MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") has been prepared by management as at August 28, 2018 and should be read in conjunction with the condensed interim consolidated financial statements and related notes of LED Medical Diagnostics Inc. ("LED" or the "Company") as at and for the three and six months ended June 30, 2018 (prepared in accordance with International Financial Reporting Standards or "IFRS"). All amounts are presented in United States dollars unless otherwise noted. All referenced materials as well as additional disclosures, including the Company's Annual Information Form ("AIF"), are available on SEDAR at www.sedar.com.

DISCLAIMER FOR FORWARD-LOOKING STATEMENTS

The following Management's Discussion and Analysis contains statements which, to the extent that they are not recitations of historical fact, may constitute forward-looking information under applicable Canadian securities legislation. Such forward-looking statements or information includes financial and other projections as well as statements regarding the Company's future plans, objectives, performance, revenues, growth, profits, operating expenses or the Company's underlying assumptions. The words "may", "would", "could", "will", "likely", "expect", "anticipate", "intend", "plan", "forecast", "project", "estimate" and "believe" or other similar words and phrases may identify forward-looking statements or information. Persons reading this Management's Discussion and Analysis are cautioned that such statements or information are only predictions, and that the Company's actual future results or performance may be materially different. Factors that could cause actual events or results to differ materially from those suggested by these forward-looking statements include, but are not limited to: the need to develop, integrate and deploy software solutions to meet its customers' requirements; the possibility of development or deployment difficulties or delays; the dependence on its customers' satisfaction; the timing of entering into significant contracts; its customers' continued commitment to the deployment of the Company's solutions; the risks involved in developing integrated software solutions and integrating them with third-party products and services; reliance on products manufactured by other companies for resale or distribution and reliance on third-party suppliers; the performance of the global economy and growth in software industry sales; market acceptance of the Company's products and services; customer and industry analyst perception of the Company and its technology vision and future prospects; the success of certain business combinations engaged in by the Company or by its competitors; possible disruptive effects of organizational or personnel changes; technological change; new products and standards; risks related to acquisitions and international expansion; reliance on large customers; concentration of sales; international operations and sales; management of growth and expansion; dependence upon key personnel and hiring; reliance on a limited number of suppliers; risks related to the Company's competition; the Company's not adequately protecting its intellectual property; risks related to product defects and product liability; currency exchange rate risk; and including, but not limited to, other factors described in the Company's reports filed on SEDAR, including its financial statements and management's discussion and analysis for the year ended December 31, 2017, and those referred to under the heading "Risk Factors". In drawing a conclusion or making a forecast or projection set out in the forward-looking information, the Company takes into account the following material factors and assumptions in addition to the above factors: the Company's ability to execute on its business plan; the acceptance of the Company's products and services by its customers; the timing of execution of outstanding or potential customer contracts by the Company; the sales opportunities available to the Company; the Company's subjective assessment of the likelihood of success of a sales lead or opportunity; the Company's historic ability to generate sales leads or opportunities; and that sales will be completed at or above the Company's estimated margins. This list is not exhaustive of the factors that may affect the Company's forward-looking information. These and other factors should be considered carefully and readers should not place undue reliance on such forward-looking information. All forward-looking statements made in this Management's Discussion and Analysis are qualified by this cautionary statement and there can be no assurance that actual results or developments anticipated by the Company will be realized. The Company disclaims any intention or obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

OVERVIEW

LED was incorporated under the BCBCA on July 17, 2002 as 651192 B.C. Ltd. and changed its name to LED Medical Diagnostics Inc. on November 6, 2003. LED's head office is located at 580 Hornby Street, Unit 810, Vancouver, B.C. V6C 3B6. LED's registered and records office is located at 2500 – 700 West Georgia Street, Vancouver, B.C. V7Y 1B3. The Company is listed on the TSX Venture Exchange (TSX-V) under the trading symbol LMD.

As of the date of this report, LED has four wholly-owned subsidiaries, LED Dental (US) Ltd., which was incorporated on August 3, 2006 under the laws of Washington state; LED Dental Inc., which was incorporated on January 18, 2006 under the BCBCA, Essentia Genetics Corp., which was incorporated under the BCBCA on January 14, 2014 and Apteryx Inc. acquired on February 10, 2017 was incorporated under the laws of Ohio state.

General Development of the Business

LED's first product, the VELscope®, a patented hand held medical device for the early discovery of oral mucosal lesions has experienced wide spread adoption in the North American dental market and is the global market leader in this product category. In 2014, the Company established its US based operations in Atlanta, Georgia and began expansion and diversification of its imaging device portfolio with the launch of the Tuxedo intraoral digital sensor and through distribution agreements with select imaging device manufacturers including RAY America, the RAYSCAN extra oral radiographic imaging product line. In February 2017, LED acquired Apteryx Inc., an Ohio based dental imaging software company. Since the Apteryx acquisition LED has taken significant and progressive steps towards establishing itself as a leader in the development, sales and support imaging devices as well as dental imaging software including its XVWeb® software as a service (SaaS) product.

Description of the Business

LED has grown from a pre-commercial research and product development company to a niche software and technology solution provider for dentists and oral health care specialists. The Company's product portfolio is centered on a family of patented, open architected software applications which includes XVWeb® cloud-based imaging software as a service, the Tuxedo® intraoral digital radiographic sensor, the VELscope® oral assessment device and additional distributed imaging devices including the RAYSCAN line of extraoral imaging systems. The customer base of the Company's initial VELscope® product, along with the newly acquired customers from the February 2017 Apteryx acquisition provides a predictable pipeline and growth platform for lead generation for its imaging device and software business. LED's sales and marketing is directed primarily within the North American market and is focused towards corporately owned group practices known as Dental Support Organizations (DSOs), government dental clinics and individual dental practices. LED markets its products and services, in conjunction with its distribution and general goodwill partners, both directly and through select dental distributor / resellers to its target market of end user dental professionals. Marketing activities include direct mail/e-mail campaigns, advertising in industry journals and trade magazines, the publication of white papers and posting on social media, multiple unrelated offsite activities at locations including the company's web sites, personal onsite office visits and inbound and outbound telephone calls. In limited cases, direct marketing activities are oriented towards convincing dental practitioners to attend an educational seminar, webinar or trade show event in which LED is a sponsor or participant.

LED believes that because of recent evolutions to its VELscope® device to include the iPod touch and the addition of the Apteryx software portfolio which can be localized to different languages, that LED has potential for continued expansion into international markets. LED also has had recent success in establishing indirect and direct partnerships with large dental distributors and other organizations and networks that provide goodwill marketing for the Company and its products at offsite locations. This is a cost-effective strategy that the company will look to continue in the future.

In February 2017, the Company acquired Apteryx Inc. providing the Company with a significant new base of customers, an expanded and strengthened IP portfolio, research and development software capabilities and a suite of patented digital imaging software. XVWeb®, XrayVision®, XVlite®, and DataGrabber represent Enterprise, Client Server and Software as a Service (SaaS) versions of the Apteryx Imaging portfolio. Once installed at a customer's site, Apteryx software allows the practice to interface with and deploy image acquisition devices from a wide range of hardware manufacturers. Through its data grabber and name grabber patented software utilities the software provides integration to most dental practice management software solutions. Apteryx's "open architecture" approach is unique in the dental industry where most competitive systems are "closed" proprietary systems. Apteryx competitive advantage of open compatibility with competitive imaging devices and integration with existing dental practice software which allows a practice to continue to use their existing imaging devices while enabling the addition of LED imaging device solutions which are optimized for Apteryx software allowing LED to successfully compete for the imaging device sales once Apteryx is installed at a customer's site. The ability to integrate with a wide range of devices and practice management software systems creates natural pull through on sales capabilities.

XVWeb® is a cloud based dental imaging software as a service (SaaS) solution that allows an individual practice or organization to capture and view their patient images securely from most web-enabled devices. Designed to work with existing imaging applications via secure TLS DICOM, XVWeb® allows the customer to store and retrieve images from a webpage or any DICOM-compatible imaging program over a secure connection. XVWeb® allows the entire imaging database to be securely accessible via any web-connected device including smart phone or tablet. XVWeb® allows our customers to scale down the size and expense of onsite servers, reducing hardware and IT maintenance costs by utilizing XVWeb® and cloud resources.

In addition, most 3rd party practice management systems can be bridged to XVWeb®, and many, communicate directly and seamlessly with XVWeb® as an embedded service for clinical image management, processing and analysis. Apteryx software products facilitate our customers and prospects transition to a complete digital imaging workflow via the provision of image capture, analysis, storage, data conversion and sharing functionalities.

The acquisition of Apteryx has strengthened the Company providing many unique synergies to its core business which we expect will result in a financially stronger and more diversified Company with less reliance on VELscope® sales or sales of lower margin distributed devices. Currently Apteryx revenues are primarily from the sale of perpetual software licenses, software support services and a growing stream of recurring revenue from XVWeb® subscription software services to its customers. XVWeb® software platform add on subscription modules will follow, the first of which is XVWeb® 3D which will support 3D Cone Beam Computed Tomography (CBCT) and Stereolithography (STL) data sets. XVWeb® 3D has a planned release date of June 2018 and will be offered to all current XVWeb® customers.

The core of the digital imaging device line is the TUXEDO intraoral digital sensor used for acquiring low dose intra-oral radiographs. The Tuxedo sensor is optimized for use with Apteryx x\software as is the RAYSCAN α digital extra oral imaging device, which comes in panoramic, cephalometric and Cone Beam Computed Technology (CBCT) varieties, Market penetration of CBCT machines continues to expand through the general and dental specialty markets, allowing practitioners to visualize the patient radiographically in all three dimensions to better diagnose, treatment plan and treat their patients for specific dental treatments such as dental implant, orthodontic and orthognathic procedures, and intraoral cameras round out the imaging device portfolio.

The VELscope® was initially launched in 2006 with the VELscope® Vantage, and, in 2011, the VELscope® Vx. The VELscope® Vx is portable, rechargeable, and significantly more affordable than previous models. Its increased functionality and lower production costs improve LED's prospects as it expands into more countries and other healthcare markets. The VELscope® Vx hand piece emits a safe blue light into the oral cavity, which excites the tissue from the surface of the epithelium through to the basement membrane (where premalignant changes typically start) and into the stroma beneath, causing it to fluoresce. The clinician is then able to immediately view the fluorescence response to help detect abnormal tissue. The VELscope® has peer-reviewed clinical studies that support its use in helping discover occult oral disease. The services of LED and its partners are directed toward developing a professional outreach program with key university–based oral pathology, oral surgery, and oral medicine leaders worldwide to assist healthcare providers as the need arises. LED is positioned to facilitate the dissemination of new findings that address early detection based on fluorescence and other technologies. Currently over 50% of US dental colleges own at least one VELscope®. LED has sold over 15,000 VELscope® devices since initial launch and supplies its VELscope® customers with disposable VELcaps and VELcare customer support programs.

Products and Intellectual Property

LED's focus is on accelerating growth through its proprietary and patented products and technologies and aggregating a comprehensive imaging product portfolio in which intellectual property and barrier to entry are a central focus. LED has sought patent protection for its projects by filing one or more patent applications for each aspect of a device, system or method, that LED believes is both patentable and that justifies the costs of patent protection. LED intends to protect future developments in the same manner. LED maintains certain of its intellectual property as trade secrets. LED also has pursued and intends to pursue trademark, copyright and other intellectual property protection as it believes is warranted. Currently LED has over 30 US and foreign patents.

FORWARD-LOOKING COMPANY OBJECTIVES

The Company's objectives for the balance of 2018 are to grow EBITDA, net income and free cash flow and strengthen the Company's financial position by:

- Targeted growth of existing recurring and repeatable revenue streams from software subscription and maintenance and support, VELscope® consumable products and VELcare services via traditional sales/marketing activities and strategic partnering opportunities
- XVWeb® SaaS customer acquisition campaign via traditional sales/marketing activities and strategic partnering opportunities for our software and imaging device offerings
- Expand XVWeb® reseller partner program focused on partners that sell dental practice management solutions
- Launch of additional XVWeb® modules, starting with XVWeb® 3D with June 2018 launch date.
- Securing additional financing, lowering the interest costs on existing debt, and reducing overall debt levels
- Continued growth of customer base and lead pipeline in the DSO space and in the government space through General Services Agency contract award to more efficiently sell LED/Apteryx products and services to federal government agencies
- Reduced focus on sale and support of 3rd party distributed imaging device products.
- Executing on operating expense reductions and operational optimizations made available by the evolving business

SIGNIFICANT EVENTS

- The Company participated in the annual Bloom Burton & Co. Healthcare Investor Conference May 2 & 3, 2018 in Toronto, ON. The Company presented at the conference which provided investors an opportunity to meet with LED Management and receive a corporate update.
- On April 20, 2018, the Company settled a claim with a former contractor for prior period unpaid services. The total settlement of CDN$75,000 (US$59,650) was previously accrued as an administration expense in the financial statements for the year ended December 31, 2017.
- On April 24, 2018, the Company entered into an amending agreement (the "Amending Agreement") which extends the terms of the February 10, 2017 Apteryx purchase agreement (the "Purchase Agreement"). In the Purchase Agreement, a holdback payment of $500,000 was due on February 10, 2018 and a deferred cash payment of $300,000 was due on June 10, 2018. The Amending Agreement states the Company will pay $450,000 of the holdback payment which consists of a previous payment of $277,778 plus an additional payment of $172,222 on May 17, 2018. The remaining $50,000 on the holdback payment and the $300,000 deferred cash payment have been extended to November 10, 2019 and will bear interest at 12% per annum paid in arrears quarterly commencing May 17, 2018. The remaining deferred payments of $400,000 on August 10, 2018 and $450,000, payable in shares or cash at the Company's option, on February 10, 2019 are unchanged from the Purchase Agreement. As of June 30, 2018, the Company is compliant with the payment terms of the Amending Agreement.
- On May 9, 2018, the Company announced a stock option grant of 660,000 stock options exercisable at CDN $0.42 per share to directors, officers, consultants and employees in accordance with its stock option plan.
- On May 17, 2018, the Company completed financing of US$200,000 through the issuance of 12% secured debentures of the Company (the "Debentures") maturing after 12 months.

Financial Highlights

- Revenue for the three months ended June 30, 2018 was $3,671,432 an increase of 10% from the three months ended March 31, 2018. Revenue for the six months ended June 30, 2018 was $7,003,279, an increase of 21% from the six months ended June 30, 2017. The increase over the prior year period is primarily due to the addition of Apteryx and increased revenues attributed to imaging product lines.

- Gross Margin[1] for the three months ended June 30, 2018 was $ 2,164.716 or 59%, compared to the three months ended March 31, 2018 of $2,154,347 or 65%. The decrease in gross margin percentage is due to a higher portion of revenue from lower margin large imaging equipment compared to the previous quarter.

- Expenses (excluding stock-based compensation and depreciation and amortization) decreased 3% from the three months ended March 31, 2018 due primarily operational optimization strategies implemented in early 2018.

- The net income for the three months ended June 30, 2018 was $378,036 compared to the net income for the three months ended March 31, 2018 of $75,366. The net income for the six months ended June 30, 2018 was $453,400 compared to a net loss of $182,728 for the six months ended June 30, 2017.

- Cash flow used in operations was $178,827 for the three months ended June 30, 2018 compared to $1,096,976 of cash outflows for the three months ended June 30, 2017. The net cash outflows from financing activities were $13,889 consisting of $200,000 received as proceeds from debenture issuance offset with a payment for deferred consideration relating to the Apteryx Inc purchase.

- The Company had cash of $1,174,337 and Net Working Capital deficit of $2,566,823 as of June 30, 2018. Net Working Capital is defined as total current assets less total current liabilities.

[1] Gross margin is a non-IFRS measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. Gross margin referenced here relates to revenue less cost of sales. This measure does not have a comparable IFRS measure and is used by the Company to manage and evaluate the operating performance of the Company.

SELECTED QUARTERLY INFORMATION

The information in the tables below has been derived from the Company's unaudited interim condensed consolidated financial statements. The Company's quarterly operating results have varied substantially in the past and may vary substantially in the future. Accordingly, the information below is not necessarily indicative of results for any future quarter.

Consolidated Statements of Financial Position:

(in US$ '000's)	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
Cash	$1,174	$ 1,433	$ 2,425	$ 1,120	$1,509	$ 2,905	$ 874	$ 341
Working Capital	(2,566)	(2,791)	(1,221)	(1,522)	(893)	(59)	(2,109)	(2,857)
Total Assets	13,655	14,332	14,857	14,093	14,378	15,037	2,669	2,857
Long-term financial liabilities	3,168	3,660	5,602	4,885	4,191	6,291	2,047	(80)
Shareholders' equity/(deficiency)	3,473	2,982	2,818	3,924	5,268	4,145	(3,887)	(2,598)

Historically, being in the dental supply industry and due to the timing of trade shows and client spending patterns, the Company's business has been seasonal in nature, with the fourth quarter typically representing the largest portion of annual sales and annual net earnings. Management expects such seasonality to be less of a factor going forward as with the addition of Apteryx product line, focusing on a recurring revenue model as well as selling to the DSO market and government agencies.

Consolidated Statements of Operations:

(in US$ '000's, except earnings per share)	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
Revenues	$3,671	$ 3,332	$ 3,694	$ 3,192	$3,704	$ 2,098	$ 1,865	$ 2,489
Cost of goods sold	1,507	1,178	1,725	1,115	1,610	1,069	1,610	1,872
Gross margin	2,164	2,154	1,968	2,077	2,094	1,029	255	617
Expenses:								
Sales and marketing	1,293	1,309	1,574	1,194	1,104	983	776	988
Research and development	270	300	332	297	249	162	26	37
Administration	501	518	868	760	757	569	608	423
Operating Income (loss)	100	27	(806)	(174)	16	(685)	(1,155)	(831)
Other expenses (income)	(278)	(48)	59	(1,274)	(921)	402	228	(24)
Income tax expense	0	0	0	0	0	0	0	0
Net profit (loss)	378	75	(865)	(1,448)	905	(1,087)	(1,383)	(855)
Net income (loss) per share (basic and diluted)	0.01	0	(0.00)	(0.00)	0.00	(0.00)	(0.01)	(0.01)

See Financial Results section below for further discussion on the selected quarterly income statement information.

FINANCIAL RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2018

The following analysis of the results of operations for the three months ended June 30, 2018 includes comparisons to the three months ended March 31, 2018 and June 30, 2017.

Revenue

Revenue is derived from the sale of the Company's diverse product line of digital imaging software and hardware which includes the VELscope® product and related consumable products. Revenue is expressed net of sales and early payment discounts.

	Three months ended:		
	June 30, 2018	March 31, 2018	June 30, 2017
Total revenue	**$ 3,671,432**	$ 3,331,847	$ 3,704,499

Revenue increased 10% when comparing three months ended June 30, 2018 to March 31, 2018 and decreased by 1% compared to the three months ended June 30, 2017. The increase over the prior period is primarily due to increased revenues attributed to a growth in subscription-based software and hardware support programs.

During the three months ended June 30, 2018, the Company had no customers that represent 10% or more of total revenue. During the three months ended March 31, 2018 and the three months ended June 30, 2017, revenue from customers which amounted to 10% or more of the Company's revenue was also nil.

Gross Margin[2]

The Company experienced the following gross margin for the periods outlined:

	Three months ended:		
	June 30, 2018	March 31, 2018	June 30, 2017
Revenue	**$3,671,432**	$ 3,331,847	$ 3,704,499
Cost of sales	**1,506,716**	1,177,500	1,610,046
Gross margin	**$ 2,164,716**	$ 2,154,347	$ 2,094,453
Percentage of revenue	**59%**	65%	57%

Gross margin for the three months ended June 30, 2018 decreased to 59% compared to 65% for the three months ended March 31, 2018. This is primarily attributed to finalizing one-off commitments on the sale and support of low-margin 3rd party distributed imaging device products. The Company's forward-looking focus is on reducing reliance on these less profitable 3rd party products and increasing focus on the Company's higher margin products including Apteryx's imaging software product line to complement the sales of large Imaging equipment.

[2] *Gross margin is a non-IFRS measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. Gross margin referenced here relates to revenue less cost of sales. This measure does not have a comparable IFRS measure and is used by the Company to manage and evaluate the operating performance of the Company.*

Expenses

	Three months ended:		
	June 30, 2018	March 31, 2018	June 30, 2017
Sales and marketing	**$ 1,292,868**	$ 1,309,388	$ 1,104,460
Research and development	**270,385**	300,825	249,073
Administration	**501,030**	517,838	757,093
Other operating expenses	**338,273**	313,937	243,762
Total expenses	**$ 2,402,556**	$ 2,441,988	$ 2,354,388
As a percentage of revenue	**65%**	73%	64%

Expenses for the three months ended June 30, 2018 decreased by approximately $40k compared to the three months ended March 31, 2018 due primarily to operational optimization strategies implemented in early 2018. The increase in expenses for the three months ended June 30, 2018 as compared to the three months ended June 30, 2017 was primarily associated with additional sales and marketing expenses which include customer support. Over this same time period, the Company has achieved a significant reduction in Administration expenses proving the effectiveness of the operation optimization strategies implemented.

Sales and Marketing

	Three months ended:		
	June 30, 2018	March 31, 2018	June 30, 2017
Sales and Marketing Expenses	**$ 1,292,868**	$ 1,309,388	$ 1,104,460
Percentage of revenue	**35%**	39%	30%

Sales and marketing includes the cost for customer support activities. The decrease in sales and marketing expenses for the three months ended June 30, 2018 compared to the three months ended March 31, 2018 was due to a reduction in sales and support activities with the Company no longer distributing the 3Shape product line. The increase in sales and marketing expenses in the three-month period ended June 30, 2018 over the three months ended June 30, 2017 was due to increased sales activities (such as attending trade shows) and the addition of Apteryx's customer support activities.

Research and Development

	Three months ended:		
	June 30, 2018	March 31, 2018	June 30, 2017
Research and Development Expenses	**$ 270,385**	$ 300,825	$ 249,073
Percentage of revenue	**7%**	9%	7%

Research and development expenses relate primarily to salaries and related benefit costs and costs related to obtaining or maintaining regulatory approvals and development of Apteryx software technology. The Company is currently focused on enhancing current and developing new Apteryx software products as well as developing complimentary products to align with the Company's VELscope® products. The decrease in research and development expenses for the three-month period ended June 30, 2018 from the three months ended March 31, 2018 was due to various one-off annual regulatory expenses occurring in the first quarter of 2018.

Administration

	Three months ended:		
	June 30, 2018	March 31, 2018	June 30, 2017
Administration Expenses	**$501,031**	$ 517,838	$ 757,093
Percentage of revenue	**14%**	16%	20%

Administration expenses include executive and administrative staff salaries, facilities, rent, investor relations, insurance, accounting and legal fees as well as general administrative costs. Administration expenses were lower for the three months ended June 30, 2018 compared to the three months ended June 30, 2017 as the company is concentrating efforts of implementing and maintaining operational efficiencies.

Other Operating Expenses

	Three months ended:		
	June 30, 2018	March 31, 2018	June 30, 2017
Stock-based compensation	**$ 112,797**	$ 88,464	$ 217,211
Depreciation & amortization	**225,476**	225,473	26,551
Total other operating expenses	**338,273**	**$ 313,937**	**$ 243,762**
Percentage of revenue	**9%**	9%	7%

Stock-based compensation expenses increased for the three months ended June 30, 2018 compared to the three months ended March 31, 2018 and June 30, 2017 as the Company granted 660,000 stock options during the period to consultants and employees. Depreciation and amortization expense for the three months ended June 30, 2018 increased compared to the three months ended June 30, 2017 due to the amortization of intangible assets acquired with the Apteryx business. These intangible assets include acquired software technology, customer base, patents and brand; all of which are being amortized over 10 years, being the estimated useful life of these intangible assets. Amortization of intangible assets for 2017 was all recorded in the three months ended December 31, 2017.

EBITDA[3]

	Three months ended:		
	June 30, 2018	March 31, 2018	June 30, 2017
Operating income (loss)	**$ (237,840)**	$ (287,641)	$ (259,935)
Add back: Other operating expenses	**338,273**	313,937	243,762
EBITDA[3]	**$ 100,433**	**$ 26,296**	**$ (16,173)**

EBITDA[3] was $100,433 for the three months ended June 30, 2018 compared to $26,296 for the three months ended March 31, 2018 and ($16,173) for the three months ended June 30, 2017. The positive EBITDA[3] results for the past two quarters are reflective of the Company's renewed focus on its' patented imaging hardware products along with the growth in the subscription-based imaging software model. The Company continues to grow these segments while streamlining operations and administrative functions. This continues to be the short-term focus of the Company.

[3] EBITDA or Earnings before Interest, Taxes, Depreciation and Amortization is a non-IFRS measure that does not have a standardized meaning and may not be comparable to a similar measure disclosed by other issuers. This measure does not have a comparable GAAP measure. EBITDA referenced here relates to net income or loss and comprehensive income or loss less sales and marketing, research and development and administration expenses but excludes interest, income taxes, depreciation, amortization, finder's warrants issuance costs, stock-based compensation, deferred share unit compensation, mark to market adjustments on Canadian dollar denominated warrants, foreign exchange gain or loss and other income. This measure does not have a comparable IFRS measure and is used by the Company to manage and evaluate the cash operating loss of the business.

Other Expenses (Earnings)

	Three months ended:		
	June 30, 2018	March 31, 2018	June 30, 2017
Change in fair value of Canadian dollar denominated warrants	**$ (748,176)**	$ (472,648)	$ (1,586,375)
Foreign exchange (gain) loss	**(102,458)**	(118,868)	286,650
Interest expense	**234,758**	228,509	134,557
Total other operating expenses (earnings)	**$ (615,876)**	$ (363,007)	$ (1,165,168)

Other expenses (earnings) were lower for the three months ended June 30, 2018 compared to the three months ended March 31, 2018 due to a year end adjustment to the fair value of the Canadian dollar denominated warrants along with a foreign exchange gain resulting from a devaluation the Canadian currency. This was offset by an increased interest expense associated with Canadian dollar denominated debentures issued in February 2017 and October 2017.

Net Income (Loss) and Comprehensive Loss

	Three months ended:		
	June 30, 2018	March 31, 2018	June 30, 2017
Operating income (loss)	**$ (237,840)**	$ (287,641)	$ (259,935)
Total other Expenses (earnings)	**(615,876)**	(363,007)	(1,165,168)
Income tax expense	**-**	-	-
Net profit/ (loss) & comprehensive loss for the period	**$ 378,036**	$ 75,366	$ 905,233
Earnings (Loss) per share – (basic and diluted)	**$ (0.01)**	$ 0.00	$ 0.00

Net income for the three months ended June 30, 2018 was $378,036 or $0.01 earnings per share compared to net income of $75,336 for the three months ended March 31, 2018 or $0.00 earnings per share and $905,233 or $0.00 earnings per share for the three months ended June 30, 2017. The increase in net income for the second fiscal quarter of 2018 was due to an increase in sales and gross margin along with a reduction in operating expenses compared to the previous quarter ended March 31, 2018. Non-operating expenses such as interest, changes in the fair value of warrants and amortization of intangible assets also impacted the net income for the Company.

FINANCIAL RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2018

The following analysis of the results of operations for the six months ended June 30, 2018 includes comparisons to the six months ended June 30, 2017.

Revenue

Revenue is derived from the sale of the Company's diverse product line of digital imaging software and hardware as well as the VELscope® products and related consumable products. Revenue is expressed net of sales and early payment discounts.

	Six months ended:	
	June 30, 2018	June 30, 2017
Total revenue	**$7,003,279**	$ 5,802,915

For the six months ended June 30, 2018 compared to the six months ended June 20, 2017, the Company experienced a 21% increase in revenue due to increased sales of the Apteryx software product line and imaging sensors product line. The Apteryx business was acquired on February 10, 2017 so the six months ended June 30, 2017 didn't include a full six-month period inclusive of the Apteryx product line in the Company's reported financial results.

Gross Margin[4]

The Company experienced the following gross margin for the periods outlined:

	Six months ended:	
	June 30, 2018	June 30, 2017
Revenue	$ 7,003,279	$ 5,802,915
Cost of sales	2,684,216	2,679,611
Gross margin	**4,319,063**	3,123,304
Percentage of revenue	**62%**	54%

The increase in gross margin for the six months ended June 30, 2018 compared to the six months ended June 30, 2017 is due to a more favorable mix of high margin Apteryx digital software products compared to some lower margin 3rd party distributed imaging device products.

Expenses

	Six months ended:	
	June 30, 2018	June 30, 2017
Sales and marketing	$ 2,602,256	$ 2,087,771
Research and development	571,210	411,070
Administration	1,018,869	1,348,394
Other operating expenses	652,210	298,393
Total expenses	**$ 4,844,545**	$ 4,145,628
As a percentage of revenue	**69%**	71%

Expenses increased for the six months ended June 30, 2018 as compared to the six months ended June 30, 2017 due to the addition of a full six-month period of the Apteryx business and an increase in sales and marketing expenses, stock-based compensation and amortization expenses. This was offset by a substantial decrease in administration expenses reflecting the company's ongoing efforts to optimize operational efficiencies and focus spending efforts on sales-driven initiatives. Expenses as a percentage of revenue decreased by 2% over the same periods.

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[4] *Gross margin is a non-IFRS measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. Gross margin referenced here relates to revenue less cost of sales. This measure does not have a comparable IFRS measure and is used by the Company to manage and evaluate the operating performance of the Company.*

Sales and Marketing

	Six months ended:	
	June 30, 2018	June 30, 2017
Sales and Marketing Expenses	**$ 2,602,256**	$ 2,087,771
Percentage of revenue	**37%**	36%

Sales and marketing includes the cost for customer and support activities. The increase in sales and marketing expenses for the six months ended June 30, 2018 over the six months ended June 30, 2017 was due to an increase in sales activities such as trade shows and support activities. Relative to revenue, this expenses category has been consistent over the two six-month periods.

Research and Development

	Six months ended:	
	June 30, 2018	June 30, 2017
Research and Development Expenses	**$571,210**	$ 411,070
Percentage of revenue	**8%**	7%

Research and development expenses is primarily salaries and benefit costs, along with costs related to obtaining or maintaining regulatory approvals. The Company is currently focused on developing complimentary products to align with the Company's VELscope® technology and the ongoing development of the Apteryx software product line. The increase in research and development expenditure for the six months ended June 30, 2018 compared to the six months ended June 30, 2017 can be attributed to addition of a full six-month period of the Apteryx business.

Administration

	Six months ended:	
	June 30, 2018	June 30, 2017
Administration Expenses	**$ 1,018,869**	$ 1,348,394
Percentage of revenue	**15%**	23%

Administration expenses include executive and administrative staff salaries, facilities, investor relations, insurance, accounting and legal fees as well as various general administrative costs. The decrease in administration expenses for the six months ended June 30, 2018 compared to the six months ended June 30, 2017 was primarily due to decreased expenditures in professional fees and the implementation of operational efficiencies.

Other Operating Expenses

	Six months ended:	
	June 30, 2018	June 30, 2017
Stock-based compensation	$ 201,261	$ 228,653
Depreciation and amortization	450,949	69,740
Total operating expenses	**$ 652,210**	$ 298,393

During the six months ended June 30, 2018, other operating expenses increased from the six months ended June 30, 2017 due to the amortization intangible assets acquired with the Apteryx business, including intellectual property and patents.

EBITDA[5]

	Six months ended:	
	June 30, 2018	June 30, 2017
Operating income (loss)	$ (525,482)	$ (1,022,324)
Add back: Other operating expenses	652,210	298,393
EBITDA[5]	**$ 126,728**	$ (723,931)

EBITDA[5] was $126,728 for the six months ended June 30, 2018 compared to $(723,931) for the six months ended June 30, 2017. The increased EBITDA[5] reflects the company's renewed focus on its core product line and a growth in its subscription-based software and support products, while maintaining a stable cost base to support these growth initiatives.

Other Expenses (Earnings)

	Six months ended:	
	June 30, 2018	June 30, 2017
Change in fair value of Canadian dollar denominated warrants	$ (1,220,824)	$ (1,369,694)
Foreign exchange loss (gain)	(221,325)	274,047
Interest expense (income)	463,267	256,051
Total other expenses (earnings)	**$ (978,882)**	$ (839,596)

Other expenses (earnings) were lower for the six months ended June 30, 2018 compared to the six months ended June 30, 2017 due to a foreign exchange gain impacting the value of Canadian dollar denominated debentures. This was offset by an increased interest expense associated with Canadian dollar denominated debentures issued in February 2017 and October 2017.

Net Income (Loss) and Comprehensive Loss

	Six months ended:	
	June 30, 2018	June 30, 2017
Operating income (loss)	**$ (525,482)**	$ 1,022,324)
Total other expenses (earnings)	**(978,882)**	(839,596)
Income tax expense	**-**	-
Net income (loss) and comprehensive loss for the period	**$ 453,400**	$ (182,728)
Earnings (Loss) per share – (basic and diluted)	**$ (0.01)**	$ (0.00)

The Company achieved a positive net income result for the six months ended June 30, 2018 compared to a net loss over the six months ended June 30, 2017 due to improved gross margin contribution, primarily from the Apteryx software product line, while maintaining a consistent level of operating expenses relative to revenue. Net income is also impacted non-operating expenses such as the mark to market fair value adjustment of warrants, interest expense and foreign exchange gains.

[5] EBITDA or Earnings before Interest, Taxes, Depreciation and Amortization is a non-IFRS measure that does not have a standardized meaning and may not be comparable to a similar measure disclosed by other issuers. This measure does not have a comparable GAAP measure. EBITDA referenced here relates to net income or loss and comprehensive income or loss less sales and marketing, research and development and administration expenses but excludes interest, income taxes, depreciation, amortization, finder's warrants issuance costs, stock-based compensation, deferred share unit compensation, mark to market adjustments on Canadian dollar denominated warrants, foreign exchange gain or loss and other income. This measure does not have a comparable IFRS measure and is used by the Company to manage and evaluate the cash operating loss of the business.

LIQUIDITY AND CAPITAL RESOURCES

The Company finances its operations and capital expenditures through cash generated from operations and debt and equity financings. As at June 30, 2018, the Company had cash of $1,174,337 and Net Working Capital deficit of $2,565,823 as compared to cash of $2,425,468 and net working capital deficit of $1,221,176 as at December 31, 2017.

