RELAY MEDICAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

INDEX

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, 2020 and September 30, 2019, 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, 2020 and September 30, 2019, 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.

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Stroud.

MNP LLP

Toronto, Ontario
January 31, 2021

Chartered Professional Accountants
Licensed Public Accountants

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

As at		September 30, 2020		September 30, 2019
Assets				
Current assets				
Cash	**$**	**896,057**	$	212,195
Other receivables (note 5)		**582,669**		164,064
Prepaid expenses		**12,987**		14,238
		1,491,713		390,497
Non-current assets				
Reclamation bonds (note 11)		**73,431**		73,431
Property, plant and equipment (note 7)		**64,015**		113,669
Right-of-use asset (note 8)		**396,785**		493,761
Investment in associate (note 6)		**764,529**		1,139,607
Intangible assets (notes 9)		**60,000**		319,645
Total assets	**$**	**2,850,473**	$	2,530,610
Current Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**525,876**	$	588,552
Current portion of lease liability (note 10)		**89,725**		74,729
Convertible debenture (note 12)		**861,416**		-
Government loan (Note 13)		**40,000**		-
		1,517,017		663,281
Non-Current Liabilities				
Lease liability (note 10)		**382,929**		458,219
Government loan (note 13)		**79,296**		-
Total liabilities		**1,979,242**		1,121,500
Shareholders' equity				
Capital stock (note 14 (a))		**21,963,267**		18,651,874
Warrant reserve		**4,592,552**		3,206,443
Contributed surplus		**7,576,121**		5,403,362
Equity component of convertible debenture (note 12)		**20,386**		-
Deficit		**(33,281,095)**		(25,852,569)
Total Shareholders' equity		**871,231**		1,409,110
	$	**2,850,473**	$	2,530,610

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

"Greg Van Staveren" — Director

"Gerard Edwards" — Director

NATURE OF OPERATIONS (Note 1)

SUBSEQUENT EVENTS (Note 20)

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

(Expressed in Canadian dollars)

	Year ended	
	2020	2019
Expenses		
Share-based compensation (note 14(b))	**$ 2,264,106**	$ 475,697
Consulting and management fees (note 16)	**1,603,615**	1,771,512
Salaries and benefits	**573,881**	927,842
Product research and development costs	**669,863**	912,817
Amortization expense (note 9)	**259,645**	1,020,174
Shareholder communications and marketing	**615,808**	183,832
Office, general and administrative	**317,502**	529,620
Depreciation	**146,630**	156,896
Professional fees	**194,248**	301,033
Transfer agent and filing fees	**9,002**	10,578
Impairment loss on intangible assets	**-**	2,645,558
Loss on investment in associate (note 6)	**495,810**	110,393
Loss on recognition of sublease	**-**	5,276
Dilution gain on investment in associate (note 6)	**(197,410)**	(1,034,843)
Interest and accretion	**363,315**	74,723
Loss on settlement of debt (note 14(a))	**160,622**	-
Government grant revenue (note 13)	**(89,238)**	-
Other income (note 6)	**(268,322)**	
Net loss and comprehensive loss	**$ 7,119,077**	$ 8,091,108
Net loss and comprehensive loss attributable to shareholders of the Company	**7,119,077**	8,020,202
Net loss and comprehensive loss attributable to non-controlling interest	**-**	70,906
	$ 7,119,077	$ 8,091,108
Loss per share		
Basic and diluted (note 19)	**$ (0.05)**	$ (0.07)
Weighted average number of common shares outstanding, basic and diluted	**130,890,338**	116,746,941

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, 2020 AND 2019
(Expressed in Canadian dollars)

