ANNUAL INFORMATION FORM

For the Fiscal Year Ended

December 31, 2014

LED Medical Diagnostics Inc.

580 Hornby Street, Unit 810

Vancouver, BC

V6C 3B6

Dated: April 29, 2015

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ANNUAL INFORMATION FORM

CERTAIN INTERPRETATION MATTERS

Unless the context requires, all references to the "Corporation" or "LED" means LED Medical Diagnostics Inc. and its predecessors. Unless otherwise specified, all references to "$" or "dollars" refer to United States currency.

This Annual Information Form ("AIF") may refer to registered trademarks, trade names and service marks of companies other than the Corporation, which names and marks belong to their respective owners. VELSCOPE is a registered trademark in the US, Canada, European Union and other countries. VELSCOPE VX is a registered trademark in the US.

This AIF is dated April 30, 2015. Except where otherwise indicated, the information contained in this AIF is stated as of December 31, 2014.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This AIF 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 include 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 and the Company's intention to expand its technology beyond dental applications including "costs of production", "capital expenditures", "costs and timing of the development of new products", "hedging practices", "currency exchange rate fluctuations", "requirements for additional capital", "government regulation of medical device operations" and "insurance coverage". Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "would", "could", "might" or "will be taken", "occur" or "be achieved" or the negative connotation thereof. 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: economic conditions; dilution; limited history of profits and operations; operational risk; distributor risks; working capital; potential conflicts of interest; speculative investment; intellectual property risks; disruptions in production; reliance on key personnel; seasonality; management's estimates; development of new customers and products risks; stock price volatility risk; sales and marketing risk; competitors and competition risk; regulatory requirements; reliance on few suppliers; reliance on subcontractors; operating cost and quarterly results fluctuations; fluctuations in exchange rates; product liability and medical malpractice claims; access to credit and additional financing; taxation; market acceptance of the Company's products and services; customer and industry analyst perception of the Company and its technology vision and future prospects; 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; the Company not adequately protecting its intellectual property; risks related to product defects and product liability; 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, 2014. 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.

CORPORATE STRUCTURE

The Corporation

LED Medical Diagnostics Inc. (the "Corporation") was incorporated under the British Columbia Business Corporations Act on July 17, 2002 as 651192 B.C. Ltd. and changed its name to LED Medical Diagnostics Inc. on November 6, 2003. The Corporation's head office and principal address are located at 580 Hornby Street, Unit 810, Vancouver, British Columbia, Canada, V6C 3B6 and its registered office is located at 2500 – 700 West Georgia Street, Vancouver, British Columbia, Canada V7Y 1B3.

On February 24, 2011, and as accepted on November 21, 2011 by the TSX Venture Exchange (the "Exchange"), LED entered into a letter agreement (the "Agreement") with Searchlight Capital Corp. ("Searchlight"), a Capital Pool Company listed on the Exchange. The transaction resulted in the amalgamation of LED, its wholly-owned subsidiaries EMD Systems Ltd., and Visiotech Diagnostics Inc. as well as Searchlight. On November 24, 2011, the Corporation began trading on the TSX Venture Exchange (trading symbol: LMD). The transaction was accounted for as an acquisition of Searchlight by LED. The Corporation is defined as the amalgamated entity.

Intercorporate Relationships

As at December 31, 2014, the Corporation has three wholly-owned subsidiaries: LED Dental Inc., LED Dental Ltd. And Essentia Genetics Corp. LED Dental Inc. was incorporated under the British Columbia Business Corporations Act on January 18 2006. LED Dental Ltd. was incorporated under the laws of the State of Washington on August 3, 2006 and Essentia Genetics Corp., was incorporated under the BCBCA on January 14, 2014.

GENERAL DEVELOPMENT OF THE BUSINESS

Current History

The significant business, operations and management developments of the Corporation in the current financial year and last three completed fiscal years have been as follows:

Current financial year – recent developments

Since the completion of the Corporation's fiscal year ended December 31, 2014, the Corporation announced the following:

- On January 21, 2015, the Company provided revenue guidance for the full fiscal year ending December 31, 2015 ("fiscal year 2015") of $15 million to $16 million. This guidance is intended solely to give investors an understanding of management's expectations for the full fiscal year in light of recent industry sales trends, seasonality of the business and recognition that much of the sales generated in the dental industry occur in the fourth quarter. The guidance does not take into account, or give effect for, any events that are beyond the Company's reasonable control.

- On February 25, 2015, the Company announced that it completed a non-brokered private placement with an oversubscribed total of 10,605,000 units at an issue price of CDN$0.25 per unit for total gross proceeds of approximately CDN$2.65 million. Each unit is comprised of one common share and one common share purchase warrant with each warrant entitling the holder to acquire one common share at an exercise price of US$0.25 for a period of 24 months. All of the securities issued in connection with the private placement will be subject to a restricted period that expires four months after the issuance date.

- On March 12, 2015 the Company announced that it launched the new RIOSensor Intraoral Radiography System from RAY Co., Ltd., a spin-off of Samsung Electronics, in the USA and Canada. As the latest dental imaging product from RAY, the RIOSensor embraces their history of providing high-quality, dependable technology platforms at a great value.

- On March 17, 2015, the Company announced that it is bestowing a gift of $8,000 on the University of British Columbia (UBC) which will be directed to the Dr. Catherine Poh Oral Cancer Research Fund at UBC in support of a specific research project titled "Prevention Strategies in Early Detection and Diagnosis of Oral Cancer in Vietnam." This gift will fund the travel costs to Vietnam in 2015 of two research trainers, to deliver training for various levels of health professionals, including those from the Oncology Hospital and the University of Medicine and Pharmacy in Ho Chi Minh City. As a part of a research project, the Company's hand-held medical device, the VELscope® Vx Enhanced Oral Assessment System, which helps with the early discovery of oral cancer and other oral disease, will be a key part of the program in Vietnam.

