Relay Medical Corp.

(formerly ChroMedX Corp.)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE NINE MONTHS ENDED JUNE 30, 2018

(Expressed in Canadian Dollars)

Management's Discussion and Analysis of Operations
For the three and nine months ended June 30, 2018

This Management's Discussion and Analysis ("MD&A) is prepared as August 29, 2018 and has been prepared in accordance with International Financial Reporting Standards ("IFRS). All amounts are in Canadian dollars.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's director's follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

Caution Regarding Forward Looking Statements

This document contains forward looking statements, such as statements regarding future sales opportunities in various global regions and financing initiatives that are based on current expectations of management. These statements involve uncertainties and risks, including Monarch Energy Limited's (Monarch or the Company) ability to obtain and/or access additional financing with acceptable terms, and delays in anticipated product sales. Such forward-looking statements should be given careful consideration and undue reliance should not be placed on these statements.

The preparation of Management's Discussion and Analysis (MD&A) may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Management bases estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. Management believes the accounting policies, outlined in the Significant Accounting Policies section of its consolidated financial statements, affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

Introduction

The following MD&A for the three and nine months ended June 30, 2018 has been prepared to help investors understand the financial performance of Relay Medical Corp. (formerly ChroMedX Corp.) ("the Company" or "Relay"), in the broader context of the Company's strategic direction, the risk and opportunities as understood by management, and the key metrics that are relevant to the Company's performance. The Audit Committee of the Board of Directors has reviewed this document and all other publicly reported financial information for integrity, usefulness, reliability and consistency.

All amounts are expressed in Canadian dollars (CAD) unless otherwise noted.

Additional information about Relay Medical Corp., this document, and the related quarterly financial statements can be viewed on the Company's website at www.relaymedical.com and are available on SEDAR at www.sedar.com.

The Company's Common Shares are listed and traded on the CSE ("CSE") under the symbol RELA.

Corporate Overview

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, the Company has 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 Relay's core focus 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 ensures that each opportunity is critically evaluated for clinical and commercial advantages as well as its fit into the Company's infrastructure and domain expertise. To increase efficiencies, projects are chosen that compliment existing techno-commercial infrastructure and leverage existing human resources and expertise to rapidly increase value.

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 the Company to objectively manage the development of acquisitions and the option to discontinue

projects that do not pass through the next evaluation in a "stage-gated" process, without emotions or the dysfunctional effects of founder's syndrome. Acquisitions will be structured in ways that allow Relay to exit projects early without consequences to our shareholders when capital and human resources are better deployed or attributed to other projects.

The key to having success under this model is to effectively manage the various stage-gates in a project so that unnecessary resources are not consumed advancing a project that is not worthy of advancement. The Company refers to it's 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

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

Using this infrastructure and drawing on managements dedication and expertise, it is Relay's intent to conduct multiple acquisitions and transactions each year, building out capacity and returns for all related stakeholders. The Company intends on transacting each successful acquisition pre-commercially within 3 years of vend-in. [NTD: I do not understand this lst sentence]

Moving Forward

Relay has 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, Relay has established a leadership team and sufficient finances to propel the value of the Company and advance development and acquisition activities. Relay's 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.

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. On August 23, 2018 the Company announced the signing of a letter of intent to add a third project to the Company's portfolio.

Results of operations

HemoPalm

HemoPalm, the Company's lead product is a handheld whole blood analyzer and single-use cartridge, with full hospital IT integration, which bring lab-quality blood analysis to the bedside in critical care. The technical development and design planning of Relay's HemoPalm has been focused on an "enterprise solution" approach, integration with existing hospital infrastructure, and design flexibility, aiming to reduce barriers to adoption at every layer of the enterprise.

The Company's view of the market for the HemoPalm product is that the market expects a "total solution" approach and design excellence in every aspect of the product, touching upon the value drivers for all of the key stakeholders who rely on the product. Thorough analysis is being conducted on areas including distributed QA and training, the accountability of the lab and the Clinical Biochemist, cost structures and reimbursements, logistics and consumables management, workflow and reduction of pre-analytical errors, future test panel introductions, integration with hospital IT, security and fleet management to be incorporated into the product design specifications - compiling the information into the User Experience (UX) and the Total Ownership Experience (TOX), which all of the stakeholders in the hospital, experience.