	Capital Stock		Warrant reserve	Contributed surplus	Equity component of Convertible Debentures	Non-controlling interests	Deficit	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**
Shares issued for cash, net of issuance costs	10,372,500	1,460,803	581,297	-	-	-	-	2,042,100
Shares issued for cash on exercise of options	1,250,000	125,000	-	-	-	-	-	125,000
Shares issued for cash on exercise of warrants	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	-	-	-	475,697	-	-	-	475,697
Non-controlling interest on acquisition of control	-	-	-	-	-	200,000	-	200,000
Derecognition of non-controlling intrest on loss of control	-	-	-	-	-	(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**
Balance - October 1, 2019	**124,880,164**	**$ 18,651,874**	**$ 3,206,443**	**$ 5,403,362**	**$ -**	**$ -**	**$ (25,852,569)**	**$ 1,409,110**
Units issued for cash, net of issuance costs (note 14 (a))	13,737,866	1,630,574	811,490	-	-	-	-	**2,442,064**
Equity component of convertible debentures	-	-	-	-	20,386	-	-	**20,386**
Fair value of debenture warrants issued	-	-	265,170	-	-	-	-	**265,170**
Shares issued on exercise of options (note 14 (b))	650,000	211,347	-	(91,347)	-	-	-	**120,000**
Shares issued on the setlement of debt	7,148,797	1,469,472	-	-	-	-	-	**1,469,472**
Share-based compensation (note 14 (b))	-	-	-	2,264,106	-	-	-	**2,264,106**
Warrant modification			309,449				**(309,449)**	**-**
Net loss for the year	-	-	-	-	-	-	**(7,119,077)**	**(7,119,077)**
Balance - September 30, 2020	**146,416,827**	**$ 21,963,267**	**$ 4,592,552**	**$ 7,576,121**	**$ 20,386**	**$ -**	**$ (33,281,095)**	**$ 871,231**

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, 2020 AND 2019
(Unaudited - Expressed in Canadian dollars)

		2020		2019
Cash flows from (used in) operating activities				
Net loss for the year	**$**	**(7,119,077)**	$	(8,091,108)
Items not affecting cash from operations:				
Depreciation		**146,630**		156,896
Amortization (note 9)		**259,645**		1,020,174
Impairment loss (note 9)		**-**		2,645,558
Gain on loss of control (note 6)		**-**		(1,034,843)
Dilution gain on investment in associate (note 6)		**(197,410)**		-
Share of loss of investment in associate		**572,488**		110,393
Share-based compensation		**2,264,106**		475,697
Loss on settlement of debt		**160,622**		-
Interest and accretion net		**362,879**		74,723
Government grant revenue (note 13)		**(89,238)**		-
Loss of Sublease		**-**		5,276
Changes in non-cash working capital items:				
Prepaid expenses		**1,251**		108,229
Amounts receivable		**(71,843)**		370,142
Accounts payable and accrued liabilities		**1,246,174**		45,968
Net cash used in operating activities		**(2,463,773)**		(4,112,895)
Cash flows used in investing activities				
Purchase of software license		**-**		(80,000)
Interest earned on reclamation bonds		**-**		(2,442)
Purchase of property, plant and equipment (note 7)		**-**		(147,522)
Net cash used in investing activities		**-**		(229,964)
Cash flows from (used in) financing activities				
Proceeds from private placement, net of issue costs		**2,090,852**		2,042,100
Net proceeds from issuance of convertible debenture		**858,100**		-
Proceeds from warrant exercise		**-**		14,095
Proceeds from options exercise		**90,000**		125,000
Proceeds from government loans		**208,000**		
Proceeds from sale of shares in subsidary		**-**		200,000
Cash outflows from non-controlling interest		**-**		(10,917)
Net payments on leases		**(99,317)**		(111,003)
Net cash from financing activities		**3,147,635**		2,259,275
Decrease in cash for the year		**683,862**		(2,083,584)
Cash - beginning of year		**212,195**		2,295,779
Cash - end of year	**$**	**896,057**	$	212,195
Supplemental cash flow information				
Non-cash settlement of debt	**$**	**1,308,850**	$	-

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

1. NATURE OF OPERATIONS

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. The principal business address of the Company is 401 Bay Street, Suite 1600, Toronto, Ontario, M5H 2Y4.

During the year, 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 and the company will continue to be in operations.

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 ended September 30, 2020 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on January 31, 2021.

Principles of Consolidation

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

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, 2020 and 2019, the company accounts for its investment in Glow as an investment in associate (note 6).

<u>Subsidiaries</u>

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.

<u>Non-controlling interests</u>

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 software license 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.

All 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.

