

**IMAGIN MEDICAL INC.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2022**

**and**

**March 31, 2021**

**(Expressed in Canadian Dollars)**

**Corporate Head Office**  
Suite 600, 890 West Pender St.  
Vancouver, BC V6C 1L9

### **NOTICE**

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

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

**IMAGIN MEDICAL INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	March 31, 2022	September 30, 2021
	\$	\$
<b>A S S E T S</b>		
<b>Current assets</b>		
Cash and cash equivalents (Note 3)	<b>825,868</b>	265,664
Amounts receivable and prepaids (Note 4)	<b>401,324</b>	385,821
	<b>1,227,192</b>	651,485
<b>Intangible asset (Note 5)</b>	<b>114,080</b>	123,030
	<b>1,341,272</b>	774,515
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Notes 6 and 8)	<b>526,005</b>	594,096
Convertible notes (Note 7)	<b>14,457,581</b>	11,721,098
	<b>14,983,586</b>	12,315,194
<b>Shareholders' equity</b>		
Share capital (Note 9)	<b>17,908,715</b>	17,539,590
Share-based payment reserve	<b>3,045,307</b>	3,045,307
Deficit	<b>(34,596,336)</b>	(32,125,576)
	<b>(13,462,314)</b>	(11,540,679)
	<b>1,341,272</b>	774,515
<b>Nature and continuance operations (Note 1)</b>		
<b>Basis of presentation (Note 2)</b>		
<b>Subsequent events (Note 13)</b>		

**Approved on behalf of the Board of Directors:**

*“James Hutchens”*, Director & CEO

*“Kayvon Namvar”*, Director

**IMAGIN MEDICAL INC.**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

**For the Six Months Ended March 31, 2022 and 2021**

	<b>Three Months Ended March 31, 2022</b>	<b>Three Months Ended March 31, 2021</b>	<b>Six Months Ended March 31, 2022 \$</b>	<b>Six Months Ended March 31, 2021 \$</b>
<b>General and administrative expenses:</b>				
Amortization of intangible asset	7,650	7,346	15,300	14,693
Bank charges and interest	1,740	2,049	3,432	3,756
Business development (Note 8)	-	-	-	-
Consulting fees	42,649	53,340	62,039	95,484
Convertible note expense (Note 7)	364,841	1,390,266	900,601	1,278,015
Corporate and administration fees	4,500	6,155	11,865	11,880
Directors' fees (Note 8)	6,000	4,500	11,500	9,000
Filing and transfer agent fees	7,459	9,777	14,321	26,194
Legal & accounting fees (Note 8)	232,143	90,994	374,070	195,132
Management fees (Note 8)	110,320	142,175	220,928	288,651
Office, rent and insurance	45,586	36,194	74,113	64,848
Product development	335,035	340,429	767,135	549,323
Shareholders' communication, & promotion	1,255	122,272	16,899	209,541
Travel, meals & entertainment	5,039	8,301	9,353	15,388
	<b>(1,164,217)</b>	<b>(2,213,798)</b>	<b>(2,481,556)</b>	<b>(2,761,905)</b>
<b>Other items:</b>				
Interest income	-	-	-	-
Foreign exchange	15,941	(23,114)	10,796	(37,267)
Stock-based compensation	-	(75,912)	-	(75,912)
<b>Net loss and comprehensive loss</b>	<b>(1,148,276)</b>	<b>(2,312,824)</b>	<b>(2,470,760)</b>	<b>(2,875,084)</b>
<b>Basic and diluted loss per share</b>	<b>(0.12)</b>	<b>(0.26)</b>	<b>(0.25)</b>	<b>(0.32)</b>
<b>Weighted average – number of shares outstanding</b>	<b>9,996,876</b>	<b>9,042,186</b>	<b>9,806,488</b>	<b>8,995,448</b>