Relay currently has a techno-commercial team of 8 people actively focused on the HemoPalm project, including the recently retained senior consultant and blood gas industry veteran Andy Mac. In previous roles, Mr. Mac contributed to the development of the iStat cartridge technology and was instrumental to the Epocal product development and cartridge manufacturing line design.

Relay has also assembled a senior strategic team spearheaded by Medtech Executive and strategist John Soloninka to lead "voice of customer" analysis and to investigate the value maximization of the HemoPalm asset. The Company continues to consult with counsel and advisors to further optimize intellectual property protection both as a core asset and as blocking IP for larger competitors who, the Company believes need to incorporate the HemoPalm technology into their products.

The Company has received considerable feedback from the voice of customer research initiative including detailed correspondence with key-opinion leaders (KOLs) in the ICU and NICU. Preliminary feedback indicates a clear clinical need for the HemoPalm IP and for the integration of decentralized POCT testing devices for rapid clinical decision making as part of an enterprise solution in hospitals, for process improvement, QA and training.

Chief Science Officer Dr. Tom Glawdel continues to lead technical advancement as Relay works towards the development and productization of world class CO-Oximeter technology in a handheld form factor. Testing is being conducted on three bench-top spectrometer setups. Historical data from experiments have been run through the technology's new software setup and are generating some promising results. A cloud data collection system has been built and testing on synthetic blood will commence within the next few weeks.

In 2017 the Relay development team focused on the research, development, benchmarking, modeling and validating of the core components of the HemoPalm technology. During the first half of 2018, the Company's techno-commercial team has conducted in-depth market research and analysis to outline product strategy and exit requirements to define the HemoPalm feature set, path to the market, technical implementation roadmap and productization plan.

UXD Acquisition

On May 24, 2018 the Company announced the closing of the acquisition of the Ottawa, Ontario based medtech data science company, UX Data Sciences Corp. ("UXD"). With this transaction UXD has become a wholly-owned subsidiary of the Company. Relay acquired UXD by the issuance of 15,280,139 common shares of the Company having a value of CAD $5,500,000 [NTD: Different from the accounting value of $3.6MM, relevance of the $5,500,000?] (based on an agreed deemed price of $0.36 per Relay share) to the (now former) shareholders of UXD.

UX Data Sciences Corp. is a medical technology and data science company developing UX-centric products (UX refers to user experience) and systems solutions for improving, tracking and monitoring patient compliance and medication adherence. The Company's mandate is to improve consumer's relationships with their medications and foster a more cohesive ecosystem between patients, doctors, carers, providers, and payors.

Included in the acquisition of UXD are the benefits of their partnership with IBM's Incubator Project and working capital, including approximately $500,000 in cash, for continued development of the UXD system. As part of this transaction, several members of the UX Data Sciences team will join Relay to continue work on the development of the data science system and other technologies in the Company's portfolio.

Market

Medication adherence refers to whether patients take their medications as directed, as well as whether they continue to take a prescribed medication.

Medication non-adherence is a global problem that costs payors and healthcare systems billions of dollars annually and puts consumers at significant risk. There is a growing need for assistance in the management of medications and for information related to adherence to improve efficiencies in the pharmaceutical ecosystem. Medication non-adherence is a problem that has continued to grow as the population ages and medications are more frequently prescribed. The problem is complex, and the consequences are far from trivial.

In the United States it is estimated that over 20% of Americans are on 5 or more pharmaceuticals1, an expenditure of US $250B per annum2 for prescription drugs. Individuals have a difficult time managing their medications which results in un-necessary hospital admissions (33%-69%)3 and readmissions within 30 days due to adherence issues (~64%)4.

In North America it is estimated that patient compliance and medication adherence is less than 50%5 which means more than half of patients/consumers are likely to improperly take or skip medications, appointments, and other treatment protocols. 125,000 unnecessary deaths are estimated to occur every year in the US due to this issue6 and adds an estimated US $290B to the US healthcare system7.