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	Measurement
Cash	Fair value
Other receivables	Amortized cost
Convertible debentures	Amortized cost
Reclamation bonds	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Government loans	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.

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".

iii. Fair Value through other comprehensive income

Investments recorded at fair value through other comprehensive income (FVTOCI) On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to measure the investment at FVOCI whereby changes in the investment's fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is made on an investment-by-investment basis.

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.

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.

The fair value of the Company's financial instruments approximates the carrying value, due to the short-term nature of the instruments.

Cash

Cash consists of 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.

Investment in Associates

Investments in associates are 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.

Government Grants

Government grants are recognized only when there is reasonable assurance that the Company will comply with any conditions attached to the grant and that the grant will be received. A grant relating to expenses is recognized as income in the period in which the expenses are incurred.

Leases

All leases are accounted for by recognizing 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. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

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 software license. 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:

Evaluation of going concern

The preparation of the financial statements requires management to make judgments regarding the going concern of the Company.

Impairment of intangible assets

Management has exercised their judgment in determining if the intangible assets are impaired. The judgment is based on management's ability to assess for indicators of impairment.

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.

Control

The Company uses judgement when assessing if the Company controls an investee, which includes the assessment of whether it holds power over the relevant activities, is exposed to variable returns and has the ability to use that power to affect those variable returns.

(Expressed in Canadian dollars)

Research vs. Development Stage

The Company uses judgement when assessing if the Company has achieved development stage activities with its internally generated intangible assets.

Accounting standards and amendments issued but not yet adopted

Amendment to IFRS 3 – Business Combinations

On October 22, 2018, the IASB issued Definition of a Business (Amendments to IFRS 3: Business Combinations). The amendments to IFRS 3 are applicable for acquisitions occurring on or after January 1, 2020 and are adopted prospectively. These amendments to the implementation guidance of IFRS 3 clarify the definition of a business to assist entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition. The amendments to IFRS 3 – Business Combinations may affect whether future acquisitions are accounted for as business combinations or asset acquisitions, along with the resulting allocation of the purchase price between the net identifiable assets acquired and goodwill. The Company does not expect any impact to the financial statements as a result of its adoption of the amendments to IFRS 3.

5. OTHER RECEIVABLES

As at September 30, 2020 and 2019, other receivables were comprised of the following:

		September 30, 2020		September 30, 2019
HST receivable	**$**	**185,477**	$	126,824
Subscription receivables		**381,212**		-
Due from Glow Lifetech Ltd.		**7,600**		-
Other receivables		**8,380**		37,240
	$	**582,669**	$	164,064

6. 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 and licenses to Glow for 6,250,000 common shares. 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 ended September 30, 2020 the company recognized a loss in investment in associate of $495,810 (September 30, 2020 - $110,393). The Company also recognized $345,000 of other income charged to Glow for consulting services provided, of which $76,678 were eliminated.

During the September 30, 2020 fiscal year, Glow completed a series of private placements for gross proceeds of $2,411,115 through the issuance of 12,120,000 common shares at a price of $0.20 per share. In connection with these private placements, as of September 30, 2020, Relay's ownership in glow was further diluted down to 22.2% (September 30, 2019 – 39.1%). As a result, a dilution gain on investment in associate was recognized in the statement of loss and comprehensive loss totaling $197,410 (September 30, 2019 - $nil).

As at September 30,	**2020**	2019
Glow Lifetech Ltd.		
Opening balance	**$ 1,139,607**	$ -
Contribution	**-**	1,250,000
Share of equity loss	**(495,810)**	(110,393)
Dilution gain	**197,410**	-
Elimination of intercompany transactions	**(76,678)**	-
Ending balance	**$ 764,529**	$ 1,139,607

Summarized financial information of the investment are presented below, on a 100% basis:		
Selected information as at September 30,	**2020**	2019
Total assets	**$ 1,991,708**	$ 1,321,369
Total liabilities	**$ 228,570**	$ 80,552
Net assets	**$ 1,763,138**	$ 1,240,817

Selected information for the years ended	**2020**	2019
Net loss and comprehensive loss	**$ 1,888,804**	$ 282,624