See notes to condensed interim consolidated financial statements

**IMAGIN MEDICAL INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Six Months Ended March 31, 2022 and 2021**

	2022	2021
	\$	\$
<b>Cash provided by (used for):</b>		
<b>Operating activities</b>		
Net loss for the period	(2,470,760)	(2,875,084)
Adjustments which do not affect cash:		
Amortization of intangible asset	15,300	14,693
Convertible note recovery	900,601	1,278,015
Stock-based compensation	-	75,912
	<u>(1,554,859)</u>	<u>(1,506,464)</u>
Net changes in non-cash working capital items:		
Amounts receivable and prepaids	(15,503)	(389,051)
Accounts payable and accrued liabilities	(68,091)	66,389
	<u>(1,638,453)</u>	<u>(1,829,126)</u>
<b>Investing activities</b>		
Purchase of intangible asset	(6,835)	(6,835)
	<u>(6,835)</u>	<u>(6,835)</u>
<b>Financing activities</b>		
Convertible note proceeds	2,205,492	2,799,587
	<u>2,205,492</u>	<u>2,799,587</u>
<b>Increase (decrease) in cash</b>	<b>560,204</b>	<b>977,296</b>
<b>Cash and cash equivalents - beginning of period</b>	<b>265,664</b>	<b>27,618</b>
<b>Cash and cash equivalents - end of period</b>	<b>825,868</b>	<b>1,004,914</b>

**Supplementary disclosures:**

Note 10 – Non-cash transactions

See notes to condensed interim consolidated financial statements

**IMAGIN MEDICAL INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**For the Six Months Ended March 31, 2022 and 2021**

	Issued Share Capital #	\$	Share-Based Payment Reserve \$	Deficit \$	Total \$
<b>Balance, September 30, 2020</b>	<b>8,917,008</b>	<b>17,366,716</b>	<b>2,954,709</b>	<b>(20,652,164)</b>	<b>(330,739)</b>
Conversion of debt	150,178	76,184	-	-	76,184
Fair value of options granted	-	-	75,912	-	75,912
Loss for the period	-	-	-	(2,875,084)	(2,875,084)
<b>Balance, March 31, 2021</b>	<b>9,067,186</b>	<b>17,442,900</b>	<b>3,030,621</b>	<b>23,527,248)</b>	<b>(3,053,727)</b>
Conversion of debt	192,443	96,690	-	-	96,690
Fair value of options granted	-	-	14,686	-	14,686
Loss for the year	-	-	-	(8,598,328)	(8,598,328)
<b>Balance, September 30, 2021</b>	<b>9,259,629</b>	<b>17,539,590</b>	<b>3,045,307</b>	<b>(32,125,576)</b>	<b>(11,540,679)</b>
Conversion of debt	737,247	369,125	-	-	369,125
Loss for the year	-	-	-	(2,470,760)	(2,470,760)
<b>Balance, March 31, 2022</b>	<b>9,996,876</b>	<b>17,908,715</b>	<b>3,045,307</b>	<b>(34,596,336)</b>	<b>(13,642,314)</b>

**Note:** On October 27, 2020, the Company consolidated the share capital on the basis of 20 pre-consolidation shares for 1 post-consolidation share. All figures have been adjusted to reflect this consolidation.

**1. NATURE AND CONTINUANCE OF OPERATIONS**

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

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

There can be no assurance that the Company will be able to continue to raise funds in the future in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statement of financial position. Furthermore, these conditions indicate the existence of a material uncertainty that raises substantial doubt as to the Company’s ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. It has adversely affected global workforces, economies, and financial markets, triggering an economic downturn. It is not possible at this time for the Company to predict the duration or magnitude of the adverse results of the outbreak nor its effects on the Company’s business or operations.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

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

The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as of **May 25, 2022**, the date the Board of Directors approved the consolidated financial statements.

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

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

The Company did not adopt any new or revised standards or interpretations during the year ended September 30, 2021 and the six months ended March 31, 2022.

**Borrowings**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are carried at subsequently measured at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized as an adjustment to interest expense over the period of the borrowings using the effective interest method.

Fees paid to establish loan facilities are recognized as transaction costs of the loan and are deferred and recognized as an adjustment to the effective interest rate on the loan once drawn.

**IMAGIN MEDICAL INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six months ended March 31, 2022 and 2021**

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

Compound financial instruments issued by the Company include convertible notes that can be converted at a fixed conversion rate to share capital at the option of the holder. The liability component of convertible notes is recognized initially at fair value of a similar liability that does not have an equity conversion option. The conversion component is considered to be the residual amount after having determined the fair value of the liability component.