A network of consumer, clinical and commercial stakeholders are eager for digital reach, stakeholder-connectivity and analytics to monitor, predict and influence behavior. Doctors and carers need to be informed to support better clinical decisions. Payors want to reduce spending, and pharmacies need a direct conduit to consumers and additional paid services.

Development and Commercialization Plan

The Company is currently building 3rd generation prototypes in preparation of a researcher-lead clinical trial and pilot project in Toronto, Ontario, Canada. UXD is working closely with a prominent Industrial Design partner in Tel Aviv, Israel who specializes in Internet-of-things and user centric design.

The first phase of commercialization will be the launch of the *UXD consumer product* that offers unprecedented benefits for front-end users and supplies valuable data for commercial and institutional stakeholders. This will lead towards the subsequent launch of the UXD data analytics platform and the deployment of dashboards for Providers and Payors for clinical and commercial intelligence.

The *UXD consumer product* consists of a suite of interactive trackers and apps that are connected to an AI-driven, analytics enabled platform enabled by IBM BlueMix, and IBM Watson and other SaaS modules. The system enables consumers and care givers to confidently identify, maintain, and monitor medications by utilizing audio labels, sensors, cloud, AI and Bluetooth technology to remind, track, confirm and influence user habits.

The consumer product is planned for commercial launch in summer 2019 with large-scale retailers in North America and entails a suite of smart products and services designed to act as a live assistant to help people develop healthier relationships with their medications. The design philosophy is to create a frictionless user experience, learn user patterns and guide them to form healthy habits while providing better visibility for their family, care-givers and doctors.

Highlights for the period ended June 30, 2018 and Significant Subsequent Events

Operations, Expansion & Name Change

On January 5, 2018, the Company appointed Lahav Gil as Chief Executive Officer. Mr. Gil is well known in the community for his strong team building abilities and emphasis on innovation culture, as well as his track record as a MedTech entrepreneur, design driven innovator and business leader. Lahav has since led an aggressive expansion of the Company's infrastructure and human resources including the appointments of CTO Igal Roytblat, CSO Tom Glawdel, COO Jessica Kuhn, CCO Dr. Richard Janeczko, Raj Kailasanathan as EVP Corporate Finance, Michaela Shaw as Director of Quality/Regulatory Assurance and W. Clark Kent as President of the Company.

On June 19, 2018 the Company announced the launch of an expanded business model and rename to Relay Medical. As Relay Medical, the Company transitioned from a single-product research and development company to an integrated accelerator of medical technologies, concurrently engaged in the development of multiple projects and actively assessing further acquisitions.

The Company continued ongoing HemoPalm development and commenced multiple research and analysis studies of the application and market in preparation of productization. Operationally the expansion led to the acceleration of software development activities managed by CTO Igal Roytblat and a revised HemoPalm Software Architecture built on a scriptable engine with visual authoring tools that enable an accelerated R&D cycle, critical for reducing time to market. The Company also announced the immediate mandate to accelerate the Company's QMS towards ISO 13485 compliance by Q2 2019.

Acquisitions

On May 24, 2018, the Company announced its first acquisition under it's expanded business model. Relay acquired all of the issued and outstanding shares of UX Data Sciences Corp. and with this transaction UXD has become a wholly-owned subsidiary of the Company.

Relay acquired UXD by the issuance of 15,280,139 common shares of the Company to the (now former) shareholders of UXD. The Relay shares issued for the acquisition are subject to contractual restrictions on resale for a period of 90 days and up to 3 years.

Funding

On November 20, 2017, the Company closed a private placement with gross proceeds of approximately $1,514,000.

In December 13, 2017 the Company announced that investors exercised warrants to acquire 1,031,000 common shares for proceeds of $226,200

On August 3, 2018 (Subsequent to the end of the June 30, 2018 period) the Company closed a private placement for gross proceeds of $2,251,200 by the issuance of 9,787,828 units. Units were priced at $0.23 per unit, comprised of one common share of the Company and two half purchase warrants, one-half purchase warrant with an exercise price of $0.40 and one-half purchase warrant with an exercise price of $0.50. Both warrants are valid for 18 months. Proceeds will be used to fund on-going development and support the Company's expanded acquisition model.

