

FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: IMAGIN MEDICAL INC. (the "Issuer").

Trading Symbol: IME

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

Attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

Please refer to Note 7 of the attached Financial Statements and Section 1.9 of the attached Management Discussion and Analysis.

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
1-Oct-18	Common share	Exercise of warrant	425,500	\$0.10	\$42,550	Cash	Existing shareholder	Nil
2-Oct-18	Common share	Exercise of warrant	100,000	\$0.10	\$10,000	Cash	Existing shareholder	Nil
4-Oct-18	Common share	Exercise of warrant	488,800	\$0.10	\$48,800	Cash	Existing shareholder	Nil
5-Oct-18	Common share	Exercise of warrant	2,355,000	\$0.10	\$235,500	Cash	Existing shareholder	Nil
12-Oct-18	Common share	Exercise of warrant	220,000	\$0.10	\$20,000	Cash	Existing shareholder	Nil
15-Oct-18	Common share	Exercise of warrant	1,344,040	\$0.10	\$134,404	Cash	Existing shareholder	Nil
15-Oct-18	Common share	Exercise of finder's warrant	8,000	\$0.10	\$800	Cash	Existing shareholder	Nil
16-Oct-18	Common share	Exercise of warrant	200,000	\$0.10	\$20,000	Cash	Existing shareholder	Nil
16-Oct-18	Common share	Exercise of warrant	25,000	\$0.16	\$4,000	Cash	Existing shareholder	Nil
20-Nov-18	Common share	Exercise of warrant	37,500	\$0.16	\$6,000	Cash	Existing shareholder	Nil
20-Nov-18	Common share	Exercise of finder's warrant	2,000	\$0.16	\$320	Cash	Existing shareholder	Nil

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
NONE						

FORM 5 – QUARTERLY LISTING STATEMENT

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3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
- (b) number and recorded value for shares issued and outstanding,
- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

Please refer to Note 7 of the attached Financial Statements and Section 1.9 of the attached Management Discussion and Analysis.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Directors:

- Robin Atlas
- Chris Bleck
- Ken Daignault
- Jim Hutchens (President & CEO)
- John Vacha (CFO)

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

Attached.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated February 27, 2019.

JOHN VACHA

Name of Director or Senior Officer



Signature

Chief Financial Officer

Official Capacity

Issuer Details Name of Issuer	For Quarter Ended	Date of Report YY/MM/D
IMAGIN MEDICAL INC.	Dec. 31, 2018	Feb. 27, 2019
Issuer Address 600 – 890 Pender St.		
City/Province/Postal Code	Issuer Fax No. ()	Issuer Telephone No.
Vancouver, B.C. V6C 1J9		833 246-2446
Contact Name	Contact Position	Contact Telephone No.
JOHN VACHA	CFO	833 246-2446
Contact Email Address	Web Site Address	
jvacha@imaginmedical.com	http://imaginmedical.com	

IMAGIN MEDICAL INC.

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018

and

December 31, 2017

(Expressed in Canadian Dollars)

Corporate Head Office

Suite 600, 890 West Pender St.

Vancouver, BC V6C 1L9

NOTICE

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim consolidated financial statements they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

IMAGIN MEDICAL INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited - Prepared by Management)

	December 31, 2018	September 30, 2018
	\$	\$
ASSETS		
Current assets		
Cash (Note 3)	5,365,497	5,818,840
Amounts receivable and prepaids (Note 4)	197,901	211,141
Security deposit	-	5,750
	5,563,399	6,035,731
Equipment		
	1,298	1,403
Intangible asset (Note 5)	129,557	134,568
	5,694,253	6,171,702
LIABILITIES & SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Notes 6 & 7)	189,212	179,529
	189,212	179,529
Shareholders' equity		
Share capital (Notes 8 & 11)	15,487,514	14,962,227
Share-based payment reserve	2,847,106	2,847,939
Deficit	(12,829,579)	(11,817,993)
	5,505,042	5,992,173
	5,694,253	6,171,702
Nature and continuance operations (Note 1)		
Basis of presentation (Note 2)		
Subsequent events (Note 11)		

Approved on behalf of the Board of Directors:

“John Vacha”, Director

“Robin Atlas”, Director

See notes to condensed interim consolidated financial statements

IMAGIN MEDICAL INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Three Months Ended December 31

(Unaudited - Prepared by Management)

	2018	2017
	\$	\$
General and administrative expenses:		
Amortization of intangible asset	5,011	3,345
Amortization of equipment	105	151
Bank charges and interest	1,998	2,817
Business development (Note 7)	17,989	-
Consulting fees	193,464	130,026
Corporate and administration fees	9,715	28,118
Directors' fees (Note 7)	3,000	8,750
Filing and transfer agent fees	15,007	17,742
Legal & accounting fees (Note 7)	134,997	27,490
Management fees (Note 7)	199,995	77,780
Office, rent and insurance	32,989	23,741
Product development	354,400	37,861
Shareholders' communication, & promotion	27,993	17,366
Travel, meals & entertainment	27,551	12,854
	(1,024,213)	(388,041)
Other items:		
Interest income	12,646	6
Foreign exchange	(19)	15,662
Stock-based compensation (Note 8 c)	-	(898,126)
	(1,011,586)	(1,270,498)
Net loss and comprehensive loss	(1,011,586)	(1,270,498)
Basic and diluted loss per share	(0.01)	(0.02)
Weighted average – number of shares outstanding	138,594,074	76,049,015

See notes to condensed interim consolidated financial statements

IMAGIN MEDICAL INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Three Months Ended December 31

(Unaudited - Prepared by Management)

	2018	2017
	\$	\$
Cash provided by (used for):		
Operating activities		
Net loss for the period	(1,011,586)	(1,270,498)
Adjustments which do not affect cash:		
Amortization of intangible asset	5,011	3,345
Amortization of equipment	105	151
Stock-based compensation	-	898,126
	(967,148)	(368,876)
Net changes in non-cash working capital items:		
Amounts receivable and prepaids	(18,990)	(230,208)
Accounts payable and accrued liabilities	9,683	(624,832)
Interest payable	-	(2,148)
	(977,797)	(1,226,064)
Investing activities		
Purchase of intangible asset	-	(12,757)
	-	(12,757)
Financing activities		
Issue of share capital	524,454	2,888,572
Convertible debenture	-	(62,000)
Obligation to issue shares	-	-
Share issue costs	-	(223,000)
	524,454	2,603,573
Increase (Decrease) in cash	(453,343)	1,364,751
Cash - beginning of period	5,818,840	245,921
Cash - end of period	5,365,497	1,610,672

Supplementary disclosures:

Note 9– Non-cash transactions

See notes to condensed interim consolidated financial statements

IMAGIN MEDICAL INC.

For the Three Months Ended December 31, 2018 and 2017

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Issued Share Capital		Share-Based Payment Reserve	Obligation to Issue Shares	Deficit	Total
	#	\$	\$	\$	\$	\$
Balance, September 30, 2017	50,280,629	2,423,758	701,995	223,000	(3,859,907)	(511,154)
Private placement, net						
- \$0.05	20,000,000	979,760	-	(223,000)	-	756,760
- Marketing	800,000	120,000	-	-	-	120,000
Debt conversion	739,241	66,531	-	-	-	66,531
Exercise of options	2,600,000	261,000	-	-	-	261,000
Exercise of warrants	10,360,402	1,461,282	-	-	-	1,461,282
Fair value of options granted	-	-	898,126	-	-	898,126
Fair value of options exercised	-	242,457	(242,457)	-	-	-
Fair value of brokers' warrants	-	(18,466)	18,466	-	-	-
Fair value of warrants exercised	-	31,108	31,108	-	-	-
Loss for the period	-	-	-	-	(1,270,498)	(1,279,498)
Balance, December 31, 2017	84,780,272	5,567,430	1,345,022	-	(5,130,406)	1,782,046
Private placement, net						
- @ \$0.22	17,919,820	3,719,094	-	-	-	3,719,094
- Marketing	1,513,889	440,000	-	-	-	440,000
Debt conversion	461,279	41,515	-	-	-	41,515
Exercise of options	3,000,000	691,000	-	-	-	691,000
Exercise of warrants	21,179,178	2,766,133	-	-	-	2,766,133
Management bonus	5,000,000	1,175,000	-	-	-	1,175,000
Fair value of options granted	-	-	2,064,972	-	-	2,064,972
Fair value of options exercised	-	733,234	(733,234)	-	-	-
Fair value of brokers' warrants	-	(213,690)	232,156	-	-	-
Fair value of warrants exercised	-	42,511	(42,511)	-	-	-
Loss for the period	-	-	-	-	(6,687,588)	(6,687,588)
Balance, September 30, 2018	133,854,438	14,962,227	2,847,939	-	(11,817,993)	5,992,173
Exercise of warrants	5,205,840	524,454	-	-	-	524,454
Fair value of brokers' warrants	-	833	(833)	-	-	-
Loss for the period	-	-	-	-	(1,011,586)	(972,264)
Balance, December 31, 2018	139,060,278	15,487,514	2,847,106	-	(12,829,579)	5,505,042

See notes to condensed interim consolidated financial statements

IMAGIN MEDICAL INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended December 31, 2018 and 2017

1. NATURE AND CONTINUANCE OF OPERATIONS

Imagin Medical Inc. (formerly Expedition Mining Inc.) is incorporated in the Province of British Columbia and its previous principal business activity was the acquisition and exploration of resource properties. On February 9, 2016, the Company completed the acquisition of BSS Life Sciences Inc. (“BSS”). BSS holds the intellectual property rights to a proprietary imaging technology developed for extremely accurate visualization of cancers. In connection with the acquisition, the Company changed its name to Imagin Medical Inc. and now focuses on the research, development and commercialization of medical devices in the bio-chemistry industry. For accounting purposes, the acquisition of BSS was treated as a reverse asset acquisition as the shareholders of BSS acquired control of the consolidated entity. BSS is considered the acquiring and continuing entity, and Imagin Medical Inc. was the acquired entity.

These condensed interim consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The ability of the Company to continue as a going-concern depends upon its capacity in the near-term to raise additional equity financing and ultimately to develop profitable commercial operations.

There can be no assurance that the Company will be able to continue to raise funds in the future in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company’s condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee.

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of **February 19, 2019**, the date the Board of Directors approved the condensed interim consolidated financial statements.

These condensed interim consolidated financial statements are presented in the Company’s functional currency (which is the Canadian dollar) on a historical cost basis.

Statement of compliance to International Financial Reporting Standards

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). Therefore, these financial statements comply with International Accounting Standard (“IAS”) 34 “interim Financial Reporting”.

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended September 30, 2018.

IMAGIN MEDICAL INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended December 31, 2018 and 2017

2. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

New standards amendments and interpretations to existing standards not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the September 30, 2018 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

- IFRS 9 (Amended 2010) Financial Instruments (effective January 1, 2018)
- IFRS 16 Leases (effective January 1, 2019)

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

3. **CASH AND CASH EQUIVALENTS**

	December 31, 2018	September 30, 2018
	\$	\$
Canadian chartered bank		
- Deposits in Canadian banks	365,497	2,318,840
- Guaranteed Investment Certificate	5,000,000	3,500,000
	5,365,497	5,818,840

4. **AMOUNTS RECEIVABLE AND PREPAIDS**

	December 31, 2018	September 30, 2018
	\$	\$
GST receivable	5,616	7,398
Interest receivable	15,903	19,560
Prepaid expenses	176,383	174,183
Trust account	-	10,000
	197,901	211,141

5. **INTANGIBLE ASSET**

On June 22, 2015, BSS and Lawrence Livermore National Security (“LLNS”) entered into a license agreement, whereby the Company has exclusive right to develop, manufacture and sell a medical imaging device designed to complement white light endoscopy by adding fluorescent imaging for more accurate detection and treatment of various conditions, including the detection and treatment of cancer.

As consideration for the license agreement, BSS is required to pay a non-refundable license issue fee of US\$100,000 due on the effective date and payable as follows:

- US\$10,000 (paid) due on execution of the agreement;
- US\$30,000 (paid) due within five months after the effective date;
- US\$30,000 (paid) due within seven months after the effective date; and
- US\$30,000 (paid) due within nine months after the effective date.

IMAGIN MEDICAL INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended December 31, 2018 and 2017

5. **INTANGIBLE ASSET** *(continued)*

In addition, BSS is required to pay to LLNS a non-refundable US Maintenance Patent Fee of US\$45,000 as follows:

- US\$15,000 (paid) to be paid on or before February 28, 2016;
- US\$15,000 (paid) to be paid on or before February 28, 2019; and
- US\$15,000 to be paid on or before February 28, 2023.

In addition, BSS is required to pay to LLNS minimum annual royalty payments as follows:

- US\$5,000 (paid) to be paid on or before February 28, 2017;
- US\$10,000 (paid) to be paid on or before February 28, 2018;
- US\$10,000 (paid) to be paid on or before February 28, 2019; and
- US\$25,000 to be paid on or before February 28, 2020, and every February 28th thereafter.

In the event that the Company grants a sublicense to a third party, the Company will pay to LLNS 50% of any issue fee from this sublicensing. The sublicensing fee charged by the Company to the third party must be equal to or greater than the license issue fee disclosed above (US\$100,000).

In addition, the Company will pay LLNS an earned royalty of 3% on net sales.

The license agreement will remain in effect until the expiration or abandonment of the last of the patent rights and are being depreciated on a straight line basis over the remaining life of the patent rights.

Continuity of the intangible asset is as follows:

	Patent License
Cost	
Balance, September 30, 2016	155,241
Additions for the year	6,713
Balance, September 30, 2017	161,954
Additions for the year	12,757
Balance, September 30, 2018	174,711
Additions for the period	-
Balance, December 31, 2018	174,711
Accumulated depreciation	
Balance, September 30, 2016	13,381
Depreciation for the year	13,381
Balance, September 30, 2017	26,762
Depreciation for the year	13,381
Balance, September 30, 2018	40,143
Depreciation for the period	5,011
Balance, December 31, 2018	45,154
Carrying amounts	
Balance, September 30, 2016	141,860
Balance, September 30, 2017	135,192
Balance, September 30, 2018	134,568
Balance, December 31, 2018	\$ 129,557

IMAGIN MEDICAL INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended December 31, 2018 and 2017

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2018	September 30, 2018
	\$	\$
Trade accounts payable	147,448	64,821
Accrued liabilities	34,764	99,932
Due to related parties	7,000	14,776
	189,212	179,529

7. RELATED PARTY TRANSACTIONS

During the three months ended December 31, 2018, the Company paid or accrued \$335,265 (2017 - \$104,530) to directors and officers or companies controlled by directors and officers of the Company, for management, accounting, directors and consulting fees incurred by the Company.

During the period, the Company did not grant any stock options (December 31, 2018 – 4,200,000).

Included in accounts payable are fees and expenses due to directors and officers in the amount of \$7,000 (September 30, 2018 - \$14,776), which are non-interest bearing, unsecured, and payable on demand. Fair value cannot be reliably determined.

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. SHARE CAPITAL

a) Authorized: Unlimited number of common shares

b) Issued:

As at the three months end December 31, 2018, the Company reported issued and outstanding shares of 139,060,278 (September 30, 2018 - 133,854,438).

During the three months ended December 31, 2018, the Company issued the following shares:

- 5,133,340 finance warrants with an exercise price of \$0.10 were exercised for gross proceeds of \$513,334;
- 62,500 finance warrants with an exercise price of \$0.16 were exercised for gross proceeds of \$10,000;
- 8,000 finders warrants with an exercise price of \$0.10 were exercised for gross proceeds of \$800;
- 2,000 finders warrants with an exercise price of \$0.16 were exercised for gross proceeds of \$320;

IMAGIN MEDICAL INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended December 31, 2018 and 2017

8. **SHARE CAPITAL** (continued)

c) Stock options:

A summary of the Company's stock options activity is presented below:

	Number of options	Weighted average exercise price
Outstanding at September 30, 2017	4,950,000	\$ 0.12
Options granted	11,300,000	0.27
Options exercised	(5,600,000)	0.17
Options expired or cancelled	(550,000)	0.24
Outstanding at September 30, 2018	10,100,000	\$ 0.26
Options exercised	-	-
Options expired or cancelled	-	-
Outstanding at December 31, 2018	10,100,000	\$ 0.26

The continuity of share purchase options is as follows:

Expiry Date	Exercise Price	30-Sep-18	Granted	Exercised	Expired/ Cancelled	31-Dec-18
09-Feb-21	0.15	1,200,000	-	-	-	1,200,000
30-Jun-21	0.15	1,150,000	-	-	-	1,150,000
14-Dec-21	0.15	300,000	-	-	-	300,000
26-Oct-22	0.18	1,350,000	-	-	-	1,350,000
30-Oct-22	0.19	100,000	-	-	-	100,000
28-Nov-22	0.25	700,000	-	-	-	700,000
17-Jan-23	0.40	2,100,000	-	-	-	2,100,000
18-Apr-23	0.31	2,750,000	-	-	-	2,750,000
25-Jul-23	0.16	450,000	-	-	-	450,000
		10,100,000	-	-	-	10,100,000
Weighted average exercise price		\$ 0.26	-	-	-	\$ 0.26

Expiry Date	Exercise Price	30-Sep-17	Granted	Exercised	Expired/ Cancelled	31-Dec-17
09-Feb-21	0.15	1,850,000	-	(450,000)	-	1,400,000
30-Jun-21	0.15	1,200,000	-	(50,000)	-	1,150,000
14-Dec-21	0.15	300,000	-	-	-	300,000
25-Sep-22	0.06	1,600,000	-	(1,600,000)	-	-
26-Oct-22	0.18		2,250,000	(500,000)	-	1,750,000
30-Oct-22	0.19		400,000	-	-	400,000
28-Nov-22	0.25	-	2,000,000	-	-	2,000,000
14-Jun-18	0.24	-	300,000	-	-	300,000
		4,950,000	4,950,000	(2,600,000)	-	7,300,000
Weighted average exercise price		\$ 0.12	\$ 0.21	\$0.10	-	\$ 0.19

During the three months ended December 31, 2018, the Company did not grant any incentive stock options (September 20, 2017 – 4,950,000) to directors, officers, and certain service providers.

IMAGIN MEDICAL INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended December 31, 2018 and 2017

8. **SHARE CAPITAL** (continued)

d) Share purchase warrants

A summary of the Company's share purchase warrants activity is presented below:

	Number of warrants	Weighted average exercise price
Outstanding at September 30, 2017	25,232,954	\$ 0.17
Finance warrants issued	38,164,157	0.23
Finders' warrants issued	1,521,910	0.31
Debt conversion warrants issued	1,356,183	0.12
Finance warrants exercised	(22,258,987)	0.12
Finders' warrants exercised	(872,886)	0.13
Acquisition warrants exercised	(7,560,000)	0.15
Debt conversion warrants exercised	(847,707)	0.12
Finance warrants expired	(5,454,747)	0.35
Outstanding at September 30, 2018	29,280,877	\$ 0.29
Finance warrants exercised	(5,205,840)	0.10
Finance warrants expired	(3,791,440)	0.16
Outstanding at December 31, 2018	20,283,597	\$ 0.30

The continuity of share purchase warrants is as follows:

Expiry Date	Exercise Price	30-Sep-18	Granted	Exercised	Expired/ Cancelled	31-Dec-18
9-Feb-19	0.15	1,100,000	-	-	-	1,100,000
18-Oct-18	0.12*	582,500	-	(25,000)	(557,500)	-
9-Dec-18	0.12*	2,016,315	-	(39,500)	(1,976,815)	-
05-Oct-18	0.10	3,169,300	-	(3,169,300)	-	-
16-Oct-18	0.10	2,588,800	-	(1,972,040)	(616,760)	-
01-Nov-18	0.25	400,000	-	-	(400,000)	-
19-Dec-18	0.12	240,365	-	-	(240,365)	-
23-Feb-19	0.12	146,667	-	-	-	146,667
12-Apr-20	0.38	12,468,329	-	-	-	12,468,329
19-Apr-20	0.38	6,568,601	-	-	-	6,568,601
		29,280,877	-	(5,205,840)	(3,791,440)	20,283,597
Weighted average exercise price	\$ 0.29		-	\$ 0.10	\$ 0.16	\$ 0.30

IMAGIN MEDICAL INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended December 31, 2018 and 2017

8. **SHARE CAPITAL** *(continued)*

d) Share purchase warrants *(continued)*

Expiry Date	Exercise Price	30-Sep-17	Granted	Exercised	Expired/ Cancelled	31-Dec-17
9-Feb-18	0.35	6,677,413	-	-	-	6,677,413
9-Feb-19	0.15	8,660,000	-	(4,970,000)	-	3,690,000
9-Feb-18	0.15	220,186	-	(220,186)	-	-
23-Feb-19	0.35	330,000	-	-	-	330,000
23-Feb-18	0.15	25,600	-	-	-	25,600
18-Oct-18	0.12	5,127,300	-	(2,628,200)	-	2,499,100
9-Dec-18	0.12	3,980,565	-	(1,831,250)	-	2,149,315
28-Sep-18	0.12	211,890	-	(211,890)	-	-
05-Oct-18	0.10		13,255,600			13,255,600
16-Oct-18	0.10		7,149,200			7,149,200
23-Oct-18	0.12		177,671	(177,671)		-
01-Nov-18	0.25		400,000			400,000
08-Nov-18	0.12		321,205	(321,205)		-
19-Dec-18	0.12		240,365			240,365
		25,232,954	21,544,041	(10,360,402)	-	36,416,593
Weighted average exercise price		\$ 0.17	\$ 0.10	\$0.14	\$ -	\$ 0.14

e) Escrow shares

During the acquisition of BSS Life Sciences Inc, the Company issued 11,500,000 shares, which are subject to escrow and to be released over three years (10% on the closing date and an additional 15% every six months thereafter). As at year ended September 30, 2018, 9,775,000 shares were released from escrow and the remaining 1,725,000 are to be released on February 9, 2019.

9. **NON CASH TRANSACATIONS**

The following non-cash transactions were recorded:

	December 31, 2018	December 31, 2017
Financing activities:		
Brokers warrants issued in connection with the private placements	\$ -	\$ 18,466

IMAGIN MEDICAL INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended December 31, 2018 and 2017

10. **CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS**

(a) Capital Management Objectives

The Company considers the components of shareholders' equity, as well as its cash as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk of characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue equity, sell assets, or return capital to shareholders as well as issue or repay debt. The Board of Directors has not established quantitative capital structure criteria management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the company, is reasonable.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets, which are updated as necessary and are reviewed and approved by the Company's Board of Directors. In addition, the Company may issue new equity, incur additional debt, or dispose of certain assets. When applicable, the Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

There were no changes in the Company's approach to capital management during the three months ended December 31, 2018.

(b) Carrying Amounts and Fair Values of Financial Instruments

The fair value of a financial instrument is the price at which a party would accept the rights and/or obligations of the financial instruments from an independent third party. Given the varying influencing factors, the reported fair values are only indicators of the prices that may actually be realized for these financial instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2—Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3—Inputs that are not based on observable market data

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2018.

	Level 1	Level 2	Level 3	Total
Cash	\$ 5,365,497	\$ —	\$ —	\$ 5,365,497

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at September 30, 2018.

	Level 1	Level 2	Level 3	Total
Cash	\$ 5,818,840	\$ —	\$ —	\$ 5,818,840
Security deposits	\$ 5,750	\$ —	\$ —	\$ 5,750

11. SUBSEQUENT EVENTS

Subsequent to the three months ended December 31, 2018 the following occurred:

- 1,100,000 acquisition warrants with an exercise price of \$0.15 expired unexercised;
- 146,667 debt conversion warrants with an exercise price of \$0.12 expired unexercised.

IMAGIN MEDICAL INC.
MANAGEMENT DISCUSSION & ANALYSIS

For the Three Months Ended December 31, 2018

Directors and Officers as of February 27, 2019

Directors:

Robin Atlas
Chris Bleck
Ken Daignault
Jim Hutchens
John Vacha

Officers:

President & C.E.O. – Jim Hutchens
C.F.O. & Secretary – John Vacha

Contact Names:

Jim Hutchens
John Vacha

Telephone Number:

833-246-2446

IMAGIN MEDICAL INC.

MANAGEMENT DISCUSSION & ANALYSIS

For the Three Months Ended December 31, 2018

1.1 Date of This Report

February 27, 2019

This Management's Discussion & Analysis ("MD&A") of Imagin Mining Inc. for the three months ended December 31, 2018 has been prepared based on information available to us as of February 27, 2019. This discussion should be read in conjunction with the Condensed Interim Consolidated Financial Statements of the Company and notes attached thereto for the three months ended December 31, 2018 included herewith, all of which are available at the SEDAR website at www.sedar.com.

This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include product development timing, government regulatory approvals, hospital reimbursement, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Reported currency is stated in Canadian dollars.

1.2 Overall Performance

Description of Business

Imagin Medical Inc. (formerly Expedition Mining Inc.) is incorporated in the Province of British Columbia and its previous principal business activity was the acquisition and exploration of resource properties. On February 9, 2016, the Company completed the acquisition of BSS Life Sciences Inc. ("BSS"). BSS holds the intellectual property rights to a proprietary imaging technology developed for extremely accurate visualization of cancers. In connection with the acquisition, the Company changed its name to Imagin Medical Inc. and now focuses on the research, develop and commercialization in the device/instrumentation medical technology industry.

License Agreement

By way of a Licence Agreement dated May 20, 2015, BSS was granted an exclusive, nontransferable, royalty-bearing license by Lawrence Livermore National Security, LLC (LLNS), to use LLNS's patents and intellectual property rights to manufacture and sell products and services pertaining to in-vivo imaging applications.

Under the License Agreement, BSS must:

- complete a commercial prototype by December 31, 2016 (First prototype completed);
- complete submissions for United States Food and Drug Administration (“FDA”) approval by December 31, 2017 (Not Completed and extended to Dec 31, 2019);
- achieve first commercial sales (“FCS”) in the United States within one year of achieving the FDA approval; and
- achieve gross cumulative sales revenues from the sales of licensed products of at least \$10,000,000 within the first three years of achieving FCS.

The sales requirements may be amended and/or extended at the written request of BSS to LLNS, based upon legitimate business reasons specified in reasonable detail in such written request.

BSS must pay certain fees to LLNS for the licence, being (all amounts are in US dollars):

- (i) a nonrefundable issue fee of \$100,000 payable as follows:
 - \$10,000 upon the date of execution of the Agreement (June 22, 2015; paid);
 - \$30,000 by November 22, 2015 (paid);
 - \$30,000 by January 22, 2016 (paid); and
 - \$30,000 by March 22, 2016 (paid).
- (ii) an earned royalty of 3% of net sales, subject to minimum annual royalties of:

Calendar year	Minimum annual royalty	Due date
2017	\$5,000	February 28, 2017 (paid)
2018	\$10,000	February 28, 2018 (paid)
2019	\$10,000	February 28, 2019 (paid)
2020 and thereafter	\$25,000	February 28 of each year

- (iii) a nonrefundable U.S. Maintenance Patent Fee of \$45,000 to be paid as follows:
 - \$15,000 on or before February 28, 2016 (paid);
 - \$15,000 on or before February 28, 2019 (paid); and
 - \$15,000 on or before February 28, 2023

The Technology

Imagin Medical is a surgical imaging company focused on establishing a new standard of care in visualizing cancer during minimally invasive surgeries (MIS). The Company believes its first product, the i/Blue Imaging™ System, will dramatically improve surgeons’ ability to visualize cancerous cells by producing higher-quality images more quickly compared with current methods. Based on advanced optics and light sensors, the i/Blue Imaging System employs patented ultrasensitive imaging technology, offers easy-to-use viewing options for more accurate resection of cancerous cells. The Company’s initial focus

is bladder cancer.

The i/Blue Imaging System is a device external to the body that attaches to an endoscope to emit both white and blue light during MIS. When used in combination with contrast agents, cancerous cells, including premalignant lesions and tumor tissue along the margins, begin to fluoresce within an hour or less. The i/Blue Imaging System provides the option to display, in real-time, the white and blue light images side-by-side or alternatively, a composite image that places the cancer into context within the bladder. This advancement eliminates the surgeon's need to switch back and forth between the white and blue light images when locating and then resecting the cancer.

Imagin's i/Blue Imaging System is comprised of two key, state-of-the-art components:

- The i/Blue Control Unit: contains dual high-intensity light source, camera controller and power supply modules that allow simultaneous displays of white and blue light illumination in the interior of the bladder.
- Dual Camera Handpiece: includes sophisticated optical filters that split the image into white and blue light channels, allowing simultaneous display of corresponding images on the surgical monitor. This patented technology can be seamlessly adapted to most endoscopes on the market today and offers multiple real-time viewing options/images that better enable the surgeon to visualize and resect the cancer.

Benefits of the i/Blue Imaging System

- Enables surgeons to better visualize and resect the cancer
 - No toggling back and forth between images
 - Option for side-by-side or composite white and blue light images
 - Shows cancer in context
 - Adapts seamlessly to most types of endoscopes on the market
 - Potentially visualizes the cancer more rapidly
 - Appropriate for physicians' offices

Future Development - Disruptive Technology /Multiple Markets

Imagin intends to build on the i/Blue technology, which currently works with hexaminolevulinate hydrochloride (HAL), and adapt it to other U.S. Food and Drug Administration (FDA)-approved contrast agents, such as Indocyanine green (ICG). These additional products will expand Imagin's market potential, facilitating entry into multiple endoscopic procedures, such as laparoscopic (general and gynecology), colorectal and thoracic.

Imagin is actively pursuing opportunities to acquire or distribute additional products such as disposable scopes, cancer biopsy devices and other products to complement its portfolio.

The Strategy

Imagin will differentiate the MIS surgical imaging market by focusing on state-of-the-art, easy-to-use, practical and cost-effective cancer visualization systems.

The Company's initial target market is surgical bladder cancer treatment, with expansion of bladder cancer fluorescence imaging and biopsy to be conducted in physicians' offices.

Once the i/Blue Imaging System is commercially available for urological indications, Imagin will focus on expanding the product platform from bladder cancer to laparoscopic (abdominal), colorectal, thoracic and other medical procedures. The Company will partner with manufacturers of contrast agents that are already FDA-approved or in their final phase (Phase III) of FDA approval.

To prepare for commercialization, the Company will launch a marketing program comprised of participation in trade shows and focus groups along with the development of physician champions and Centers of Excellence. The Company will build on current relationships with key independent sales representatives currently successful the urology marketplace.

As previously mentioned, Imagin plans to add complementary products to expand its product portfolio. Because the i/Blue technology is adaptable to most endoscopes currently on the market, the Company will be of strategic interest to existing dominant endoscope manufacturers.

Intellectual Property

The Company, through its wholly owned subsidiary (BSS Life Sciences) has secured an exclusive license from Lawrence Livermore National Security, LLC (LLNS) to commercialize the technology invented by Dr. Stavros Demos. This license agreement includes three issued patents and one pending patent application on technology related to exclusive spectroscopic imaging for cancer and other medical applications. These include:

1. Issued U.S. Patent 7,149,567 - Near-Infrared Spectroscopic Tissue Imaging for Medical Applications
2. Issued U.S. Patent 7,257,437 - Autofluorescence Detection and Imaging of Bladder Cancer Realized Through a Cystoscope.
3. Issued U.S. Patent 8,285,015 - Simultaneous Acquisition of Differing Image Types
4. Pending U.S. Patent Application No. 13/601,918 - Simultaneous Acquisition of Differing Image Images

Based on product refinement and development since the completion of the University of Rochester study, Imagin is filing additional patent applications that the company anticipates will broaden its intellectual property portfolio.

Product Development Plan and Timing

Imagin's product development partner, Optel, has extensive experience integrating optics, mechanics, electronics and software into user-friendly, cost-effective products and has

been instrumental in the Company's reaching its design goals of providing higher-quality images more quickly using software that allows multiple images to be displayed simultaneously.

Results from the study conducted at the University of Rochester Medical Center prompted Optel to re-examine the i/Blue technology concept. The original prototype was a self-contained unit with a 36" x 32" footprint. Optel was able to take advantage of state-of-the-art optical and electro-photonics components to extensively redesign the prototype. The result is a very innovative approach that splits the functions of the i/Blue unit into two separate units. This modular concept allows more flexibility and has resulted in a 90% reduction in the size of the system while conforming to all FDA specifications. Although this redesign added several months to Imagin's development plan, the Company believes it has resulted in a higher performing, cost-effective product that will be embraced by the marketplace.

Optel has completed the Proof of Concept Phase of the redesigned Control Unit, validating the performance of the two critical optical modules: light source and imaging modules. The Dual Camera Control Unit is being assembled and functional units for testing will be available by the end of Q1 2019. The final phase of a Verified Unit for manufacturing/commercialization is expected to be completed early Q3 2019. The Company believes that the imaging quality and cost reduction goals for the i/Blue Imaging System will be achieved. The product will be highly manufacturable and cost effective, with a modular design that will become a basic platform for Imagin's current and future imaging systems and applications.

At Imagin's request, the Company met with the FDA in Q1 2019 to proactively discuss the i/Blue Imaging System's regulatory path and the potential need for a clinical study. The content and feedback from the meeting will be instrumental as the Company continues to refine its regulatory strategy. Discussions with the FDA will be ongoing. Imagin will ensure that the i/Blue Imaging System will be in compliance with the requirements of the FDA, Good Manufacturing Practices (GMP), European medical device standard ISO 13485, and other international compliance requirements.

Depending on the final FDA device classifications, schedule and marketing clearance, the Company is planning to initiate the commercialization of the i/Blue Imaging System during calendar year 2020 and believes it will achieve rapid revenue growth.

Highlights from Oct 1, 2017 up to the date of this report

The Company announced the following:

- announced the Company's plans to attend and present at the Noble Capital Markets 15th Annual Investor Conference
- announced new presentation on the Company website
- reported fiscal year end 2018 results
- announced results of the Annual Meeting of Shareholders

- commented on recent promotional activity pursuant to OTC Markets request
- announced receipt of approximately \$1 million from the Exercise of Warrants
- announced the appointment of Chris Bleck to the Board of directors and the resignation of Steve Chan.
- received gross proceeds of \$524,454 from the exercise of 5,205,840 previously issued share purchase warrants and finders' warrants.
- announced that all matters put forward before the shareholders, as set out in the Company's management information circular dated November 15, 2018, were approved by the requisite majority of votes cast at the Annual General Meeting.
- at the date of this report, the Company currently has 139,060,278 issued and outstanding Shares; 17,919,820 Finance Warrants; 1,117,110 finders' warrants; 146,667 debt conversion warrants; and 10,100,000 incentive stock options.

1.3 **Selected Annual Information**

The highlights of financial data for the Company for the two most recently completed financial years are as follows:

	<u>Sept. 30, 2018</u>	<u>Sept. 30, 2017</u>
(a) Loss before other items		
(i) Total loss	\$4,988,339	\$1,377,537
(ii) Loss per share – basic	\$0.05	\$0.03
(iii) Loss per share – diluted	\$0.05	\$0.03
(b) Net loss		
(i) Total loss	\$7,958,086	\$1,542,102
(ii) Loss per share – basic	\$0.07	\$0.03
(iii) Loss per share – diluted	\$0.07	\$0.03
(c) Total assets	\$6,171,702	\$389,644

1.4 **Results of Operations**

Discussion of Operations and Financial Condition

The following should be read in conjunction with the condensed interim consolidated financial statements for the three months ended December 31, 2018 and notes attached hereto.

During the three months ended December 31, 2018, the Company reported a net loss of \$1,011,586 (\$1,270,498 – December 31, 2017). The Company incurred the following major expenditures:

1. Business Development - \$17,989 as compared to Nil the previous comparative period. Business Development efforts focused on market research and competitive analysis in advance of commercialization as well as possible partnership/product opportunities.
2. Consulting fees – Total \$193,464 (Increased by \$63,438). Consulting fees consists of:

- Marketing and Investor Relations – \$175,108: The Company engaged numerous consultants to provide services primarily related to raising capital and public relations, specifically, internet marketing, research reports, news and press releases and their distribution. The Company continues with its ongoing communications and marketing programs to efficiently increase awareness of the progress of the Company, allowing the Company to continue to maintain its existing cash for product development and commercialization.
 - Sales & Marketing - \$7,653: The Company engaged consultants to provide services related to customer feedback and marketing.
 - OTC Listing - \$10,701 – The Company incurred application fees related to the listing with the OTC.
3. Legal & accounting – Total \$134,997 (Increased by \$107,507). In the second quarter of the previous fiscal year, the Company hired John Vacha as the new Chief Financial Officer. Jorge Avelino, the former Chief Financial Officer continues to work with the Company assisting with the regulatory and accounting functions.
 4. Management fees – Total \$199,995 (Increased by \$122,215). In the second quarter of the previous fiscal year, the Board of Directors approved an annual salary of US\$450,000 for the President and CEO.
 5. Product Development – Total \$354,400 (Increased by \$316,359). The increase is primarily related to the work performed by outsourced quality, regulatory, design and engineering consultants as well as fees related to the 1st in-human Research Study at the University of Rochester Medical Center and Optel Inc.

The Company also reported receivables and prepaids for a total amount of \$197,901 (September 30, 2018 - \$211,141). The amount is broken down as follows:

		31-Dec-18	30-Sep-18
GST Receivable	\$	5,616	7,398
Interest Receivable (GIC)		15,903	19,560
Prepaid expenses **		176,383	174,183
Trust account		-	10,000
	\$	197,901	211,141

** The Company was billed in advance for services ranging from 6 months to a year with respect to services primarily related to raising capital and public relations, specifically, internet marketing, digital marketing, research reports, news and press releases and their distribution. These amounts are recorded as prepaid and expensed on a monthly basis.

Shareholders Communication and Travel

For the period ended December 31, 2018, the Company reported shareholder communication and travel expenses totaling \$55,544 (Dec 31, 2017 - \$30,220) and broken down as follows:

	31-Dec-18	31-Dec-17
Communication & information	\$ 3,226	\$ 7,362
Conferences	15,726	1,575
Press releases	8,013	6,497
Telephone & website	1,028	1,931
Travel & entertainment	27,551	12,855
	\$ 55,544	\$ 30,220

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	<u>Q1 31-Dec-18</u>	<u>Q4 30-Sep-18</u>	<u>Q3 30-Jun-18</u>	<u>Q2 31-Mar-18</u>
	IFRS	IFRS	IFRS	IFRS
Net loss	(1,011,586)	(2,217,112)	(1,751,665)	(2,718,811)
Per Share	(1.0)	(2.0)	(1.5)	(2.5)
	<u>Q1 31-Dec-17</u>	<u>Q4 30-Sep-17</u>	<u>Q3 30-Jun-17</u>	<u>Q2 31-Mar-17</u>
	IFRS	IFRS	IFRS	IFRS
Net loss	(1,270,498)	(373,798)	(298,242)	(381,507)
Per Share	(1.5)	(0.01)	(0.005)	(0.005)

On February 9, 2016, the Company completed the acquisition of BSS Life Sciences ("BSS"). In connection with the closing, the Company issued 26,500,000 common shares to the shareholders of BSS (see note 10). As a result of the exchange, the transaction resulted in a reverse asset acquisition. Accordingly, BSS will be considered the continuing entity for accounting and financial reporting purposes and the Company, the continuing public company, being the corporation acquired.

Discussion

Three months ended December 31, 2018:

For the three months ended December 31, 2018, please refer to Section 1.4 Results of Operations.

1.5 Liquidity

The Company has no current operating income or cash flow. In management's view, given the nature of the Company's operations, the most relevant financial information relates primarily to current liquidity, solvency and planned expenditures. The Company's financial success will be dependent on continuing to raise operating capital and successful clinical trials that validate the company's technology and such activities may take time to complete and the amount of resulting income is difficult to determine.

In the previous fiscal year, the Company completed two non-brokered private placements through the issuance of 20,000,000 units for gross proceeds of \$1,000,000 and 17,919,820

units for gross proceeds of \$3,942,360. In addition, 31,539,580 finance warrants and finders' warrants, with prices ranging from \$0.10 to \$0.35 for total proceeds of \$4,227,414.

In the three month ended December 31, 2018, an additional 5,205,840 finance warrants and finders' warrants, with prices ranging from \$0.10 to \$0.16 for total proceeds of \$524,454.

As at December 31, 2018, the Company had \$5,365,497 in cash and \$197,90 in accounts receivable and prepaid expenses. The Company currently has no revenue being generated from its i/Blue system for the early detection of cancer. The Company believes that after the clinical studies are completed and the final FDA clearance, sales will begin in 2020.

The Company's historical capital needs have been met by equity subscriptions. On December 3, 2018, the Company had working capital of \$5,374,187 (September 30, 2018 – working capital of \$5,856,202).

Cash and cash equivalents

	31-Dec-18	30-Sep-18
Cash deposits	\$ 365,497	\$ 2,318,840
Guaranteed investment certificate	5,000,000	3,500,000
Total cash and cash equivalents	\$ 5,365,497	\$ 5,818,840

Credit Risk

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company's cash is held with a Canadian bank.

Currency Risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company faces certain foreign exchange risks related to expenses incurred in U.S. dollars, a currency which may appreciate against the Canadian dollar, the Company's reporting currency. Additionally, net working capital balances denominated in non-reporting currencies are also subject to fluctuations in value. The Company mitigates these threats by limiting its exposure to such balances where their expenditure in the same non-reporting currency is not imminent.

Commitments

The Company has certain commitments related to the license agreement with Lawrence Livermore National Security. Please refer to Sections 1.2 Overall Performance – License Agreement.

1.6 Capital Resources

The Company's capital resources is fixed assets (computers & office equipment) with a book value of \$1,298 September 30, 2018 - \$1,403).

1.7 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

1.8 First Quarter

The first quarter result does not differ significantly from other quarters.

1.9 Transactions with Related Parties

During the three months ended December 31, 2018, the Company paid or accrued \$335,265 (December 31, 2017 - \$104,530) to directors and officers or companies controlled by directors and officers of the Company, for management, accounting, and directors fees incurred by the Company.

		31-Dec-18	31-Dec-17
Management fees	\$	199,995	77,780
Accounting fees		114,281	18,000
Consulting fees		17,989	-
Directors fees		3,000	8,750
Total	\$	335,265	104,530

During the three month ended December 31, 2018, the Company did not grant any stock options (December 31, 2018 – 4,200,000).

Included in accounts payable are fees and expenses due to directors and officers in the amount of \$7,000 (September 30, 2018 - \$14,776), which are non-interest bearing, unsecured, and payable on demand. Fair value cannot be reliably determined.

1.10 Proposed Transactions

N/A

1.11 Critical Accounting Estimates

In preparing financial statements, management has to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Based on historical experience, current conditions and expert advice, management makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for judgments about the carrying value of assets and liabilities and reported amounts for revenues and expenses. Different assumptions would result in different estimates and actual results may differ from results based on these estimates. These estimates and assumptions are also affected by management's application of accounting policies. Critical accounting estimates are those that affect the consolidated financial statements materially and involve a significant level of judgment by management.

1.12 Financial and Other Instruments

The carrying value of cash and cash equivalents, marketable securities, accounts receivable, accounts payable and due from (to) related parties approximate their fair values due to the short maturity of those instruments.

1.13 Other

Disclosure of Outstanding Share Capital: February 27, 2018

	<u>Number</u>
Common Shares	139,060,278

Disclosure of Outstanding Stock Options: February 27, 2018

	<u>Number</u>
Incentive Stock Options	10,100,000

Disclosure of Outstanding Share Purchase Warrants: February 27, 2018

	<u>Number</u>
Warrants	19,036,930
Fully diluted	168,197,208

Disclosure Controls and Procedures

It should be noted that pursuant to Multilateral Instrument 52-511 (adopted by the British Columbia Securities Commission on November 23, 2007), that the officers of the Company are no longer required to certify the effectiveness of disclosure controls and procedures used by the Company, as was required in previous filings under National Instrument 52-109. Accordingly, the new forms of certificate to be signed by the Company's Chief Executive Officer and Chief Financial Officer contain the following Note to Reader:

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Filings (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of and annual filings and other reports provided under securities legislation.

Subsequent Events

Subsequent to the three months ended December 31, 2018 the following occurred:

- 1,100,000 acquisition warrants with an exercise price of \$0.15 expired unexercised;
- 146,667 debt conversion warrants with an exercise price of \$0.12 expired unexercised.

Additional information relating to the company is on SEDAR at www.sedar.com.