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IMAGIN MEDICAL

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Dear Shareholders:

Imagin Medical Inc. is developing imaging solutions for the early detection of cancer through the use of endoscopes. The Company believes it will radically improve the way physicians detect cancer. Imagin's initial target market is bladder cancer, a major cancer worldwide, the sixth most prevalent in the U.S., and the most costly cancer to treat due to a greater than 50% recurrence rate.

Since Imagin was listed on the CSE in February of this year we have had an exciting and productive year.

i/Blue Imaging System development moved to the University of Rochester Laboratory of Laser Energetics (LLE). Dr. Stavros Demos, inventor of the i/Blue Imaging System, moved from Lawrence Livermore National Laboratories (LLNL) where he invented the technology, to the University of Rochester Laboratory of Laser Energetics (LLE) which has a world class reputation for developing successful laser and optical technologies and supporting a variety of US Government missions. Transferring the development from a "think tank" to a full medical and research facility has been a major success for Imagin. The Company has entered into an agreement with LLE where Dr. Demos will continue to support Imagin's engineering team in completing development of the i/Blue system as well as clinical evaluations and FDA submission.

Prototype development moving forward. In transferring to the University of Rochester LLE, Imagin signed a loan agreement with the U.S. Department of Energy that allowed the original prototype to be moved to Rochester where it is being retrofitted for the second-generation system. The optical designs and components, advanced light sensors and an array of additional components are being requalified. To our advantage, the company believes the assemblage of these components will be smaller (miniaturized), less expensive and more powerful than the components used in the Company's original alpha prototype. Going forward, as the development of the project evolves, the potential to build enhanced systems may exist.

The Board of Directors and Medical Advisory Board strengthened. Ken Daignault joined the Board in September. He is currently the Director of Gynecology Product Development at HOLOGIC in Massachusetts. He has held senior level management positions in major medical device companies, most recently with Boston Scientific as Director of R& D, Urology. and brings experience in all aspects of the medical device business, from product development and the design of protocols and procedures for bench and animal pre-clinical testing, to building long-term strategies for multiple-product portfolios at various stages of development.

Ralph deVere White, M.D., who evaluated the original LLNL prototypes was named Chairman of the Medical Advisory Board in April. Dr. White is the Associate Dean for Cancer Programs at UC Davis School

of Medicine and Director of the UC Davis Comprehensive Cancer Center where he is also a Distinguished Professor of Urology. He is considered one of the foremost authorities on bladder cancer.

Edward Messing, M.D., Chair of Urology, U Rochester Medical Center has also joined the Medical Advisory Board. Dr. Messing is a renowned expert in the diagnosis and treatment of cancers of the bladder, prostate, kidney, and other genitourinary organs. He has conducted extensive research in the basic biology of bladder and prostate cancers and has been the principal investigator on numerous clinical studies relevant to Imagin's focus. Having both Dr. Messing and Dr. Stavros Demos, the inventor of the i/Blue, at the same institution, is a major advantage that will help drive Imagin's development and clinical trial programs.

Liam J. Hurley, M.D.,FACS, has recently joined the Medical Advisory Board. Dr. Hurley is a member of the Northeast Urologic Surgery, PC, in Andover Massachusetts, and is trained as an adult and pediatric urologist with expertise in genitourinary oncology. Dr. Hurley has clinical affiliations with Tufts New England Medical Center and Lahey Clinic in Burlington Massachusetts.

American Urological Association (AUA) issued 2016 Guidelines that support Imagin's direction. In its most recent guidelines, the AUA has strongly recommended (Grade B rating) that a complete visual examination of the bladder tumor(s) be performed using blue light cystoscopy (BLC), a combination of blue light and fluorescent imaging agents, when technically feasible. The Company expects the i/Blue Imaging System to support this recommendation with visualization capability far superior to what is available today.

During 2016, Imagin has laid the foundation for on-going success in 2017. We anticipate that prototype products will be completed and undergoing clinical evaluations at two major hospitals. Redesign for manufacturability will be well underway and we will be in discussions with the FDA for product approval. Imagin will begin to establish a presence in the marketplace and continue the path of establishing a "new standard of care in bladder cancer detection".

Sincerely,

(*sgd.*) E. James Hutchens
President & CEO