RELAY MEDICAL CORP.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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Independent Auditor's Report

To the Shareholders of Relay Medical Corp.:

Opinion

We have audited the consolidated financial statements of Relay Medical Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2019 and September 30, 2018, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2019 and September 30, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company is experiencing, and has experienced, negative operating cash flows and has a working capital deficiency of $272,784 as at September 30, 2019. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Brock William Pope Stroud.

MNP LLP

Toronto, Ontario
January 29, 2020

Chartered Professional Accountants
Licensed Public Accountants

RELAY MEDICAL CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

As at		September 30, 2019		September 30, 2018
Assets				
Current assets				
Cash	$	212,195	$	2,295,779
Amounts receivable		164,064		498,565
Prepaid expenses		14,238		210,962
		390,497		3,005,306
Non-current assets				
Reclamation bonds (note 12)		73,431		70,988
Property, plant and equipment (note 8)		113,669		-
Right-of-use asset (note 9)		493,761		-
Investment in associate (note 7)		1,139,607		-
Intangible assets (notes 6 and 10)		319,645		4,238,710
	$	2,530,610	$	7,315,004
Liabilities				
Accounts payable and accrued liabilities (note 15)	$	588,552	$	542,584
Current portion of lease liability (note 11)		74,729		-
		663,281		542,584
Non-Current Liabilities				
Lease liability (note 11)		458,219		-
Total liabilities		1,121,500		542,584
Shareholders' equity				
Capital stock (note 13 (a))		18,651,874		16,892,653
Warrant reserve		3,206,443		2,639,800
Contributed surplus		5,403,362		5,072,334
Deficit		(25,852,569)		(17,832,367)
Total shareholders' equity		1,409,110		6,772,420
Total liabilities and shareholders' equity	$	2,530,610	$	7,315,004

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

"Lahav Gil"	*"Gerard Edwards"*
CEO, Director	Director

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

SUBSEQUENT EVENTS (Note 19)

RELAY MEDICAL CORP.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 and 2018
(Expressed in Canadian dollars)

	Year ended	
	2019	2018
Expenses		
Share-based compensation (note 13(b))	**$ 475,697**	$ 3,278,188
Consulting and management fees (note 15)	**1,771,512**	2,249,697
Salaries and benefits (note 15)	**927,842**	-
Product research and development costs	**912,817**	217,952
Patent amortization expense (note 10)	**1,020,174**	909,716
Shareholder communications and marketing	**183,832**	444,011
Directors' fees	**-**	33,810
Office, general and administrative	**529,620**	507,648
Depreciation (note 8 and 9)	**156,896**	5,280
Professional fees	**301,033**	457,905
Transfer agent and filing fees	**10,578**	-
Loss on investment in associate (note 7)	**110,393**	-
Impairment loss (note 10)	**2,645,558**	-
Gain on loss of control (note 7)	**(1,034,843)**	-
Loss on recognition of sublease	**5,276**	-
Interest and accretion, net	**74,723**	-
Net loss and comprehensive loss	**$ 8,091,108**	$ 8,104,207
Net loss and comprehensive loss attributable to shareholders of the Company	**8,020,202**	8,104,207
Net loss and comprehensive loss attributable to non-controlling interest	**70,906**	-
	$ 8,091,108	**$ 8,104,207**
Loss per share		
Basic and diluted (note 18)	**$ (0.07)**	$ (0.09)
Weighted average number of common shares outstanding, basic and diluted	**116,746,941**	83,241,580

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

RELAY MEDICAL CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED SEPTEMBER 30, 2019 and 2018
(Expressed in Canadian dollars)

	Capital Stock		Warrant reserve	Contributed surplus	Non-controlling interests	Deficit	Total equity
	Number of shares	Amount					
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	17,358,328	2,234,768	1,460,643	-	-	-	3,695,411
Shares issued for cash on exercise of options	350,000	62,500	-	-	-	-	62,500
Shares issued for cash on exercise of warrants	8,143,960	1,685,792	-	-	-	-	1,685,792
Shares issued on asset acquisition (note 6)	15,280,139	4,049,237	-	-	-	-	4,049,237
Fair value of options exercised	-	56,663	-	(56,663)	-	-	-
Fair value of warrants issued, exercised and expired	-	434,956	(434,956)	-	-	-	-
Share-based compensation	-	-	-	3,278,188	-	-	3,278,188
Net loss for the year	-	-	-	-	-	(8,104,207)	(8,104,207)
Balance - September 30, 2018	113,187,191	$ 16,892,653	$ 2,639,800	$ 5,072,334	$ -	$ (17,832,367)	$ 6,772,420
Balance - October 1, 2018	**113,187,191**	**$ 16,892,653**	**$ 2,639,800**	**$ 5,072,334**	$ -	**$ (17,832,367)**	**$ 6,772,420**
Shares issued for cash, net of issuance costs (note 13 (a))	10,372,500	1,460,803	581,297	-	-	-	2,042,100
Shares issued for cash on exercise of options (note 13 (b))	1,250,000	125,000	-	-	-	-	125,000
Shares issued for cash on exercise of warrants (note 13 (c))	70,473	14,095	-	-	-	-	14,095
Fair value of options exercised	-	144,669	-	(144,669)	-	-	-
Fair value of warrants exercised	-	14,654	(14,654)	-	-	-	-
Share-based compensation (note 13 (b))	-	-	-	475,697	-	-	475,697
Non-controlling interest on acquisition of control (note 7)	-	-	-	-	200,000	-	200,000
Derecognition of non-controlling intrest on loss of control (note 7)	-	-	-	-	(129,094)	-	(129,094)
Net loss for the year	-	-	-	-	(70,906)	(8,020,202)	(8,091,108)
Balance - September 30, 2019	**124,880,164**	**$ 18,651,874**	**$ 3,206,443**	**$ 5,403,362**	**$ -**	**$ (25,852,569)**	**$ 1,409,110**