- On April 09, 2015, the Company announced a new agreement with OrthoSynetics, a leading provider of administrative, marketing, and financial services to 350 orthodontic practices across the United States. The agreement designates the Company as the preferred imaging technology supplier for OrthoSynetics.

- On April 16, 2015, the Company announced a partnership with London Drugs to provide its VELscope® Vx Enhanced Oral Assessment Systems ("VELscope® Vx System" or "VELscope® Vx") for a pilot program for oral cancer screenings. The pilot program was

conducted by dental professionals on April 14th, April 15th , April 17th, April 20th, April 21st and April 22nd at select London Drug pharmacies in the lower mainland of B.C. Canada and has been endorsed by the BC Oral Cancer Prevention Program (BC OCPP) and developed with oral medicine and pathology specialist Dr. Samson Ng of UBC.

- On April 21, 2015, the Company announced that the company will be serving as a strategic partner in the Oral Cancer Foundation's "Be Part of the Change"™ program, seeking to promote the importance of routine comprehensive oral screenings and early detection in the fight against oral cancer.

Financial year ended December 31, 2014

- On January 14, 2014, the Company announced that it had signed an agreement with the BC Cancer Agency ("BCCA") to create and commercialize a progression-risk assessment test for oral cancer. The test is based on a quantifiable genetic phenomenon known as "Loss of Heterozygosity" or "LOH".

- On January 21, 2014, the Company announced that it entered a non-exclusive distribution partnership with Patterson Dental in the United States and Canadian markets.

- On February 25, 2014, the Company announced the appointment of Lamar Roberts as President of its wholly owned US subsidiary LED Dental Ltd.

- On March 26, 2014, the Company announced the appointment of Dr. Jeffrey Brooks as Vice President of Imaging of its wholly owned subsidiary LED Dental Ltd.

- On April 2, 2014 the Company announced that the LED Imaging Division of its wholly-owned subsidiary, LED Dental Ltd., has partnered with Ray Co. Ltd., a subsidiary of Samsung, to sell, install and provide support for the RAYSCAN α – Expert dental imaging system.

- On April 3, 2014, the Company announced that it has released a new brand initiative to further its goal of providing advanced imaging technologies to dental and specialty practices in the United States and Canada.

- On April 3, 2014, LED Dental launched a new product division known as "LED Imaging" to reflect the subsidiary's movement into the dental imaging category.

- On April 15, 2014, the Company announced that it entered non-exclusive distribution partnerships with Atlanta Dental Supply Company and Nashville Dental, Inc. for distribution of the Company's VELscope® Vx Enhanced Oral Assessment System and product line in the United States.

- On April 24, 2014, the Company announced that Tom Kearney, an industry leader with more than 30 years of experience, has joined the LED Imaging team and will assist with future endeavors in the orthodontic market.

- On April 22, 2014, LED Dental entered a partnership with the UT College of Dentistry. Through this partnership, students, residents and faculty at the University of Tennessee Health Science Center College of Dentistry will now have access to new, sophisticated

oral and maxillofacial imaging technology. Residents and dental students will receive hands-on training with the RAYSCAN α – Expert dental imaging system, as part of their clinical training.

- On April 24, 2014, LED Dental announced it is launching its LED Imaging Software to integrate with the company's growing portfolio of imaging technologies.

- On May 14, 2014, LED Dental announced the introduction of its new digital radiography intraoral sensor, LED IS 100 which is a replacement for traditional dental film.

- On June 4, 2014, the Company announced that Wes Newsom joined LED. Wes Newsom will join LED as Director of Digital Imaging, bringing to LED more than a decade of experience.

- On August 13, 2014, the Company announced the availability of its new digital intraoral camera, the LED IC100. Designed with simplicity, functionality and versatility in mind, the LED IC100 intraoral camera captures high-resolution images and provides practitioners with an enhanced patient education tool.

- On August 19 2014, the Company officially introduced the LED IC200. This product is the second intraoral camera in the Company's product portfolio and is elegantly designed to acquire high-resolution intraoral and extra oral images with auto focus and a large depth of field.

- During September 2014, the Company showcased its new digital Imaging products at the California Dental Association (CDA) Annual Conference entitled "CDA Presents the Art and Science of Dentistry", the American Association of Oral and Maxillofacial Surgeons 94th Annual Meeting, and the American Academy of Periodontology 100th Annual Meeting and Exhibition. The CDA conference alone was attended by more than 27,000 dental professionals.

- On September 2, 2014, the Company announced that Darryl J. Yea accepted the position of Chair of the Board and Director of the Company. Darryl has been a director with the Company since 2011 and he is currently the President of Investco Capital Management Inc. Keith Smith, the former Chair of the Board, has decided to step down as a Director.

- On September 2, 2014, Dr. David Gane, CEO of LED Medical, and Lamar Roberts, President of the Company's wholly-owned operating division, LED Dental Ltd, were appointed to the Board of Directors. In addition, Peter Whitehead, the founder and former CEO of LED Medical, has stepped down as a Director but will continue to serve as a consultant for the Company.

- On September 9, 2014, the Company announced that Jody Kelly, CPA, has joined LED as Vice President of Finance. Ms. Kelly will be based out of LED's Atlanta office and assumes responsibility for the company's accounting, financial planning and analysis, cash flow management, internal auditing, public company reporting and treasury.

- On October 14, 2014, LED Medical announced the renewal of its exclusive international distribution agreement (outside North America) for the VELscope® Vx for a three year term with DenMat Holding LLP. This agreement requires minimum annual purchases of

the VELscope® Vx product line by DenMat and is subject to another three-year extension with the mutual agreement of both parties.