If convertible notes are denominated in a currency that is different from the borrower's functional currency, both the liability and conversion components are carried as borrowings. Subsequent to initial recognition, the liability component of a convertible note is measured at subsequently measured at amortized cost. The conversion component of the convertible note is re-measured to fair value at each reporting period using the period end foreign exchange rate and changes in value are recognized as a component of convertible note expense. The fair value of the conversion component is determined using the Black-Scholes option pricing model.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability, or a portion of the liability, for at least 12 months after the reporting date.

**Statement of compliance to International Financial Reporting Standards**

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

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended September 30, 2021.

**3. CASH AND CASH EQUIVALENTS**

	<b>March 31, 2022</b>	<b>September 30, 2021</b>
	<b>\$</b>	<b>\$</b>
Canadian chartered bank		
- Deposits in Canadian banks *	825,868	265,664
	<b>825,868</b>	<b>265,664</b>

\* Included in this amount above is US\$646,124 converted to Canadian dollars at the year-end rate of 1.25.

**4. AMOUNTS RECEIVABLE AND PREPAIDS**

	<b>March 31, 2022</b>	<b>September 30, 2021</b>
	<b>\$</b>	<b>\$</b>
GST receivable	3,422	1,256
Trust account	1,700	1,700
Prepaid expenses	396,202	382,865
	<b>401,324</b>	<b>385,821</b>



**5. INTANGIBLE ASSET**

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

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

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

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

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

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

- US\$5,000 (paid) to be paid on or before February 28, 2017;
- US\$10,000 (paid) to be paid on or before February 28, 2018;
- US\$10,000 (paid) to be paid on or before February 28, 2019; and
- US\$5,000 (paid) to be paid on or before February 28, 2020;
- US\$5,000 (paid) to be paid on or before February 28, 2021.
- US\$5,000 (paid) to be paid on or before February 28, 2022.
- US\$5,000 to be paid on or before February 28, 2023.
- US\$25,000 to be paid on or before February 28, 2024, and every February 28<sup>th</sup> thereafter.

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

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

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

**IMAGIN MEDICAL INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six months ended March 31, 2022 and 2021**

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

Continuity of the intangible asset is as follows:

	Patent License
<b>Cost</b>	
Balance, September 30, 2020	241,004
Additions for the year	6,835
Balance, September 30, 2021	\$ 247,839
Additions for the period	6,350
<b>Balance, March 31, 2022</b>	<b>\$ 254,189</b>
<b>Accumulated depreciation</b>	
Balance, September 30, 2020	95,422
Depreciation for the year	29,387
Balance, September 30, 2021	\$ 124,809
Additions for the period	15,300
<b>Balance, March 31, 2022</b>	<b>\$ 140,109</b>
<b>Carrying amounts</b>	
Balance, September 30, 2020	\$ 145,582
Balance, September 30, 2021	\$ 123,030
<b>Balance, March 31, 2022</b>	<b>\$ 114,080</b>

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	March 31, 2022 \$	September 30, 2021 \$
Trade accounts payable	75,719	231,602
Accrued liabilities	118,744	28,745
Due to related parties	331,542	333,749
Convertible Debt	14,457,581	11,721,098
	<b>14,983,586</b>	<b>12,315,194</b>

**7. CONVERTIBLE NOTES**

Convertible note #1:

During the previous fiscal year ended September 30, 2021, the Company issued convertible notes (the “Notes”) in the aggregate of US\$2,900,500. The notes bear interest at 10% annually, payable semi-annually in arrears, and mature 18 months following the date of issue, unless repurchased, redeemed or converted. The Notes are convertible at the holder’s discretion into common shares at a conversion price of US\$0.40 per share. In connection with the issuance of the Notes, the Company issued 3,625,625 warrants exercisable at US\$0.50 and 3,625,625 warrants exercisable at US\$0.60. All warrants are exercisable for five years from the date of issue.

Certain holders converted an aggregate of US\$133,000 in Note principal into common shares during the previous fiscal year (see Note 9).

**IMAGIN MEDICAL INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six months ended March 31, 2022 and 2021**

**7. CONVERTIBLE NOTES** *(continued)*

Convertible note #2:

The Company completed a second convertible note offering totaling US\$3,000,000. This offering will be received in three tranches, with the first tranche of US\$500,000 having been received during the previous fiscal year. This note matures 24 months following the date of issue, unless earlier repurchased or converted, and bears interest at the rate of 10% per annum, payable on maturity or conversion. The outstanding principal balance, plus any unpaid interest, will automatically convert into common shares of the Company upon the completion of not less than US\$2,000,000 in financings by the Company, at a conversion price of US\$0.40.