(Expressed in Canadian dollars)

7. PROPERTY PLANT AND EQUIPMENT

		Laboratory equipment		Office furniture & equipment		Computer equipment		Total
Cost								
As at October 1, 2018	$	-	$	-	$	-	$	-
Additions		76,647		67,996		2,879		147,522
As at September 30, 2019		76,647		67,996		2,879		147,522
As at September 30, 2020	**$**	**76,647**	**$**	**67,996**	**$**	**2,879**	**$**	**147,522**
Accumulated amortization								
As at October 1, 2018	$	-	$	-	$	-	$	-
Amortization for the period		15,014		17,659		1,179		33,853
As at September 30, 2019		15,015		17,659		1,179		33,853
Amortization for the period		25,549		22,665		1,440		49,654
As at September 30, 2020	**$**	**40,564**	**$**	**40,324**	**$**	**2,619**	**$**	**83,507**
Net book value								
As at October 1, 2018	$	-	$	-	$	-	$	-
As at September 30, 2019	$	61,632	$	50,337	$	1,700	$	113,669
As at September 30, 2020	**$**	**36,083**	**$**	**27,672**	**$**	**260**	**$**	**64,015**

8. RIGHT OF USE ASSETS

IFRS 16 – right-of-use asset

As of		**September 30, 2020**		September 30, 2019
Opening balance	**$**	**493,761**	$	-
Adoption of IFRS 16		**-**		665,129
Depreciation		**(96,976)**		(123,044)
Disposal on sublease		**-**		(48,324)
Ending balance	**$**	**396,785**	$	493,761

Right-of-use assets consist of the lease for the Company's office and laboratory and are amortized over a period of 74 months.

(Expressed in Canadian dollars)

9. INTANGIBLE ASSETS

The following is a summary of intangible assets held as at September 30, 2020 and 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)	(16,000)	(259,645)
Balance, September 30, 2020	**$ -**	**$ 60,000**	**$ 60,000**

Patents held by the Company from the prior periods include various patents and licenses 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.

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 during the September 30, 2019 fiscal year. In the September 30, 2020 fiscal year, no impairment losses were recognized.

10. 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. As of September 30, 2020, the lease and sub lease payments were fully paid down, and the premises was vacated.

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	70,767	2,706	73,473
Lease payments	(88,294)	(45,473)	(133,767)
Balance, September 30, 2020	**$ 472,654**	**$ -**	**$ 472,654**

(Expressed in Canadian dollars)

The Company has recorded these leases as right-of-use assets (note 8) and lease liability in the statement of financial position as at September 30, 2020 and 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 was the Company's incremental borrowing rate.

Maturity Analysis – Contractual Undiscounted Cash Flows

As of		September 30, 2020		September 30, 2019
Less than one year	$	**152,006**	$	148,472
Greater than one year		**475,376**		612,677
Total undiscounted lease obligation	$	**627,382**	$	761,149

The continuity of the lease liability as at September 30, 2020 is presented in the table below:

		Under 1 year		Between 1-2 years		Between 2-3 years		Over 4 years		Total
Office Lease	$	152,006	$	147,655	$	158,459	$	169,262	$	627,382

11. 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.

12. CONVERTIBLE DEBENTURES

On January 29, 2020, the Company completed a financing of $945,000 through the issuance of secured convertible debentures (the “Debentures”). The Debentures will mature on the first anniversary of issuance, bear interest at a rate of ten percent (10%) per annum and are secured against all the assets of the Company. The Debentures are convertible at the option of the holder into common shares in the capital of the Company at a price of $0.18 per common share (the “Conversion Option”). In connection with the Debentures, holders also received 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 issued. Each Debenture Warrant entitles the holder to acquire one common share of the Company 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 financing, 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 resulting in an aggregate of 2,625,000 Warrants issued, fair valued at $213,397.

(Expressed in Canadian dollars)

Each whole Warrant entitles the holder to acquire one common share of the Company at an exercise price of $0.20 per common share for a period of two years from the date of issuance. In connection with the financing, finder's fees were paid totalling $86,900 and an aggregate of 420,000 warrants (each a "Finder Warrant") were issued to the finder, valued at $36,383. Each Finder Warrant entitles 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.

