RELAY MEDICAL CORP.

CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2020 AND 2019

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Relay Medical Corp
Management's Responsibility of Financial Reporting
March 31, 2020

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

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

(Unaudited - Expressed in Canadian dollars)

As at		March 31, 2020		September 30, 2019
Assets				
Current assets				
Cash	$	**84,975**	$	**212,195**
HST amounts receivable		**205,183**		**164,064**
Prepaid expenses		**28,076**		**14,238**
		318,234		**390,497**
Non-current assets				
Reclamation bonds (note 12)		**73,803**		**73,431**
Property, plant and equipment (note 8)		**96,742**		**113,669**
Right-of-use asset (note 9)		**432,241**		**493,761**
Investment in associate (note 7)		**759,824**		**1,139,607**
Intangible assets (notes 6 and 10)		**68,000**		**319,645**
	$	**1,748,843**	$	**2,530,610**
Liabilities				
Accounts payable and accrued liabilities	$	**359,575**	$	**588,552**
Current portion of lease liability (note 11)		**112,128**		**74,729**
		471,703		**663,281**
Convertible debenture (note 13)		**540,682**		**-**
Non-Current Liabilities				
Lease liability (note 11)		**410,486**		**458,219**
Total liabilities		**1,422,872**		**1,121,500**
Shareholders' equity				
Capital stock (note 14 (a))		**19,479,374**		**18,651,874**
Warrant reserve		**3,206,443**		**3,206,443**
Contributed surplus		**6,919,586**		**5,403,362**
Equity component of convertible debenture (note 13)		**431,089**		**-**
Deficit		**(29,710,521)**		**(25,852,569)**
Total equity attributable to shareholders of Relay		**325,971**		**1,409,110**
	$	**1,748,843**	$	**2,530,610**

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

"Greg Van Staveren" — Director

"Gerard Edwards" — Director

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

RELAY MEDICAL CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2020 AND 2019
(Unaudited - Expressed in Canadian dollars)

	Three months ended		6 months ended	
	2020	2019	**2020**	2019
Expenses				
Share-based compensation (note 14(b))	**$ 1,486,674**	$ -	**$ 1,516,224**	$ -
Consulting and management fees (note 15)	**630,271**	527,091	**717,855**	917,754
Salaries and benefits	**218,461**	208,628	**432,365**	313,765
Product research and development costs	**320,791**	27,818	**519,935**	142,796
Patent amortization expense (note 10)	**120,254**	330,931	**287,610**	686,505
Shareholder communications and marketing	**122,257**	28,285	**140,472**	51,627
Office, general and administrative	**20,183**	125,029	**82,661**	342,071
Depreciation	**25,992**	4,771	**65,216**	4,771
Professional fees	**100,037**	9,968	**138,817**	84,169
Transfer agent and filing fees	**3,000**	10,016	**12,517**	13,501
Loss on investment in associate	**24,736**	-	**205,433**	-
Interest and accretion	**19,773**	-	**38,846**	-
Services to associate expense recovery	**-**	-	**(300,000)**	-
Net loss and comprehensive loss	**$ 3,092,430**	$ 1,272,537	**$ 3,857,952**	$ 2,556,958
Loss per share				
Basic and diluted (note 16)	**$ (0.02)**	$ (0.02)	**$ (0.03)**	$ (0.03)
Weighted average number of common shares outstanding, basic and diluted	**124,880,164**	62,504,075	**124,880,164**	89,887,697

RELAY MEDICAL CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2020 AND 2019)

(Unaudited - Expressed in Canadian dollars)

