STAGEZERO LIFE SCIENCES, LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three -month periods ended September 30, 2020 AND 2019
[Expressed in US dollars unless otherwise noted]

This Management's Discussion and Analysis should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2019 and 2018. The unaudited and restated condensed consolidated interim statements financial statements for the three-month periods ended September 30, 2020 and 2019 have been prepared using the same accounting policies that were described in Note 3 to the annual financial statements.

The following discussion and analysis ("MD&A") provides management's perspective on the financial position and results of operations of StageZero Life Sciences, Ltd. ("StageZero Life Sciences" or the "Company") on a consolidated basis for the year and nine-month periods ended September 30, 2020, and it should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2019 and 2018, which have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies described therein. The reporting currency is US dollars ("USD") unless otherwise specified. The most recent audited consolidated financial statements and annual information form ("AIF") are available on SEDAR at www.sedar.com and on the StageZero Life Sciences website: www.stagezerolifesciences.com.

The Company's functional currency is USD.

The audit committee of the board of directors (the "Audit Committee") and the board of directors (the "Board") have reviewed and approved the contents of this MD&A, which was current as at November 20, 2020.

The use of "Company" and "StageZero Life Sciences" in all forms refers to StageZero Life Sciences, Ltd. and its subsidiaries, unless otherwise noted. The use of "our", "we" and "us" in this document refers to StageZero Life Sciences or its management. Our registered offices are located in Richmond Hill, Ontario, Canada, near Toronto, and we have a wholly-owned subsidiary company: StageZero Life Sciences Holdings., which owns 100% of StageZero Life Sciences Inc. in the United States. As of September 30, 2020 and 2019, the Company's investments in Tianjin and GeneNews Diagnostics are valued at nil and had no activity during the periods discussed in this MD&A.

FORWARD-LOOKING STATEMENTS AND GOING CONCERN UNCERTAINTY

This MD&A contains certain forward-looking statements identified by words such as "believe", "anticipate", "estimate", "expect", "intend", "may", "will", "would" and similar expressions as well as negative variations thereof, although not all forward-looking statements contain these identifying words. There are a number of risks, uncertainties and other factors that could cause our actual results to differ materially from those indicated or implied by forward-looking statements. See "Risk Factors". We cannot guarantee the outcome of plans, intentions or expectations disclosed in forward-looking statements and you should not place undue reliance on these forward-looking statements. Any forward-looking statements represent our estimates as at the time such statements are made only and they should not be relied upon as representing our estimates as at any subsequent date. We do not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Specifically, this MD&A contains forward-looking statements regarding (i) our ability to secure new financing on reasonable terms and continue to operate as a going concern; (ii) the success and profitability and our ability to support the commercialization of our product and in-licensed tests; (iii) the impact of the trading patterns in our share price; (iv) the impact of dilution on existing shareholders given the nature of new financings which we obtain; (v) the impact of regulators' actions, including the Toronto Stock Exchange and the Ontario Securities Commission, on our business; (vi) the success of our collaborations and strategic partnerships to generate sufficient revenue to support our operations; (vii) the demand for our products; (viii) our ability to obtain any necessary regulatory approvals for our products and processes; (ix) the likelihood of ColonSentry® or our other products gaining reimbursement by third-

party payers, such as private health insurers, managed-health organizations and state-sponsored health insurance plans for each jurisdiction in which our products are offered; (x) our ability to protect our competitive position through patents, trade secrets, trademarks, know-how and other intellectual property rights; (xi) our compliance with privacy laws; (xii) our sales, marketing and distribution strategy; (xiii) our ability to manage corporate growth, commercial expansion and interruptions of operations; (xiv) changes to key personnel; (xv) changes to foreign exchange rates; (xvi) changes in interest rates; (xvii) litigation; (xviii) material weakness in financial controls; (xix) fluctuations in quarterly results; (xx) the current enterprise value assigned by the market; and (xxi) general business and economic conditions.

In developing the forward-looking statements in this MD&A, we have applied several material assumptions, including those related to general business and economic conditions as well as our ability to attract new financing on reasonable terms.

As there can be no certainty as to the outcome of the above matters, there is material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

BUSINESS

StageZero Life Sciences is focused on developing and commercializing proprietary molecular diagnostic tests for early detection of diseases and for personalized health management, with a primary focus on cancer-related indications.

We have developed a powerful approach to identifying unique RNA-based biomarkers from whole blood. We call this proprietary platform technology the Sentinel Principle®, and it has the ability to detect virtually any disease or medical condition from a simple blood sample. The Sentinel Principle® technology is protected by pioneering foundational patents. The science behind the Sentinel Principle® led to the development of our flagship product, ColonSentry®, a blood-based test for assessing an individual's current risk of having colorectal cancer. Additionally, our program called Aristotle, focused on finding and staging multiple disease states in the body, has demonstrated the ability to detect multiple cancers from a single sample of blood.

StageZero Life Sciences, through its Sentinel Principle®, is one of the founders of the Liquid Biopsy principle. The Sentinel Principle® is an award winning technology developed by StageZero Life Sciences based on the scientific observation that circulating blood cells reflect, in a detectable way, what is occurring throughout the body. This is a result of the constant and dynamic interaction of blood with cells, tissues and organs of the human body. Many clinical studies have demonstrated that gene expression profiles from blood can be used to develop personalized signatures capable of differentiating patients with cancer from healthy patients across a broad spectrum of pathologies. ColonSentry® , our diagnostic test for colorectal cancer, specifically measures gene expression in white blood cells. Tumors are known to affect the gene expression profiles of circulating white blood cells. This occurs due to a unique interaction between tumor cells and the immune system that has been referred to as "immunoediting." Immunoediting is the response of the immune system to a tumor and comprises three stages: elimination (in which the immune system identifies cancerous and/or precancerous cells and attempts to eradicate them), equilibrium (in which the surviving tumor cells begin mutating rapidly), and escape (in which tumor cells proliferate uncontrollably, leading to tumor progression). Each of these stages induces leukocyte gene expression changes that constitute a unique, detectable molecular signature.

Our flagship test, ColonSentry®, is offered to the U.S. population through our wholly-owned laboratory in Richmond, Virginia, and we offer early cancer diagnostics and risk stratification for colorectal, lung, prostate and breast cancers, through several novel, proprietary molecular diagnostic platforms. We have adopted a population health model whereby the early cancer diagnostic tests are offered as risk stratification at the beginning of the cancer diagnostic process so that those patients who are at highest risk are prioritized for advanced diagnostic procedures. The Company has added focus to its commercialization path by accelerating the adoption of our menu of proprietary cancer tests with hospitals, clinical integrated networks, physician groups and other healthcare organizations. We are currently in implementation discussions with several groups.

Covid-19

StageZero Life Sciences, due to its extensive knowledge of mRNA testing and its CLIA certified, CAP accredited laboratory, is uniquely positioned to offer testing for the SARS-CoV-2 virus. Since April, 2020 the Company is offering 2 types of COVID-19 tests: PCR, and antibody tests. The PCR tests identify an active infection. The antibody tests identify antibodies in the blood that are indicative of a past infection.

The Company has partnered with both current service providers and new service providers to offer the testing. The tests offered are from Thermo Fisher Scientific, BTNX Inc. and Beckman Coulter.

By utilizing current relationships and in-house expertise that was created for our cancer screening tests, the Company has been able to pivot to serve a substantial need. The path to returning to any type of normality, lies with testing and a vaccine. We are pleased to be able to contribute to the testing. The US government has publicly stated that it wants to see 3 million COVID-19 tests done a day. This creates a massive opportunity and an urgent need.

Initial interest came from large employers and health care systems. The Company has decided to focus on delivering testing to frontline workers via employers, utilizing our telehealth platform. Our marketing channels for our cancer screening tests focus on Healthcare groups, large employers, physician groups and individuals. The Company is approaching COVID-19 testing in the same way, thereby utilizing efficiencies that already exist.