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

RELAY MEDICAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 and 2018
(Expressed in Canadian dollars)

	2019	2018
Cash flows from (used in) operating activities		
Net loss for the year	**$ (8,091,108)**	$ (8,104,207)
Items not affecting cash from operations:		
Depreciation (note 8 and 9)	**156,896**	**-**
Amortization of intangibles (note 10)	**1,020,174**	909,716
Impairment loss (note 10)	**2,645,558**	-
Gain on loss of control (note 6)	**(1,034,843)**	-
Loss on investment in associate (note 7)	**110,393**	-
Share-based compensation	**475,697**	3,278,188
Interest written off on promissory note	**-**	9,429
Interest and accretion, net	**74,723**	-
Loss on sublease	**5,276**	-
Changes in non-cash working capital items:		
Prepaid expenses	**108,229**	(346,986)
Amounts receivable	**370,142**	(202,258)
Accounts payable and accrued liabilities	**45,968**	291,108
Net cash used in operating activities	**(4,112,895)**	(4,165,010)
Cash flows from (used in) investing activities		
Acquisition of subsidiary - cash acquired (note 6)	**-**	489,971
Purchase of property, plant and equipment (note 8)	**(147,521)**	-
Interest earned on reclamation bond	**(2,443)**	-
Purchase of software license	**(80,000)**	-
Net cash from (used in) investing activities	**(229,964)**	489,971
Cash flows from (used in) financing activities		
Proceeds from private placement, net of issue costs	**2,042,100**	3,695,411
Proceeds from warrant exercise	**14,095**	1,685,792
Proceeds from options exercise	**125,000**	50,000
Proceeds from promissory note repayment	**-**	62,500
Proceeds from sale of shares in subsidiary	**200,000**	-
Cash outflows from non-controlling interest	**(10,917)**	-
Net payments on leases (Note 11)	**(111,003)**	-
Net cash from financing activities	**2,259,275**	5,493,703
Increase in cash for the year	**(2,083,584)**	1,818,664
Cash - beginning of year	**2,295,779**	477,115
Cash - end of year	**$ 212,195**	$ 2,295,779

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Relay Medical 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. On January 31, 2017, the Company filed Articles of Amalgamation under the Business Corporations Act (Ontario), whereby the Company was amalgamed with ChroMedX to form an amalgamated corporation operating under the name of "Relay Medical Corp." All amounts herein reflect the financial effects of the amalgamation. 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 deficit of $272,784 as at September 30, 2019 (September 30, 2018 – working capital $2,462,722). The Company will continue to search for new or alternate sources of financing in order to continue development of its products. These material uncertainties cast significant doubt on the Company's ability to continue as a going concern.

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

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements of the Company for the year for the year ended September 30, 2019 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on January 29, 2020.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, UX Data Sciences Corp. (note 6), Osprey Device Networks Corp. and HemoPalm Corp.

These consolidated financial statements included the accounts of Glow Lifetech Ltd. (Glow). The company acquired control of Glow Lifetech Ltd. on April 3, 2019 and subsequently lost control on May 27, 2019. As at September 30, 2019, the company accounts for its investment in Glow as an investment in associate (note 7).

All significant intercompany balances and transactions have been eliminated on consolidation.

Subsidiaries

Subsidiaries are entities over which the Company has control. Control is defined as when the Company is exposed or has rights to the variable returns from the subsidiary and has the ability to affect those returns through its power over the subsidiary. Power is defined as existing rights that give the Company the ability to direct the relevant activities of the subsidiary. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases.

Non-controlling interests

A non-controlling interest is initially recognized as the proportionate share of the identifiable net assets of the subsidiary on the date of its acquisition and is subsequently adjusted for the non-controlling interest's share in changes of the acquired subsidiary's earnings and capital. Effects of transactions with non-controlling interests are recorded in equity if there is no change in control.