The Company used the residual value method to allocate the principal amount of the convertible debentures between the liability and equity components. The Company valued the debt component of the convertible debentures by calculating the present value of the principal and interest payments, discounted at a rate of 16.5%, being management's best estimate of the rate that a non-convertible debenture with similar terms would bear. The equity component of the convertible debentures comprises the value of the Conversion Option and Debenture Warrants, being the difference between the face value of the Debentures and the liability component calculated below. Based on this calculation, the liability component was $889,423 and the residual equity component was $55,577.

The fair value of Warrants and Finder Warrants granted was estimated at the date of issuance using a Black Scholes Option Pricing Model with the following assumptions:

	January 29, 2020
Share price	$0.185
Risk-free interest rate	1.47%
Expected life of warrants	2 years
Annualized volatility	85.12%
Dividend rate	Nil

The following table disclosed the components associated with the convertible debenture transaction at initial recognition:

January 29, 2020		
Proceeds from issuance of Debentures	$	945,000
Less equity component		(55,577)
Loan liability component	**$**	**889,423**

The change in the convertible debenture loan liability are as follows:

Value at initial recognition	$	889,423
Issuance cost		(316,879)
Accretion		288,872
Balance September 30, 2020	**$**	**861,416**

(Expressed in Canadian dollars)

13. GOVERNMENT LOANS

Canadian Emergency Business Account (“CEBA”) Loan:

On May 8, 2020 the Company applied for and received a Canadian Emergency Business Account (“CEBA”) loan for amounts totaling $40,000. The CEBA loan was implemented by the Government of Canada to provide financial relief measures to small businesses adversely effected by COVID-19. Under the terms of the CEBA loan, proceeds received are interest-free up until December 31, 2022. If a minimum of 75% of the principal balance on the loan is repaid on, or prior to, December 31, 2022, the remaining 25% shall be forgiven. All principal amounts unpaid and outstanding subsequent to December 31, 2022 shall bear interest at a rate of 5% per annum, payable and compounding monthly.

Subsequent to application and receipt of funds, the Company has identified that they do not qualify for the CEBA loan and as a result, the Company has not recognized any grant revenue or interest benefit in the statement of loss and comprehensive loss in connection with this loan.

Regional Relief and Recovery Fund (“RRRF”) Loan:

On September 15, 2020 the Company applied for and received a Regional Relief and Recovery Fund (“RRRF”) loan for amounts totaling $168,000. The RRRF loan was implemented by the Government of Canada to provide financial relief measures to small businesses in Southern Ontario adversely effected by COVID-19. Under the terms of the RRRF loan, proceeds received are interest-free and repayable in sixty (60) equal monthly payments, commencing on January 15, 2020.

In connection with the interest-free term on the loan, the interest benefit has been valued at $89,238 based on a fair market interest rate of 16.5%. As of September 30, 2020, the Company has incurred the maximum amount of eligible expenses resulting in amounts totaling $89,238 recognized as a government grant revenue in the statement of loss and comprehensive loss.

The continuity of the government loans as at September 30, 2020 is presented in the table below:

September 30, 2020		
Proceeds from government loans	$	208,000
Interest benefit		(89,238)
Fair value of government loans	**$**	**118,762**

Balance - October 1, 2019		
Additions	$	118,762
Accretion		534
Balance, September 30, 2020	**$**	**119,296**
Current		**40,000**
Non current		**79,296**

(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

	Number
Balance - September 30, 2018	**113,187,191**
Shares issued on financing (vi) (viii)	10,372,500
Shares issued on exercise of stock options (vii)	1,250,000
Shares issued on exercise of warrants (v)	70,473
Balance - September 30, 2019	**124,880,164**
Shares issued on financing (iii) (iv)	13,737,866
Shares issued on exercise of stock options (ii)	650,000
Shares issued in settlement of debt (i)	7,148,797
Balance - September 30, 2020	**146,416,827**

i. During the September 30, 2020 fiscal year, a total of 7,148,797 common shares fair valued at $1,469,472 were issued to various debt holders in settlement of amounts payable totaling $1,308,850. In connection with the debt settlements, a loss on settlement of debt was recognized in the statement of loss and comprehensive loss for the September 30, 2020 fiscal year totaling $160,622.