Upon receiving the first tranche of US\$500,000, the Company issued to the note holder 15,775,000 warrants, exercisable at US\$0.40 per share, and expiring five years from the date of issue.

During the six months ended March 31, 2022, the Company received US\$500,000 as full payment of the second tranche of the US\$3,000,000 convertible note and US\$1,250,000 as part of Tranche 3 of the Convertible Note #2.

As the convertible notes and associated warrants are denominated in \$US, and the functional currency of the Company is the Canadian \$, the convertible notes have been accounted for as a financial liability (debt host) with an embedded derivative (US\$ warrants).

The carrying value of the convertible notes is as follows at September 30, 2021 and March 31, 2022:

		<b>Debt</b>	<b>Embedded Derivative</b>	<b>Total</b>
<b>Balance, October 1, 2020</b>	\$	-	\$ -	\$ -
Convertible note proceeds		1,321,309	3,017,598	4,338,907
Convertible note converted to common shares		(172,874)	-	(172,874)
Convertible note expense		1,328,736	6,226,329	7,555,065
<b>Balance, September 30, 2021</b>	<b>\$</b>	<b>2,477,171</b>	<b>\$ 9,243,927</b>	<b>\$ 11,721,098</b>
Convertible note proceeds		2,205,492	-	2,205,492
Convertible note converted to common shares		(369,610)	-	(369,610)
Convertible note expense		1,102,715	(202,114)	900,601
<b>Balance, March 31, 2022</b>	<b>\$</b>	<b>5,415,768</b>	<b>\$ 9,041,813</b>	<b>\$ 14,457,581</b>

**8. RELATED PARTY TRANSACTIONS**

During the six months ended March 31, 2021, the Company paid or accrued \$390,022 (2021 - \$442,011) to directors and officers or companies controlled by directors and officers of the Company, for management, accounting, directors and consulting fees incurred by the Company.

Included in accounts payable are fees and expenses due to directors and officers in the amount of \$331,542 (September 30, 2021 - \$333,749), which are non-interest bearing, unsecured, and payable on demand. Fair value cannot be reliably determined.

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

**IMAGIN MEDICAL INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six months ended March 31, 2022 and 2021**

**9. SHARE CAPITAL**

a) Authorized: Unlimited number of common shares

b) Issued:

As at March 31, 2022, the Company reported issued and outstanding shares of 9,996,876 (September 30, 2021 – 9,259,629).

On November 16, 2021, 737,247 common shares were issued pursuant to the conversion of Note principal balance in the amount of Cdn\$369,125.

c) Stock options:

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

	Number of options	Weighted average exercise price
<b>Outstanding at September 30, 2020</b>	<b>535,000</b>	<b>\$ 4.93</b>
Options granted	125,000	0.63
Options cancelled	(117,500)	3.00
<b>Outstanding at September 30, 2021</b>	<b>542,500</b>	<b>\$ 4.36</b>
Options cancelled	(15,000)	3.00
<b>Outstanding at March 31, 2022</b>	<b>527,500</b>	<b>\$ 4.39</b>

The continuity of share purchase options is as follows:

Expiry Date	Exercise Price	30-Sep-21	Granted	Exercised	Expired	31-Mar-22
14-Dec-21	3.00	15,000	-	-	(15,000)	-
26-Oct-22	3.60	67,500	-	-	-	67,500
30-Oct-22	3.80	5,000	-	-	-	5,000
28-Nov-22	5.00	35,000	-	-	-	35,000
17-Jan-23	8.00	105,000	-	-	-	105,000
18-Apr-23	6.20	137,500	-	-	-	137,500
25-Jul-23	3.20	22,500	-	-	-	22,500
10-Jan-25	1.20	30,000	-	-	-	30,000
19-Jan-24	0.62	100,000	-	-	-	100,000
19-May-26	0.66	25,000	-	-	-	25,000
		<b>542,500</b>	-	-	<b>(15,000)</b>	<b>527,500</b>
<b>Weighted average exercise price</b>		<b>\$ 4.36</b>	-	-	<b>\$ 3.00</b>	<b>\$ 4.39</b>