- On October 28, 2014, the Company announced that Randolph Simmons has joined LED as Director of Technical Services. Mr. Simmons will assume the responsibilities to develop and grow LED's team of digital technology specialists, expand the service provider network and act as LED's Radiation Safety Officer.

- On December 8, 2014, the Company announced that LED Dental Inc., ("LED Dental"), the wholly-owned Canadian operating subsidiary of LED Medical, has signed an exclusive one-year distribution agreement with Ray Co., Ltd. ("Ray Co."), a subsidiary of Samsung, to market the RAYSCAN Alpha - Expert dental imaging system and the RIOSensor intraoral sensor in Canada. The RAYSCAN Alpha - Expert is a multi-function digital extraoral imaging system with 3D cone beam computed tomography (CBCT) as well as panoramic and cephalometric capabilities. In April, the RAYSCAN Alpha - Expert dental imaging system became the first product to be added to LED Dental's product portfolio since the Company announced its expansion into the dental imaging category and emergent product offerings.

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- On January 9, 2013, the Corporation announced that its VELscope Vx Enhanced Oral Assessment device will now be used by Chicago Otolaryngology Associates for oral mucosal abnormality assessment and when performing surgery on oral cancer patients.

- On January 9, 2013, the Corporation announced that it had completed the second tranche of an expedited non-brokered private placement of 1,300,000 Common Shares at an issue price of $0.25 per share for gross proceeds of $325,000. In combination with the first tranche, LED raised a total of $1,162,500 and issued 4,650,000 common shares at $0.25 per share.

- On January 23, 2013, the Corporation announced its Public Market Development and Communications Plan for 2013, designed to create a global understanding of its proprietary, patented technology platforms and their significant potential.

- On January 28, 2013, the Corporation announced that it had granted a total of 448,000 incentive stock options to consultants of the Company. Each stock option is exercisable to acquire one Common Share of the Company at $0.40 per share and can be exercised for a 3 year term.

- On January 29, 2013, the Corporation announced that a recent scientific review in the highly respected publication, The Journal of the American Dental Association, underscores the need for adjunctive screening technologies to help detect oral cancer and pre-cancer in earlier stages.

- On February 19, 2013, the Corporation announced that its common shares are now officially quoted on the Frankfurt Stock Exchange in the open market segment via the symbol "LME".

- On February 25, 2013, the Corporation announced the appointment of Wayne Rees as Senior Vice President of its wholly-owned subsidiary, LED Dental Inc. ("LED Dental").

- On February 26, 2013, the Corporation announced that it began trading on the OTCQX International (symbol: "LEDIF"), a segment of the OTCQX® marketplace reserved for high-quality, non-U.S. companies listed on a qualified stock exchange in their home country. U.S. investors can find current financial disclosures and Real-Time Level 2 quotes for the company on www.otcmarkets.com.

- On March 6, 2013, the Corporation announced that it is expanding its investigation of the application of its tissue fluorescence visualization technology to the detection of skin cancer and other dermatologic diseases.

- On April 24, 2013, the Corporation, a strategic partner in Second Step Laboratory Services with PMI, is pleased to announce the results of an independent study published in "Oral Surgery, Oral Medicine, Oral Pathology, Oral Radiology" (Vol. 114 No. 3) that confirms the use of quantitative cytology ("QC") testing, as an adjunctive tool, successfully identifying high-risk potentially malignant disorders of the oral mucosa.

- On May 7, 2013, the Corporation cited a recent clinical study documenting the ability of its VELscope® Vx Enhanced Oral Assessment adjunctive technology to detect cancerous and pre-cancerous lesions that are missed by conventional exams.

- On June 10, 2013, the Company announced that its patented VELscope® Vx Enhanced Oral Assessment System is currently involved in a Phase III study sponsored by the University of British Columbia in collaboration with the Terry Fox Research Institute and the British Columbia Cancer Agency.

- On June 14, 2013, the Company completed a non-brokered private placement of 17,000,000 units at an issue price of $0.15 per unit for gross proceeds of $2.55 million.

- On August 28, 2013, the Company announced that its VELscope® Vx Enhanced Oral Assessment System received the Pride Institute's "Best of Class" Technology Award for 2013. This is the third consecutive year the Company has received this award.

- On October 3, 2013, the Company announced that, effective October 10, 2013, Dr. David Gane, was appointed as CEO;

- On October 24, 2013, the Company announced its appointment of Lamar Roberts as Vice President of Sales and Marketing;

- On October 28, 2013, the Company announced that it had received final approval of the TSX Venture Exchange and completed a non-brokered private placement of 15,000,000 units at an issue price of CDN$0.35 per unit for gross proceeds of up to $5.25 million;

- On October 29, 2013, the Company announced that it entered into a Canadian National Distribution Agreement with Sinclair Dental, effective September 15, 2013 for a period of one year, subject to the attainment of quarterly sales volumes.

- On November 5, 2013, the Company announced that its global distribution agreement for the VELscope® Vx product line between DenMat Holdings, LLC ("DenMat") and LED Medical Diagnostics' wholly owned subsidiary, LED Dental. Inc., is no longer an exclusive agreement for North America.

- On December 3, 2013, the Company announced that it entered a non-exclusive distribution partnership with Burkhart Dental Supply in the United States market.

- On December 10, 2013, the Company announced that it entered a non-exclusive distribution partnership with Benco Dental Supply in the United States market

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- On January 10, 2012, the Corporation announced that its VELscope® Vx Enhanced Oral Assessment System will be featured on "The Doctors" TV show Wednesday, January 11, 2012. The theme of that day's show is, "Twelve Tricks to Save Your Life in 2012."

- On January 24, 2012, the Corporation announced VELscope Vx Enhanced Oral Assessment System has just been named the “Best New Diagnostic/ Imaging Device” by DrBicuspid.com.

- On March 8, 2012, the Corporation launched Second Step Laboratory Services in the Canadian market, enabling dentists to offer their patients a complete, seamless and timely service in the screening, detection and diagnosis of oral cancer.

- On March 13, 2012, the Corporation announced that its VELscope Vx Enhanced Oral Assessment System has just been approved for use by AppleWhite Dental Partners.

- On May 23, 2012, the Corporation announced that Pacific Dental Services, Inc. (PDS) has agreed to purchase 400 of its VELscope Vx systems over three years.

- On June 12, 2012, the Corporation named "Best of Class" by Pride Institute being one of few products to ever win this prestigious honor for two consecutive years.

- On June 21, 2012, the Corporation announced, subject to TSX Venture Exchange approval, it has entered into an agreement with TradeMark Equity Marketing Inc. ("TEM") of Calgary for the provision of investor relations services.

- On September 21, 2012, the Corporation announced the amendment of its distribution agreement with Henry Schein, Inc. (HSIC). The Company's VELscope Vx product will now be available directly through LED.

- On September 26, 2012, the Corporation announced that it had signed an alliance agreement with DenMat to handle global distribution of its VELscope Vx product offering.

- On October 12, 2012, the Corporation announced that it had agreed to extend the term of certain warrants to acquire a total of 5,599,897 common shares of the Company that are scheduled to expire between October 31, 2012 and February 22, 2013. The extension ranges from between three to seven months. As a result of the extension, all outstanding series of LED warrants will now expire on May 22, 2013, other than warrants previously granted to one of LED''s product distributors. The warrants were originally issued between July 9, 2010 and February 22, 2011 when the Company was a private issuer, and have exercise prices ranging from $0.65 to $1.00 per common share.

- On November 7, 2012, the Corporation announced that its VELscope® Enhanced Oral Assessment technology has been used to conduct an estimated 25 million oral cancer exams since its 2006 introduction.

- On November 20, 2012, the Corporation announced that the VELscope Vx Enhanced Oral Assessment System, the market-leading early-stage oral cancer examination device cleared by the FDA, Health Canada, and European regulators, has been chosen by *Dentistry Today* magazine for one of its annual "Top 50 Technology Products" awards. *Dentistry Today*"s "Top 50 Technology Products" represent the best and brightest technologies available to dental professionals each year. The recipients are determined based on input from readers of *Dentistry Today*.

- On December 21, 2012, the Corporation announced that it raised $1,162,500 on a planned minimum raise of one million dollars.

NARRATIVE DESCRIPTION OF THE BUSINESS

Summary

LED provides dentists and oral health care specialists with a growing portfolio of advanced diagnostic dental imaging products and software. Since its inception, LED has grown from a research and development, pre-commercial product development company, to its current status as a premier dental imaging services and technology company. The Company's portfolio includes its dental imaging products and the VELscope® product line.

Headquartered in Vancouver, B.C., LED was founded in 2003 by former CEO and director Peter Whitehead. LED's first product, the VELscope®, was the Company's first step towards LED's goal of becoming a global leader in developing advanced, affordable technology targeted to dental and medical healthcare providers for the detection, diagnosis, and treatment of disease. The VELscope® provided the company with a broad customer base and general platform on which to launch its follow-on dental imaging product portfolio. LED believes that the success of the VELscope to date has proven that the Company is a strong research and development corporation.

LED markets its products, in conjunction with its distribution and general goodwill partners, directly to dental practitioners. Such direct marketing includes direct mail/e-mail, advertising in industry journals, multiple unrelated off sites, and personal visits. In some cases, direct marketing activities are oriented towards convincing dental practitioners to attend an education seminar or trade show event in which LED is a participant. LED believes that because of the evolution of its VELscope product it has the potential to continue expansion in international markets in the near and mid-term.

The original VELscope was launched in 2006. An improved version, the VELscope Vantage, was launched in 2008, and, in 2011, the latest generation product, 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 moves into other countries and other healthcare markets.

LED focuses on obtaining products and technologies and aggregating a comprehensive product portfolio in which intellectual property and barrier to entry are a center focus. The Company's initial product and technology, the VELscope® tissue fluorescence visualization technology, is

backed by over $50 million in funding by the National Institutes of Health (“NIH”) and other US and Canadian government and private organizations. The NIH, part of the U.S. Department of Health and Human Services, is the primary Federal agency for conducting and supporting medical research in the US. The technology for the VELscope system was developed by LED in partnership with the British Columbia Cancer Agency (“BCCA”).

In 2006, VELscope received U.S. FDA and Health Canada clearances. The clearances were related to the VELscope's use of tissue fluorescence visualization technology as a new way to help screen for mucosal abnormalities, potentially malignant tissue and cancerous disease. In 2007, it was also cleared to aid in helping delineate surgical margins around oral lesions. The VELscope Vx was cleared with identical indications in 2010.

The first-generation VELscope device was introduced in 2006. Since then, LED has sold over 13,000 devices, which have been used to conduct over 25 million oral soft tissue exams worldwide. Currently, VELscope fluorescence visualization technology is used to conduct more oral exams than any other adjunctive visualization technology in the world. In 2010, the VELscope was recognized by the World Health Organization as an Innovative Technology that Address Global Health Concerns, the only dental device to be so recognized. The technology is also backed by more clinical studies than any other oral adjunctive examination device.

