELAY MEDICAL CORP. (FORMERLY CHROMEDX CORP.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTH PERIODS ENDED JUNE 30, 2018 and 2017
(UNAUDITED - Expressed in Canadian dollars)

	2018	2017
Operating activities		
Net loss	\$ (6,019,002)	\$ (2,375,469)
Add (deduct)		
Interest on promissory note	-	(9,565)
Patent amortization expense	490,068	490,579
Share-based compensation	3,287,022	362,257
Net increase in restricted cash	(55,000)	-
Net decrease / (increase) in accounts receivable	(227,388)	(20,000)
Net decrease / (increase) in prepaid expenses	(63,962)	-
Provision for well abandonment costs	-	(110,000)
Net decrease / (increase) in HST receivable	-	(56,641)
Net (decrease) increase in accounts payables and accrued liabilities	48,065	(29,824)
Shares issued for acquisition of research and development projects	3,361,630	-
Net cash used by operating activities	821,434	(1,748,663)
Investing activities		
Acquisition of research and development projects (net of cash acquired)	(2,861,960)	-
Increase in reclamation bonds	-	(396)
Purchase of property and equipment	-	(1,762)
Repayment of promissory note	-	101,952
Cash provided by investing activities	(2,861,960)	99,794
Financing activities		
Issuance of common shares, net of issuance costs	1,474,572	2,488,620
Exercise of warrants	1,122,617	-
Exercise of options	62,500	-
Repayment to related party	-	(95,780)
Cash provided by financing activities	2,659,689	2,392,840
Increase in cash	619,163	743,971
Cash - beginning of period	477,115	5,162
Cash - end of period	\$ 1,096,278	\$ 749,133

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

RELAY MEDICAL CORP. (FORMERLY CHROMEDX CORP.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED JUNE 30, 2018 AND 2017
(UNAUDITED - Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Relay Medical Corp. (formerly Chromedx Corp.) (“the Company”) was incorporated in British Columbia and is engaged in the business of providing expertise in the development, commercial leadership, funding, and strategic partnerships offering inventors and early stage start-ups an “Integrated MedTech Accelerator” platform to develop and transact technologies. The principal business address of the Company is 401 Bay Street, Suite 1600, Toronto, Ontario, M5H 2Y4

The Company’s ability to continue as a going concern is dependent upon the need to both manage expenditures and to raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows and has working capital of \$1,342,036 as at June 30, 2018 (September 30, 2017 - \$424,589). The Company will continue to search for new or alternate sources of financing in order to continue development of its products.

There can be no assurance that the Company will be able to continue to raise funds when required in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the consolidated statement of financial position.

2. BASIS OF PRESENTATION

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the Handbook of Chartered Professional Accountants of Canada applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, Interim Financial Reporting. These unaudited condensed interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company’s annual consolidated financial statements as at and for the year ended September 30, 2017.

Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and Presentation Currency

The consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, UX Data Sciences Corp. All significant intercompany balances and transactions have been eliminated on consolidation.

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized immediately in income. An acquisition is recorded on the date on which the Company obtains control of the acquired subsidiary or business. Acquisition related costs associated with business combinations are expensed as incurred.

RELAY MEDICAL CORP. (FORMERLY CHROMEDX CORP.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED JUNE 30, 2018 AND 2017
(UNAUDITED - Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed interim consolidated financial statements, including comparatives, have been prepared following the same accounting policies and methods of computation as the audited annual consolidated financial statements for the year ended September 30, 2017.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments and estimates that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates. In preparing these condensed interim consolidated financial statements, the significant judgments 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 Company's annual consolidated financial statements for the year ended September 30, 2017.

5. RECENT ACCOUNTING PRONOUNCEMENTS

The following are future changes in accounting policies not yet effective as at June 30, 2018:

- IFRS 16 – Leases – The standard was issued by the IASB on January 13, 2016, and will replace IAS 17, “Leases”. IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. The new standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15 has also been applied. The Company is assessing the impact of this standard but at present it will have no material impact on the reported financial results of the Company.