Selected Three and Nine Month Information

The following table sets forth selected financial information for Relay Medical Corp. for the three months ended June 30, 2018 and the three months ended June 30, 2017. This information has been derived from the Company's financial statements for the years and should be read in conjunction with financial statement and the notes thereto.

	For the three months ended June 30, 2018	For the three months ended June 30, 2017	For the nine months ended June 30, 2018	For the nine months ended June 30, 2017
Income	nil	nil	nil	nil
Expenses	1,975,027	673,579	6,019,002	2,375,469
(Loss) for the year	(1,975,027)	(673,579)	(6,019,002)	(2,375,469)
Loss per share	(0.02)	(0.01)	(0.07)	(0.04)
Total assets	5,620,167	2,560,744	5,620,167	2,560,744
Total Liabilities	225,329	422,785	225,329	422,785
Working capital	1,342,036	424,589	1,342,036	424,589

Per share amounts are calculated using the weighted average number of shares outstanding. Fully diluted earnings per share have not been calculated, as they would be anti-dilutive.

Revenue and Expenses

For the three months ending June 30, 2018 and 2017

The net loss for the three months ending June 30, 2018 was $1,975,027 ($0.02/share).

For the three months ending June 30, 2018

- Stock based compensation for the three months ended June 30, 2018 was $857,046 (2017 - $Nil). The increase is due to the timing of stock option grants
- Management fees for the three months ending June 30, 2018 was $62,510 (June 30, 2017 - $57,500) largely consistent with the comparative quarter
- Consulting fees were $405,093 (June 30, 2017 – $234,268) and increased due to the accelerated product development programs and the acquisition of UXD

- Shareholder communications and marketing were $117,525 (June 30, 2017 – $25,000) and increased due to additional investor relations activities in Canada, the US and Europe and the promotion of the UXD acquisition.
- Office, general and administration expense for the three months ending June 30, 2018, was $259,075 (June 30, 2017 - $113,539) and increased due to an increase in leased office and laboratory space and significantly increased corporate and operational activity
- Professional fees for the three months ending June 30, 2018 was $110,423 (three months ending June 30, 2017 - $79,718) increasing due to the acquisition of UXD and increased operational activity
- Patent amortization expense, for the three months ending June 30, 2018 was $163,356 (three months ending June 30, 2017 - $163,554) and is comparable to the comparative period

For the nine months ending June 30, 2018 and 2017

The net loss for the nine months ending June 30, 2018 was $6,019,002 ($0.07/share).

For the six months ending June 30, 2018

- Share based payments for the nine months ending June 30, 2018 were $ $3,287,022 (June 30, 2017 - $362,257 and increased due to the timing and amount of stock options issued
- Management fees for the nine months ending June 30, 2018 was $185,020 (June 30, 2017 - $145,000) increasing due to higher levels of business activity and increased management time
- Consulting fees were $1,005,274 (June 30, 2017 – $641,866) and increased due to the increased activity and product development initiatives offset by increased management utilization
- Shareholder communications and marketing were $389,299 (June 30, 2017 – $100,131) and increased due to additional investor relations activities in Canada, the US and Europe.
- Office, general and administration expense for the nine months ending June 30, 2018, was $432,648 (June 30, 2017 - $244,291) and increased due to an increase in leased office and laboratory space and increased corporate and operational activity
- Professional fees for the nine months ending June 30, 2018 was $229,670 (nine months ending June 30, 2017 - $391,345) decreasing due to lower legal fees and management resources dedicated to these corporate areas,
- Patent amortization expense, for the three months ending June 30, 2018 was $490,068 (nine months ending June 3, 2017 - $490,579) and is consistent with the comparative period

Summary of Quarterly Results

The following table is a summary of selected unaudited financial information for the eight most recent fiscal quarters.

Quarter ended	Income	Net income (loss)	Net income (loss) per share
30-Jun-18	Nil	(1,975,027)	(0.07)
31-Mar-18	Nil	(2,279,337)	(0.05)
31-Dec-17	Nil	(1,764,637)	(0.02)
30-Sep-17	Nil	(610,832)	(0.01)
30-Jun-17	Nil	(673,579)	(0.01)
31-Mar-17	Nil	(737,050)	(0.02)
31-Dec-16	Nil	(964,840)	(0.03)
30-Sep-16	Nil	(831,386)	(0.01)

There can be significant variances in Company's reported loss from quarter to quarter arising from factors that are difficult to anticipate in advance or to predict from past results.