Interest has come from the Mercer VIP Program, the City of Alpharetta, Georgia, Udo Test, amongst others.

TESTS OFFERED

Both on our own and in partnership with other groups, we are working to secure multi-year agreements with hospitals, clinically integrated networks, large physician groups and healthcare organizations for StageZero Life Sciences' risk assessment tests to assist in the early detection of cancer. This is in addition to the work that is being done with high-risk populations and their employers, and in the telemedicine arena. The multiple cancers from a single sample of blood that Aristotle will provide will significantly add to this.

ColonSentry®

The ColonSentry® test assesses an individual's current risk, or probability, of having colorectal cancer through a convenient, and revolutionary, blood test. Colorectal cancer ("CRC") is one of the biggest killers in the United States, claiming more than 50,000 lives per year. Although CRC is a preventable and treatable form of cancer when detected early, people often delay or avoid being tested until symptoms appear. Patient discomfort with common test options like colonoscopy or stool-based tests continues to drive high noncompliance with recommended screening guidelines, resulting in late-stage detection when CRC is least curable.

The American Cancer Society's 80-by-18 initiative had a multi-partner goal to improve colorectal cancer screening rates to 80% in the eligible population by the end of 2018. At present, less than 60% of the eligible population has been screened. Novel efforts to improve screening through risk stratification tools are essential to getting the 'unscreened' population to be screened, traditionally through colonoscopy (90% of the screened population) or stool based (10%) procedures. ColonSentry®, as a blood-based risk stratification test, helps primary care physicians and gastroenterologists facilitate the discussion about colon cancer screening with the eligible population who have refused to undergo other tests such as colonoscopy or stool-based procedures.

***Early*CDT®-Lung**

StageZero in-licensed EarlyCDT-Lung in 2014. However in 2019 the Company shifted its focus to later stage cancer diagnosis. StageZero has the ability to refer patients for the test. However, it no longer processes the test in its lab.

Prostate Health Index ("PHI")

In April 2014, the PHI Test Agreement with Beckman, which allowed us to add Beckman's PHI test to our menu of cancer assays, was announced. The PHI test is a convenient blood test that is three times more specific in detecting prostate cancer than the prostate-specific antigen ("PSA") test. While the PSA test is currently the most widely used screening test for prostate cancer, it is generally recognized that PSA results can often indicate the possibility of prostate cancer when none is present. The PSA test is based on the fact that men with higher levels of PSA are more likely to have prostate cancer. However, higher levels of PSA can also be caused by a benign enlargement or inflammation of the prostate, leading to many false positives for cancer and ultimately unnecessary, invasive biopsies with an increased potential for patient harm. The PHI test helps physicians distinguish prostate cancer from benign

conditions by using three different PSA markers (PSA, free PSA and pro2 PSA) as part of a sophisticated calculation to more reliably determine the probability of cancer in patients with elevated PSA levels.

BreastSentry™
In October 2014 we in-licensed two blood-based biomarker assays—pro-NT and pro-ENK—intended to aid physicians in identifying those women who are at risk for developing breast cancer. These assays were developed by sphingotec GmbH, known for the discovery and development of biomarker assays.

BreastSentry™ measures the fasting plasma levels of Neurotensin (pro-NT) and Enkephalin (pro-ENK) which are highly predictive of a woman's risk for developing breast cancer. Various longitudinal studies have shown that elevated levels of pro-NT and decreased levels of pro-ENK are strong, independent risk factors for the development of breast cancer. The combined test levels have been incorporated into a sophisticated algorithm in order to provide an additional level of personal data to create an enriched, personalized score. BreastSentry™ is used to determine a woman's risk for developing breast cancer relative to the risk in an average risk population.

Breast cancer is the second leading cause of cancer deaths in women in the United States and is exceeded only by lung cancer.

Many breast cancer cases are not due to genetic inheritance and, unlike other blood tests on the market that look for genetic indicators for the possibility to develop breast cancer, pro-NT and pro-ENK are biomarkers that, when measured in a convenient blood test, indicate the current level of a woman's risk for breast cancer. The tests may be particularly applicable to those 50% of women who have dense breast tissue and where mammograms have less utility. BreastSentry™ has been validated as a laboratory developed test.

Aristotle as potentially the first multiple, discrete cancer diagnostic test from a single sample of blood, will expand our offering into this commercial framework. This is a $35 billion opportunity and the early diagnosis of cancer via an affordable, patient-friendly test will have an impact on the population level that is simply not achievable now.

COVID-19 Tests
On March 31, 2020 StageZero Life Sciences announced it was preparing to offer PCR and antibody tests for COVID-19. Testing was initiated in late April 2020.

The COVID-19-PCR test is a real-time reverse transcription polymerase chain reaction (rRT-PCR) test for the qualitative detection of nucleic acid from SARS-CoV-2 in nasopharyngeal specimens from individuals suspected of having COVID-19. Test results indicate whether the patient currently has the COVID-19 infection.

The COVID-19 IgG/IgM Antibody Test, is an in-vitro immunoassay for the direct and qualitative detection of anti-SARS-CoV-2 IgM and anti-SARS-CoV-2 IgG in human serum, plasma or venipuncture whole blood to aid in the diagnosis of COVID-19 in conjunction with clinical presentation and results of other laboratory tests. Detection of IgM antibodies indicates recent infection, while IgG antibodies gradually appear and increase in the late stage of infection. It is not known how long these antibodies persist in the blood after infection. This test is for professional in-vitro diagnostic use only. Blood samples are drawn from the patient and shipped to our CLIA certified, CAP accredited lab in Richmond, Virginia.

COMMERCIAL ACTIVITIES

The Company has a national, clinical reference laboratory specializing in personalized blood-based tests to find, understand and treat cancers, which operates from a single facility in Richmond, Virginia, that is capable of servicing the entire United States, Canada and Europe.

The Company is working to secure multi-year agreements with hospitals, clinically integrated networks, large physician groups and healthcare organizations for StageZero Life Sciences' risk assessment tests to assist in the early detection of cancer. This is in addition to work being done with high-risk populations, their employers and in the telemedicine arena.

The focus is on Four Primary Growth Areas:

Small Independent Medical Practices: Ranging in size from 1 to 10 providers, with reimbursement for the tests via billing to insurers and patient-pay, is an important sector of the market. We are steadily increasing the number of practices using our tests, especially on a routine, weekly basis and have significantly restructured and upgraded our billing procedures. We expect this segment to contribute about 10-15% of our test volume.

High-Risk Populations/self-funded employer plans: Early detection of cancer as well as risk stratification into normal, high and "raised" risk is of critical importance in workers exposed to carcinogens. The Company is working with multiple high-risk employer partners across the country and has initiated screening within these high-risk groups. We are also in discussion with several self-funded employer plans and have significant interest in our programs. Reimbursement to the Company is direct and either immediate, or within 45 days upon invoice.

TeleMedicine/Patient Directed Testing The global telehealth market was valued at US$50 billion in 2018 and some predict it to reach US$267 billion by 2026.1 Currently, 74% of employers in the United States now offer telemedicine as a covered benefit.2 Similarly, Americans age 45-54 and 65+ are most likely to delay needed care due to wait times.3 On average, it takes approximately twenty-one (21) days for a new patient to see a primary care provider4 and 66% of consumers are willing to use telehealth to get faster service and costs savings.5 According to the National Business Group on Health Plan Design Survey, large employers offering telemedicine is increasing.

Large Healthcare Systems Are one of our largest opportunities and we are in discussion with several large systems. The company is working on implementation of our programs into these systems. Implementation is complex as there are many stakeholders within a large system and all have to be coordinated. Contracts will be executed and announced once implementation is fully in place. Payment to the Company is by invoice and within 45 days.