6. ACQUISITION

On May 23, 2018, the Company acquired all the issued and outstanding shares of UX Data Sciences Corp. The acquired business was purchased for \$3,361,630, paid by the issuance of 15,280,139 common shares, valued at \$0.22 per share. As UXD Data Sciences Corp did not meet the definition of a business per IFRS 3, the acquisition has been accounted for as an asset acquisition, whereby Relay is considered to issue shares in return for the net assets of UXD Data Sciences Corp at their fair value as follows;

Fair value of UXD Data Sciences Corp. net assets acquired	
Cash	\$ 489,971
Net non-cash working capital	9,699
Research and Development in progress	2,861,960
Net assets acquired	<u>\$ 3,361,630</u>

The purchase consideration has been allocated to the identified assets and liabilities on a preliminary basis taking into account management's best estimates of their individual fair values as at the acquisition date. The preliminary determination of these fair values is subject to a high level of measurement uncertainty due to the complexity of the acquisition and the inherently uncertain nature of valuing research and development projects. Management has commenced, but not yet completed, its final determination of the fair values. The difference between the preliminary determination and the final amounts may be materially different.

RELAY MEDICAL CORP. (FORMERLY CHROMEDX CORP.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED JUNE 30, 2018 AND 2017
(UNAUDITED - Expressed in Canadian dollars)

7. PATENTS

The following is a summary of patents as at June 30, 2018:

	<u>2018-06-30</u>	<u>2017-06-30</u>
Balance - September 30, 2017 and 2016	1,550,493	2,203,918
Amortization	(490,068)	(490,069)
Balance - June 30, 2018 and 2017	\$ 1,060,425	\$ 1,713,849

8. PROMISSORY NOTE

During the year ended September 30, 2016, the Company entered into a promissory note agreement in the amount of \$250,000 for the amount outstanding in the previous year from a shareholder, which has been paid down to \$59,429 as at June 30, 2018. The loan bears interest at the Bank of Montreal prime rate plus 1% per annum and the principal and interest are due on demand. This amount has been repaid in full subsequent to the end of the quarter.

9. CAPITAL STOCK

(a) **Common shares**

Authorized

The authorized capital stock of the Company consists of an unlimited number of common shares.

Issued and Outstanding

	<u>Number</u>	<u>Amount</u>
Balance - September 30, 2017	72,054,764	\$ 8,368,737
Shares issued on financing (i)	7,570,500	884,748
Shares issued on exercise of stock options (b)	600,000	74,947
Shares issued on exercise of warrants (c)	6,213,959	1,845,617
Shares issued on acquisition	15,280,139	3,361,630
Balance - June 30, 2018	101,719,362	14,535,679

- i. On November 20, 2017, the Company closed a non-brokered private placement of 7,570,500 units at a price of \$0.20 per unit for aggregate gross proceeds of \$1,514,100. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of \$0.30 for a period of two years. Certain eligible persons were paid a cash commission equal to 8% of the proceeds raised from subscribers introduced to the Company by such persons, and also issued broker warrants equal to 8% of the securities purchased by such subscribers. Each broker warrant entitles the holder thereof to purchase one common share at a price of \$0.20 for a period of two years. All securities issued are subject to a hold period of four months plus a day from the date of issuance and the resale rules of applicable securities legislation

(b) Stock option plan and share-based compensation

The Company has a stock option plan under which it is authorized to grant options to directors, employees and consultants enabling them to acquire up to 20% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the market price, minimum price, or a discounted price of the Company's shares as calculated on the date of grant. The options can be granted for a maximum term of 10 years.