Liquidity

The majority of financing of current operations is achieved by issuing share capital. As at June 30, 2018, the Company had cash of $1,096,278, receivables of $343,422, and prepaid expenses of $72,666. The Company had accounts payable of $225,329. The Company had a positive working capital of $1,342,036 at June 30, 2018.

During the nine months ended June 30, 2018, the Company completed the following equity transactions;

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

During the year ended September 30, 2017, the Company completed the following equity transactions;

i. In October 2016, the Company completed a non-brokered private placement of 4,400,000 units at a price of $0.125 per unit for aggregate proceeds of $550,000. Each unit consist 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 $0.20 per a common share for a period of 18 months from the date of issuance. In connection with this financing, the Company paid cash commissions of $10,500 and issued 84,000 broker warrants where each broker warrant entitles the holder to acquire one additional common share at a price of $0.20 for a period of 18 months from the date of issuance.

ii. In December 2016, the Company completed a non-brokered private placement of 1,227,000 units at a price of $0.15 per unit for aggregate proceeds of $184,050. Each unit consist 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 $0.20 per a common share for a period of 18 months from the date of issuance. In connection with this financing, the Company paid cash commissions of $22,817 and issued 44,000 broker warrants where each broker warrant entitles the holder to acquire one additional common share at a price of $0.20 for a period of 18 months from the date of issuance.

iii. In February 2017, the Company completed a non-brokered private placement of 4,073,667 units at a price of $0.15 per unit for aggregate proceeds of $611,050. Each unit consist 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 $0.20 per a common share for a period of 18 months from the date of issuance. In connection with this financing, the Company paid cash commissions of $24,744 and issued 164,960 broker warrants where each broker warrant entitles the holder to acquire one additional common share at a price of $0.20 for a period of 18 months from the date of issuance.

iv. In June 2017, the Company completed a non-brokered private placement of 3,100,000 units at a price of $0.20 per unit for aggregate proceeds of $620,000. Each unit consist 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 per a common share for a period of 18 months from the date of issuance. In connection with this financing, the Company paid cash commissions of $30,117 and issued 80,000 broker warrants where each broker warrant entitles the holder to acquire one additional common share at a price of $0.20 for a period of 18 months from the date of issuance.

v. 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.

Investing Activities

On May 24, 2018, the Company acquired all of the issued and outstanding shares of UX Data Sciences Corp. ("UXD"). With this transaction UXD has become a wholly-owned subsidiary of the Company. Relay acquired UXD by the issuance of 15,280,139 common shares of the Company to the (now former) shareholders of UXD. The Relay shares issued for the acquisition are subject to contractual restrictions on resale for a minimum period of 90 days and up to 3 years.

Off-Balance Sheet Arrangements

The Company has not entered into any off balance sheet arrangements, other than previously disclosed, that has, or is reasonably likely to have, an impact on the current or future results of operations or the financial condition of our company.

International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board confirmed that Canadian generally accepted accounting principles (GAAP), as used by publicly accountable enterprises, would be fully converged into IFRS, as issued by the International Accounting Standards Board (IASB), effective for fiscal years beginning on or after January 1, 2011. The Company implemented for the quarters ended December 31, 2016 and December 31, 2014.

Critical Accounting Policies and Estimates

Going concern

These audited financial statements have been prepared in accordance with IFRS 1 on a going concern basis which assumes that Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Company has incurred losses from inception and the inability to raise additional financing may impact the future assessment of Company as a going concern. Company's ability to continue as a going concern is dependent upon its ability to attain future profitable operations and to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. While Company has been successful in obtaining its required financing in the past, there is no assurance that such financing will be available in the future. The Company estimates that it has sufficient working capital to meet its obligations for the next twelve months. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should Company not be able to continue as a going concern.

Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of carrying value of resource properties, warrants, stock-based compensation, and deferred tax assets and liabilities. Financial results as determined by actual events could differ from those estimates.