Aristotle As potentially the first multiple cancer diagnostic test from a single sample of blood, will expand our offering into this commercial framework which is being expanded now. This is a $35 billion opportunity, and the early diagnosis of cancer via an affordable, patient-friendly test will have an impact at the population level that is simply not achievable now.

We anticipate that the high-risk population/self-funded employer plans, the Patient Directed Testing/Telehealth and large healthcare systems will contribute approximately 85-90% of our test volume.

Flat Fee Model
The typical path to commercialization of new, novel diagnostics is often lengthy and involves many steps, with limited uptake and adoption. By offering the StageZero Life Sciences diagnostic testing portfolio through large healthcare systems and networks as well as to high-risk groups/employers and via telemedicine, we expect to be able to shorten this cycle, thereby driving adoption and increasing utilization of our tests. By contracting with StageZero Life Sciences to provide blood-based, early cancer risk stratification tests, a healthcare system has access to novel tests. StageZero Life Sciences receives an established payment amount for each processed sample. This model can be adopted if the healthcare system provides services through integrated provider networks, self-funded employee plans or value based reimbursement systems. Payment to the Company is therefore reliable and predictable.

Lab Operations
2019 saw the lab continue full operation and refine all systems. We had a request in 2018 from a local, known lab to share space with us and we decided to reduce our footprint and consolidate into approximately twenty -five percent of our previous space. This will save us approximately $2.5 million in costs over the term of the lease. Operations are now more contiguous and streamlined, and we have expansion capability to meet increased testing for several years

[1] Fortune Business Insights: Telehealth: Global Market Analysis, Insights, and Forecast, 2019-2026.
[2] Kaiser Permanente, "KFF Employer Health Benefits Survey 2018" (2018), online: <https://www.kff.org/health-costs/report/2018-employer-health-benefits-survey/>.
[3] American Well, "Telehealth Index: 2019 Consumer Survey" (2019), online: <https://static.americanwell.com/app/uploads/2019/07/American-Well-Telehealth-Index-2019-Consumer-Survey-eBook2.pdf>.
[4] AthenaInsight, "The doctor will see you…sometime" (December 11, 2017), online: <https://www.athenahealth.com/insight/sites/insight/files/12.11%20The%20doctor%20will%20see%20you%20...%20sometime.pdf>.
[5] American Well, *supra* note 3.

to come. We are now processing PCR and antibody tests for COVID-19 in addition to our cancer screening tests. Current capacity for COVID-19 testing is 1,000 tests per day.

Changes made to the billing system in 2019 brought certain functions in house. Recovery of reimbursement for tests previously run and billed continue, as do billing and recovery for current tests. Our focus in 2020 is to shorten the timeframe and improve the procedure for collection for tests run in the last twelve months of billings, new tests not yet billed as well as previous tests billed but not followed up to conclusion.

The Company's focus is now mostly on flat fee billing which is a more reliable predictor of revenue collection.

MyCancerRisk:
The Company's MyCancerRisk Data Analytics™ Platform is being developed to track and analyze aggregate cancer screening data in order to monitor performance on testing and early intervention. This platform is expected to bring significant value to large healthcare systems and self-insured organizations who want to monitor compliance with cancer screening, risk stratify their patient populations, and improve early intervention.

FINANCING ACTIVITIES AND CAPITAL STRUCTURE

During 2019 and the first and second quarters of 2020, we closed on significant financing initiatives to support the roll-out into our Four Primary Growth Area initiatives.

First Tranche of a Unit Private Placement
On March 25, 2019 the Company closed the first tranche (the "First Tranche") of a non-brokered unit financing (the "Unit Financing") and issued 2,500,000 units for gross proceeds of $748,300 (Cdn$1,000,000). Each Unit ("Unit") consists of one common share plus one-half of one warrant at a price of Cdn$0.40 per Unit. Each whole warrant is exercisable into one common share at an exercise price of Cdn$0.72 for a period of thirty-six months from issuance, until March 25, 2022.

Second Tranche of a Unit Private Placement
On April 23, 2019, the Company closed the second tranche (the "Second Tranche") of a unit financing (the "Unit Financing") and issued 796,875 units for gross proceeds of $389,691 (Cdn$510,000). Each Unit ("Unit") consists of one common share plus one-half of one warrant at a price of Cdn$0.64 per Unit. Each whole warrant is exercisable into one common share at an exercise price of Cdn$0.80 for a period of thirty-six months from issuance, until April 23, 2022.

Unit Private Placement in July 2019
On July 10, 2019 the Company closed the first tranche (the "First Tranche") of a unit financing (the "Unit Financing") and issued 2,897,193 units for gross proceeds of $2,009,405 (Cdn$2,665,418). Each Unit ("Unit") consists of one common share plus one-half of one warrant at a price of Cdn$0.92 per Unit. Each whole warrant is exercisable into one common share at an exercise price of Cdn$1.48 for a period of thirty-six months from issuance, until July 10, 2022.

On July 24, 2019, the Company closed the second tranche (the "Second Tranche") of a unit financing (the "Unit Financing") and issued 1,133,749 units for gross proceeds of $797,304 (Cdn$1,043,050). Each Unit ("Unit") consists of one common share plus one-half of one warrant at a price of Cdn$0.92 per Unit. Each whole warrant is exercisable into one common share at an exercise price of Cdn$1.48 for a period of thirty-six months from issuance, until July 24, 2022.

Convertible Security Funding Agreement
On June 8, 2018, of the Company entered into the Convertible Security Funding Agreement (the "Agreement") with Lind Asset Management XI, LLC ("Lind") for up to Cdn$7.5 million in convertible securities. Under the terms of the Agreement, Lind advanced Cdn$2 million, less a closing fee of Cdn$100,000, in consideration for the issuance of a convertible security with a face value of Cdn$2.4 million (the "First CSFA"). Lind could increase the funding under the First CSFA by an additional Cdn$1,000,000 during its thirty-month term.

The Agreement also provided for the issuance of a second CSFA on mutual agreement of the Company and Lind and satisfaction of conditions including that 75% of the face amount of the First CSFA had been repaid or converted, in which case Lind could fund up to another Cdn$3,000,000 (the "Second CSFA"). Like the First CSFA, Lind could also increase the funding under the Second CSFA by up to Cdn$1,500,000. If the Second CSFA occurred, the Company would pay Lind a closing fee equal to 5% of the amount advanced in the Second CSFA.

Each CSFA had a thirty-month term from the date of issuance and bore interest of 8% per annum on the amount funded, attributed to its face value upon the issuance of each convertible security. The Company's obligations under the Agreement were secured by all of the Company's present and after-acquired property other than intellectual property, including a pledge of its equity interests in its subsidiaries.

Shares underlying each CSFA are restricted from trading for a period of four months and one day from the time of issuance of the applicable CSFA (the "Lock-up Period"). Lind could convert the CSFA's in monthly installments over the term at a conversion price equal to 85% of the 5-day trailing volume-weighted average price ("VWAP") of the Company's common shares prior to the date that notice of conversion was provided by Lind. The Agreement contained restrictions on how much of the CSFA's may be converted in any particular month and how many common shares Lind could hold at any given time. Lind was entitled to accelerate its conversion right to the full amount of the face value or demand repayment of the face value in cash upon a default and other specified events. To the extent that the full face value of a CSFA had not been converted at maturity, the balance of the face value was to be paid in cash at the end of the thirty-month term.

The Company had the option to buy-back the CSFA's in cash at any time by paying a buy-back premium equal to 5% of the outstanding balance of the applicable CSFA, except that no such premium was payable if the Company elects to buy back the First Convertible Security within the Lock-Up Period.

The Agreement and the issuance of securities thereunder were conditionally approved by the TSX, with up to 756,112 common shares issuable under the Agreement or Warrants, subject to approval by the Company's shareholders. At the Company's June 28, 2018 shareholder meeting, we received shareholder approval to issue up to an additional 5,000,000 common shares to Lind under the Agreement. Any additional issuances of common shares under the Agreement will be subject to further shareholder approval.

Lind increased the funding under the First CSFA by an additional Cdn$750,000 on April 9, 2019. Lind advanced Cdn$750,000, less a closing fee of Cdn$37,500, in consideration for the issuance of a CSFA with a face value of Cdn$900,000 (the "First CSFA").

In addition, the Company issued 1,691,475 warrants to Lind in respect of the First Convertible Security, exercisable for 36 months at an exercise price of Cdn$0.768 per share. The number of warrants issued in connection with the First Convertible Security are equal to 50% of the amount advanced by Lind (Cdn$2,000,000) divided by the VWAP of the common shares of the Company on the TSX for the five trading days immediately preceding the closing date. On April 23, 2019, in respect of the Additional Funding Cdn$750,000, the Company issued 319,094 warrants exercisable for 36 months at an exercise price of Cdn$0.1.5272 per share.

In total, face value Cdn$3,272,619 of First CSFA was converted to common shares to Lind in connection with a Convertible Security Funding Agreement and the balance Cdn$27,381 was used to participant warrant exercise. As at September 30, 2020, balance of CSFA is Nil.

In January, 2019, the Company announced the closing of the Second Convertible Security Funding Agreement (the "Second CSFA") with Lind for up to Cdn$0.5 million in convertible securities. Under the terms of the Second CSFA, Lind advanced Cdn$500,000, less a closing fee of Cdn$35,000, in consideration for the issuance of a convertible security with a face value of Cdn$0.6 million (the "Second CSFA").

In respect of the Second CSFA, the Company issued 2,361,163 warrants exercisable for 36 months at an exercise price of Cdn$0.2752 per share. Warrants calculated in the same manner were available to Lind if it elected to increase the size of any convertible security as described above. All subsequent warrants issued to Lind pursuant to the Agreement

would be exercisable for 36 months from the date of issuance at an exercise price equal to 130% of the five-day VWAP of the common shares immediately prior to the applicable closing date. The Warrants provided for cashless exercise by the holder in the event that the Company ceased to be a foreign private issuer, as that term is defined under the United States Securities Act of 1933.

In addition, in June, face value Cdn$600,000 of outstanding debt and interest, in connection with the Second CSFA, were converted by Lind to 972,029 common shares, which reduced the balance owing to nil.

Notes payable to shareholders and director

On May 3, 2018, we announced an agreement for a financing (the "Note Financing") whereby two insiders of the Company, who are shareholders of the Company, including one, who is also a director of the Company, and JTS Ventures Inc. D/B/A JTS Health Partners each loaned $250,000 to the Company and were issued convertible notes (the "Notes") in consideration therefor,

On April 23, 2019, one Holder converted his convertible notes for 441,594 common shares and 220,797 Warrants.

During the period from October 3, 2018 until December 31, 2019, the Company issued additional demand note agreements with the above director for loans totaling $440,000 to the Company. The Notes are payable on demand with simple interest earned at 5% per annum and are secured by a security interest in the Company's patents and trademarks.

On July 22, 2019, the note payable to the shareholder who is also a director for $250,000 dated May 3, 2018 and principle of note payable $49,234 dated October 31 with associated interest were returned to the Holder. The total principal of notes payable to that director was $590,766 as at December 31, 2019.

On June 29, 2020, principle $390,766 was repaid to above Holder. The total principal of notes payable to that director was $200,000 as at September 30, 2020.

Continuing Financing Initiatives

On January 24, 2020 the Company closed a unit financing (the "Unit Financing") and issued 2,107,527 units for gross proceeds of Cdn$674,409. Each Unit ("Unit") consists of one common share plus one-half of one warrant at a price of Cdn$0.32 per Unit. Each whole warrant is exercisable into one common share at an exercise price of Cdn$0.48 for a period of thirty-six months from issuance, until January 24, 2023.

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On February 19, 2020, the Company closed a private placement of convertible debentures (each a "Debenture") for gross proceeds of Cdn$1,180,000. The Debentures, issued in increments of $1,000, bear interest at a rate of 6% per annum, have a term of 18 months from the date of issue and are convertible in units ("Units") at a conversion price of $0.32 per Unit. Each Unit consists of one (1) common share ("Common Share") of the Company and one-half (1/2) of a Common Share purchase warrant. Each whole warrant (a "Warrant") is exercisable into one Common Share of the Company at an exercise price of CAD$0.56 per Common Share for a period of twenty-four (24) months from the date of issuance of the Debentures. Securities issued pursuant to the Offering are subject to a statutory hold period lasting four (4) months and a day after the issuance of the securities.

As the conversion price is variable due to currency differences, resulting in the recognition of an embedded derivative, the Company designated the entire convertible instrument as a financial liability at fair value through profit or loss and recognized any changes in the fair value in the consolidated statement of loss and comprehensive loss. The fair value of the convertible debenture was calculated using a combination of discounted cash flows, option pricing models and reference to recent transactions.

Short-term debt

During the quarter, the Company received a loan for Cdn$40,000. Interest is not chargedon this loan until after December 31, 2022. If Cdn$30,000 of the loan has been repaid by that date, the remaining balance (maximum

Cdn$10,000) will be forgiven. Should the loan not be repaid by December 31, 2022, interest will accrue on the balance of the 3-year term loan at the rate of 5% per annum from January 1, 2023 onward.

Public offering

On June 29, 2020 the Company has closed its previously announced public offering of 8,272,013 units of the Company (the "Units") at a price of $0.56 per Unit (the "Offering Price") for aggregate gross proceeds of $4,632,327 (the "Offering"). The Offering was made pursuant to an agency agreement effective June 22, 2020 with Echelon Wealth Partners Inc. and Clarus Securities Inc. (collectively, the "Agents"). Each Unit was comprised of one common share of the Company (each, a "Common Share") and one common share purchase warrant (each, a "Warrant"). Each Warrant is exercisable to purchase one Common Share at any time prior to June 29, 2023 at a price of $0.72 per Common Share. The Units were offered and sold by way of a short form prospectus filed in each of the provinces of Alberta, British Columbia, and Ontario. The Company intends to use the net proceeds of the Offering to purchase new equipment and consumable materials to increase COVID-19 testing capacity at the Company's laboratory in Richmond, Virginia as well as complete validation of Aristotle® , the Company's pan-cancer test for the early identification of 10 discrete cancers from a single sample of blood, as described in more detail in the (final) short form prospectus of the Company dated June 22, 2020 (the "Prospectus"). As consideration for the services rendered by the Agents in connection with the Offering, the Company has paid the Agents a cash commission equal to 7% of the gross proceeds raised under the Offering and has granted the Agents non-transferable broker warrants equal to 7% of the number of Units sold under the Offering, exercisable at any time prior to June 29, 2023 at $0.68 per Common Share (the "Broker Warrants"). The Company also issued to the Agents a total of 16,250 agents' compensation warrants exercisable into Common Shares on the same terms of exercise as the Broker Warrants. The Company also closed a concurrent non-brokered private placement offering of 951,121 Units at the Offering Price to a director of the Company in order to settle debts of $532,628 owing by the Company

OUTLOOK

At the heart of the Company's mission to improve health outcomes is our ability to provide physicians and their patients with actionable clinical data for cancer risk assessment and diagnosis. ColonSentry, as the first blood-based, early colorectal cancer diagnostic test to be developed from the Sentinel Principle platform has been validated in both a 10,000 patient prospective study and a 100,000 patient post-marketing study, which confirmed the strength of the science. Aristotle, our next-generation diagnostic test, can test for ten cancers from a single sample of blood, with data to date indicating high sensitivity and specificity across the individual cancers. The Sentinel Principle platform is therefore proven, not promised. It is anticipated that full clinical validation will be completed within two years.

Access to patient friendly, blood-based tests that can detect disease at its earliest stages is truly innovative, especially when multiple disease states can be screened for from a single sample of blood. Aristotle does that in this case for multiple cancers and will allow early diagnosis at the population health level. This has implications for self-funded employer plans which have employees in high-risk environments (Fire Fighters, oil and gas, coal and chemical plants, pilots and flight attendants, drivers), large healthcare systems, especially those with outreach programs and benefit plans, the military, as well as individual States which have specific populations that need to be screened.

As a prelude to this in 2018, StageZero Life Sciences began the process of collecting and sharing aggregated data in an effort to build a data-driven product to help practices and healthcare systems better understand their patient populations and build more effective programs to improve patient compliance with cancer screening, preventive health programs, and early interventions. During 2019 we expanded this effort as we initiated research programs with key high-risk groups and focused on supporting these programs into the roll-out of our four distinct commercial paths. We expect data as an asset to continue to be a key strategy for us.

In 2019 and the first three quarters 2020, we have:

- Aggressively expanded the programs under MyCancerRisk™ to High Risk Patient Populations and their employers. Pilot program data shows 34% of those tested had a raised risk result for cancer.
- Initiated the Patient Directed Testing program with 8,000+ draw sites and TeleHealth Physician Networks.
- Initiated test implementation planning with Large HealthCare Systems. This runs parallel with contract completion. Management's objective is to have test introduction logistics completed concurrent with signature of agreements.

- Consolidated planning with large employers of high-risk employees to initiate extensive screening programs.
- Continued to expand the Small Clinical Practice base and upgraded Billing and revenue collection systems.
- Initiated full clinical validation of Aristotle.

We continue to develop four distinct revenue streams:

- High Risk Patients - payment collected immediately
- Telemedicine - payment collected immediately or invoiced to Networks with payment within 45 days
- Large HealthCare Systems - fixed price per test, invoiced and paid within 45 days
- Small Clinical Practices - standard billing to insurers/CMS. Process being significantly upgraded.

SIGNIFICANT ACCOUNTING POLICIES

Significant accounting estimates and assumptions

The preparation of consolidated financial statements requires the use of estimates and assumptions to be made in applying the accounting policies that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. We base estimates and related assumptions on previous experience and other factors that we consider reasonable under the circumstances. These form the basis of assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources.

We review estimates and underlying assumptions on an ongoing basis. We recognize revisions to accounting estimates in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounts that require estimates as the basis for determining the stated amounts include share-based compensation, impairment analysis and fair value of warrants, structured notes, convertible debt and conversion liabilities.

Principles of Consolidation

The Company consolidates its wholly-owned subsidiaries, StageZero Holdings and StageZero Life Sciences Inc. Intercompany balances are eliminated in full.

Share-based compensation

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant of such instruments, which is dependent on the terms and conditions of the grant. The estimate also requires determining the most appropriate inputs to the Black-Scholes option pricing model, including the expected life of the instrument, risk-free rate, volatility and dividend yield.

Fair value of warrants

In determining the fair value of the warrant liability, the Company used the Black-Scholes option pricing model with the following assumptions: volatility rate, dividend yield, risk-free rate and the remaining expected life of the warrant. The inputs used in the Black-Scholes model are taken from observable markets. In particular, changes in the fair value of the warrants can have a material impact on the reported loss or gain and comprehensive loss or gain for the applicable reporting period.

Fair value of structured notes, convertible debt and conversion liabilities

In determining the fair values of the structured notes, convertible debt and conversion liabilities, the Company used a binomial lattice model with the following assumptions: volatility rate, risk-free rate and the remaining expected life. The inputs used in the binomial lattice model are taken from observable markets. Changes in the fair value of the structured notes and conversion liabilities can have a material impact on the reported loss or gain and comprehensive loss or gain for the applicable reporting period. For certain convertible debentures, the Company designates the entire convertible instrument as a financial liability at fair value through profit and loss. The fair value of such instruments are determined using a combination of discounted cash flow, option pricing models and reference to recent transactions.

Impairment analysis
The Company assesses its intangible assets for recoverability whenever indicators of impairment exist. When the carrying value of an asset is greater than its recoverable amount, which is the higher of its value in use or fair value less costs to sell, an impairment loss is recognized.

New standards adopted

IFRS 16, *Leases* ("IFRS 16")

In January 2016, the IASB issued IFRS 16, a new standard that replaced IAS 17, Leases. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is less than 12 months or the underlying asset has a low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17 with the distinction between operating leases and finance leases being retained.

The Company adopted IFRS 16 on January 1, 2019. Before adopting IFRS 16, the Company accounted for all lease payments from the operating lease directly in profit or loss. When the Company adopted IFRS 16 on January 1, 2019, all lease liabilities were recognized in the statement of financial position at the date of initial application.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK-MANAGEMENT OBJECTIVES AND POLICIES

We are exposed to liquidity, credit and market risks; the management of these is overseen by the Company's senior management.

Financial instruments

The fair value of warrants is estimated using the Black-Scholes option pricing model incorporating various inputs including the underlying price volatility and discount rate. All other notes payable were initially recognized at fair value, and subsequently were measured at amortized cost using the effective interest rate method, whereby the fair value of the notes payable approximates their carrying value. As at September 30, 2020, the Company's warrant liability, conversion liability and notes payable, are carried on the consolidated statements of financial position at fair value and have been classified as Level 3, in the fair value hierarchy.

Liquidity risk

Liquidity risk represents the contingency that the Company is unable to gather the funds required with respect to our financial obligations at the appropriate time and under reasonable conditions. The Company attempts to manage this risk to ensure that it has sufficient liquidity at all times to be able to honor our current and future financial obligations under normal conditions and in exceptional circumstances. Financing strategies to ensure the management of this risk include accessing the capital markets through the issuance of equity or debt securities.

The Company's ability to continue as a going concern depends upon its ability to achieve profitable operations and raise additional capital. In the past three years, the Company has earned limited revenue. During 2019 and 2020, the Company completed a series of common share, structured notes payable, capital commitment, common share and warrant and convertible debenture financings. The Company expects to continue to pursue further financings as planned or until adequate cash flow from operations occurs.

Credit risk

The Company's financial assets that are exposed to credit risk consist primarily of cash and other receivables. Cash consists of deposits with major commercial banks and is therefore subject to minimal credit risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises foreign exchange rate risk and interest rate risk.

Foreign exchange rate risk

The Company operates in Canada and the United States and transacts business primarily with US partners and suppliers. During the period ended September 30, 2020, a 5% appreciation (depreciation) in the Cdn$ to US dollar foreign exchange rate, with all else being equal, would have affected net income by approximately $224,204[December 31, 2019 – $$371,658]. The Company's exposure to foreign currency changes for all other currencies is not material.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate for the Company's notes payable to HDL was renegotiated during the first quarter of 2016 and interest began to be accrued at Wall Street Journal Prime Rate plus 4.00% per annum effective April 1, 2016. The notes payable to a shareholder who is also a director, issued after 2017 are fixed at 5% per annum. The convertible debentures are fixed at 8%. Accordingly, there have been no significant impacts on the Company's consolidated statements of loss and comprehensive loss from changes in interest rates.

COVID-19 Pandemic in 2020

In March 2020, the World Health Organization ("WHO") classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management is actively monitoring the global conditions regarding financial impact, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the future effects of COVID-19 on its results of operations, financial condition, or liquidity at this time.

SELECTED FINANCIAL INFORMATION

The following table sets forth selected financial information for the periods indicated:

Consolidated statements of financial position

	Period ended	Year ended
	September 30, 2020	December 31, 2019
(in thousands of dollars)	**$**	$
Cash	**1,793**	71
Total current assets	**2,810**	376
Total non-current assets	**1,248**	1,733
Total assets	**4,058**	1,965
Total current liabilities	**6,072**	4,219
Total non-current liabilities	**6,280**	2,237
Total liabilities	**12,352**	6,456
Total shareholders' deficiency	**(8,294)**	-4,491
Total liabilities and shareholders' deficiency	**4,058**	1,965

Results of operations for the periods ended September 30, 2020 and 2019

For the three-month period ended September 30, 2020, we reported a consolidated net loss of $4.6 million, or $0.18 loss per common share, as compared with a consolidated net gain of $1.9 million, or $0.08 gain per common share, for the same period in 2019. For the nine-month period ended September 30, 2020, we reported a consolidated net loss of $7.4 million or $0.18 loss per common share compared with a consolidated net loss of $2.9 million or $0.08 loss per common share for the same period in 2019.

Three-month period ended	**Nine-month period ended**
September 30	September 30

(in thousands of US dollars, except per-share amounts)	**2020** **$**	2020 as restated $	**2029** **$**	2019 as restated $
Revenue	**1,464**	23	**1,559**	89
Total revenues	**1,464**	23	**1,559**	89
Expenses				
Cost of goods sold	**974**	378	**1,412**	847
General and administrative	**1,181**	1,286	**2,386**	3,207
(Gain) loss from revaluation of warrants	**2,672**	(3,769)	**3,016**	(1,733)
Change in fair value of conversion liabilities	**1,179**	(59)	**1,196**	(57)
Finance cost	**104**	304	**904**	729
Total expenses	**6,110**	(1,859)	**8,914**	2,993
Total income (loss) and comprehensive income (loss), net of tax, for the period	**(4,646)**	1,882	**(7,355)**	(2,904)
Basic and diluted loss per common share	**(0.18)**	(0.08)	**(0.23)**	(0.08)

Revenue

Revenue for the nine-month period ended September 30, 2020 of $1.6 million reflects revenue earned by the Company compared with $0.09 million earned in the same period in 2019. The increase is largely due to the impact of the Company's marketing efforts and COVID-19 testing.

Revenue for the three-month period ended September 30, 2020 of $1.5 million reflects revenue earned by the Company compared with $0.02 million earned in the same period in 2019. The increase is largely due to the impact of the Company's marketing efforts and COVID-19 testing.

Cost of Goods Sold

Total cost of goods sold increased for the nine-month period ended September 30, 2020 compared with the same period in 2019 due to large revenue increase from the Company's marketing efforts and COVID-19 testing.

Total cost of goods sold increased for the three-month period ended September 30, 2020 compared with the same period in 2019 due to large revenue increase from the Company's marketing efforts and COVID-19 testing.

General and Administrative Expenses

Total general and administrative expenses decreased by 26% for the nine-month period ended September 30, 2020, compared with the same period in 2019 due to a large foreign exchange gain and reduced overhead costs.

Total general and administrative expenses remained constant for the three-month period ended September 30, 2020, compared with the same period in 2019.

Finance costs

Finance costs for the nine months ended September 30, 2020 were $0.9 million as compared with $0.7 million in the same period in 2019 primarily due the costs associated with public offering in June 2020.

Finance costs remained constant for the three-month period ended September 30, 2020, compared with the same period in 2019..

USE OF PROCEEDS

The Company began the period with $0.07 million in available funds. During the nine-month period ended September 30, 2020, operations used $3.2 million. During the same period, the Company received proceeds: $3.0 million from public offering, $0.9 million from the issuance of units for the Private Placement and $0.9 million from issuance of

[Expressed in US dollars, unless otherwise noted]

convertible notes payable (net) was received, $0.5 million from warrant exercise and 0.4 million from government payroll protection program offset by a $0.08 million payment of principal of the note payable to HDL and $0.2 repayment of lease liability and $0.4 million payment of principal for note payable. The Company closed the year with $1.8 million in available funds.

The planned use of proceeds during the first three quarters ended September 30, 2020 financings was to continue the expansion of StageZero's telehealth platform, increase marketing of the telehealth platform, prepare for product launches (notably, Aristotle®), and for general corporate purposes. The advent of the COVID-19 pandemic and associated business challenges, and the subsequent opportunity to introduce COVID-19 testing, directed the Company to add COVID-19 tests to StageZero's product line up, to scale up its Richmond Laboratory and to launch COVID-19 testing via StageZero's existing telehealth system.

LIQUIDITY AND CAPITAL RESOURCES

Summary of cash flows

	Three-month period ended		Nine-month period ended	
	2020	**September 30** 2019 as restated - Note 18	**2020**	September 30 2019 as restated - Note 18
	$	$	**$**	$
Cash flows related to operating activities	**(1,285,383)**	(3,101,560)	**(3,024,077)**	(4,393,103)
Cash flows related to financing activities	**94,223**	2,758,128	**4,751,671**	4,712,161
Cash flows related to investing activities	-	-	**(5,747)**	(13,832)

Operating activities

The use of cash and cash equivalents in operating activities in nine-months period ended September 30, 2020 was consistent with that of 2019.

Financing activities

As previously described in the section "Financing Activities and Capital Structure" the following tables summarize the relevant activities in the six-month period ended September 30, 2020.

Accounted through shareholders' deficiency

	Share capital	
	Shares	**Amount**
	#	$
	[note 9[b]	
Balance at January 1, 2020	33,986,373	80,283,079
Net loss for the period	-	-
Share-based compensation	-	-
Issuance of common shares with unit financing	3,058,648	509,933
Issuance of common shares with warrant exercise	2,133,239	633,461
Issuance of common shares with option exercise	18,750	3,334
Issuance of common shares with public offering	8,272,013	1,311,024
Conversion of structured note payable and convertible liability	2,744,283	569,290
Share issuance costs	-	(235,684)

[Expressed in US dollars, unless otherwise noted]

Balance at September 30, 2020	**50,213,306**	**83,074,437**

Accounted through current and long-term liabilities

Notes payable

Notes payable consists of:

	At September 30, 2020	At December 31, 2019
Note payable to HDL [a]	684,290	692,527
Note payable to shareholders and a director [b]	283,712	684,897
Convertible debenture [c]	-	328,628
Total	968,002	1,706,052

The notes payable were initially recognized at fair value, and subsequently they were measured at amortized cost using the effective interest rate method. The initial fair values were calculated using a valuation technique that uses parameters obtained from observable markets, including credit spread and interest rate volatility. The prevailing interest rate used in the valuation was 16% at initial recognition.

[a] Note payable to HDL

The note is payable to Health Diagnostic Laboratories (HDL) and the Company is required to make monthly payments of $10,000 until the outstanding debt has been paid in full.

[b] Note payable to shareholders and director

	At December 31, 2019	Addition	Imputed interest	Principal and Interest Extinguishment	Conversion	**At September 30, 2020**
	$	$	$	$	$	**$**
Note payable to shareholders and director	**684,897**	**-**	**19,127**	**(420,312)**	**-**	**283,712**

Warrants

The following warrants were issued and outstanding at September 30, 2020:

	Warrants	**Exercisable into common shares**	**Exercise Price**	**Expiry date**
	#	#	Cdn$	
Date issued:				
August 11, 2016 [GEM]	42,337	42,337	1.6	11-Aug-21
September 30, 2016 [GEM]	205,958	205,958	1.6	30-Sep-21
November 4, 2016 [GEM]	125,000	125,000	1.6	4-Nov-21
December 30, 2016 [GEM]	162,500	162,500	1.6	30-Dec-21
February 17, 2017 [GEM]	201,250	201,250	1.6	17-Feb-22
May 9, 2017 [GEM]	12,952	12,952	1.6	9-May-22
May 22, 2018 [Unitholders]	970,782	970,782	0.96	22-May-21
June 7, 2018 [Lind]	1,691,475	1,691,475	0.768	7-Jun-21
August 24, 2018 [Unitholders]	18,750	18,750	0.96	24-Aug-21
January 09, 2019 [Lind]	461,163	461,163	0.272	9-Jan-22

[Expressed in US dollars, unless otherwise noted]

March 25, 2019	[Unitholders]	1,062,500	1,062,500	0.72	25-Mar-22
April 23, 2019	[Lind]	319,094	319,094	1.528	23-Apr-22
April 23, 2019	[Unitholders]	220,797	220,797	0.96	23-Apr-22
April 23, 2019	[Unitholders]	398,436	398,436	0.8	23-Apr-22
July 10, 2019	[Unitholders]	1,448,596	1,448,596	1.48	10-Jul-22
July 24, 2019	[Unitholders]	566,874	566,874	1.48	24-Jul-22
January 16, 2020	[Unitholders]	1,010,884	1,010,884	0.48	16-Jan-23
January 16, 2020	[Hampton Security Company]	25,003	25,003	0.48	16-Jan-23
February 19, 2020	[Hampton Security Company]	202,343	202,343	0.56	19-Aug-21
June 29, 2020	[Unitholders]	951,120	951,120	0.72	29-Jun-23
June 29, 2020	[Public Offering]	8,271,887	8,271,887	0.72	29-Jun-23
June 29, 2020	[National Bank Financial Inc.]	297,645	297,645	0.68	29-Jun-23
June 29, 2020	[Fidelity Clearing Canada ULC]	297,645	297,645	0.68	29-Jun-23
July 8, 2020	[Unitholder]	31,250	31,250	0.56	18-Feb-22
July 9, 2020	[Unitholder]	78,125	78,125	0.56	18-Feb-22
September 28, 2020	[Unitholder]	54,688	54,688	0.56	18-Feb-22
September 29, 2020	[Unitholder]	54,688	54,688	0.56	18-Feb-22
		19,183,742	**19,183,742**	0.56	18-Feb-22

Adequacy of financial resources

The Company has earned limited revenue. The Company has been able to raise planned funds through private placements or other methods of financing has contributed to the Company's current financial situation where it has adequate cash resources. The activities of the Company leading to the launch of Aristotle will require the Company to continue to raise funds. COVID-19 has contributed to the financial status of the Company inasmuch as it is providing a steady revenue source from COVID-19 testing.Further details of financings completed and challenges addressed during 2019 and 2020 are discussed in detail above – see FORWARD LOOKING STATEMENTS AND GOING CONCERN UNCERTAINTY (page 2) and FINANCING ACTIVITIES AND CAPITAL STRUCTURE (page 3).

On January 24, 2020, the Company issued 2,107,527 units for gross proceeds of Cdn$674,409 from a private placement. In addition, on February 19, 2020 the Company closed a private placement of convertible debentures (each a "Debenture") for gross proceeds of Cdn$1,180,000

There can be no assurance that additional funding will be available on acceptable terms or at all, when and if required. If adequate funds are not available when required, the Company may have to substantially reduce or eliminate planned expenditures or delay programs designed to expand its commercial business. As there can be no certainty as to the resolution of the above matters, there is material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. – see FORWARD LOOKING STATEMENTS AND GOING CONCERN UNCERTAINTY (Page 2)

On June 29, 2020 the Company closed a public offering of 8,272,013 units of the Company (the "Units") at a price of $0.56 per Unit (the "Offering Price") for aggregate gross proceeds of Cdn$4,632,327 (the "Offering").

[Expressed in US dollars, unless otherwise noted]

As at September 30, 2020, our cash balance was $1.8 million [December 31, 2019 – $0.07 million], we had a working capital deficiency of $3.4 million [December 31, 2019 – working capital deficiency of $3.8 million] and a deficit of $104.6 million [December 31, 2019 – $97.2 million].

OFF-BALANCE SHEET ARRANGEMENTS

We do not engage in off-balance sheet accounting to structure any of our financial arrangements and do not have any interests in unconsolidated special-purpose or structured finance entities.

CONTRACTUAL OBLIGATIONS

The Company adopted IFRS 16 on January 1, 2019, which requires the recognition of assets and liabilities for all leases, unless the lease term is less than 12 months or the underlying asset has a low value.

On December 5, 2017, the Company renegotiated the lease of its premises effective January 1, 2018 to September 30, 2023. The property and office space lease bears interest at an estimated rate of 14.4%. September 30, 2020 is $643,878 (December 31, 2019 – 753,409). Effective August 1, 2018, the Company subleased 74.46% of its leased space for a commensurate share of the rental cost for the remaining term of its lease.

RELATED-PARTY TRANSACTIONS

The key management personnel of the Company at September 30, 2020 are the directors, including the Chairman and Chief Executive Officer and the interim Chief Financial Officer. A former director, who retired from the Board of Directors of the Company in September, 2019, is the Chairman of the Board for the Company's former third-party billing company and this same director has provided interim financing to the Company between December 2015 and December 2019 [*see note 6[b]*]. With the 2018 Unit Private Placement [see *note 8[b][i]*], this director participated for $445,213 (Cdn$561,770) in lieu of debt repayment in cash and received 877,765 common shares and 438,882 warrants. In a 2019 Unit Private Placement [see *note 8/[b][iii]*], this director participated for $314,576 (Cdn$411,183) in lieu of debt repayment in cash and received 446,937 common shares and 223,469 warrants. In a 2020 Unit Private Placement [see *note 8/[b][v]*], this director participated for $390,766 (Cdn$532,628). in lieu of debt repayment in cash and received 951,120 common shares and 951,120 warrants.

From October 3, 2018 until December 31, 2019 a shareholder, who is also a director of the Company provided a total of $440,000 interim financing.

As at September 30, 2020, key management personnel controlled 6.4% (2019-10.3%) of the issued and outstanding common shares of the Company and $649,200 (2019-$571,113) of compensation remains unpaid to current and former key management personnel.

Stock options held by key management personnel to purchase common shares have the following expiry dates and exercise prices:

			Number outstanding		
Year issued	**Year of expiry**	**Range of exercise prices per share**	**At September 30, 2020**		**Year issued** September 30, 2019
		$	#		
2015	2020	0.16 to 3.60	**172,240**	2015	2020
2016	2021	1.08 to 1.52	**88,750**	2016	2021
2017	2022	1.00 to 2.84	**250,000**	2017	2022
2018	2023	0.64 to 0.88	**381,250**	2018	2023
2019	2024	0.64 to 0.80	**1,380,728**	2019	2024
2020	2025	0.40 to0.48	**1,200,000**	2020	2025
			3,472,968		

SELECTED QUARTERLY FINANCIAL DATA

Selected quarterly financial data for our last eight fiscal quarters follows:

in thousands of dollars, except per-share amounts	**2020**			2019 as re-stated				2018 as re-stated
	Q3	Q2 (amended)	Q1 (amended)	Q4	Q3	Q2	Q1	Q4
Revenues	1,464	63	31	50	23	13	53	71
Net gain (loss)	(4,645)	(274)	(2,436)	116	1,884	(803)	(4,430)	(162)
Basic and diluted loss per common share	(0.18)	0	(0.08)	0	0.08	0	(0.24)	0

The selected quarterly financial data for each quarter presented were amended in relation to the restatements and amendments noted in the restated condensed consolidated interim financial statements for the three and nine month periods ended September 30, 2020 and 2019 and the prior period adjustment note disclosure in the consolidated financial statement for years ended December 31, 2019 and 2018.

RESPONSIBILITIES, CONTROLS AND POLICIES

Management's responsibility for financial reporting

Evaluation of disclosure controls and procedures

Our Chairman and CEO, and Interim Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures for the Company. As such, we maintain a set of disclosure controls and procedures designed to ensure that information required to be disclosed in filings is recorded, processed, summarized and reported within the time periods specified by the Canadian Securities Administrators rules and forms. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Our Chairman and CEO, and Interim Chief Financial Officer have evaluated our disclosure controls and procedures as at December 31, 2019 and have concluded that disclosure controls and procedures are effective.