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.

Reclassification

The Company has reclassified certain items on the comparative consolidated statements of loss and comprehensive loss to improve clarity. Specifically, amounts previously classified individually as consulting fees and management fees have been consolidated into one amount as consulting and management fees. In addition, accounts previously classified as office, general and administrative expenses in the September 30, 2018 fiscal year have been reclassified as product research and development costs during the September 30, 2019 fiscal year.

Functional and Presentation Currency

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting polices set out below have been applied consistently to all periods presented in these consolidated financial statements.

Impairment

At each financial position reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired at a cash generating unit level. If any such indication exists, the recoverable amount of the cash generating unit is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived. If the recoverable amount is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Intangible assets

The Company records intangible assets at fair value at the date of acquisition. An intangible asset is capitalized when the economic benefit associated with an asset is probable and when the cost can be measured reliably. Intangible assets are carried at cost less accumulated depreciation and impairment losses. Cost consists of expenditures directly attributable to the acquisition of the assets. Intangible assets with finite lives are tested amortized over the related benefit period. Those with indefinite lives are not amortized and are tested for impairment on an annual basis. The Company's intangible assets consist of patents, patent applications and research and development costs that are amortized over their five-year estimated useful life.

Research and Development costs

Costs associated with the development of the Company's products are capitalized where the following criteria are met:

- the technical feasibility of completing the intangible asset so it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably of the expenditure during development.

In the prior year, the Company acquired research and development costs (note 6) which have been capitalized and included in intangible assets. All other research and development costs incurred by the Company were expensed in the year.

Share-based Payments

The Company accounts for share-based payment using the fair value method. Under this method, compensation expense is measured at fair value on the date of grant using the Black-Scholes option pricing model, and is recognized as an expense or capitalized, depending on the nature of the grant, with a corresponding increase in equity, over the period that the employees earn the options. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility.

For transactions with employees and others providing similar services, the Company measures the fair value of the services received by reference to the fair value of the equity instruments granted. For transactions with parties other than employees, the Company measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. When the Company cannot estimate reliably the fair value of the goods or services received, it measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

Foreign Currency Translation

The Company's functional and presentation currency is the Canadian dollar. Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At closing date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the closing date exchange rate, and non-monetary assets and liabilities at the historical rates. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Effective October 1, 2018, the Company adopted IFRS 9 - Financial Instruments ("IFRS 9"). In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS 39 - Financial Instruments: recognition and measurement ("IAS 39"). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. The Company has adopted IFRS 9 on a prospective basis.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

The new hedge accounting guidance aligns hedge accounting more closely with an entity's risk management objectives and strategies. IFRS 9 does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however, it allows more hedging strategies used for risk management to qualify for hedge accounting and introduces more judgement to assess the effectiveness of a hedging relationship, primarily from a qualitative standpoint.

Below is a summary showing the classification and measurement bases of the consolidated financial instruments as at October 1, 2018 as a result of adopting IFRS 9 (along with comparison to IAS 39).

Classification	IAS 39	IFRS 9
Cash	FVTPL	Fair value
Reclamation bonds	Held to maturity	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost

As a result of the adoption of IFRS 9, the accounting policy for financial instruments as disclosed in the Company’s September 30, 2018 consolidated financial statements has been updated as follows:

Financial assets

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

i. Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss. The Company's cash is classified as financial assets measured at FVTPL.

ii. Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest". The Company's reclamation bonds is classified as financial assets measured at amortized cost.

Financial liabilities

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

i. Amortized cost

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

ii. Financial liabilities recorded FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction costs

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

Subsequent measurement

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

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected credit loss impairment model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's consolidated financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Financial instruments at fair value through profit and loss

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices): and

Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market date (unobservable inputs).

Cash is measured at fair value using Level 1 inputs.

As at September 30, 2019 and 2018, the fair value of the financial liabilities approximates the carrying value, due to the short-term nature of the instruments.

Cash

Cash consists of cash on hand, deposits in banks and funds held in trust.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of loss and comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss in the period.

Amortization is calculated on a straight line basis at the following annual rates:

Laboratory and technical equipment	3 years
Office, furniture and equipment	3 years
Computer equipment	2 years

Income Taxes

Income tax on profit or loss for the year comprises of current and deferred tax. Current tax is the expected tax paid or payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax paid or payable in respect of previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The effect on deferred income tax assets and liabilities of a change in income tax rates is recognized in the period that includes the date of the enactment or substantive enactment of the change. Deferred tax assets and liabilities are presented separately except where there is a right of set off within fiscal jurisdictions.