	Capital Stock		Warrant reserve	Contributed surplus	Deficit	Equity component of convertible debentures	Equity attributbable to shareholders of Relay	Non-controlling interests	Total equity
	Number of shares	Amount							
Balance - October 1, 2018	**113,187,191**	**$ 16,892,653**	**$ 2,639,800**	**$ 5,072,334**	**$ (17,832,367)**	**$ -**	**$ 6,772,420**	**$ -**	**$ 6,772,420**
Non-controlling interest on formation of subsidiary (note 6)	-	-	-	-	-	-	-	200,000	**200,000**
Net loss for the period	-	-	-	-	(2,556,958)	-	(2,556,958)	-	(2,556,958)
Balance - March 31, 2019	**113,187,191**	**$ 16,892,653**	**$ 2,639,800**	**$ 5,072,334**	**$ (20,389,325)**	**$ -**	**$ 4,215,462**	**$ 200,000**	**$ 4,415,462**
Balance - April 1, 2019	**113,187,191**	**$ 16,892,653**	**$ 2,639,800**	**$ 5,072,334**	**$ (20,389,325)**	**$ -**	**$ 4,215,462**	**$ 200,000**	**$ 4,415,462**
Shares issued for cash, net of issuance costs	10,372,500	1,460,803	581,297	-	-	-	2,042,100	-	**2,042,100**
Shares issued for cash on exercise of options	1,250,000	125,000	-	-	-	-	125,000	-	**125,000**
Shares issued for cash on exercise of warrants	70,473	14,095	-	-	-	-	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	-	-	-	475,697	-	-	475,697	-	**475,697**
Derecognition of non-controlling intrest on loss of control	-	-	-	-	-	-	-	(129,094)	**(129,094)**
Net loss for the period	-	-	-	-	(5,463,244)	-	(5,463,244)	(70,906)	**(5,534,150)**
Balance - September 30, 2019	**124,880,164**	**$ 18,651,874**	**$ 3,206,443**	**$ 5,403,362**	**$ (25,852,569)**	**$ -**	**$ 1,409,110**	**$ -**	**$ 1,409,110**
Balance October 1, 2019	**124,880,164**	**$ 18,651,874**	**$ 3,206,443**	**$ 5,403,362**	**$ (25,852,569)**	**$ -**	**$ 1,409,110**	**$ -**	**$ 1,409,110**
Equity component of convertible debentures	-	-	-	-	-	87,533	87,533	-	**87,533**
Fair value of debenture warrants issued	-	-	-	-	-	166,939	166,939	-	**166,939**
Fair value of warrants issued	-	-	-	-	-	149,847	149,847	-	**149,847**
Fair value of finder warrants issued	-	-	-	-	-	26,770	26,770	-	**26,770**
Shares issued for cash on exercise of options (note 14 (b))	200,000	30,000	-	-	-	-	30,000	-	**30,000**
Shares issued on the setlement of debt	4,430,555	797,500	-	-	-	-	797,500	-	**797,500**
Share-based compensation (note 14 (b))	-	-	-	1,516,224	-	-	1,516,224	-	**1,516,224**
Net loss for the period	-	-	-	-	(3,857,952)	-	(3,857,952)	-	**(3,857,952)**
Balance - March 31, 2020	**129,510,719**	**$ 19,479,374**	**$ 3,206,443**	**$ 6,919,586**	**$ (29,710,521)**	**$ 431,089**	**$ 325,971**	**$ -**	**$ 325,971**

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

RELAY MEDICAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2020 AND 2019
(Unaudited - Expressed in Canadian dollars)

		2020		2019
Cash flows from (used in) operating activities				
Net loss for the year	**$**	**(3,857,952)**	$	(2,556,958)
Items not affecting cash from operations:				
Depreciation		**78,447**		4,771
Amortization of intangibles		**251,645**		686,505
Loss on investment of associate		**379,783**		-
Share-based compensation		**1,516,224**		-
Shares issued for the settlement of liabilities		**797,500**		-
Interest and accretion net		**19,445**		-
Changes in non-cash working capital items:				
Prepaid expenses		**(13,838)**		47,811
Amounts receivable		**(41,119)**		(156,154)
Accounts payable and accrued liabilities		**(186,048)**		(104,227)
Net cash used in operating activities		**(1,055,912)**		(2,078,252)
Cash flows from (used in) investing activities				
Acquisition of subsidiary - cash acquired (note 6)		**-**		200,000
Purchase of property, plant and equipment		**-**		(42,538)
Interest earned on reclamation bond		**(372)**		-
Net cash from (used in) investing activities		**(372)**		157,462
Cash flows from (used in) financing activities				
Net Proceeds from issuance of convertible debenture		**945,000**		-
Proceeds from options exercise		**30,000**		-
Net payments on leases		**(45,936)**		-
Net cash from financing activities		**929,064**		-
Increase in cash for the year		**(127,220)**		(1,920,790)
Cash - beginning of year		**212,195**		2,295,779
Cash - end of year	**$**	**84,975**	$	374,989

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 $153,469 as at March 31, 2020 (September 30, 2019 working capital surplus - $442,226). 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.

During the period, there was a global outbreak of COVID-19 ("Coronavirus"), which has had a significant impact on businesses through the restrictions put in place by Canadian government regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the Coronavirus outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, the impact to date has been manageable.