ii. On January 22, 2020 and June 12, 2020, 200,000 and 450,000 options respectively were exercised into common shares of the Company at prices of $0.15 and $0.20 per common share for gross proceeds of $90,000 and $30,000 was settled with outstanding debt subsequent to year end. In connection with the exercising, amounts totaling $91,347 were transferred from contributed surplus to share capital.

iii. On May 29, 2020, the Company completed a non-brokered private placement financing, raising gross proceeds of $639,500 through the issuance of 3,552,777 units at a price of $0.18 per unit. Each unit is comprised of one common share and one common share purchase 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. In connection with the financing, the Company incurred a cash finders fees of $7,416 and issued an aggregate 41,200 finders warrants. Each finder warrant entitling the holder to acquire one Common Share at a price of $0.20 for a period of twenty-four months from the date of issuance. Proceeds were allocated to common shares and warrants using the relative fair value method. The fair value of warrants was valued at $206,767 and the fair value of finder warrants was valued at $4,626.

iv. On September 17, 2020, the Company completed a non-brokered private placement financing, raising gross proceeds of $1,833,316 through the issuance of 10,185,089 units at a price of $0.18 per unit. Each unit is comprised of one common share and one common share purchase warrant. Each Warrant entitles the holder to purchase one additional common share at an exercise price of $0.20 on or before September 17, 2022. In connection with the financing, the Company incurred a cash finders fees of $23,336 and issued an aggregate 129,644 finders warrants. Each finder warrant entitling the holder to acquire one Common Share at a price of $0.20 for a period of twenty-four months from the date of issuance. Proceeds were allocated to common shares and warrants using the relative fair value method. The fair value of warrants was valued at $584,629 and the fair value of finder warrants was valued at $15,468.

v. 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.

vi. 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% 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.

vii. 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.

viii. 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% 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.

(Expressed in Canadian dollars)

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

	Number of Options Outstanding	Black-Scholes Value	Weighted Average Exercise Price
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**
Granted	14,800,000	2,298,732	0.20
Exercised	(650,000)	(91,347)	0.18
Expired	(550,000)	(144,258)	0.35
Forfeited	(3,818,000)	(862,419)	0.28
Balance - September 30, 2020	**25,641,500**	**$ 4,370,566**	**$ 0.22**

On August 26, 2020, the Company announced that it has granted an aggregate of 1,000,000 options to purchase common shares of the Company with an estimated fair value of $174,239 exercisable at a price of $0.23 per common share, vesting immediately and expiring on August 26, 2025, to certain directors, employees, officers and consultants of the Company.

On August 18, 2020, the Company announced that it has granted an aggregate of 3,800,000 options to purchase common shares of the Company with an estimated fair value of $589,759 exercisable at a price of $0.205 per common share, vesting immediately and expiring on August 18, 2025, to certain directors, employees, officers and consultants of the Company.

On February 19, 2020, the Company granted an aggregate of 10,000,000 options to purchase common shares of the Company with an estimated fair value of $1,409,662 exercisable at a price of $0.20 per common share, vesting immediately and expiring on February 19, 2025, to certain directors, employees, officers and consultants of the Company.

On January 22, 2020 and June 12, 2020, 200,000 and 450,000 options respectively were exercised into common shares of the Company at prices of $0.15 and $0.20. The fair value of the options exercised was $91,347.

On September 12, 2019, the Company granted an aggregate of 4,400,000 stock options to purchase common shares of the Company with an estimate fair value of $609,000 exercisable at a price of $0.20 per common shares. Options granted were 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.

(Expressed in Canadian dollars)

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 fair value of the options exercised was $144,669.