Basic and Diluted Income (Loss) per Share

Basic income (loss) per share has been calculated using the weighted average number of common shares outstanding during the year. Diluted income (loss) per share has been calculated using the weighted average number of common shares that would have been outstanding during the respective period had all of the stock options and warrants outstanding at year end having a dilutive effect been converted into shares at the beginning of the year and the proceeds used to repurchase the Company's common shares at the average market price for the year. If these computations prove to be anti-dilutive, diluted income (loss) per share is the same as basic income (loss) per share.

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) and represents the change in shareholders' equity which results from transactions and events from sources other than the Company's shareholders. Income or loss from an investment in associate is included in other comprehensive income (loss). Accumulated other comprehensive income (net of income taxes) is included on the consolidated statements of financial position as a component of common shareholders' equity.

Investment in Associate

Investment in associate is accounted for using the equity method based on the Company's ability to exercise significant influence over the operating and financial policies of the investee. Investments of this nature are recorded at original cost and adjusted periodically to recognize the Company's proportionate share of the associate's net income or losses after the date of investment, additional contributions made and dividends received. Investments are written down when there has been a significant or prolonged decline in fair value.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these consolidated financial statements in conformity with IFRS requires that management make estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

Share based payments and warrants

The fair value of stock options and warrants issued are subject to the limitation of the Black Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Useful life of intangible assets

Management has exercised their judgment in determining the useful life of its patents, patent applications and research and development costs. The estimate is based on the expected period of benefit of the patent and the expected life of the product in the market place.

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

Determination of functional currency

In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, management has determined that the functional currency of the Company is the Canadian dollar.

Evaluation of going concern

The preparation of the financial statements requires management to make judgments regarding the going concern of the Company as previously discussed in Note 1.

Impairment of intangible assets

Management has exercised their judgment in determining if the patents are impaired. The judgment is based on the expected future benefit of the intangible assets.

Income taxes

Management has exercised their judgment in determining the provision for future income taxes. The judgment is based on the Company's current understanding of the tax law as it relates to the transactions and activities entered into by the Company.

Acquisition of an asset or business combination

In accordance with IFRS 3, management has exercised their judgment in determining the acquisition of UX Data Sciences Corp. was considered an asset acquisition as it did not meet the definition of a business.

5. RECENT ACCOUNTING PRONOUNCEMENTS

The Company has adopted the following standards for the year ended September 30, 2019;

a. IFRS 9 – Financial Instruments - This standard requires assets to be carried at amortized cost or fair value, with changes in fair value recognized in profit or loss or other comprehensive income, based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. There has been no material effect on the Company's financial statements as a result of the adoption of this standard.

b. IFRS 15 – Revenue from Contracts with Customers – This standard sets out the requirements for recognizing revenue that applies to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control-based approach to recognize revenue which is a change from the risk and reward approach under the current standard. The adoption of this standard did not impact the timing or measurement of revenues within the scope of the standard.

c. IFRS 16 – In January 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"), replacing IAS 17 - Leases. IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its statement of financial position, providing the reader with greater transparency of an entity's lease obligations.

   The Company elected the modified retrospective transition approach, which provides lessees a method for recording existing leases at adoption with no restatement of prior period financial information. Under this approach, a lease liability was recognized at October 1, 2018 in respect of leases previously classified as operating leases, measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at transition. The associated right-of-use assets were measured at amounts equal to the respective lease liabilities, subject to certain adjustments allowed under IFRS 16.

In addition, the Company elected to utilize practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Company to apply a single discount rate to a portfolio of leases with reasonably similar characteristics, and rely on its assessment as to whether leases are onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review.

Adoption of the new standard at October 1, 2018 resulted in the recording of additional right-of-use assets and lease liabilities of $665,129, related to office space and laboratory.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted if it is reasonable certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Lease liabilities, on initial measurement, increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

(Expressed in Canadian dollars)

6. ACQUISITIONS

UX Data Sciences Corp.

On May 23, 2018, the Company acquired all the issued and outstanding shares of UX Data Sciences Corp ("UXD"). The acquired business was purchased for $4,049,237, paid by the issuance of 15,280,139 common shares, valued at $0.265 per share. The Company's CEO, Lahav Gil, had been the Chairman and a shareholder of UXD since September 2016, holding approximately 13% of outstanding common shares of UXD. Due to this, the transaction was treated by the Company as a related party transaction and Mr. Gil abstained from voting or consulting on matters relating to the transaction as a member of either party. As UXD 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 at their fair value as follows;

Fair value of UX Data Sciences Corp. net assets acquired		
Cash	$	489,971
Net non-cash working capital		(14,853)
Patent applications and research and development costs		3,574,119
Net assets acquired	**$**	**4,049,237**

Transaction costs directly associated with the acquisition totaled $23,814 and were capitalized as part of the transaction.