2. BASIS OF PRESENTATION

Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the Handbook of Chartered Professional Accountants of Canada applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. These unaudited condensed interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements as at and for the year ended September 30, 2019.

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. 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.

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").

Below is a summary showing the classification and measurement bases of financial instruments;

Asset or Liability	Category	Measurement
Cash	FVTPL	Fair value
Reclamation bonds	Held to maturity	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost

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 and cash equivalents and marketable securities are 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 loan receivable 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 and Due to shareholders 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.

Revenue Recognition

Interest revenue is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is recognized on a time-proportion basis using the effective interest method.

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.

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 beginning with the year ended September 30, 2019 and also for the quarter ended March 31, 2020;

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 – Leases – This standard will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. IFRS 16 introduces a single lessee accounting model that requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lease assets and liabilities are initially recognized on a present value basis and subsequently, similarly to other non-financial assets and financial liabilities, respectively.

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;

(Unaudited - Expressed in Canadian dollars)

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. The patent assets acquired represent patent applications.

7. INVESTMENT IN ASSOCIATE

On March 21, 2019, Relay and another party acquired a private company, Glow LifeTech Ltd. Relay contributed a suite of technology assets to Glow for consideration of 6,250,000 common shares valued at $333,333. The other party contributed $200,000 in cash for 3,750,000 common shares of Glow. As a result, Relay held approximately 62.5% of Glow. Relay recorded an impairment loss of $2,645,558 in the Consolidated Statements of Loss and Comprehensive Loss for the year ended September 30, 2019 on the transfer of these assets.

On May 27, 2019., Glow LifeTech Ltd completed a private placement for gross proceeds of $1,200,091 through the issuance of 6,000,950 common shares priced at $0.20 per share. As a result, Relay's ownership stake in Glow was reduced from 62.5% to 39.1% and it was determined that the Company lost control as of this date. The Company recorded a gain on loss of control of $1,034,843 in the Consolidated Statements of Loss and Comprehensive Loss for the year ended September 30, 2019 based on an increase in the Company's remaining share of the fair value of the net assets of Glow.

8. PROPERTY PLANT AND EQUIPMENT

	Laboratory equipment $	**Office furniture & equipment $**	**Computer equipment $**	**Total $**
Cost				
As at October 1, 2019	76,647	67,996	2,879	147,522
As at March 31, 2020	76,647	67,996	2,879	147,522

	Laboratory equipment $	**Office furniture & equipment $**	**Computer equipment $**	**Total $**
Accumulated amortization				
As at October 1, 2019	15,015	17,659	1,179	33,853
Amortization for the period	7,508	8,830	590	16,927
As at March 31, 2020	22,523	26,489	1,769	50,780

	Laboratory equipment $	**Office furniture & equipment $**	**Computer equipment $**	**Total $**
Net book value				
As at October 1, 2019	61,632	50,337	1,700	113,669
As at March 31, 2020	54,125	41,508	1,111	96,743

(Unaudited - Expressed in Canadian dollars)

9. RIGHT OF USE ASSETS

IFRS 16 – right-of-use asset recognition	**$**	**493,761**
Depreciation		(61,521)
Balance, March 31, 2020	**$**	**432,241**

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 March 31, 2020		
Less than one year	$	133,916
Greater than one year		544,252
Total undiscounted lease obligation	**$**	**678,168**

10. INTANGIBLE ASSETS

The following is a summary of patents as at December 31, 2019:

	Patents	**Software license**	**Total**
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	(333,333)	-	(333,333)
Balance September 30, 2019	**243,645**	**76,000**	**319,645**
Amortization	(243,645)	(8,000)	(251,645)
Balance March 31, 2020	**-**	**68,000**	**68,000**

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

On July 2, 2019, the Company announced the acquisition of rights to a medical-grade cloud software platform, from Fio Corporation, which develops sophisticated healthcare IT solutions for decentralized and mobile settings. The software, to be marketed as Relay MedNet, has been acquired for an upfront cash payment of $80,000 and a royalty to be paid on future sales made by Relay at the time of the sale. There have been no sales for the three months ended December 30, 2019.

(Unaudited - 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. The lease payments are $4,185 per month from the commencement date of the lease. 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. The Company receives $3,445 per month from the commencement of the sublease to August 30, 2020.

On November 1, 2018, the Company entered into a 60 month lease agreement to lease an office and laboratory facilities. The lease payments are $5,540 per month from the commencement date of the lease.