RELAY MEDICAL CORP. (FORMERLY CHROMEDX CORP.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED JUNE 30, 2018 AND 2017
(UNAUDITED - Expressed in Canadian dollars)

The following table summarizes activity within the Company's stock option plan during the nine month period ending June 30, 2018:

Nine months ended June 30, 2018	Number of	Black-Scholes	Weighted
	Options	Value	Average
	Outstanding		Exercise Price
Balance - September 30, 2017	9,730,000	1,842,506	0.22
Granted	10,729,500	3,287,022	0.27
Exercised	(350,000)	(56,663)	0.10
Expired or cancelled	(3,800,000)	(81,460)	0.10
Balance - June 30, 2018	16,309,500	\$ 4,991,405	\$ 0.25

The following common share purchase options are outstanding at June 30, 2018:

Date of Grant	Number of Options Outstanding	Exercise Price	Weighted Average remaining life (years)	Expiry Date	Number of Options exercisable
July 10, 2014	1,250,000	0.10	1.03	July 10, 2019	1,250,000
December 10, 2014	550,000	0.35	1.45	December 10, 2019	550,000
December 7, 2015	570,000	0.20	2.44	December 7, 2020	570,000
October 24, 2016	2,750,000	0.15	3.32	October 24, 2021	2,750,000
June 19, 2017	3,660,000	0.30	3.97	June 19, 2022	3,660,000
November 20, 2017	3,212,000	0.27	3.97	June 19, 2022	3,212,000
January 24, 2018	300,000	0.60	4.57	January 24, 2023	300,000
June 20, 2018	4,017,500	0.27	4.98	June 20, 2023	4,017,500
	16,309,500	0.25	0.99		16,309,500

The fair value of options granted during the nine months ended June 30, 2018 was estimated at the date of grant using a Black Scholes Option Pricing Model with the following assumptions:

	June 30 2018	March 31 2018	December 31, 2017
Share price	\$0.27	\$0.60	\$0.27
Risk-free interest rate	1.46%	1.46%	1.46%
Expected life of options	5 years	5 years	5 years
Annualized volatility	110%	110%	110%
Dividend rate	Nil	Nil	Nil
Forfeiture rate	0%	0%	0%

In the consolidated statements of loss and comprehensive loss, the Company recorded share-based compensation of \$3,287,022 for the nine months ended June 30, 2018 (2017 - \$362,257).

RELAY MEDICAL CORP. (FORMERLY CHROMEDX CORP.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED JUNE 30, 2018 AND 2017
(UNAUDITED - Expressed in Canadian dollars)

(c) **Warrants**

The following table summarizes warrants that have been issued, exercised or have expired during the nine months ended June 30, 2018:

Nine months ended June 30, 2018	Number of Warrants Outstanding	Black-Scholes Value	Weighted Average Exercise Price
Balance - September 30, 2017	14,693,627	540,875	0.23
Granted	7,768,140	589,825	0.30
Exercised	(6,463,960)	(336,700)	0.21
Expired	(2,835,000)	(201,013)	0.27
Balance - June 30, 2018	13,162,807	\$ 592,986	\$ 0.28

The fair value of warrants granted during the nine months ended June 30, 2018 was estimated at the date of grant using a Black Scholes Option Pricing Model with the following assumptions:

Share price	0.27
Risk-free interest rate	1.46%
Time to maturity	2.0
Estimated volatility in the market price of the common shares	117%
Dividend yield	NIL

At June 30, 2018, the following warrants were outstanding. The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date:

Number of Warrants Outstanding	Exercise Price	Fair Value	Expiry Date
2,836,667	0.20	166,750	August 2, 2018
2,730,000	0.30	191,534	December 19, 2018
28,000	0.20	5,116	December 19, 2018
7,370,500	0.30	540,031	November 19, 2019
197,640	0.20	35,140	November 19, 2019
13,162,807	0.28	938,570	

10. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below:

As at June 30, 2018, there were no amounts due to or from companies controlled by officers and directors of the Company (June 30, 2017 \$1,695 due to a related party).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED JUNE 30, 2018 AND 2017
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Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel for the six months ended June 30, 2018 can be summarized as follows:

	30-Jun-18	30-Jun-17
Short-term benefits*	<u>\$727,434</u>	<u>\$103,500</u>

*includes base salaries pursuant to contractual employment, or consultancy arrangements. These have been recorded in consulting fees and management fees.