The Company appointed Dr. David Gane as its President and CEO on October 4, 2013. LED's former CEO, company founder and President Peter Whitehead, voluntarily transitioned out of his management role to concentrate on research, development, special projects and business opportunities. Under the new leadership, the Company plans to and has expanded its product offering to offer additional complementary third party imaging oriented products to augment its proprietary products targeted at the dental industry.

LED Dental has launched a new product division after 2013 known as "LED Imaging" to reflect the Company's movement into the dental imaging category. This news comes shortly on the heels of LED Dental's recent expansions of its senior leadership team, including appointing key industry leaders Lamar Roberts and Dr. Jeffrey Brooks to the positions of president and vice president of imaging, respectively.

The initiative will include a new brand identity to further unify the business under the LED Imaging name. Backed by an experienced senior leadership team, led by Dr. David Gane, LED Imaging is dedicated to a premium level of service and support before, during and after products are sold.

In addition to its entrance into new imaging product categories, LED Dental will remain committed to the success and further development of its award-winning VELscope® Vx Enhanced Oral Assessment System. The VELscope® Vx is the world's most frequently used adjunctive technology when screening for oral mucosal tissue anomalies, including early stage oral cancer and pre-cancer.

Product Overview

LED focuses on obtaining products and technologies and aggregating a comprehensive product portfolio in which intellectual property and barrier to entry are a center focus. The Company plans to optimize current relationships with VELscope® sales channels via nonexclusive

distributors in North America and add complimentary imaging products to build out a robust portfolio and diversify revenue streams.

In addition the Company has developed a specialized digital imaging distribution division that offers a portfolio of digital dental imaging products to the North American market, the largest in the world. The global market for dental imaging systems was valued at roughly $1.4 billion in 2013. Over the forecast period, this market will be driven by increasing demand for cosmetic dentistry and implant procedures and the transition from film-based to digital imaging technology. Digital dental imaging systems are in high demand as they provide increased image quality, improved clinical work flow efficiency, lower exposure to radiation as well as enhancing the patient' understanding of the treatment options available.

The Companies digital imaging products include direct digital intraoral imaging sensors, which are a digital replacement for analog film, digital panoramic and cephalometric equipment and Cone Beam Computed Tomography (CBCT) equipment and related software designed to be use by various dentists, dental specialists and other oral healthcare practitioners. A partnership with Ray Co. Ltd.("RAY"), has enabled the Company to sell and install RAY's digital imaging technology including: the RAYSCAN α – Expert, a multi-function digital extra oral imaging system with 3D cone beam computed tomography (CBCT), panoramic and cephalometric capabilities. RAY also manufacturers and supplies the company with a line of digital intraoral sensors. The company also contracts with two intraoral camera companies which manufacture the Company's two intraoral cameras to exacting specifications.

The VELscope is comprised of fluorescence technology and aids in the early visualization of mucosal diseases and enhances effective oral mucosal examinations. The VELscope Vx is a handheld device that provides dentists and hygienists with an easy-to-use adjunctive mucosal examination system for the early detection of abnormal tissue. The patented VELscope® technology platform was developed in collaboration with the BCCA, with funding provided in part by the NIH. It is based on the direct visualization of tissue fluorescence and the changes in fluorescence that occurs when abnormalities are present.

VELscope®, VELscope® Vantage, and the VELscope® Vx technologies are all composed of a light source and viewing hand piece (although the VELscope Vx integrates the light source into the handpiece). The VELscope® hand piece emits a safe, visible, blue light into the oral cavity, which excites mucosal tissue and causes it to fluoresce. When viewed through the VELscope® hand piece, abnormal tissue typically appears as an irregular, dark area that stands out against the otherwise normal, green fluorescence pattern of surrounding healthy tissue. This difference in appearance allows clinicians to examine the oral cavity in real time and help find areas of concern that may require further action. When used in combination with traditional oral mucosal examination procedures, VELscope® facilitates the discovery and enhances the visualization of mucosal abnormalities.

The VELscope® Vx Enhanced Oral Assessment System, centers on a wireless, handheld scope that uses tissue fluorescence visualization to help clinicians discover oral mucosal abnormalities earlier than they might have otherwise. VELscope Vx helps clinicians establish a more robust oral disease and oral cancer screening protocol with immediate benefits for the patient, clinician and practice. When used as an adjunctive aid in combination with traditional oral cancer examination procedures, VELscope Vx facilitates the early discovery and visualization of all kinds of mucosal abnormalities as well as ones that may be, or may lead to oral cancer. In one or two minutes, with minimal per patient costs and no rinses or stains required, a VELscope examination helps oral healthcare professionals assure their patients that

a high level of care is being employed for oral mucosal screening. Adding to the VELscope's value as an adjunctive device is its ability to aid in the visualization of a wide spectrum of oral trauma and disease. A recent study at the University of Washington helped demonstrate that the VELscope system is a powerful tool for the discovery of many types of oral mucosal abnormalities. The VELscope is sensitive to inflammation from a variety of causes including viral, fungal and bacterial infections, lichen planus and other lichenoid reactions, squamous papillomas, salivary gland tumours, etc.

LED expects that expanding its proprietary visualization technology beyond dental applications will provide, ear nose and throat specialists, dermatologists and family practitioners with cost-effective tools to aid in the detection of oral cancer and other types of abnormalities. 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 elements 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.

Marketing and Sales Strategy

Marketing

LED markets its products, through distribution partners, including general goodwill partnerships, as well as selling directly to dental practitioners. Such direct marketing includes direct mail/e-mail and advertising in industry journals, and personal visits. In some cases, direct marketing activities are oriented towards convincing dental practitioners to attend an education seminar or meeting them at an industry trade show event in which LED is a participant. LED has also recently had multiple successes in establishing indirect partnerships with 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. LED also leverages a network of Key Opinion Leaders (KOLs) who are dentists and dental specialists, known to senior management who are market influencers through their activities as educators giving presentations at professional congresses and contributing articles to trade and peer reviewed journals.

Sales

Mr. Lamar Roberts was appointed to the role of Vice President of Sales and Marketing on October 24, 2013 and subsequently to the role of President in 2014. Mr. Roberts has held Senior Executive positions with 360imaging, Carestream Dental and PracticeWorks and has developed an industry reputation for guiding companies from early growth stages to becoming industry leaders. He also has a strong background in leading commercial efforts in technical, medical, and geographically dispersed organizations.

Prior to 2014, LED's direct sales force consisted of three individuals covering the Canadian market, and six employees and 7 independent sales representatives covering the United States.

Subsequent to this date, the Company has expanded its internal sales staff to include outside and inside sales reps to support its expanding market.

Customers

The Company's revenue is dependent on direct sales and services to dentists and dental specialists as well as significant contracts from a limited number of industry dental distributor customers. During the twelve months ended December 31, 2014, the Company's consolidated revenue was attributable to a mix of is digital imaging direct sales and VELscope revenue largely derived from sales to its dental distributor customers. During the twelve months ending December 31, 2014 and 2013, approximately 35% and 88% of the Company's consolidated revenue was attributable to its two largest customers as compared to the twelve months ended December 31, 2012, where approximately 90% of the Company's consolidated revenue was attributable to its largest customer. Management believes that revenue derived from its current product line expansion and its hybrid model of direct sales to dentists and dental specialists will represent a significant portion of total revenue going forward, thus reducing risk. The inability to continue to secure and maintain a sufficient number of customer sales 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.

Market

Management estimates that the worldwide dental market for VELscope to be $2.2 billion. Screening for oral disease, including oral cancer, represents a large, relatively unmet market opportunity. Of this market, approximately one-third is located in each of North America, Europe and the rest of the world. The two-thirds represented by the international market potential underlies the rationale for LED's plans to continue to expand VELscope sales in international markets. The ability to effectively sell in international markets will depend on LED's ability to manage a program, the first step which will be to obtain regulatory approvals for the VELscope, and the second step which will be to find distribution partners willing and capable of marketing the device in targeted countries. Management is actively exploring opportunities for VELscope outside the dental market.

There is a compelling business case for dentists to use VELscope as part of their regular hygiene rec-care routine on their patients. Company surveys have found that the average payback on the purchase of a VELscope Vx unit (retail price U.S. $2,749) was less than 6 months. The average billing for an oral screening was U.S. $35. Whether performed by a dentist or a hygienist a screening took on average 2.5 minutes. The VELscope also found very high marks for patient comfort and convenience.

VELscope represents potential for a recurring and incremental revenue source for dentists. A major milestone for patients was the ability for repayment of the screening from insurance companies by way of obtaining a reimbursement code for dentists. In 2005, the American Dental Association approved a CDT code ("D0431") for adjunctive tests intended to aid in oral mucosal examinations. The relevant passage reads: "Adjunctive pre-diagnostic test that aids in the detection of mucosal abnormalities including pre-malignant and malignant lesions not to include cytology or biopsy procedures." The VELscope examination falls under this definition.

Increasing numbers of dental insurance plans are covering D0431. While not all insurance companies are currently reimbursing for it, many insurance carriers are seeing the value and cost savings of early detection and diagnosis.

Competitive Conditions

The increasing awareness of the dangers of oral disease and oral cancer in particular has attracted a number of competitors to the oral disease screening market. LED has identified three existing competitors in the market who, with LED, comprise the preeminent existing players in the industry. While identified as LED's primary competitors, this list is by no means an exhaustive one of all current and potential competitors.

Competitors

LED's primary competitors to the VELscope are as follows:

Vizilite Plus™ - is a product manufactured by Zila, Inc., a privately held U.S.-based pharmaceutical company. The Vizilite Plus product consists of a chemiluminescent light stick that is marketed to help find abnormal oral mucosal areas and a pharmaceutical grade toluidine blue-based metachromatic dye system to mark them. The product requires no upfront capital equipment purchases, but has a significantly higher per-use cost than other competitors, at approximately U.S. $27.45 per exam.

OralID™ – OralID is an adjunctive screening device that uses fluorescence technology to help clinicians identify oral abnormalities. It is easy to use and non-threatening to patients. Dentists and hygienists can use OralID to help conduct oral exams without incurring additional per-patient costs. One needs only to wipe it down between uses with a disinfecting wipe. OralID is battery operated, which means it can be used in multiple operatories. The OralID system retails at U.S. $995 with no consumables cost per procedure.

DentalEZ™ – has a system under the Identafi brand which uses optical fluorescence and reflectance technology to help detect cancerous and pre-cancerous conditions in oral tissue. The system consists of a handheld light source/detection device and utilizes a disposable mirror for each patient procedure. The Identafi system retails at U.S. 2,750 with consumables costing approximately U.S. $2.44 per procedure.

Technologically and procedurally, the Identafi system is the closest competitor to the VELscope of the competitors identified herein. VELscope is comparatively affordable and patient-friendly, and both systems leverage similar fluorescence technology. VELscope retails at U.S. $2,495, with disposables costing practitioners U.S. $1.96 per procedure. Future innovations within the industry are anticipated to include various camera and software systems to assist in detecting and documenting tissue abnormalities. It is also anticipated that some competitors may further develop their devices and technologies for use in detecting tissue abnormalities in dermatology and other applications.

As awareness of the dangers of oral disease grows, and oral cancer in particular, LED anticipates that additional competitors, as yet unidentified, could enter the market.

Digital Imaging Competitors

In 2013, the US was home to the largest single country market for dental imaging globally, with a value of roughly $991 million and the US dental CBCT system market will continue to experience high growth through the forecast period, reaching a value of $470 million by 2022. US consumers are desiring modern dental services such as cosmetic procedures and implant retained crowns and dentures and US dental practices are generally better able to afford digital imaging solutions, driving growth across all segments of the market.
The US dental imaging market is lead by the distributor Patterson Dental. Patterson Dental has exclusive distributor agreements with Sirona, Planmeca, and Air Technique. Danaher and Carestream are also significant competitors,
In a direct comparison to LED in 2012, BIOLASE gained US dental practice distribution rights to Cefla's NewTom series of CBCT systems. LED's management team is very experienced in acquiring CBCT marketshare. This presents opportunities for the company sell the Ray Scan Alpha to the market at large as well as existing VELscope customers, thereby challenging the larger players in the space.

Barriers to Entry

While potential competitors may have similar products or levels of competence in individual areas, management believes its uniqueness lies in large user base of VELscope customers, it's singular focus in the rapidly evolving and complex dental imaging space, it's understanding of the competitive landscape, the quality and performance of its 3rd generation imaging products, its "white glove" approach to customer service as well as its current relationships with manufacturers, distributors, key opinion leaders and the reputation of management in the dental community at large.

Future Developments

LED continues to evaluate opportunities to create products and services related to the VELscope and its underlying tissue fluorescence technology. Current initiatives include development of a camera system to allow dental practitioners to systemically record and share their visual findings for future comparative and diagnostic purposes. LED is also evaluating opportunities to provide laboratory services to dental practitioners who identify lesions using the VELscope that require biopsy and further evaluation by a pathologist.

LED is also evaluating opportunities to grow LED by acquiring other dental technology companies primarily selling into the dental imaging market.

The Company is also expanding and further diversifying its product offering with the addition of new complementary third party imaging oriented products targeted at the dental market.

Research and Development Activities

The Corporation's research and development team performs two primary functions: (i) the support and enhancement of the Corporation's existing products; and (ii) the development of new products. Research and development activities are undertaken by both employees and subcontractors.

Intellectual Property

The technology used in the VELscope® was jointly developed by scientists at the BCCA and LED founder Peter Whitehead. The technology platform is based on the direct visualization of tissue fluorescence and the changes in fluorescence that can result when abnormal tissue is present. This technology helps clinicians visualize abnormal oral tissue that is often not apparent under white light. The VELscope® technology integrates four concepts: light, sophisticated filtering, natural tissue fluorophores and human optical and neural physiology. Base patents on the technology were awarded in 2000 and fully acquired by LED in 2003. These patents are expected to be valid until at least 2017.

LED expects that expanding its proprietary visualization technology beyond dental applications will provide gynecologists, gastroenterologists, ear nose and throat specialists, dermatologists and family practitioners with cost-effective tools to aid in the detection of cancer and other oral mucosal abnormalities. 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.

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. An infringement claim 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 take 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.

Economic Dependence and Changes to Contracts

The Corporation has two major customer arrangements. In the Corporation's fiscal years ending December 31, 2013 through 2014, two customers accounted f 88% and 35%, respectively, of the Corporation's revenue. See *"Risk Factors".*

Employees

As of the end of fiscal year ended December 31, 2014, the Corporation employed 34 full-time personnel. Of these personnel, 1 was engaged in research and development, 29 in sales and marketing and support and 4 in finance and administration. This compares with the following as of the fiscal year ended December 31, 2013: 23 full-time personnel. Of these personnel, 1 was engaged in research and development, 16 in sales and marketing and 6 in finance and administration.

Foreign Operations

The Company has developed a new operating subsidiary, LED Dental, LTD which specializes in digital imaging products that offer highly specialized digital imaging products for use by various types of health practitioners. A partnership with Ray Co. Ltd., has enabled the Company to sell and install RAYSCAN digital imaging technology. The RAYSCAN α - Expert is a multi-function digital extra oral imaging system with 3D cone beam computed tomography (CBCT), panoramic and cephalometric capabilities.

RISK FACTORS

The Corporation's business is subject to significant risks and uncertainties and past performance is no guarantee of future performance. These risks and uncertainties are described in the Corporation's Management Discussion and Analysis for the year ended December 31, 2014, which can be found on SEDAR at www.sedar.com and is incorporated herein by reference.

DIVIDEND POLICY

The payment of dividends is at the sole discretion of the Corporation's board of directors and to date, the Corporation has not paid any dividends on its common shares to date. The Corporation currently intends to retain any future earnings to finance the growth and development of the business and, therefore, the Corporation does not anticipate paying cash dividends for the foreseeable future.

DESCRIPTION OF CAPITAL STRUCTURE

Authorized and Issued Share Capital

The Corporation's authorized share capital consists of an unlimited number of common shares. As at December 31, 2014, the Corporation's issued share capital consisted of 88,608,352 common shares. The Corporation had warrants to purchase an aggregate of 19,165,543 common shares at prices ranging from $0.20 to $0.50. The Corporation had options to purchase an aggregate of 6,662,000 common shares at prices ranging from $0.36 to $0.47. The Corporation has 950,000 deferred share units at a value of $0.25 per unit.

On February 11, 2014, the Company issued 61,000 options at a price of $0.46.

On May 27, 2014, the Company issued 215,000 options at a price $0.45.

On August 22, 2014, the Company issued 273,000 options at a price of $0.49.

On December 24, 2014, the Company issued 145,000 options at a price of $0.45.