		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**
Interest expense		18,134		1,311		19,445
Lease payments		(20,251)		(9,528)		(29,779)
Balance, March 31, 2020	**$**	**488,064**	**$**	**34,550**	**$**	**522,614**

The Company has recorded these leases as right-of-use assets (note 8) and lease liability in the statement of financial position as at December 31, 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 10%, which is the Company's incremental borrowing rate. Effective interest rate is 10.25%.

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

		Under 1 year		Between 1-2 years		Between 3-4 years		Total
Office Lease	$	133,916	$	279,907	$	264,344	$	678,168

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.

13. CONVERTIBLE DEBENTURES

On January 29, 2020, the Company announced that the Company completed a financing of $945,000 through the issuance of secured convertible debentures. The Debentures will mature on the first anniversary of issuance and bear interest at a rate of ten percent (10%) per annum which shall accrue from the date the Debentures are issued until the Maturity Date. Each Debenture shall be convertible into common shares in the capital of the Company at a price of $0.18 per Common Share. The lender will also receive a half of a Common Share purchase warrant (each, a “Debenture Warrant”) for each $0.18 principal amount of the Debentures, resulting in an aggregate of 2,625,001 Debenture Warrants being issued. Each Debenture Warrant will entitle the holder to acquire one Common Share at an exercise price of $0.23 per Common Share for a period of two years from the date of issuance. In connection with the Offering, certain shareholders of the Company agreed to loan 5,250,000 free-trading Common Shares to the holders of the Debentures, in exchange for a half of a Common Share purchase warrant (each whole warrant, a “Warrant”) for each Common Share. Each whole Warrant will entitle the holder to acquire one Common Share at an exercise price of $0.20 per Common Share for a period of two years from the date of issuance. In connection to the Offering, finder’s fees were paid equal to 8% of the proceeds raised and an aggregate of 420,000 finder warrants (the “Finder Warrants”) were issued to the Finder, each Finder Warrant entitling the holder to acquire one Common Shares at an exercise price of $0.18 per Common Share for a period of two years from the date of issuance.

(Unaudited - Expressed in Canadian dollars)

14. CAPITAL STOCK

(a) Common shares

Authorized

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

Issued and Outstanding

Capital Stock	Number
Balance - October 1, 2019	**124,880,164**
Shares issued on the exercise of stock options	200,000
Shares issued on the settlement of debt	4,430,553
Balance - March 31, 2020	**129,510,717**

i. On January 22, 2020, 200,000 shares were issued on the exercise of stock options at an exercise price of $0.15 for gross proceeds to the Company of $30,000.

ii. On January 30, 2020, 4,430,553 shares were issued in connection with the settlement of current amounts payable. The shares were issued at a price of $0.18 to settle amounts owing of $797,500.

iii. 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

iv. 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.

v. 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.

vi. 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.

vii. 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.

viii. 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.

On February 28, 2020 the Company announced that it has granted an aggregate of 10,000,000 options to purchase common shares of the Company exercisable at a price of $0.20 per common share and expiring on February 19, 2025, to certain directors, employees, officers and consultants of the Company.

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

(Unaudited - Expressed in Canadian dollars)

	Number of Options Outstanding	Black-Scholes Value	Weighted Average Exercise Price
Balance - October 1, 2019	15,859,500	3,169,858	0.25
Exercised	(200,000)	(27,920)	(0.15)
Expired and cancelled	(550,000)	(88,249)	(0.35)
Granted	10,000,000	1,410,000	0.20
Balance - March 31, 2020	**25,109,500**	**4,463,689**	**$ 0.22**

The following common share purchase options are outstanding as at March 31, 2020:

Date of Grant	Number of Options Outstanding	Exercise Price	Weighted Average remaining life (years)	Expiry Date
December 7, 2015	120,000	0.20	0.9	December 7, 2020
October 24, 2016	1,100,000	0.15	1.8	October 24, 2021
June 19, 2017	2,510,000	0.30	2.5	June 19, 2022
November 20, 2017	2,662,000	0.27	2.5	June 19, 2022
January 24, 2018	300,000	0.60	3.1	January 24, 2023
June 20, 2018	4,017,500	0.27	3.5	June 20, 2023
September 12, 2019	4,400,000	0.20	3.7	September 12, 2023
February 18, 2020	10,000,000	0.20	4.9	February 18, 2025
	25,109,500	**$ 0.25**	**3.8**	

The fair value of options granted was estimated at the date of grant using a Black Scholes Option Pricing Model with the following assumptions:

	February 18 2020	September 12 2019	June 20 2018	January 24 2018	November 20 2017
Share price	$0.18	$0.19	$0.27	$0.60	$0.27
Risk-free interest rate	1.39%	1.49%	1.46%	1.46%	1.46%
Expected life of options	5 years	4 years	5 years	5 years	5 years
Annualized volatility	111%	110%	117%	121%	121%
Dividend rate	Nil	Nil	Nil	Nil	Nil
Forfeiture rate	0%	0%	0%	0%	0%

(Unaudited - Expressed in Canadian dollars)

(c) **Warrants**

The following table summarizes warrants that have been issued, exercised or have expired during the three months ended March 31, 2020:

	Number of Warrants Outstanding		Black-Scholes Value		Weighted Average Exercise Price
Balance - October 1, 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**	**$**	**0.35**
Granted Debenture warrants	2,625,000		166,939		0.18
Granted warrants	2,625,000		149,847		0.20
Granted finder warrants	420,000		26,770		0.18
Expired	(10,053,795)		(874,486)		(0.45)
Balance - March 31 , 2020	**23,575,000**		**1,136,618**	**$**	**0.14**

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 fair value of the warrants exercised was $14,654.

The fair value of warrants granted was estimated at the date of grant using a Black Scholes Option Pricing Model with the following assumptions:

	Investor warrants		Broker warrants	
	Aug-19	**May 2019**	**Aug-19**	**May 2019**
Share price	0.195	0.205	0.195	0.205
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

The fair value of warrants granted was estimated at the date of grant using a Black Scholes Option Pricing Model with the following assumptions:

	Investor warrants				Broker warrants		
	May 2019	**November 2017**	**July 2018**	**August 2018**	**May 2019**	**July 2018**	**August 2018**
Share price	0.21	0.27	0.22	0.24	0.21	0.23	0.23
Risk-free interest rate	1.64%	1.46%	1.28%	1.23%	1.64%	1.28%	1.23%
Time to maturity	1.5	2	1.5	1.5	1.5	1.5	1.5
Annualized volatility	95%	117%	104%	105%	95%	104%	105%
Dividend yield	NIL	NIL	NIL	NIL	NIL	NIL	NIL

(Unaudited - Expressed in Canadian dollars)

As at March 31, 2020, 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
7,662,500	0.30	533,023	November 17,2020
93,200	0.20	8,627	November 17,2020
7,370,500	0.30	536,367	November 20, 2020
2,710,000	0.30	157,596	February 9, 2021
68,800	0.20	5,542	February 9, 2021
2,625,000	0.18	166,939	January 29, 2022
2,625,000	0.20	149,847	January 29, 2022
420,000	0.18	26,770	January 29, 2022
23,575,000	**-**	**1,584,711**	

The Company 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 months, with the expiry date now being November 20, 2020. The exercise price of the warrants remain unchanged.

15. RELATED PARTY TRANSACTIONS

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:

	For the six months ended March 31			
		2020		**2019**
Share based compensation (Note 13(b))		**1,516,224**		-
Consulting and management fees		**982,994**		456,561
	$	**2,499,218**	$	456,561

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 approximates 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 bond is 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 March 31, 2020, 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 March 31, 2020 the Company held cash of $84,975 (September 30, 2019 - $212,195) to settle current liabilities of $1,042,386 (September 30, 2019 - $663,281).

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 March 31, 2020, the Company's capital stock was $19,479,374 (September 30, 2019 - $18,651,874).

There were no changes in the Company's approach to capital management during the period ended March 31, 2020 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 months ended March 31, 2020 and 2019, this would be anti-dilutive.

19. SUBSEQUENT EVENTS

On May 29, 2020 the Company announced the closing of a non-brokered private placement financing (the "Offering") of gross proceeds of $639,500 through the issuance of 3,522,777 Units (each, a "Unit") at a price of $0.18 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 Warrant entitles the holder to purchase one additional Common Share at an exercise price of $0.20 on or before May 29, 2022. Gross proceeds raised from the Offering will be used for working capital and general corporate purposes. The securities issued upon closing of the Offering are subject to a hold period until September 30, 2020, pursuant to applicable securities laws.

On May 29, 2020, the Company announced that it has entered into debt conversion agreements with arm's length and non-arm's length creditors, pursuant to which the Company has settled an aggregate of $409,850 of indebtedness through the issuance of 2,276,944 Common Shares at a price of $0.18 per Common Share. The Common Shares issued pursuant to the debt settlement are subject to a four-month hold period and completion of the transaction remains subject to final acceptance of the Canadian Securities Exchange.