7. INVESTMENT IN ASSOCIATE

On April 3, 2019, Relay and AgraFlora Organics International Inc. (AgraFlora) acquired a private company, Glow LifeTech Ltd. (Glow). Prior to acquisition, the President of the Company was the sole shareholder of Glow. As consideration for the common shares in Glow, Relay transferred a suite of technology assets to Glow for 6,250,000 common shares. The transferred assets were acquired from the UXD transaction (note 6). AgraFlora contributed $200,000 in cash for 3,750,000 common shares in Glow. Relay's investment and transferred assets were each valued at $333,333 based on AgraFlora's cash investment. As at the date of the investment, Relay controlled Glow represented by their 62.5% ownership in Glow and the accounts of Glow were included in the consolidated financial statements of the Company.

On May 27, 2019 and June 10, 2019, Glow completed private placements for gross proceeds of $1,200,190 through the issuance of 6,000,950 common shares priced at $0.20 per share and as a result, Relay lost control over Glow represented by an ownership that was diluted down to 39.1%. On loss of control, the company derecognized the consolidated net assets of Glow and recognized an investment in associate, represented by the Company's ability to significantly influence Glow. The investment in associate recognized was valued at its new fair value of $1,250,000 and the company recorded a gain of $1,034,843 included in net loss for the year.

(Expressed in Canadian dollars)

Subsequent to loss of control, the Company accounted for its investment under the equity method of accounting. During the year the company recognized a loss in investment in associate of $110,393.

		2019
Glow Lifetech Ltd.		
Common shares	$	1,250,000
Share of equity loss		(110,393)
	$	**1,139,607**

Summarized financial information of the investment are presented below, on a 100% basis:		
Selected information as at September 30,		**2019**
Total assets	$	1,321,369
Total liabilities	$	80,552
Net assets	$	1,240,817

Selected information from May 27, 2019 to September 30, 2019		
Net loss and comprehensive loss	$	282,624

8. PROPERTY PLANT AND EQUIPMENT

	Laboratory equipment $	Office furniture & equipment $	Computer equipment $	Total $
Cost				
As at October 1, 2018	-	-	-	2,152
Additions	76,647	67,996	2,879	147,521
As at September 30, 2019	76,647	67,996	2,879	149,673

	Laboratory equipment $	Office furniture & equipment $	Computer equipment $	Total $
Accumulated amortization				
As at October 1, 2018	-	-	-	2,152
Amortization for the period	15,014	17,659	1,179	33,852
As at September 30, 2019	15,014	17,659	1,179	36,004

	Laboratory equipment $	Office furniture & equipment $	Computer equipment $	Total $
Net book value				
As at October 1, 2018	-	-	-	-
As at September 30, 2019	61,632	50,337	1,700	113,669

(Expressed in Canadian dollars)

9. RIGHT OF USE ASSETS

IFRS 16 – right-of-use asset recognition at October 1, 2018		
Additions	$	665,129
Depreciation		(123,044)
Disposal on sublease		(48,324)
Balance, September 30, 2019	**$**	**493,761**

Right-of-use assets consist of the lease for the Company's office and laboratory and are amortized over a period of 19 months.

Maturity Analysis – Contractual Undiscounted Cash Flows	
As at September 30, 2019	
Less than one year	$ 148,472
Greater than one year	612,677
Total undiscounted lease obligation	**$ 761,149**

10. INTANGIBLE ASSETS

The following is a summary of patents as at September 30, 2019 and 2018:

	Patents	**Software license**	**Total**
Balance, September 30, 2017	1,550,493	-	1,550,493
Patent applications and research and development costs acquired through acquisition (note 6)	3,597,933	-	3,597,933
Amortization	(909,716)	-	(909,716)
Balance, September 30, 2018	4,238,710	-	4,238,710
Additions	-	80,000	80,000
Impairment loss	(2,645,558)	-	(2,645,558)
Amortization	(1,016,174)	(4,000)	(1,020,174)
Disposals (note 7)	(333,333)	-	(333,333)
Balance, September 30, 2019	**243,645**	**76,000**	**319,645**

Patents held by the Company from the prior periods include various patents relating to the HemoPalm project that continues to be under development.

On April 3, 2019, the Company disposed of certain intangible assets and licenses to use its proprietary technologies as consideration for common shares in Glow (note 7, valued at $333,333)

The Company assessed the carrying value of its intangible assets for indicators of impairment and recorded a non-cash impairment loss of $2,645,558 recorded in net loss during the year. The Company continues to have full access to the remaining assets acquired as part of the UXD acquisition.

(Expressed in Canadian dollars)

11. LEASE LIABILITY

On September 1, 2017 the Company entered into a 36 month lease agreement to lease office and laboratory facilities. On July 15, 2019, the Company entered into a sub lease agreement to lease this space to a third party for the remainder of the original lease term, ending August 30, 2020.

On November 1, 2018, the Company entered into a 60 month lease agreement to lease an office and laboratory facilities.