11. FINANCIAL RISK FACTORS

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks (commodity prices, foreign currency exchange rate and interest rate), credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up-to-date market information.

The Company's financial instruments primarily consist of cash and cash equivalents. The fair value of the Company's accounts payable and accrued liabilities, and amounts due to related parties approximate their carrying value, due to their short-term maturities or ability of prompt liquidation. The Company's cash and cash equivalents are recorded at fair value, under the fair value hierarchy, based on level one quoted prices in active markets for identical assets or liabilities. The Company's other reclamation bonds and promissory note, are measured at amortized cost.

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Market Risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis.

a) Interest Rate Risk

The Company has cash balances and a promissory note receivable, and is not at a significant risk to fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of June 30, 2018, the Company did not have any investments in investment-grade short-term deposit certificates. The Company has a promissory note receivable that bears a fluctuating interest rate. The Company monitors the credit worthiness of the debtor and is satisfied with the debtor's ability to repay the amount owing.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(UNAUDITED - Expressed in Canadian dollars)

b) Foreign currency risk

As at June 30, 2018 the Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars and therefore is not at a significant risk to fluctuating exchange risks.

Liquidity Risk

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main source of liquidity is derived from its common stock issuances. These funds are primarily used to finance working capital, operating expenses, capital expenditures, and acquisitions.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash and cash equivalents.

As at June 30, 2018, the Company held cash of \$1,096,278 (September 30, 2017 - \$477,115) to settle current liabilities of \$225,329 (September 30, 2017 - \$177,264). All of the Company's liabilities are due within the next fiscal year.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company has reduced its credit risk by investing its cash equivalents with Canadian chartered banks.

12. CAPITAL MANAGEMENT

Due to the development stage of the Company and its reliance on equity funding at this time, Relay defines capital as its common stock. As at June 30, 2018 the Company's capital stock was \$14,535,679 (September 30, 2017 - \$8,368,737).

There were no changes in the Company's approach to capital management during the nine months ended June 30, 2018 and the Company is not subject to any externally imposed capital requirements. Management has no expectations that it will raise debt in the coming year.

The Company's objectives when managing capital are:

- a) To safeguard the Company's financial capacity and liquidity for future earnings in order to continue to provide an appropriate return to shareholders and other stakeholders;
- b) To maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk; and
- c) To enable the Company to maximize growth by meeting its capital expenditure budget, to expand its budget to accelerate projects, and to take advantage of acquisition opportunities.

The Company regularly monitors and reviews the amount of capital in proportion to risk and future opportunities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

13. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share has been calculated by dividing the net loss per the financial statements by the weighted average number of shares outstanding during the year. The fully diluted loss per share would be calculated using a common share balance increased by the number of common shares that could be issued on the exercise of outstanding warrants and options of the Company. As the Company is in a loss position for the three and nine months ended June 30, 2018, this would be anti-dilutive.

RELAY MEDICAL CORP. (FORMERLY CHROMEDX CORP.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED JUNE 30, 2018 AND 2017
(UNAUDITED - Expressed in Canadian dollars)

14. SUBSEQUENT EVENT

On August 3, 2018 the Company announced the issuance of 9,787,828 units for aggregate gross proceeds of \$2,251,200. Each Unit is comprised of: (i) one common share in the capital of the Company (a "Common Share"); (ii) one-half (1/2) of one Common Share purchase warrant (each whole such warrant a "A Warrant"); and (iii) one-half (1/2) of one Common Share purchase warrant (each whole such warrant a " B Warrant"). Each whole A Warrant entitles the holder to purchase one additional Common Share at a price of \$0.40 until February 3, 2020, and each whole B Warrant entitles the holder to purchase one additional Common Share at a price of \$0.50 until February 3, 2020. The securities issued upon closing of the Offering are subject to a hold period until December 4, 2018, pursuant to applicable securities laws. Certain insiders of the Company participated for an aggregate of 261,217 Units pursuant to the Offering. The participation of such insiders constitutes a "related party transaction" as defined under Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions.