

**IMAGIN MEDICAL INC.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2020**

**and**

**March 31, 2019**

**(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**

	March 31, 2020	September 30, 2019
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (Note 3)	904,174	2,272,770
Amounts receivable and prepaids (Note 4)	152,374	77,188
Security deposit	-	-
	1,056,548	2,349,958
<b>Equipment</b>		
<b>Intangible asset</b> (Note 5)	-	-
	166,210	144,615
	1,222,758	2,494,573
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Notes 6 & 7)	331,635	382,384
	331,635	382,384
<b>Shareholders' equity</b>		
Share capital (Notes 8 & 10)	17,310,362	15,487,514
Share-based payment reserve	2,961,063	2,899,990
Deficit	(19,380,302)	(16,275,315)
	891,123	2,112,189
	1,222,758	2,494,573
<b>Nature and continuance operations</b> (Note 1)		
<b>Basis of presentation</b> (Note 2)		

**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**

**For the Six Months Ended March 31, 2020 and 2019**

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019	Six Months Ended March 31, 2020 \$	Six Months Ended March 31, 2019 \$
<b>General and administrative expenses:</b>				
Amortization of intangible asset	5,775	5,011	11,550	10,022
Amortization of equipment	-	105	-	105
Bank charges and interest	2,401	1,654	4,373	3,652
Business development (Note 7)	-	29,857	17,697	47,846
Consulting fees	90,876	141,333	155,167	334,796
Corporate and administration fees	5,950	6,000	12,660	15,715
Directors' fees (Note 7)	4,500	3,000	7,500	6,000
Filing and transfer agent fees	10,478	6,462	16,975	21,469
Legal & accounting fees (Note 7)	108,011	100,492	202,329	235,489
Management fees (Note 7)	152,880	148,823	301,481	348,818
Office, rent and insurance	25,239	28,964	50,682	61,953
Product development	1,207,381	439,404	1,846,559	793,804
Shareholders' communication, & promotion	192,015	41,534	380,194	69,527
Travel, meals & entertainment	32,384	18,106	72,661	45,657
	(1,837,890)	(970,745)	(3,079,828)	(1,994,958)
<b>Other items:</b>				
Interest income	5,192	18,152	8,952	30,798
Foreign exchange	(3,653)	26,523	(172)	26,504
	(33,939)	-	(33,939)	-
<b>Net loss and comprehensive loss</b>	<b>(1,870,290)</b>	<b>(926,070)</b>	<b>(3,104,987)</b>	<b>(1,937,656)</b>
<b>Basic and diluted loss per share</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.02)</b>	<b>(0.01)</b>
<b>Weighted average – number of shares outstanding</b>	<b>168,927,091</b>	<b>139,060,278</b>	<b>153,912,081</b>	<b>138,824,614</b>

See notes to condensed interim consolidated financial statements

**IMAGIN MEDICAL INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Six Months Ended March 31, 2020 and 2019**

	2020	2019
	\$	\$
<b>Cash provided by (used for):</b>		
<b>Operating activities</b>		
Net loss for the period	(3,104,987)	(1,937,656)
Adjustments which do not affect cash:		
Amortization of intangible asset	11,550	10,022
Amortization of equipment	-	210
Stock-based compensation	33,939	-
	(3,059,498)	(1,927,424)
Net changes in non-cash working capital items:		
Amounts receivable and prepaids	(75,186)	115,813
Accounts payable and accrued liabilities	(50,749)	13,353
	(3,185,433)	(1,798,258)
<b>Investing activities</b>		
Purchase of intangible asset	(33,145)	(33,148)
	-	-
<b>Financing activities</b>		
Issue of share capital (net)	1,849,982	524,454
	-	524,454
<b>Increase (decrease) in cash</b>	(1,368,596)	(1,306,952)
<b>Cash and cash equivalents - beginning of period</b>	2,272,770	5,818,840
<b>Cash and cash equivalents - end of period</b>	904,174	4,511,888

**Supplementary disclosures:**

Note 9 – Non-cash transactions

See notes to condensed interim consolidated financial statements

**IMAGIN MEDICAL INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**For the Six Months Ended March 31, 2020 and 2019**

	Issued Share Capital		Share-Based Payment Reserve	Obligation to Issue Shares	Deficit	Total
	#	\$	\$	\$	\$	\$
<b>Balance, September 30, 2018</b>	<b>133,854,438</b>	<b>14,962,227</b>	<b>2,847,939</b>	-	<b>(11,817,993)</b>	<b>5,992,173</b>
Exercise of warrants	5,205,840	524,454	-	-	-	524,454
Fair value of warrants exercised	-	833	(833)	-	-	-
Loss for the period	-	-	-	-	(1,937,656)	(1,937,656)
<b>Balance, March 31, 2019</b>	<b>139,060,278</b>	<b>15,487,514</b>	<b>2,847,106</b>	-	<b>(13,755,649)</b>	<b>4,578,972</b>
Fair value of options granted	-	-	52,884	-	-	52,884
Loss for the period	-	-	-	-	(2,519,666)	(2,519,666)
<b>Balance, September 30, 2019</b>	<b>139,060,278</b>	<b>15,487,514</b>	<b>2,899,990</b>	-	<b>(16,275,315)</b>	<b>2,112,189</b>
Private placement \$0.05	38,280,000	1,914,000	-	-	-	1,914,000
Share issue costs	-	(64,018)	-	-	-	(64,018)
Fair value of finders' warrants	-	(27,134)	27,134	-	-	-
Fair value of options granted	-	-	33,939	-	-	33,939
Loss for the period	-	-	-	-	(3,104,987)	(3,104,987)
<b>Balance, March 31, 2020</b>	<b>177,340,278</b>	<b>17,310,362</b>	<b>2,961,063</b>	-	<b>(19,380,302)</b>	<b>891,123</b>

See notes to condensed interim consolidated financial statements

**IMAGIN MEDICAL INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six months ended March 31, 2020 and 2019**

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Imagin Medical Inc. is incorporated in the Province of British Columbia. 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 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 **May 12, 2020** the date the Board of Directors approved the consolidated financial statements.

These 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, 2019.

**IMAGIN MEDICAL INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six months ended March 31, 2020 and 2019**

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

**Adoption of new and revised standards and interpretations**

Accounting standards adopted during the period

IFRS 9 – Financial Instruments

This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, 'Financial Instruments: Recognition and Measurement'. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is recorded at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is measured at fair value with changes in fair value through profit or loss. In addition, this new standard has been updated to include guidance on financial liabilities and de-recognition of financial instruments and to include guidance on hedge accounting and allowing entities to early adopt the requirement to recognize changes in fair value attributable to changes in an entity's own credit risk, from financial liabilities designated under the fair value option, in other comprehensive income.

Effective October 1, 2018, the Company adopted IFRS 9 retrospectively without restatement.

The Company also completed an assessment of its financial instruments as at October 1, 2018 and determined that no change was required in classification identified from the original classification under IAS 39 to IFRS 9.

Accounting standards issued but not yet effective

Effective for annual periods beginning on or after January 1, 2019:

IFRS 16 – Leases

The Company has not early adopted this new standard to existing standards and does not expect the impact of this standard on the Company's consolidated financial statements to be material.

**3. CASH AND CASH EQUIVALENTS**

	<b>March 31, 2020</b>	<b>September 30, 2019</b>
	\$	\$
Canadian chartered bank		
- Deposits in Canadian banks	29,174	322,770
- Guaranteed Investment Certificate	875,000	1,950,000
	<b>904,174</b>	<b>2,272,770</b>

**4. AMOUNTS RECEIVABLE AND PREPAIDS**

	<b>March 31, 2020</b>	<b>September 30, 2019</b>
	\$	\$
GST receivable	4,503	1,934
Interest receivable	319	34,395
Prepaid expenses	147,552	40,859
Trust account	-	-
	<b>152,374</b>	<b>77,188</b>

**IMAGIN MEDICAL INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six months ended March 31, 2020 and 2019**

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**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.

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 (paid) to be paid on or before February 28, 2020, and every February 28<sup>th</sup> 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.

**IMAGIN MEDICAL INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six months ended March 31, 2020 and 2019**

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

Continuity of the intangible asset is as follows:

	Patent License
<b>Cost</b>	
Balance, September 30, 2017	\$ 161,954
Additions for the year	12,757
Balance, September 30, 2018	174,711
Additions for the year	33,148
Balance, September 30, 2019	\$ 207,859
Additions for the period	33,145
<b>Balance, March 31, 2020</b>	<b>\$ 241,004</b>
<b>Accumulated depreciation</b>	
Balance, September 30, 2017	\$ 26,762
Depreciation for the year	13,381
Balance, September 30, 2018	40,143
Depreciation for the year	23,101
Balance, September 30, 2019	\$ 63,244
Depreciation for the period	11,550
<b>Balance, March 31, 2020</b>	<b>\$ 74,794</b>
<b>Carrying amounts</b>	
Balance, September 30, 2017	\$ 135,192
Balance, September 30, 2018	134,568
Balance, September 30, 2019	\$ 144,615
<b>Balance, March 31, 2020</b>	<b>\$ 166,210</b>

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	March 21, 2020	September 30, 2019
	\$	\$
Trade accounts payable	302,135	330,536
Accrued liabilities	22,000	40,000
Due to related parties	7,500	11,848
	<b>331,635</b>	<b>382,384</b>

**7. RELATED PARTY TRANSACTIONS**

During the six months ended March 31, 2020, the Company paid or accrued \$477,573 (September 30, 2019 - \$590,394) 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.

The Company did not grant any stock options to key management during the six months ended March 31, 2020.

**IMAGIN MEDICAL INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six months ended March 31, 2020 and 2019**

**7. RELATED PARTY TRANSACTIONS** *(continued)*

Included in accounts payable are fees and expenses due to directors and officers in the amount of \$7,500 (September 30, 2019 - \$6,000), 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 March 31, 2020, the Company reported issued and outstanding shares of 177,340,278 (September 30, 2019 – 139,060,278).

During the six months ended March 31, 2020, the Company closed its non-brokered private placement, issuing 38,280,000 units (“Units”) at \$0.05 per Unit for gross proceeds of \$1,914,000. Each Unit consists of one common share (“Share”) and one Share purchase warrant (“Warrant”), each Warrant entitling the holder to acquire one additional Share at \$0.15 for a period of 24 months, provided that in the event the closing price of the Company's Shares is equal to or greater than \$0.25 per Share for 10 consecutive trading days, the Company may, by notice to the Warrant holders (which notice may be by way of general news release), reduce the remaining exercise period of the Warrants to not less than 30 days following the date of such notice.

Total finders' fees were paid in the form of cash in the amount of \$52,790 and 1,055,800 finders' warrants (exercisable at \$0.05 per Share for 24 months). The fair value for the finders warrants using the Black-Scholes option-pricing model was determined to be \$0.0257 per warrant.

c) Stock options:

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

	Number of options	Weighted average exercise price
<b>Outstanding at September 30, 2018</b>	<b>10,100,000</b>	<b>\$ 0.26</b>
Options granted	900,000	0.10
<b>Outstanding at September 30, 2018</b>	<b>11,000,000</b>	<b>\$ 0.24</b>
Options granted	600,000	0.06
<b>Outstanding at March 31, 2020</b>	<b>11,600,000</b>	<b>\$ 0.23</b>

On January 10, 2020, the Company granted certain service providers 600,000 incentive stock options at a price of \$0.06 per option. The options are fully vested and will expire of January 10, 2025.

IMAGIN MEDICAL INC.  
Notes to the Condensed Interim Consolidated Financial Statements  
For the six months ended March 31, 2020 and 2019

8. SHARE CAPITAL (continued)

c) Stock options (continued):

The continuity of share purchase options is as follows:

Expiry Date	Exercise Price	30-Sep-19	Granted	Exercised	Expired/ Cancelled	31-Mar-20
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
24-Jun-24	0.10	900,000	-	-	-	900,000
10-Jan-20	0.06		600,000	-	-	600,000
		<b>10,100,000</b>	-	-	-	<b>11,600,000</b>
<b>Weighted average exercise price</b>		<b>\$ 0.24</b>	<b>\$ 0.06</b>	-	-	<b>\$ 0.23</b>

Expiry Date	Exercise Price	30-Sep-18	Granted	Exercised	Expired/ Cancelled	31-Mar-19
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
		<b>10,100,000</b>	-	-	-	<b>10,100,000</b>
<b>Weighted average exercise price</b>		<b>\$ 0.26</b>	-	-	-	<b>\$ 0.26</b>

d) Share purchase warrants

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

	Number of warrants	Weighted average exercise price
<b>Outstanding at September 30, 2018</b>	<b>29,280,877</b>	<b>\$ 0.29</b>
Finance warrants exercised	(5,205,840)	0.10
Finance warrants expired	(5,038,107)	0.16
<b>Outstanding at September 30, 2019</b>	<b>19,036,930</b>	<b>\$ 0.38</b>
Finance warrants issued	38,280,000	0.15
Finders' warrants issued	1,055,800	0.15
<b>Outstanding at March 31, 2020</b>	<b>58,372,730</b>	<b>\$ 0.20</b>

**IMAGIN MEDICAL INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six months ended March 31, 2020 and 2019**

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

The continuity of share purchase warrants is as follows:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>30-Sep-19</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired/ Cancelled</b>	<b>31-Mar-20</b>
12-Apr-20	0.38	12,468,329	-	-	-	12,468,329
19-Apr-20	0.38	6,568,601	-	-	-	6,568,601
21-Jan-20	0.15		39,335,800	-	-	39,335,800
		<b>19,036,930</b>	<b>39,335,800</b>	-	-	<b>58,372,730</b>
<b>Weighted average exercise price</b>	<b>\$ 0.38</b>	<b>\$ 0.15</b>		-	-	<b>\$ 0.20</b>

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>30-Sep-18</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired/ Cancelled</b>	<b>31-Mar-19</b>
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
		<b>29,280,877</b>	-	<b>(5,205,840)</b>	<b>(5,038,107)</b>	<b>19,036,930</b>
<b>Weighted average exercise price</b>	<b>\$ 0.29</b>		-	<b>\$ 0.10</b>	<b>\$ 0.16</b>	<b>\$ 0.38</b>

**9. NON CASH TRANSACTIONS**

The following non-cash transactions were recorded:

	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Financing activities:		
Brokers warrants issued in connection with the private placements	\$ 27,134	\$ -

**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.

**IMAGIN MEDICAL INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six months ended March 31, 2020 and 2019**

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**10. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS** *(continued)*

(a) Capital Management Objectives *(continued)*

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 six months ended March 31, 2020.

(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 March 31, 2020.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and cash equivalents	\$ 904,174	\$ –	\$ –	\$ 904,174

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at September 30, 2019

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and cash equivalents	\$ 2,272,770	\$ –	\$ –	\$ 2,272,770

**IMAGIN MEDICAL INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six months ended March 31, 2020 and 2019**

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**11. SUBSEQUENT EVENTS**

Subsequent to the period, the following warrants were expected to expire:

	Number of warrants	\$	Expiry Date
<b>Warrants from April 12, 2018 Financing</b>			
Finance warrants expired	11,722,783	0.38	12-Apr-20
Finders' warrants expired	745,546	0.38	12-Apr-20
<b>Total</b>	<b>12,468,329</b>		
<b>Warrants from April 19, 2018 Financing</b>			
Finance warrants expired	6,197,037	0.38	19-Apr-20
Finders' warrants expired	371,564	0.38	19-Apr-20
<b>Total</b>	<b>6,568,601</b>		
<b>Total warrants expiring</b>	<b>19,036,930</b>		

On April 9, 2020, the Company announced that the Board of Directors approved an amendment of 17,919,820 finance warrants. The exercise price was amended to \$0.05 with an expiry date of June 30, 2020. The 1,117,110 finders' warrants as per CSE regulations were not amended and expired on April 12 and 19, 2020.

On April 23, 2020, 900,000 incentive stock options granted to a service provider expired. The options had an exercise price of \$0.10 expiring June 24, 2024.

On May 26, 2020, 1,000,000 share purchase warrants with an exercise price of \$0.05 were exercised for total proceeds of \$50,000.