	Office & laboratory lease	Office lease	Total
Balance, October 1, 2018	**$ -**	**$ -**	**$ -**
Additions	582,800	82,329	665,129
Interest expense	66,829	9,100	75,929
Lease payments	(159,448)	(48,662)	(208,110)
Balance, September 30, 2019	**$ 490,181**	**$ 42,767**	**$ 532,948**

The Company has recorded these leases as right-of-use assets (note 9) and lease liability in the consolidated statements of financial position as at September 30, 2019. At the commencement date of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 15%, which is the Company's incremental borrowing rate.

The continuity of the lease liability is presented in the table below:

	Under 1 year	Between 1-2 years	Between 3-4 years	Over 5 years	Total
Office Lease	$ 148,472	$ 137,301	$ 306,113	$ 169,263	$ 761,149

12. RECLAMATION BONDS

The Company holds reclamation bonds with the Alberta Energy Regulator as required by section 1.100(2) of the Oil and Gas Conservation Regulations and Directive 006: License Liability Rating Program and License Transfer Process. The reclamation bonds are held for the purposes of the future well abandonment, related to the business of the Company prior to the reverse takeover transaction. The Company has performed all requested remediation work at the site and is currently engaged with the regulator for the return of these funds to the Company.

(Expressed in Canadian dollars)

13. CAPITAL STOCK

(a) Common shares

Authorized

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

Issued and Outstanding

	Number
Balance - September 30, 2017	**72,054,764**
Shares issued on financing	17,358,328
Shares issued on exercise of stock options	350,000
Shares issued on exercise of warrants	8,143,960
Shares issued on acquisition (note 6)	15,280,139
Balance - September 30, 2018	**113,187,191**
Shares issued on financing (ii) (iv)	10,372,500
Shares issued on exercise of stock options (b)	1,250,000
Shares issued on exercise of warrants (c)	70,473
Balance - September 30, 2019	**124,880,164**

i. On September 18, 2019, 70,473 common shares were issued in connection with the exercise of 70,473 broker warrants at an exercise price of $0.20.

ii. On August 9, 2019 the Company closed a non-brokered private placement financing (the "Offering") for gross proceeds of $542,000 through the issuance of 2,710,000 Units (each a "Unit") at a price of $0.20 per unit. Each Unit is comprised of: (i) one common share in the capital of the Company (each a "Common Share"); (ii) one Common Share purchase warrant (each, a "Warrant"). Each whole Warrant entitles the holder to purchase one additional Common Share at an exercise price of $0.30 on or before February 9, 2021. Certain eligible persons were paid a cash commission totaling $13,760 equal to 8 per cent of the proceeds raised from subscribers introduced to the company by such finders and the company also issued an aggregate of 68,800 finder warrants to finders, each finder warrant entitling the holder to acquire one Unit at a price of $0.20 cents for a period of 18 months from the date of issuance.

iii. On July 9, 2019, 1,250,000 common shares were issued in connection the exercise of 1,250,000 options at any exercise price of $0.10.

iv. On May 17, 2019 the Company closed a non-brokered private placement financing (the “Offering”) for gross proceeds of $1,532,500 through the issuance of 7,662,500 Units (each a “Unit”) at a price of $0.20 per unit. Each Unit is comprised of: (i) one common share in the capital of the Company (each a “Common Share”); (ii) one Common Share purchase warrant (each, a “Warrant”). Each whole Warrant entitles the holder to purchase one additional Common Share at an exercise price of $0.30 on or before November 17, 2020. Certain eligible persons were paid a cash commission totaling $18,640 equal to 8 per cent of the proceeds raised from subscribers introduced to the company by such finders and the company also issued an aggregate of 93,200 finder warrants to finders, each finder warrant entitling the holder to acquire one Unit at a price of 20 cents 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, totaling $39,538. Finders were also issued an aggregate of 197,640 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.

vi. On August 3, 2018 the Company announced the issuance of 9,787,828 units at a price of $0.23 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. Certain eligible persons (the "Finders") were paid a cash commission equal to 8% of the proceeds raised from subscribers introduced to the Company by such Finder, totaling $31,924. Finders were also issued an aggregate of 138,800 finder warrants (the "Finder Warrants") to Finders, each Finder Warrant entitling the holder to acquire one Unit at a price of $0.23 for a period of eighteen months from the date of issuance.

(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.

(Expressed in Canadian dollars)

The following table summarizes activity within the Company's stock option plan during the year:

	Number of Options Outstanding		Black-Scholes Value		Weighted Average Exercise Price
Balance - September 30, 2017	9,730,000	$	1,842,506	$	0.22
Granted	10,729,500		3,278,188		0.38
Exercised	(350,000)		(56,663)		0.17
Expired and cancelled	(3,800,000)		(1,647,866)		0.55
Balance - September 30, 2018	16,309,500	$	3,416,165	$	0.25
Granted	4,400,000		609,000		0.20
Exercised	(1,250,000)		(144,669)		0.10
Forfeited	(3,600,000)		(710,638)		0.22
Balance - September 30,2019	**15,859,500**	**$**	**3,169,858**	**$**	**0.25**

On July 9, 2019, 1,250,000 common shares were issued in connection the exercise of 1,250,000 options at any exercise price of $0.10. The Black Scholes value of the options exercised was $144,669.