	Three months ended:		**Six months ended:**	
Cash provided by (used in):	**June 30, 2018**	June 30, 2017		June 30, 2017
Operating activities	**$ (178,827)**	$ (1,096,976)	**$ (760,440)**	$ (2,456,317)
Investing activities	**-**	(12,000)	**(16,998)**	(10,246,563)
Financing activities	**13,889**	-	**(250,000)**	13,612,147
Foreign exchange effect on cash	**(93,731)**	(286,650)	**(223,694)**	(274,047)
Net increase (decrease) in cash	**$(258,669)**	$ (1,395,626)	**$ (1,251,132)**	$ 635,220

Cash used in operating activities for the six months ended June 30, 2018 resulted from a cash outflow of $935k from changes in working capital items along with interest paid on debentures.

The investing activities for the six months ended June 30, 2018 were due to the investment into new trade show materials including a new sales booth.

The financing activities during the six months ended June 30, 2018 relate the payment of deferred consideration on the acquisition of Apteryx in February 2017 offset by proceeds from the May 2018 debenture issuance.

STAFFING LEVELS

The following table summarizes the Company's headcount, by functional group:

	As at June 30, 2018	**As at March 31, 2018**	**As at June 30, 2017**
Sales and marketing	14	14	18
Support	17	16	22
Research and development	10	11	9
Administration	6	6	5
Total	**47**	**47**	**54**

COMMITMENTS

The Company continues to have no bank debt, off-balance sheet financing arrangements or capital leases. The Company has operating leases with respect to its operating premises in Vancouver, B.C.; Atlanta, Georgia; and Akron, Ohio. The aggregate of minimum lease payments for subsequent years as at June 30, 2018 is $1,006,869.

INTANGIBLE ASSET IMPAIRMENT

The Company has no impaired intangible assets.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Related parties include key management, the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

During the six months ended June 30, 2018 and 2017 respectively, the Company paid or accrued the following compensation expenses to key personnel of the Company:

	Six months ended:	
Cash used in:	**June 30, 2018**	June 30, 2017
Short-term compensation	**$ 380,811**	$ 457,811
Share-based payments	**$ 140,832**	$ 62,372

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

These interim condensed consolidated financial statements, which have been approved by the Board of Directors on August 28, 2018, have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). These interim condensed consolidated financial statements have been prepared using the historical cost basis and the same accounting policies as those disclosed in the Company's annual financial statements as at and for the year ended December 31, 2017 (except for the adoption of new accounting standards effective January 1, 2018 – see below). Accordingly, these interim condensed consolidated financial statements do not include all disclosures required for annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended December 31, 2017 (which were prepared in accordance with International Financial Reporting Standards, or "IFRS").

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of its condensed interim consolidated financial statements. In addition, the preparation of the financial data requires that the Company's management make assumptions and estimates of the impacts from uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period, and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates, as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting impacts on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical judgments and estimates applied in the preparation of the Company's condensed interim consolidated financial statements for the three months ended June 30, 2018 are consistent with those applied and disclosed in note 3 to the Company's audited consolidated financial statements for the year ended December 31, 2017, with the exception of the new standards adopted below.

New Standards Adopted

The Company applied, for the first time, IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers that require restatement of previous financial statements. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Company. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 9 – Financial Instruments: Classification and Measurement

IFRS 9 - Financial Instruments replaces the current IAS 39 Financial Instruments Recognition and Measurement. The standard introduces new requirements for classifying and measuring financial assets and liabilities. The Company has applied IFRS 9 retrospectively, with the initial application date of January 1, 2018. The Company has evaluated the impact on the financial statements of IFRS 9 and concluded there was no impact to the financial statements.

Financial Assets

IFRS 9 includes a revised model for classifying financial assets, which results in classification according to a financial instrument's contractual cash flow characteristics and the business models under which they are held. At initial recognition, financial assets are measured at fair value. Under the IFRS 9 model for classification of financial assets the Company has classified and measured its financial assets as described below:

- Cash and cash equivalents are classified as financial assets measured at amortized cost. Previously under IAS 39 these amounts were classified as Held for Trading.
- Short-term investments are classified as financial assets measured at amortized cost. Previously under IAS 39 these amounts were classified as Available for Sale.
- Trade and other receivables are classified as financial assets at fair value through profit or loss and measured at fair value during the respective period until the final settlement price is determined. Once the final settlement price is determined, trade receivables are classified as financial assets measured at amortized cost. Previously under IAS 39, Trade and other receivables were classified as Loans and Receivables measured at amortized cost.
- Loan to customer is classified as a financial asset measured at amortized cost. Previously under IAS 39, this amount was classified as Loans and Receivables measured at amortized cost.

The adoption of IFRS 9 did not result in a change in the carrying values of any of the Company's financial assets on the transition date.

Financial Liabilities

Financial liabilities are recognized initially at fair value and in the case of financial liabilities not subsequently measured at fair value, net of directly attributable transaction costs. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled, or expired. For financial liabilities, IFRS 9 retains most of the IAS 39 requirements. Therefore, the adoption of IFRS 9 did not impact the Company's accounting policies for financial liabilities. Trade and other payables are classified as financial liabilities to be subsequently measured at amortized cost.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 – Revenue from Contracts with Customers replaces all existing revenue requirements in IFRS and applies to all revenue arising from contracts with customers. The standard outlines the principles an entity must apply to measure and recognize revenue. The core principle is that an entity will recognize revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company adopted IFRS 15 using the full retrospective transition method of adoption on January 1, 2018. The Company has performed a review of existing contracts and has determined that there is no material impact on the comparative figures for 2017 in the Company's unaudited interim consolidated financial statements.

The Company generates revenue from the sale of goods as well as professional service contracts, subscriptions to cloud based software, perpetual software license fees, and related maintenance and service fees.

Revenue is allocated to the respective performance obligations based on relative transaction prices and is recognized as goods or services are delivered to the customer. Revenue is measured as the amount of consideration expected to be received in exchange for the goods transferred or services delivered. Contract modifications are accounted for prospectively or as a cumulative catch-up adjustment depending on the nature of the change. Where the amount of goods and services delivered to the customer corresponds directly to the amount invoiced, the Company recognizes revenue equal to what it has the right to invoice.

The Company makes judgments with respect to: determining whether the promised goods and services are considered distinct performance obligations by considering the relationship of such promised goods and services; allocating the transaction price for each distinct performance obligation identified through stand-alone selling price and evaluating when a customer obtains controls of the goods or service promised.

Product Revenue Recognition

Prior to the adoption of IFRS 15, revenue from the sale of its products to customers was recognized upon either the transfer of title or upon shipment of the hardware product to the customer so long as persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, and collectability is reasonably assured.

The Company recognizes revenue from sales of goods when it has transferred to the buyer the significant risks and rewards of ownership, it has no longer retained continuing managerial involvement to the degree usually associated with ownership nor has effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company, and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Determining whether the goods and services are considered distinct performance obligations may require significant judgment. The adoption of IFRS 15 did not have an impact on the timing or amount of revenue recognition.

The Company generally provides warranties for general repairs of defects that existed at the time of sale, as required by law, for production hardware products. As such, most warranties are assurance-type warranties under IFRS 15, which the Company accounts for under IAS 37- Provisions, Contingent Liabilities and Contingent Assets, consistent with its practice prior to the adoption of IFRS 15.

Software Revenue Recognition

The Company currently sells software licenses of its legacy software solution, EIS either on a perpetual basis or on a term-based basis as well as post contract customer support ("PCS").

Prior to the adoption of IFRS 15, the Company recognized revenue from the sale of software licenses on perpetual basis upon the transfer of title to the customer, so long as persuasive evidence of an arrangement existed, delivery had occurred, the fee is fixed or determinable, and collectability was reasonably assured. The Company used the residual method to recognize revenue on delivered elements when a license agreement included one or more elements to be delivered at a future date if evidence of the fair value of all undelivered elements existed. If an undelivered element for the arrangement existed under the license arrangement, revenue related to the undelivered element was deferred based on Vendor Specific Objective Evidence ("VSOE") of the fair value of the undelivered element. If the fair value did not exist for all undelivered elements, all revenue was deferred until sufficient evidence existed or as elements were delivered. For term-base licenses, the Company recognized revenue over the term, which usually was one (1) year. PCS revenue associated with software licenses was recognized rateably over the term of the PCS period, which typically was one year. Any unrecognized revenue is recorded in deferred revenue.

Under IFRS 15, the Company would recognize revenue from the sale of term-based licenses at the time the software is delivered to customer subject to all other criteria of revenue recognition being satisfied at this time since transfer of control to the customer occurs with no further obligation from the Company. There would be no impact on revenue recognition on the sale of perpetual licenses and PCS with the adoption of IFRS 15.

Services Revenue Recognition

The Company enters into contracts to provide services on the following basis:

- Time & Materials - services consist of revenues from software modification, consulting, implementation, training and integration services. These services are set forth separately in the contractual arrangements such that the total price of the customer arrangement is expected to vary as a result of the inclusion or exclusion of these services.

- Fixed Price – arrangements to render specific consulting and software modification services which tend to be more complex since these services are essential to the functionality of other elements in the arrangement.

Prior to the adoption of IFRS 15, the Company recognized service revenue from time and material arrangements at the time such services are rendered by the Company so long as persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, and collectability is reasonably assured. The Company recognized

service revenue from fixed price arrangements using the percentage of completion method and is calculated based on actual hours incurred compared to the estimated total hours for the services under the arrangement, so long as persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, and collectability is reasonably assured.

Under IFRS 15, the Company concluded that revenue from services will continue to be recognized over time, using an input method to measure progress towards complete satisfaction of the service similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Company. The adoption of IFRS 15 did not have an impact on the timing or amount of revenue recognition.

Impact on Adoption of IFRS 15

The Company has evaluated the impact on the financial statements of IFRS 15 and concluded that there was no material impact to the financial statements.

New Standards and Interpretations Not Yet Effective

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company is currently assessing the impact of the following standards on the consolidated financial statements and intends to adopt these standards when they become effective.

IFRS 16 – Leases

IFRS 16 – Leases. The standard supersedes the current IAS 17, Leases (IAS 17) standard. IFRS 16 introduces a single accounting model for lessees and for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will be required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments. The accounting treatment for lessors will remain largely the same as under IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial instruments are measured at amortized cost or fair value. Fair value represents the estimated amounts at which financial instruments could be exchanged between knowledgeable and willing parties in an arm's length transaction. Determining fair value requires management judgment. The following financial instruments are all measured at amortized cost. The fair value of each (with the exception of the investment in customer) approximates its carrying value due to their short-term nature. The fair value of the investment in customer is determined using

implied valuations from financing rounds. Therefore, it is treated as a Level 1 financial asset, as with the fair value equating its carry value.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures.

The carrying values and fair values of financial assets (liabilities) as at June 30, 2018 and December 31, 2017 are summarized as follows:

Classification of financial instruments

Financial Assets	**June 30, 2018**	December 31, 2017
Cash	**$ 1,174,337**	$ 2,425,468
Receivables	**1,867,731**	1,578,371
Total	**$ 3,042,068**	$ 4,003,839

Financial Liabilities	**June 30, 2018**	December 31, 2017
Derivative liability at fair value through profit or loss:		
Warrants	$ 151,298	$ 1,372,122
Other financial liabilities:		
Trades payable and accrued liabilities	$2,056,926	$ 2,191,815
Deferred revenues	574,979	892,570
Debenture	6,142,561	5,871,293
Deferred consideration on acquisition	1,205,063	1,650,000
Total	**$9,979,529**	$ 10,605,678

Fair value

The fair value of the Company's financial assets and liabilities approximates their carrying amount.

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;
- Level 3 – Inputs that are not based on observable market data.

As at June 30, 2018, the Company no longer measures any assets at an estimated fair value.

Disclosures relating to exposure to risks, in particular credit risk, liquidity risk, foreign currency risk, and interest rate risk are provided below.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risks arising from its cash and restricted cash and receivables. The Company manages credit risk by placing cash with major Canadian financial institutions. With respect to receivables, the Company performs ongoing credit evaluations of its customers' financial condition.

The Company monitors collectability of receivables on an on-going basis to determine credit risk. In order to mitigate credit risk, the Company offers credit terms to established customers. Other customers are required to pay in advance or by credit card, prior to shipping of the product. At June 30, 2018, any accounts receivable due beyond one year have been provided for in the allowance for doubtful accounts.

As at June 30, 2018 and December 31, 2017, the Company's exposure to credit risk for these financial instruments was as follows:

Credit risk	**June 30, 2018**	December 31, 2017
Cash	**$ 1,174,337**	$ 2,425,468
Receivables	**1,867,731**	1,578,371
Total	**$ 3,042,068**	$ 4,003,839

Trade accounts receivable were aged as follows as at June 30, 2018 and December 31, 2017.

Accounts receivable aging	**June 30, 2018**	December 31, 2017
Current	**$ 1,301,427**	$ 1,051,142
31 - 60 days	**94,889**	184,460
Over 60 days	**426,026**	322,122
Total accounts receivable	**$ 1,822,342**	$ 1,557,714
Goods and services tax receivable	**45,389**	20,657
Total Accounts Receivable plus taxes receivable	**$ 1,867,731**	$ 1,578,371

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company manages its liquidity risk associated with its financial liabilities through the use of cash flow generated from operations, and the issuance of additional equity primarily through private placements, as required to meet the payment requirements of maturing financial liabilities.

The contractual maturities of the Company's trade payables were aged as follows as at June 30, 2018 and December 31, 2017, respectively and does not include accrued liabilities, warranty provision and state and provincial sales tax payable, of which are all current. All trade payables are current liabilities:

Accounts payable aging	**June 30, 2018**	December 31, 2017
Current	**$ 767,233**	$ 440,118
31 - 60 days	**110,878**	34,752
Over 60 days	**32,139**	286,840
Total	**$ 910,250**	$ 761,710

The following is an analysis of the contractual maturities of the Company's non-derivative accrued liabilities as at June 30, 2018:

Contractual Maturities	Within one year	Between one and five years
Trades Payable and Accrued liabilities	$2,056,926	$ -
Deferred Revenue	574,979	-
Debenture	3,526,638	2,615,923
Deferred consideration on acquisition	855,063	350,000
Total	**$ 7,013,606**	**$ 2,965,923**

The ability of the Company to make the aforementioned payment requirements related to maturing financial liabilities in the near term is dependent on the ability to secure additional financing and the timing of cash flows from operations. The ability to obtain additional financing is dependent on continued access to debt and/or equity markets, which may not be available on acceptable terms. In the event that debt or equity capital is not available on acceptable terms, the Company may need to explore other strategic alternatives.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is limited to the portion of the Company's cash held in bank accounts that earn interest and debentures that pay interest. There is no interest rate risk associated with the debentures as they carry a fixed rate of interest.

Due to the limited and short-term nature of these financial instruments, fluctuations in the interest rates will not have a significant impact on their fair value. As at June 30, 2018, the Company had not entered into any derivative contracts to manage this risk.

Foreign Currency risk

Although substantially all of the Company's revenues are received in U.S. dollars, the Company incurs operating costs primarily attributable to its services business and has outstanding trade and other payables denominated in Canadian dollars and other foreign currencies. Fluctuations in the exchange rates between these currencies could have a material effect on the business, financial condition and results of operations. The Company maintains certain assets, inclusive of a portion of its treasury investments, in Canadian dollars which are translated to its U.S. dollar functional currency resulting in an unrealized foreign exchange gain or loss. The Company has not hedged its exposure to currency fluctuations.

With all other variables remaining constant, assuming a 10% weakening of the Canadian dollar versus the U.S. dollar would have had the following impact on net loss as follows in the table below. An assumed 10% strengthening of the Canadian dollar versus the U.S. dollar would have had an equal but opposite effect on the amounts shown below:

	June 30, 2018	December 31, 2017
	CDN	CDN
Cash	$ 250,421	$ 345,952
Account Receivable	37,476	28,133
Trade payable and accrued liabilities	(163,768)	(24,386)
Net statement of financial position exposure	**$ 124,129**	**$ 349,699**

DISCLOSURE OF OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares, without par value and an unlimited number preference shares without par value. As of the date of this MD&A, the Company has 37,914,636 common shares outstanding and no preference shares outstanding.

The Company has instituted a rolling incentive stock option plan whereby shares reserved for issuance under the plan shall reflect 10% of the issued and outstanding common shares of the Company from time to time. As of June 30, 2018, the Company is entitled to grant incentive stock options for 3,791,464 common shares under the Company's stock option plan with a total of 3,640,072 options being issued and outstanding and has issued 36,000 deferred share units under the Company's Deferred Share Unit Plan. The Company also had 12,485,839 warrants outstanding.

RISKS AND UNCERTAINTIES

An investment in the securities of the Company may be regarded as speculative due to the Company's stage of development. Risk factors relating to the Company could materially affect the Company's future results and could cause them to differ materially from those described in forward-looking statements relating to the Company. Prospective investors should carefully consider these risks.

The following are some of the risks that are associated with the Company's business and operations and should be carefully considered by any potential investor in the Company's shares:

History of Losses

The Company has a history of losses, and there can be no assurance that the Company's losses will not continue in the future. The Company's prospects must be considered in the context of its stage of development, the risks and uncertainties it faces, and the inability of the Company to accurately predict its operating results in the results of product development and sales and marketing initiatives. There can be no assurances that implementation of the Company's strategies will result in the Company becoming profitable. The Company uses cash raised in equity markets to partially fund working capital. If adequate funds are not available when required or on acceptable terms, the Company may be required to delay, scale back or terminate its product development activities and sales and marketing efforts, and may be unable to continue operations. There can be no assurance that the Company will be able to obtain the additional financial resources required to compete in its markets on favorable commercial terms or at all. Any equity offering may result in dilution to the ownership interests of shareholders and may result in dilution of the value of such interests.

The availability, or lack thereof, of bank credit, additional supplier credit, or additional equity investment could adversely affect the Company's ability to meet its business objectives. Recent market events and conditions, including disruptions in the Canadian and international credit markets and other financial systems and the deterioration of the Canadian and global economic conditions, could, among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on the Company's ability to fund its working capital and other capital requirements. The Company's access to additional capital may not be available on terms acceptable to the Company or at all.

Operational Risk

In the normal course of business, LED's operations continue to be influenced by a number of internal and external factors and are exposed to risks and uncertainties that can affect its business, financial condition and operating results. LED's activities are subject to ongoing operational risks, including the performance of key suppliers, product

performance, government and other industry regulations, all of which may affect its ability to meet its obligations. While management believes its innovation and technology make it a leader in the industry, revenue and results may be affected if products are not accepted in the marketplace, are not approved by regulatory authorities, or if products are not brought to market in a timely manner. LED is reliant on a small number of key employees, the loss of any one of whom could materially affect operating results and the ability to design and manufacture new products.

Debt Repayment

The Company has significant financial obligations maturing in the near-term including deferred consideration on the purchase of Apteryx, interest payments and debt principal repayments. Its ability to meet the payment requirements is dependent on generating sufficient cash flows from operations, securing additional financing or renegotiating terms of these obligations.

Further, a significant portion of the Company's financial obligations, namely its senior secured debentures and second secured debentures, are secured against the assets of the Company and certain of its subsidiaries. The debentures also contain certain covenants and events of default, including a cross default provision whereby the Company will be considered in default of the debentures if it defaults on other indebtedness of CDN$100,000 or greater. If the Company were to be in default under the terms of the debentures, the debenture holders could accelerate the debt and seek to seize the assets of the Company, appoint a receiver, commence bankruptcy or insolvency proceedings or exercise other rights as secured creditors. Any such actions by its secured creditors would have a material adverse effect on the financial position and future viability of the Company.

Distributor Risks

LED distributes its VELscope® product line in the North American market through non-exclusive distribution partnerships with multiple distributors. LED's reliance on distributors or if the distributors are unable or unwilling to promote and deliver the product to end customers, the Company's financial condition and operating results could be materially impacted. There can be no assurance the Company will be successful in managing the nuances of their markets to ensure the success of the Company's products in those markets.

Disruptions in Production

Factors that affect the production and sale of LED's products which could result in decreases in profitability include: (a) Acts of God; (b) the expiration or termination of leases, contracts, permits or licenses; (c) sales price redeterminations; (d) future litigation; (e) work stoppages or other labor difficulties; (f) disputes with suppliers, distributors and subcontractors; (g) political risk with offshore suppliers; (h) reliance on suppliers with highly technical and not easily replaceable expertise; and (i) changes in the market and general economic conditions. Weather conditions, equipment replacement or repair and fires can have a significant impact on operating results.

Seasonality

Sales may have seasonal components which may result in significant variances in quarterly operating results and may also significantly increase working capital requirements on a quarterly basis.

Working Capital Requirements

Although Company management believes in the long-term opportunity and its ability to execute on its business plan, the continued growth and success of the Company is tied to its ability to raise additional capital. The Company may not be able to raise capital or obtain favorable credit terms or debt financing to finance the investment into working capital for the business.

Management's Estimates

Management's estimates may prove to be inaccurate due to unexpected changes in business or market conditions.

Regulatory Requirements

Regulatory requirements in international markets may require clinical or other studies that may restrict the ability or timing of LED to sell in these markets.

The Company faces regulatory risk including national security review risk by the Committee on Foreign Investment in the United States.

Reliance on Suppliers

The Company has a limited number of suppliers for the raw materials required for its products. A dispute with one of these suppliers, or adverse changes in the business of the suppliers may have a negative impact on the business, operating results and financial condition of the Company if it is unable to source comparable raw materials from alternate sources at competitive rates. Reliance on key distribution partners whose products the Company resells/distributes as part of its new imaging produce offering. The Company has agreements with its manufacturer distribution partners that have termination for convenience provisions of various time frames. In the event a termination notice is received from a key supplier and the Company is not able to reach an agreement with an alternative supplier in a timely manner. This could result in a material adverse effect on the Company's product offering and recognized revenue.

Dependence on a Limited Number of Third Party Product Vendors

The Company is a distributor of third party products to its customers, which are supplied by vendors such as RAY Company. The Company is dependent upon the timely availability of these third-party products in addition to obtaining reasonable commercial terms pertaining to the purchase of such third-party products for resale by the Company. The distribution agreements between the Company and these third-party vendors include termination by the vendor with a limited notice period. In the event that the distribution agreement is either terminated by the third-party vendor or the third-party vendor is not able to supply the Company with its products or the vendor competes with the Company either directly or indirectly in its market, the Company's ability to resell such third-party products may be hindered accordingly resulting in a material adverse effect on the Company's revenue and related gross margin due to no longer being able to sell such third-party products.

Reliance on Subcontractors

LED utilizes a primary supplier for the production and supply of its products with the corresponding dependence on subcontractors who are responsible for their respective manufacturing requirements. If the primary supplier experiences business interruption issues or ceases operations or in the event that the Company's respective subcontractors manufacturing a material amount of products cease operations or are unable to come to terms on suitable arrangements with LED, LED's business and profitability may be adversely affected.

The Company May Not Realize the Benefits Currently Anticipated

As part of its strategy, the Company intends to continue its efforts to expand its existing customer base and products. A number of risks and uncertainties are associated with the development of new customers and products, including political, regulatory, design, sourcing, labor, operating, technical, technological risks and limited accessibility to distribution and or non-economic distribution channels. There are also uncertainties relating to capital and other costs, and financing risks in developing new products. The failure to develop one or more of these initiatives successfully could have an adverse effect on the Company's financial position and results of operations.

Operating Cost Fluctuations

Although the Company believes it has prudently adopted conservative assumptions in its business planning and related cost estimations, no assurances can be given that such assumptions will prove to be accurate, and, therefore, the operating costs of the Company may prove to be higher or lower than those estimated. These estimates are influenced by the availability and pricing of third party raw materials and components required in the Company's products. The transition to higher cost US operations, which are fixed in general, increases breakeven point, which may not be fully funded by sales resulting in negative cash flow.

Fluctuations in Exchange Rates

Although substantially all of the Company's revenues are received in U.S. dollars, the Company incurs operating costs and has outstanding trade and other payables denominated in Canadian dollars and other foreign currencies. The Company attempts to mitigate this risk by denominating many of its payment obligations in U.S. dollars. The Company maintains certain assets, inclusive of a portion of its treasury investments, in Canadian dollars. Fluctuations in the

exchange rates between these currencies could have a material effect on the business, financial condition and results of operations of the Company.

Taxation

Canadian taxation authorities may challenge expense or tax credits claimed by LED including research and development expenses and related tax credits. If Canadian tax authorities successfully challenge such expenses or the correctness of tax credit claims, LED's operating results could be adversely affected. If Canadian taxation authorities reduce the tax credit either by reducing the rate of the grant or the eligibility of some research and development expenses in the future, the Company's operating results will be adversely affected.

Worsened General Economic Conditions

The decline in the global economic environment in recent years and the continuing economic instability in certain parts of the world resulted in increasing uncertainty regarding future revenue and customer commitments, both in terms of timing and magnitude for such future sales. If the global economic climate does not recover, the Company may not generate the sales activity required to support its operations resulting in requirement for additional restructurings and erosion of its existing capital resources, which may hinder the future viability of the Company.

Additional Financing

The Company has a history of operating losses and uses cash raised in equity markets to partially fund working capital. If adequate funds are not available when required or on acceptable terms, the Company may be required to delay, scale back or terminate its product development activities and sales and marketing efforts, and may be unable to continue operations. There can be no assurance that the Company will be able to obtain the additional financial resources required to compete in its markets on favorable commercial terms or at all. Any equity offering may result in dilution to the ownership interests of shareholders and may result in dilution of the value of such interests. The availability, or lack thereof, of bank credit, additional supplier credit, or additional equity investment could adversely affect the Company's ability to meet its business objectives. Recent market events and conditions, including disruptions in the Canadian and international credit markets and other financial systems and the deterioration of the Canadian and global economic conditions, could, among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on the Company's ability to fund its working capital and other capital requirements. The Company's access to additional capital may not be available on terms acceptable to the Company or at all.

Research and Development

If the Company fails to develop new products, incurs delays in developing new products, or if the product the Company develops are not successful, the Company's business could be harmed. Even if the Company does develop new products, which are accepted by its target markets, the Company cannot assure that the revenue from these products will be sufficient to justify the Company's investment in research and development.

Stock Price Volatility

The market price for the common shares of the Company fluctuates significantly, and these fluctuations tend to be exaggerated if the trading volume is low. The market price of the common shares may rise or fall in response to announcements of technological or competitive developments, acquisitions or strategic alliances by the Company or its competitors, the gain or loss by the Company of significant orders or broad market fluctuations. The Company has expanded to the OTC stock exchange in the United States and Frankfurt Stock Exchange in Germany, which may not increase future trading volume of the Company's common shares.

Product Development and Technological Change

The market for the Company's products is characterized by rapidly changing technology, evolving industry standards and frequent new product introductions. To be successful, the Company will need to enhance existing products and to introduce new products and features in response to changing standards, customer requirements, and technological innovations by others. There can be no assurance that the Company will be successful in doing this in a timely manner or at all. There can be no assurance that products or technologies developed by others will not render the Company's products obsolete or non-competitive. There is no assurance that the Company will be able to successfully develop

next generation operational products. Failure to do so may have an adverse effect on the business, operating results and financial condition of the Company.

Sales and Marketing and Strategic Alliances

The Company has focused its distribution sales and marketing initiatives with a primary distributor in North America resulting in significant dependency for sales of its products on this primary distributor. If the Company is to become successful, it must continue to expand its sales and distribution channels and its marketing and technology alliances. There is no assurance the Company will be able to reach agreements with additional alliance or distribution partners on a timely basis or at all, or that these partners will devote sufficient resources to advancing the Company's interests. The Company's business, results of operation, financial condition and stock price may be materially adversely affected if any strategic partner discontinues its relationship with the Company for any reason. Additionally, the Company at times relies on the voluntary efforts of its strategic partners rather than compliance with contractual obligations, and here are at times no minimum performance requirements. Therefore, the Company cannot be certain that these relationships will be successful.

Dependence on a Small Number of Customers

The Company markets and sells its products primarily through its primary distributor relationships in North America resulting in economic dependence upon such distributors for the sales of its products. Management believes that revenue derived from current and future large customers will continue to represent a significant portion of total revenue. The inability to continue to secure and maintain a sufficient number of large contracts would have a material adverse effect on the business, financial condition, operating results and cash flows of the Company. Moreover, the success of the Company will depend in part upon its ability to obtain orders from new customers, as well as the financial condition and success of its customers and general economic conditions.

Intellectual Property Protection

The Company's ability to compete may be affected by its ability to protect its intellectual property. It relies primarily on a combination of copyright, trademark, patent and trade secret laws, confidentiality procedures and contractual provisions to protect its intellectual property. While the Company believes that its products and technologies are adequately protected against infringement, there can be no assurance of effective protection. Monitoring and identifying

unauthorized use of the Company's technology is difficult, and the prohibitive cost of litigation may impair the Company's ability to prosecute any infringement. The commercial success of the Company will also depend upon its products not infringing any intellectual property rights of others and upon no claims for infringement being made against the Company. The Company believes that it is not infringing any intellectual property rights of third parties, but there can be no assurance that such infringement will not occur. Infringement claims against the Company by a third party, even if it is invalid, could have a material adverse effect on the Company because of the costs of defending against such a claim. LED may fail to protect or obtain protection of intellectual property. In addition, LED may be exposed to infringement, misappropriation or other claims by third parties, which, if determined adversely, could result in LED paying significant damage awards. LED currently uses patents, trademarks and contractual arrangements with employees to protect its intellectual property rights. LED's existing and future patents could be challenged, invalidated, circumvented or rendered unenforceable. LED's pending patent applications may not result in issued patents, or if patents are issued, such patents may not provide meaningful protection again competitors or against competitive technology. Patents afford only limited protection, and the actions that LED takes to protect intellectual property rights may not be adequate. In addition, the process of seeking patent and trademark protection can be time consuming and expensive and there can be no assurance that any future patent or trademark applications will be granted in respect of LED's technology or business.

Competition

Because of intense market competition, the Company may not succeed. Some of the Company's current and potential competitors have longer operating histories, stronger brand names and greater financial, technical, marketing and other resources than the Company. Current and potential competitors may also have existing relationships with many of the Company's prospective customers, and prospective OEM customers may be developing products for their own use that are comparable to the Company's products. In addition, the Company expects competition to persist and intensify

in the future, which could adversely affect the Company's ability to increase sales. Competitors have and may in the future align themselves with one or more of several large distributors of dental products, which may include exclusive marketing arrangements making a significant portion of the market unavailable to LED.

Potential Fluctuations in Quarterly Results

The Company's quarterly operating results may vary significantly depending on factors such as the timing of new product introductions and changes in pricing policies by the Company and its competitors, market acceptance of new and enhanced versions of the Company's products and the timing of significant orders. Because the Company's operating expenses are based on anticipated revenue and a high percentage of the Company's expenses are relatively fixed in the short term, variations in the timing of recognition of revenue can cause significant fluctuations in operating results from quarter to quarter and may result in unanticipated quarterly earnings shortfalls or losses. The market price of the Company's common shares may be highly volatile in response to such quarterly fluctuations.

Dependence on Key Personnel

The Company's future success depends largely on its ability to attract and retain talented employees. The Company's future results of operations will depend in part on the ability of its officers, management and other key employees to implement and expand operational, customer support and financial control systems and to expand, train and manage its employee base. The Company's future performance will also depend to a significant extent on its ability to identify, attract, train and retain highly skilled sales, technical, marketing and management personnel. If the Company were to lose the services of any key personnel, the Company may encounter difficulties finding qualified replacement personnel. LED's success is largely attributable to the leadership, contacts and efforts of LED's chief executive officer and senior management. If LED's Chief Executive Officer or one or more of the members of the senior management cease working with the Company, and the Company is unable to engage suitable replacements on a timely and commercially viable basis, the business, operating results and financial condition of the Company may be adversely affected.

Acquisitions

The Company has, and in the future may, acquire businesses, products or technologies that it believes complement or expand its existing business. Acquisitions of this type involve a number of risks, including the possibility that the operations of the acquired business will not be profitable or that the attention of the Company's management will be diverted from the day-to-day operation of its business. An unsuccessful acquisition could reduce the Company's margins or otherwise harm its financial condition. Any acquisition could result in a dilutive issuance of equity securities, the incurrence of debt and the loss of key employees. The Company cannot ensure that any acquisitions will be successfully completed or that, if one or more acquisitions are completed, the acquired businesses, products or technologies will generate sufficient revenue to offset the associated costs of the acquisitions or other adverse effects.

Product Liability and Medical Malpractice Claims

LED will be exposed to risks associated with product liability claims if the use of LED's products results in injury or property damage. Users and their patients of the VELscope® may be injured as a result of malfunctions, defects or other causes. In addition, medical malpractice claims may be brought against LED. Because of LED's limited operating history, it is difficult to predict if product liability or medical malpractice claims will be brought in the future. LED carries what it believes to be adequate product liability insurance, but LED may not have adequate resources to satisfy a judgment if a successful claim is brought. The assertion of product liability or medical malpractice claims may also significantly damage LED's reputation.

Future Share Sales

If the Company's shareholders sell substantial amounts of the Company's common shares, the market price of the Company's common shares could decrease.

Management of Growth

The Company's future results of operations will depend in part on the ability of its officers and other key employees to implement and expand operational, customer support and financial control systems and to expand, train and manage its employee base. The Company's future performance will also depend to a significant extent on its ability to identify,

attract, train and retain highly skilled sales, technical, marketing and management personnel. Substantial growth in the Company's software initiatives may require the Company to raise additional capital through the issuance of additional shares or securing financing. There can be no assurance that the Company would be able to secure additional funding through these activities.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer have designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Company is made known to them by others within the Company. The Chief Executive Officer and Chief Financial Officer have also designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements in accordance with IFRS.

Because of the inherent limitations in a control system, any control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will prevent or detect all misstatements, due to error or fraud, from occurring in the financial statements. As the Company has a limited number of personnel, management has concluded that a weakness exists in the design of internal controls over financial reporting caused by a lack of adequate segregation of duties. This weakness has the potential to result in material misstatements in the Company's financial statements and should also be considered a weakness in its disclosure controls and procedures. Management has concluded that taking into account the present stage of the Company's development and the best interests of its shareholders; the Company does not have sufficient size and scale to warrant the hiring of additional personnel to correct this weakness at this time. To help mitigate the impact of this weakness and to ensure quality financial reporting, supervisory controls are exercised by management and the Audit Committee is vigilant in its' oversight.

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the consolidated financial statements for the three months ended June 30, 2018 and this MD&A (together, the "Annual Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.