Management's report on internal controls over financial reporting

Our Chairman and CEO, and Interim Chief Financial Officer are responsible for establishing and maintaining effective internal controls over financial reporting. Our internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Because of their inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Our Chairman and Chief Executive Officer, and Interim Chief Financial Officer evaluated the effectiveness of our internal controls over financial reporting as at September 30, 2020 and identified the material weakness outlined below.

Material weakness
The material weaknesses we identified in our internal controls over financial reporting at December 31, 2019 were as follows: We did not have sufficient accounting resources with relevant technical accounting skills to address issues related to the financial statement close process.Because of the size of the Company and its staff complement, we were not able to sufficiently design internal controls to provide the appropriate level of oversight regarding the financial recordkeeping and review of the Company's financial reporting. This weakness will continue to be addressed through 2020. See "Changes in Internal Controls Over Financial Reporting" below.

In making this assessment, management used the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control – Integrated Framework (2013).*

Consistent with our stage of development, we continue to rely on risk-mitigating procedures during our financial closing process in order to provide comfort that the financial statements are presented fairly in accordance with IFRS.

Changes in internal controls over financial reporting
Our Chairman and Chief Executive Officer, and Interim Chief Financial Officer have evaluated whether there were changes to our internal controls over financial reporting during the three-month period ended September 30, 2020 that have materially affected or are reasonably likely to materially affect our internal controls over financial reporting. No such changes were identified through evaluation of the Company. As the Company continues to improve its internal controls over financial reporting, we have engaged outside consultants, expert in the valuation of complex financial instruments and have begun monthly reviews of the Company's detailed accounting records, and quarterly on-site reviews of processes in place at the Company. In light of the remediation occurring, our internal controls are expected to be changed, but only once the planned changes are finalized.

RISKS AND UNCERTAINTIES

The information presented in the "Financial Instruments and Financial Risk Management Objectives and Policies" section presented on pages 11 to 13 and in the "Risks and Uncertainties" section on pages 29 to 36 in our annual MD&A and under the heading "Risk Factors" on pages 35 to 46 of our Annual Information Form for the year ended December 31, 2019 has not changed materially since December 31, 2019.

PRIOR PERIOD RESTATEMENTS

The Company identified the following restatements relating to its September 30, 2019 unaudited, condensed consolidated interim financial statements. Descriptions of each restatement and a summary of changes in each financial statement line item for the nine-month period ended September 30, 2019 are as follows.

Intangible Asset

As part of the Purchase Agreement with Cobalt, to acquire the remaining 50% of StageZero Life Sciences Inc. (formerly IDL) on March 4, 2016, the Company did not allocate any portion of the purchase price to the fair value of identifiable intangible assets representing reacquired rights to its lead product ColonSentry. The allocation of the consideration paid should have included the fair value of the reacquired rights in the amount of $1,039,349, which had a useful life of 2 years. The impact of this adjustment is an increase in deficit of $1,039,349 as the reacquired rights would have been fully amortized by December 31, 2018.

Convertible Debenture and Warrants

On June 8, 2018, the Company entered into the convertible securities funding agreement (CSFA) (see note 6(c)) with Lind for up to Cdn$7.5 million in convertible securities. The First CSFA also included the issuance of 13,531,800 warrants. As part of the allocation of the initial advance of $1,541,800 less a closing fee of Cdn$100,000, the Company incorrectly recorded the fair value of the associated warranty liability as a financing cost rather than as a reduction of the host debt instrument. The allocation of the components of the debenture also resulted in an incorrect allocation to share capital on partial settlements as well as to interest expense.

Right of Use Asset and Lease Liability

[Expressed in US dollars, unless otherwise noted]

On January 1, 2019, the Company adopted IFRS 16 and recognized right of use asset and lease liability. The Company incorrectly classified its sublease arrangement with the subtenant as an operating lease, which resulted in overstatement of right-of-use asset, understatement of rent receivable and misstatements in the related subsequent measurement of amortization and interest charges.

Share-based Compensation

The Company has identified an error relating to the vesting of stock options, which resulted in an understatement of share-based compensation for the nine months period ended September 30, 2019.

Inventory

The Company has identified a cutoff error relating to certain inventory, which resulted in an understatement of expenses for the three months period ended September 30, 2019.

Condensed Consolidated Interim Statement of Loss and Comprehensive Loss for the nine- month period ended September 30, 2019

	Prior to restatement	Impact of convertible debenture and warrants	Impact of right of use asset and lease liability	Impact of share-based compensation	Impact of accrual and inventory	Subsequent to restatement
	$	$	$	$	$	$
Cost of goods sold	832,558	-	(123,981)	-	138,425	847,002
General and administrative	3,056,707	33,846	17,964	25,260	72,767	3,206,544
Loss from revaluation of warrants	(769,507)	(963,414)	-	-	-	(1,732,921)
Change in fair value of conversion liabilities	78,240	(135,252)	-	-	-	(57,012)
Finance costs	1,215,612	(563,214)	76,170	-	-	728,568
Total loss and comprehensive loss	(4,324,880)	1,628,034	29,847	(25,260)	(211,192)	(2,903,451)
Basic and diluted loss per common share	(0.16)					(0.08)

Condensed Consolidated Interim Statement of Loss and Comprehensive Loss for the three- month period ended September 30, 2019

	Prior to restatement	Impact of convertible debenture and warrants	Impact of right of use asset and lease liability	Impact of accrual and inventory	Subsequent to restatement
	$	$	$	$	$
Cost of goods sold	275,750	-	(41,327)	142,512	376,935
General and administrative	1,192,862	14,322	5,988	72,767	1,285,939
Loss (gain) from revaluation of warrants	(3,638,025)	(130,771)	-	-	(3,768,796)
Change in fair value of conversion liabilities	(169,883)	111,131	-	-	(58,752)
Finance costs	155,345	132,278	16,494	-	304,117
Total loss and comprehensive loss	2,206,919	(126,960)	18,845	(215,279)	1,883,525
Basic and diluted loss per common share	0.08				0.08

Condensed Consolidated Interim Statement of Changes in Shareholders' Deficiency for the nine- month period ended September 30, 2019

[Expressed in US dollars, unless otherwise noted]

	Prior to restatement	Impact of convertible debenture and warrants	Impact of right of use asset and lease liability	Impact of share-based compensation	Impact of goodwill	Impact of accrual	Subsequent to restatement
	$	$	$	$	$	$	$
Share capital	80,550,699	(1,042,951)	-	-	-	-	79,507,748
Contributed surplus	11,099,012	-	-	25,260	-	-	11,124,271
Accumulated other comprehensive income	1,304,968	-	-	-	-	-	1,304,968
Deficit	(97,927,882)	2,194,380	304,908	(25,260)	(1,039,349)	(204,546)	(96,697,748)
Total shareholders' deficiency	(4,973,203)	1,151,429	304,908	-	(1,039,349)	(204,546)	(4,760,760)

Condensed Consolidated Interim Statement of Cash Flows for the nine- month period ended September 30, 2019

	Prior to restatement	Impact of convertible debenture and warrants	Impact of right of use asset and lease liability	Subsequent to restatement
	$	$	$	$
Cash used in operating activities	(4,204,823)	(188,280)	-	(4,393,103)
Cash provided in financing activities	4,523,872	188,289	-	4,712,161
Cash used in investing activities	(13,832)	-	-	(13,832)

Condensed Consolidated Interim Statement of Cash Flows for the three- month period ended September 30, 2019

	Prior to restatement	Impact of convertible debenture and warrants	Impact of right of use asset and lease liability	Subsequent to restatement
	$	$	$	$
Cash used in operating activities	(2,836,874)	(167,905)	(96,781)	(3,101,560)
Cash used in financing activities	2,493,453	167,894	96,781	2,758,128
Cash used in investing activities	-	-	-	-

Additional information relating to StageZero Life Sciences can be found on SEDAR at www.sedar.com or on our website at www.stagezerolifesciences.com.