The following common share purchase options are outstanding at September 30, 2019:

Date of Grant	Number of Options Outstanding		Exercise Price	Weighted Average remaining life (years)	Expiry Date	Number of Options exercisable
December 10, 2014	550,000	$	0.35	0.19	December 10, 2019	550,000
December 7, 2015	120,000		0.20	1.19	December 7, 2020	120,000
October 24, 2016	1,300,000		0.15	2.07	October 24, 2021	1,300,000
June 19, 2017	2,510,000		0.30	2.72	June 19, 2022	2,510,000
November 20, 2017	2,662,000		0.27	2.72	June 19, 2022	2,662,000
January 24, 2018	300,000		0.60	3.32	January 24, 2023	300,000
June 20, 2018	4,017,500		0.27	3.72	June 20, 2023	4,017,500
September 12, 2019	4,400,000		0.20	3.95	September 12, 2023	3,280,555
	15,859,500	**$**	**0.25**	**3.25**		**14,740,055**

Share based compensation during the September 30, 2019 fiscal year totaled $475,697 (2018 - $3,278,188).

The stock options granted during the September 30, 2019 fiscal year are subject to various vesting terms including 3,280,555 of which are to vest immediately, with the remaining 1,119,445 of options to vest evenly on a monthly basis over periods of 9 to 30 months. During the September 30, 2018 fiscal year, all options granted were to vest immediately.

(Expressed in Canadian dollars)

The fair value of all options issued during the years ended September 30, 2019 and 2018 was estimated at the date of grant using a Black Scholes Option Pricing Model with the following assumptions:

	September 12 2019	June 20 2018	January 24 2018	November 20 2017
Share price	$0.19	$0.27	$0.60	$0.27
Risk-free interest rate	1.49%	1.46%	1.46%	1.46%
Expected life of options	4 years	5 years	5 years	5 years
Annualized volatility	110%	117%	121%	121%
Dividend rate	Nil	Nil	Nil	Nil
Forfeiture rate	0%	0%	0%	0%

(c) **Warrants**

The following table summarizes warrants that have been issued, exercised or have expired during the year ended September 30, 2019:

	Number of Warrants Outstanding		Black-Scholes Value		Weighted Average Exercise Price
Balance - September 30, 2017	14,693,627	$	540,875	$	0.23
Granted	17,694,768		1,460,643		0.38
Exercised	(8,143,960)		(434,956)		0.21
Expired	(3,991,667)		(267,007)		0.25
Balance -September 30, 2018	**20,252,768**	**$**	**1,297,555**	**$**	**0.30**
Granted	10,534,500		581,297		0.30
Exercised	(70,473)		(14,654)		0.20
Expired	(2,758,000)		(196,650)		0.30
Balance - September 30, 2019	**27,958,795**	**$**	**1,667,548**	**$**	**0.35**

On Sepember 18, 2019, 70,473 common shares were issued in connection with the exercise of 70,473 broker warrants at an exercise price of $0.20. The Black Scholes value of the warrants exercised was $14,654.

The fair value of warrants granted during the year ended September 30, 2019 was estimated at the date of grant using a Black Scholes Option Pricing Model with the following assumptions:

	Investor warrants		Broker warrants	
	Aug 2019	May 2019	Aug 2019	May 2019
Share price	0.195	0.205	0.20	0.20
Risk-free interest rate	1.42%	1.69%	1.42%	1.69%
Time to maturity	1.5	1.5	1.5	1.5
Annualized volatility	91%	108%	91%	108%
Dividend yield	NIL	NIL	NIL	NIL

(Expressed in Canadian dollars)

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

	Investor Warrants			Broker Warrants	
	November 2017	July 2018	August 2018	July 2018	August 2018
Share price	0.27	0.22	0.24	0.23	0.23
Risk-free interest rate	1.46%	1.28%	1.23%	1.28%	1.23%
Time to maturity	2	1.5	1.5	1.5	1.5
Annualized volatility	117%	104%	105%	104%	105%
Dividend yield	NIL	NIL	NIL	NIL	NIL

At September 30, 2019, 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
7,370,500	$ 0.30	$ 536,367	November 20, 2019
127,167	0.20	22,610	November 20, 2019
3,502,608	0.40	329,192	January 27, 2020
105,600	0.23	11,690	January 27, 2020
3,502,608	0.50	276,155	January 27, 2020
1,391,306	0.40	137,212	February 3, 2020
33,200	0.23	3,961	February 3, 2020
1,391,306	0.50	116,276	February 3, 2020
7,662,500	0.30	439,761	November 17,2020
93,200	0.20	8,627	November 17,2020
2,710,000	0.30	127,367	February 9, 2021
68,800	0.20	5,542	February 9, 2021
27,958,795	**0.35**	**2,014,760**	