Expiry Date	Exercise Price	30-Sep-20	Granted	Exercised	Expired	31-Mar-21
09-Feb-21	3.00	60,000	-	-	(60,000)	-
30-Jun-21	3.00	57,500	-	-	-	57,500
14-Dec-21	3.00	15,000	-	-	-	15,000
26-Oct-22	3.60	67,500	-	-	-	67,500
30-Oct-22	3.80	5,000	-	-	-	5,000
28-Nov-22	5.00	35,000	-	-	-	35,000
17-Jan-23	8.00	105,000	-	-	-	105,000
18-Apr-23	6.20	137,500	-	-	-	137,500
25-Jul-23	3.20	22,500	-	-	-	22,500
10-Jan-25	1.20	30,000	-	-	-	30,000
19-Jan-24	0.62	-	100,000	-	-	100,000
		<b>535,000</b>	<b>100,000</b>	-	<b>(60,000)</b>	<b>575,000</b>
<b>Weighted average exercise price</b>		<b>\$ 4.93</b>	<b>\$ 0.62</b>	-	<b>\$ 3.00</b>	<b>\$ 4.38</b>

**IMAGIN MEDICAL INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six months ended March 31, 2022 and 2021**

**9. SHARE CAPITAL** *(continued)*

d) Share purchase warrants:

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

	Number of warrants	Weighted average exercise price
<b>Outstanding at September 30 and December 31, 2021</b>	<b>24,993,040</b>	<b>\$ 0.76</b>
Finance Warrants expired	(1,914,000)	3.00
Finders' Warrants expired	(52,7990)	3.00
<b>Outstanding at March 31, 2022</b>	<b>23,026,250</b>	<b>\$ 0.56</b>

The continuity of share purchase warrants is as follows:

Expiry Date	Exercise Price	30-Sep-21	Granted	Exercised	Expired/ Cancelled	31-Mar-22
21-Jan-22	3.00	1,966,790	-	-	(1,966,790)	-
20-Oct-25	0.64	25,000	-	-	-	25,000
20-Oct-25	0.76	25,000	-	-	-	25,000
22-Oct-25	0.64	875,000	-	-	-	875,000
22-Oct-25	0.76	875,000	-	-	-	875,000
09-Nov-25	0.64	37,500	-	-	-	37,500
09-Nov-25	0.76	37,500	-	-	-	37,500
15-Jan-26	0.64	175,000	-	-	-	175,000
15-Jan-26	0.76	175,000	-	-	-	175,000
19-Jan-26	0.64	62,500	-	-	-	62,500
19-Jan-26	0.76	62,500	-	-	-	62,500
22-Jan-26	0.64	50,000	-	-	-	50,000
22-Jan-26	0.76	50,000	-	-	-	50,000
25-Jan-26	0.64	62,500	-	-	-	62,500
25-Jan-26	0.76	62,500	-	-	-	62,500
27-Jan-26	0.64	37,500	-	-	-	37,500
27-Jan-26	0.76	37,500	-	-	-	37,500
28-Jan-26	0.64	25,000	-	-	-	25,000
28-Jan-26	0.76	25,000	-	-	-	25,000
29-Jan-26	0.64	125,000	-	-	-	125,000
29-Jan-26	0.76	125,000	-	-	-	125,000
01-Feb-26	0.64	393,750	-	-	-	393,750
01-Feb-26	0.76	393,750	-	-	-	393,750
04-Feb-26	0.64	12,500	-	-	-	12,500
04-Feb-26	0.76	12,500	-	-	-	12,500
05-Feb-26	0.64	784,375	-	-	-	784,375
05-Feb-26	0.76	784,375	-	-	-	784,375
08-Feb-26	0.64	6,250	-	-	-	6,250
08-Feb-26	0.76	6,250	-	-	-	6,250
12-Feb-26	0.64	28,750	-	-	-	28,750
01-Feb-26	0.76	28,750	-	-	-	28,750
16-Feb-26	0.64	6,250	-	-	-	6,250
16-Feb-26	0.76	6,250	-	-	-	6,250
30-Jun-26	0.64	668,750	-	-	-	668,750
30-Jun-26	0.76	668,750	-	-	-	668,750
02-Jul-26	0.64	62,500	-	-	-	62,500
02-Jul-26	0.76	62,500	-	-	-	62,500