The following common share purchase options are outstanding as at September 30, 2020:

Date of Grant	Number Of Options Outstanding	Exercise Price	Weighted Average Remaining life (years)	Expiry Date	Number Of Options Exercisable
October 24, 2016	1,100,000	$ 0.15	1.1	October 24, 2021	1,100,000
June 19,2017	1,390,000	0.30	1.7	June 19, 2022	1,390,000
November 20, 2017	2,412,000	0.27	1.7	June 19, 2022	2,412,000
June 20, 2018	3,137,500	0.27	2.7	June 20, 2023	3,137,500
September 12, 2019	3,252,000	0.20	3.0	September 12, 2023	3,067,973
February 19, 2020	9,550,000	0.20	4.4	February 19, 2025	9,550,000
August 18, 2020	3,800,000	0.21	4.9	August 18, 2025	3,800,000
August 26, 2020	1,000,000	0.23	4.9	August 26, 2025	1,000,000
	25,641,500	**$ 0.22**	**3.6**		**25,457,473**

Share based compensation during the September 30, 2020 fiscal year totaled $2,264,106 (September 30, 2019 - $475,697).

The fair value of options granted during the years ended September 30, 2020 and 2019 was estimated at the date of grant using a Black Scholes Option Pricing Model with the following assumptions:

	August 26 2020	August 18 2020	February 19 2020	September 12 2019
Share price	$0.23	$0.205	$0.18	$0.19
Risk-free interest rate	0.41%	0.38%	1.36%	1.49%
Expected life of options	5 years	5 years	5 years	4 years
Annualized volatility	104%	104%	111%	110%
Dividend rate	Nil	Nil	Nil	Nil
Forfeiture rate	0%	0%	0%	0%

(Expressed in Canadian dollars)

(c) **Warrants**

The following table summarizes warrants that have been issued, exercised or have expired during the year ended September 30, 2020 and 2019:

	Number of Warrants Outstanding		Black-Scholes Value		Weighted Average Exercise Price
Balance -September 30, 2018	20,252,768	$	1,644,767	$	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**	**$**	**2,014,760**	**$**	**0.35**
Granted	19,578,711		1,386,109		0.20
Expired	(10,053,795)		(897,096)		0.44
Balance -September 30, 2020	**37,483,711**	**$**	**2,503,773**	**$**	**0.25**

The fair value of warrants granted during the year ended September 30, 2020 was estimated at the date of grant using a Black Scholes Option Pricing Model with the following assumptions:

	Investor & broker warrants	
	Sept 2020	May 2020
Share price	$0.255	$0.235
Risk-free interest rate	2.60%	0.28%
Time to maturity	2 years	2 years
Annualized volatility	73%	80%
Dividend yield	Nil	Nil

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)

As at September 30, 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
7,370,500	0.30	845,816	November 20, 2020
7,662,500	0.30	439,761	November 17, 2020
93,200	0.30	8,627	November 17, 2020
2,710,000	0.30	127,367	February 3, 2020
68,800	0.30	5,542	February 3, 2020
10,185,089	0.20	584,629	September 17, 2022
3,552,777	0.30	206,767	May 29, 2022
129,644	0.30	15,468	September 17, 2022
41,200	0.20	4,626	May 29, 2022
2,625,001	0.23	15,390	January 29, 2022
2,625,000	0.20	213,397	January 29, 2022
420,000	0.18	36,383	January 29, 2022
37,483,711	**0.25**	**2,503,773**	

On October 25, 2019, 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 year, with the expiry date now being November 20, 2020. The exercise price of the warrants remains unchanged. In connection with this modification, an incremental change in the fair value was determined to be $309,449 which has been recorded directly to retained earnings.

15. INCOME TAXES

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

	September 30, 2020	September 30, 2019
Net loss before income taxes	**$ (7,119,077)**	$ (8,091,108)
Combined Canadian federal and provincial tax rate	**26.50%**	26.50%
Expected income tax recovery at statutory tax rates	**(1,886,555)**	(2,144,144)
Book to filing adjustments	**-**	(328,945)
Share-based compensation and non-deductible expenses	**708,493**	889,964
Convertible debentures	**60,944**	-
Other	**(13,377)**	(24,129)
Change in unrecognized deferred tax assets	**1,130,495**	1,607,254
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, 2020	September 30, 2019
Property, plant and equipment	**$ 86,722**	$ 37,068
Exploration and evaluation assets	**2,608,354**	2,608,354
Share issuance costs	**116,087**	144,474
Intangible assets	**4,340,337**	4,080,683
Non-capital losses	**17,224,449**	13,396,355
Other	**76,027**	3,547
	$ 24,451,976	$ 20,270,481

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 2024. The remaining deductible temporary differences may be carried forward indefinitely.