Risks and Uncertainties

History of Losses – The Company has been in a cumulative net loss position throughout its operating history. The Company's limited operating history makes it difficult to evaluate the future financial prospects of its business. There is no assurance that the Company will grow or be profitable or that the Company will have earnings or significant improvement in its cash flow from operations in the future. The future earnings on and cash flow from operations are dependent on the Company's ability to further develop and sell its products and the Company's operational expenses. Management expects that the Company will continue to have high levels of operating expenses, since the Company needs to make significant up-front expenditures for product development, and corporate development activities. Management anticipates that the operating losses for the Company may continue until such time as the Company consistently generates sufficient revenues to support operations.

Need for Additional Financing - The implementation of the Company's business plan requires significant capital outlays and operating expenditures over the next several years. There can be no assurance that additional financing will be available to the Company when needed, on commercially reasonable terms, or at all. Any inability to obtain additional financing when needed would have a material adverse effect on the Company. Further, any additional equity financing may involve substantial dilution to the Company's then existing shareholders. Debt financing, if available, may involve onerous obligations, monetary or otherwise. If adequate funds are not available, the Company may obtain funds through arrangements with strategic partners or others who may require the Company to relinquish rights to certain technologies, any of which could adversely affect its business, financial condition and results of operations.

Product Risks

Uncertain Demand for Products - Demand for medical technologies is dependent on a number of social, political and economic factors that are beyond the control of the Company. The healthcare industry is likely to continue to change as the public, government, medical practitioners, and the medical industries focus on ways to expand medical coverage while controlling the growth in healthcare costs. While the Company believes that demand for medical technologies will continue to grow, there is no assurance that such demand will exist or that the Companies products will be purchased to satisfy that demand.

Dependence on Development of New Products - New technological or product developments in the medical industry may render the Company's products obsolete or reduce their value. The Company's future prospects are highly dependent on its ability to develop new products - from new technologies and achieve market acceptance. There can be no assurance that the Company will be successful in these efforts.

PROPOSED TRANSACTIONS

On August 23, 2018, Relay announced the signing of a term sheet to acquire a gynecological clinical invention. The invention addresses postoperative gynecological complications and is intended to address a clear clinical need and a very large market. This acquisition represents an opportunity for product development in-line with the Company's mission to expand its portfolio of assets.

Under the terms of the Letter of Intent, the Company will own 85% of a new subsidiary, whose assets will include intellectual capital and development activity relating to the product opportunity. The remaining 15% will be owned by the founders, including Dr. Dan Nayot, Micah Vernon and KOL(key opinion leader), Dr. Togas Tulandi, Professor and Academic Vice Chairman of the Dept. of OB/GYN; McGill University. Drs. Nayot and Tulandi will both act as Medical/Clinical advisors on all matters relating to the product and will provide related Medical research and clinical leadership. Relay has committed its growing infrastructure and funding for the project and will issue 250,000 common shares to the founders as initial consideration.

The transaction is subject to the completion of a definitive agreement and is expected to be completed prior to September 30, 2018.

Disclosure Controls and Procedures & Internal Controls over Financial Reporting

In accordance with the Canadian Securities Administrators National Instrument 52-109 ("NI 52-109"), Certification of Disclosure in Issuers' Annual and Interim Filings, the Company has filed certificates signed by the Chief Executive Officer and the Chief Financial Officer that, among other things, report on the design and effectiveness of disclosure controls and procedures and the design and effectiveness of internal controls over financial reporting.

The Company continues to review and document its disclosure controls and procedures and internal controls over financial reporting and may, from time to time, make changes aimed at enhancing their effectiveness and to ensure that its systems evolve with the business. There were no changes in the Company's internal controls over financial reporting during the nine months ended June 30, 2018 that have materially affected, or are reasonably likely to materially affect, its disclosure controls and procedures and internal controls over financial reporting.

Share Data

As of June 30, 2018 there were 101,719,362 shares issued and outstanding and 13,162,807 warrants. As at August 29, 2018, there were 113,207,190 shares issued and outstanding and 21,250,635 warrants outstanding

Options – As at June 30, 2018 there were 16,309,500 options outstanding at an average exercise price of $0.25. As at August 29, 2018 there were 16,309,500 options outstanding at an average exercise price of $0.25.

Signed

"Lahav Gil "
Chief Executive Officer
August 29, 2018