14. INCOME TAXES

A reconciliation of current income taxes at statutory rates with the reported taxes is as follows:

	September 30, 2019	September 30, 2018
Net loss before income taxes	**$ (8,091,108)**	$ (8,104,207)
Combined Canadian federal and provincial tax rate	**26.50%**	26.50%
Expected income tax recovery at statutory tax rates	**(2,144,144)**	(2,147,615)
Book to filing adjustments	**(328,945)**	-
Share-based compensation and non-deductible expenses	**889,964**	938,678
Other	**(24,129)**	(59,973)
Change in unrecognized deferred tax assets	**1,607,254**	1,268,910
Provision for income tax	**$ -**	$ -

(Expressed in Canadian dollars)

Significant components of deductible and taxable temporary differences, unused tax losses and unused tax credits that have not been included on the statement of financial position are as follows:

	September 30, 2019	September 30, 2018
Property, plant and equipment	**$ 37,068**	$ -
Exploration and evaluation assets	**2,608,354**	2,608,354
Share issuance costs	**144,474**	265,281
Patent	**4,080,683**	2,370,057
Non-capital losses	**13,396,355**	8,961,681
Other	**3,547**	-
	$ 20,270,481	$ 14,205,373

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom. Non-capital loss carry forwards expire as rated in the table below. Share issue costs will be fully amortized in 2023. The remaining deductible temporary differences may be carried forward indefinitely.

As at September 30, 2019 the Company has non-capital losses of $13,770,167 that can be used to reduce future taxable income. These losses expire as follows:

2034	$ 609,640
2035	1,396,730
2036	940,885
2037	1,897,406
2038	4,231,668
2039	4,693,838
	$ 13,770,167

15. RELATED PARTY TRANSACTIONS

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

As at September 30, 2019, $124,751 was due to related parties (2018 - $36,443).

During the year ended September 30, 2019, certain directors and management personnel participated in private placements completed by the Company for total consideration totaling $100,000.

(Expressed in Canadian dollars)

During the previous year ended September 30, 2018, certain related parties participated in private placements completed by the Company, and in certain cases the funds received were used to pay consulting or director fees to these individuals. The proceeds of the private placement from related parties are noted below and the amounts paid/repaid are noted in parentheses. Proceeds of the private placements include $193,200 ($200,000) from the CEO for the August 2018 private placement, $40,000 ($40,000) from a director of the Company for the November 2017 private placement, $33,810 ($33,810) from a director of the Company for the August 2018 private placement, $46,000 ($9,040) from the Chief Technology Officer for the August 2018 private placement and $12,650 ($11,300) received from the Director of Product Development for the August 2018 private placement.

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.

The following is a summary of key management personnel compensation:

		2019		2018
Share based compensation (Note 13(b))	**$**	**326,415**	$	2,827,190
Salaries, consulting and management fees		**1,832,780**		1,267,219
	$	**2,159,195**	$	4,094,409

During the period from April 3, 2019 to May 26, 2019 when the Company held control of Glow Lifetech Ltd., compensation paid to key management personnel paid by Glow totaled $142,236.

16. 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, 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. The fair value of the Company's accounts payable and accrued liabilities approximate their carrying value, due to their short-term maturities or ability of prompt liquidation. The Company's cash is 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 reclamation bonds 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 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. The Company monitors the credit worthiness of the debtor and is satisfied with the debtor's ability to repay the amount owing.

b) Foreign currency risk

As at September 30, 2019 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 September 30, 2019 the Company held cash of $212,195 (September 30, 2018 - $2,295,779) to settle current liabilities of $663,281 (September 30, 2018 - $542,584).

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. The Company has reduced its credit risk by investing its cash with Canadian chartered banks.

17. 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 September 30, 2019 the Company's capital stock was $18,651,874 (September 30, 2018 - $16,892,653).

There were no changes in the Company's approach to capital management during the year ended September 30, 2019 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.

18. 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 three and nine months ended September 30, 2019 and 2018, this would be anti-dilutive.

19. SUBSEQUENT EVENTS

On October 25, 2019, the Company announced that it extended the expiry date of an aggregate of 7,370,500 previously issued warrants at an exercise price of $0.30 for an additional twelve (12) months. The exercise price of the Warrants has remained unchanged.

Subsequent to the year end, the following options and warrants have expired:

- 550,000 options with an exercise price of $0.35 expired on December 10, 2019 unexercised.
- 3,502,608 warrants with an exercise price of $0.40 expired on January 27, 2020 unexercised.
- 3,502,608 warrants with an exercise price of $0.50 expired on January 27, 2020 unexercised.
- 105,600 broker warrants with an exercise price of $0.23 expired on January 27, 2020 unexercised.