As at September 30, 2020, the Company has non-capital losses of $17,224,449 that can be used to reduce future taxable income. These losses expire as follows:

2034	$ 305,339
2035	1,396,730
2036	940,885
2037	1,897,406
2038	4,231,668
2039	4,693,838
2040	3,758,583
	$ 17,224,449

6. RELATED PARTY TRANSACTIONS

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, Corporate Officers and Vice Presidents.

During the year ended September 30, 2020, $78,217 (2019 - $124,751) was due to key management and companies controlled by or related to key management. Remuneration of key management of the Company was as follows:

(Expressed in Canadian dollars)

	For the year ended September 30			
		2020		2019
Share based compensation	**$**	**1,135,209**	$	326,415
Consulting and management fees		**1,568,143**	$	1,832,780
	$	**2,703,352**	$	2,159,195

During the year ended September 30, 2020, certain officers and directors participated in the May 2020 private placement and purchased an aggregate of 720,000 units for a total value of $129,600 in common shares.

During the year ended September 30, 2020, the Company issued 4,233,519 common shares with a fair value of $839,382 to settle $771,600 of balances owing to related parties of the Company, resulting in a loss on settlement of $67,782.

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.

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

17. 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, other receivables, reclamation bonds, accounts payable and accrued liabilities, government loans and convertible debentures. The fair value of the Company’s other receivables, accounts payable and accrued liabilities, convertible debt and government loans 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 other receivables, reclamation bond, accounts payable and accrued liabilities, government loans and convertible debentures 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, 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 September 30, 2020 the Company held cash of $896,057 (September 30, 2019 - $212,195) to settle current liabilities of $1,517,017 (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.

18. 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, 2020, the Company's capital stock was $21,963,267 (September 30, 2019 - $18,651,874).

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

19. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share has been calculated by dividing the net loss per the financial statements by the weighted average number of shares outstanding during the year. The fully diluted loss per share would be calculated using a common share balance increased by the number of common shares that could be issued on the exercise of outstanding warrants and options of the Company. As the Company is in a loss position for the years ended September 30, 2020 and 2019, this would be anti-dilutive.

20. SUBSEQUENT EVENTS

In November 2020, the Company extended the expiry date of 7,662,500 previously issued warrants with an exercise price of $0.30 for an additional 90 days from the original expiry date of November 17, 2020 to February 15, 2021. The Company also extended the expiry date of 7,370,000 previously issued warrants with an exercise price of $0.30 for 90 days from the original expiry date of November 20, 2020 to February 18, 2021.

On December 18, 2020, the Company granted an aggregate of 4,600,000 options to certain officers, directors, and consultants of the Company at an exercise price of $0.225 per common share, expiring five years from the date of grant.

On December 21, 2020, the $945,000 principal of the 10% convertible debentures of the Company were converted into common shares of the Company. The debentures were converted into 5,250,000 common shares of the Company at a conversion price of $0.18.

On December 22, 2020, the Company and Fio Corporation jointly incorporated Fionet Rapid Response Group Inc. with the intention of fulfilling the joint arrangement between the two parties. Under the terms of the agreement, the Company will initially hold 33% ownership, while the remaining 67% will be held by Fio Corporation.

In January of 2021, the Company completed a private placement 42,862,500 units at a price of $0.20 per unit for gross proceeds of $8,572,500. Each unit consisted of one common share in the capital of the company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at an exercise price of $0.30 for a period of 18 months from the date of the offering. In connection with the offering, the Company paid cash commissions of $116,440 and issued 582,280 broker warrants. Each broker warrant entitles the holder to acquire one common share of the Company at a price of $0.30 for a period of 18 months from the date of issuance.

In January 2021, the Company granted an aggregate of 1,000,000 options to purchase common shares of the Company at the closing price on January 8, 2021 and expiring five years from the date of grant, to certain officers, directors and consultants of the Company.