**IMAGIN MEDICAL INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six months ended March 31, 2022 and 2021**

**9. SHARE CAPITAL** *(continued)*

d) Share purchase warrants: *(continued)*

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>30-Sep-21</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired/ Cancelled</b>	<b>31-Mar-22</b>
17-Aug-26	0.64	187,500	-	-	-	187,500
17-Aug-26	0.76	187,500	-	-	-	187,500
03-Sep-26	0.51	15,775,000	-	-	-	15,775,000
		<b>24,993,040</b>	<b>-</b>	<b>-</b>	<b>(1,966,790)</b>	<b>23,026,250</b>
<b>Weighted average exercise price</b>		<b>\$ 076</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 0.56</b>

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>30-Sep-20</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired/ Cancelled</b>	<b>31-Mar-21</b>
21-Jan-22	3.00	1,966,790	-	-	-	1,966,790
20-Oct-25	0.63	-	25,000	-	-	25,000
20-Oct-25	0.76	-	25,000	-	-	25,000
22-Oct-25	0.63	-	875,000	-	-	875,000
22-Oct-25	0.76	-	875,000	-	-	875,000
09-Nov-25	0.63	-	37,500	-	-	37,500
09-Nov-25	0.76	-	37,500	-	-	37,500
15-Jan-26	0.63	-	175,000	-	-	175,000
15-Jan-26	0.76	-	175,000	-	-	175,000
19-Jan-26	0.63	-	62,500	-	-	62,500
19-Jan-26	0.76	-	62,500	-	-	62,500
22-Jan-26	0.63	-	50,000	-	-	50,000
22-Jan-26	0.76	-	50,000	-	-	50,000
25-Jan-26	0.63	-	62,500	-	-	62,500
25-Jan-26	0.76	-	62,500	-	-	62,500
27-Jan-26	0.63	-	37,500	-	-	37,500
27-Jan-26	0.76	-	37,500	-	-	37,500
28-Jan-26	0.63	-	25,000	-	-	25,000
28-Jan-26	0.76	-	25,000	-	-	25,000
29-Jan-26	0.63	-	125,000	-	-	125,000
29-Jan-26	0.76	-	125,000	-	-	125,000
01-Feb-26	0.63	-	393,750	-	-	393,750
01-Feb-26	0.76	-	393,750	-	-	393,750
04-Feb-26	0.63	-	12,500	-	-	12,500
04-Feb-26	0.76	-	12,500	-	-	12,500
05-Feb-26	0.63	-	784,375	-	-	784,375
05-Feb-26	0.76	-	784,375	-	-	784,375
08-Feb-26	0.63	-	6,250	-	-	6,250
08-Feb-26	0.76	-	6,250	-	-	6,250
12-Feb-26	0.63	-	28,750	-	-	28,750
01-Feb-26	0.76	-	28,750	-	-	28,750
16-Feb-26	0.63	-	6,250	-	-	6,250
16-Feb-26	0.76	-	6,250	-	-	6,250
		<b>1,966,790</b>	<b>5,413,750</b>	<b>-</b>	<b>-</b>	<b>7,380,540</b>
<b>Weighted average exercise price</b>		<b>\$ 3.00</b>	<b>\$ 0.70</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1.31</b>

**IMAGIN MEDICAL INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six months ended March 31, 2022 and 2021**

**10. NON-CASH TRANSACTIONS**

The following non-cash transactions were recorded:

	<b>March 31, 2022</b>	<b>March 31, 2021</b>
	\$	\$
Financing activities:		
Common shares issued upon conversion of note	369,125	26,377

**11. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS**

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

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

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

There were no changes in the Company's approach to capital management during the six months ended March 31, 2022.

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

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

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2—Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3—Inputs that are not based on observable market data

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at March 31, 2022.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and cash equivalents	\$ 825,868	\$ —	\$ —	\$ 825,868

**IMAGIN MEDICAL INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six months ended March 31, 2022 and 2021**

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**11. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS** *(Continued)*

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at September 30, 2021.

		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and cash equivalents	\$	265,644	\$ —	\$ —	\$ 265,644

**12. SUBSEQUENT EVENTS**

Subsequent to the six months ended March 31, 2022, the Company granted 472,187 incentive stock options to directors, officers, and service providers with an exercise price of US\$0.28 (Cdn\$0.35) and all expiring in five years. Using the Black-Scholes option-pricing model, the fair value of each option is estimated to be \$0.34. In the next quarter, Company will report a stock-based compensation expense of \$158,549.