On October 24, 2013, the Company completed a non-brokered private placement of 15,000,000 units at an issue price of CDN$0.35 per unit for gross proceeds of $5,035,971 (CDN $5,250,000). Each unit is comprised of one common share and one common share purchase warrant entitling the holder to acquire one common share at an exercise price of US$0.50 for a period of 24 months. Additionally, in accordance with a finder's fee agreement, the Company issued 1,109,887 finder's warrants (the "Finder's Warrants") to arm's length finders. Each finder's warrant is non-transferable and exercisable into one common share at an exercise price $0.50 for a period of 24 months. The Company paid share issuance costs of $433,350 (CDN $451,849) in relation to this private placement. All of the securities issued in connection with the private placement will be subject to a hold period that expires four months after the issuance date.

On June 14, 2013 the Company completed a non-brokered private placement of 17,000,000 units at an issue price of CDN $0.15 per unit for gross proceeds of $2,507,621 (CDN $2,550,000). Each unit is comprised of one common share and one common share purchase warrant entitling the holder to acquire one common share at an exercise price of CDN$0.20 for a period of 24 months. Additionally, in accordance with a finder's fee agreement, the Company issued 1,500,000 finder's warrants (the "Finder's Warrants") to arm's length finders. Each finder's warrant is non-transferable and exercisable into one common share at an exercise price of CDN$0.20 for a period of 24 months. The Company paid share issuance costs of $262,950 (CDN $267,394) in relation to this private placement. All of the securities issued in connection with the private placement will be subject to a hold period that expires four months after the issuance date.

Share Rights

Common Shares

Each common share entitles the holder thereof to: (i) dividends if, as and when declared by the directors of the Corporation (subject to the rights of the holders of another class or series of shares), (ii) one vote at all meetings of shareholders of the Corporation (except meetings at which only holders of a specified class of shares are entitled to vote), and (iii) participate on a *pro rata* basis, subject to the rights of the holders of another class of shares, in any distribution of the assets of the Corporation upon liquidation, dissolution or winding-up, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs.

Stock Option Plan

Commencing in 2005, the Company has granted, by way of directors resolutions, share options to directors, officers, employees and other service providers at the exercise price set out at the grant date. The Company has a rolling incentive stock option plan. Under the terms of the Company's stock option plan, the Board of Directors may grant options to directors, officers,

employees, consultants and service providers equal to 10% of issued and outstanding common shares of the Company from time to time on a rolling basis. The plan provides for the granting of options at the closing price of the Company's stock on the day prior to the grant date. The option plan states that the Board of Directors are the administrators of the plan with defined vesting period for options granted. As part of the Searchlight transaction, all stock options were cancelled except for the Agents' Options. The Corporation had 6,662,000 options to purchase common shares of the Company as at December 31, 2014 at prices ranging from $0.36 to $0.47

Shareholder Rights Plan

None.

MARKET FOR SECURITIES OF THE CORPORATION

Trading Price and Volume

The Corporation's common shares are listed and posted for trading on the TSX Venture Exchange under the symbol "LMD". The table set forth below lists the average daily trading volume and price for each month for 2014.

Months in Fiscal 2014	High Trading Price (CDN$)	Low Trading Price (CDN$)	Trading Volume (Average)
December 2014	$ 0.335	$ 0.19	100,100
November 2014	$ 0.355	$ 0.24	141,800
October 2014	$ 0.41	$ 0.265	251,300
September 2014	$ 0.485	$ 0.365	133,600
August 2014	$ 0.53	$ 0.40	212,100
July 2014	$ 0.46	$ 0.36	126,500
June 2014	$ 0.43	$ 0.345	176,100
May 2014	$0.54	$ 0.37	158,100
April 2014	$ 0.57	$ 0.45	557,700
March 2014	$ 0.51	$ 0.42	263,300
February 2014	$ 0.55	$ 0.36	310,100
January 2014	$ 0.59	$ 0.37	306,100

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The table set forth below lists the directors and executive officers of the Corporation as at December 31, 2014, indicating their names, province or state of residence, their respective positions and offices held with the Corporation, their principal occupation for the past 5 years and their length of service to the Corporation. The additional biographical information following the table sets out each person's principal occupation within the five preceding years.

To the knowledge of the Corporation, the directors and executive officers as a group, beneficially own, directly or indirectly, or exercise control or direction over 1,424,000 common shares representing as at December 31, 2014 approximately 2.0% of the issued and outstanding common shares.

Name and Residence	Position with the Corporation	Principal Occupation	Director / Officer Since[1]
Rodger Tourigny[2] Alberta, Canada	Director	President of Tourigny Management Ltd	November 16, 2005
Rick Pauls Minneapolis, Minnesota, US	Director	President, CEO and Chairman of DiaMedica Inc	October 15, 2008
Darryl Yea British Columbia, Canada	Director	President and Director of Investco Capital Management	November 21, 2011[2]
Praveen Varshney British Columbia, Canada	Director	Director of Varshney Capital Corp.	November 21, 2011[2]
Dr. David Gane [3] British Columbia, Canada	Director and Officer	President and CEO of the Company	October 4, 2013[3]
Lamar Roberts [4] Atlanta, Georgia, US	Director and Officer	President LED Dental, Inc.	October 24, 2013[4]
Jody Kelly [5] Atlanta, Georgia, US	Officer	Vice President of Finance	September 9, 2014[5]

Notes:

(1) Each director is elected at the Corporation's annual meeting of shareholders to serve until the next annual meeting or until a successor is elected or appointed, unless such director resigns or is removed earlier.
(2) Member, Audit Committee as of December 31**,** 2014.
(3) Appointed CEO of the Company on October 4, 2013 and a Director on August 26, 2014.
(4) Appointed Vice President of Sales and Marketing of the Company on October 24, 2013 and as President of the Company's US subsidiary, LED Dental Ltd. on February 25, 2014 and a Director on August 26, 2014.
(5) Appointed Vice President of Finance on September 9, 2014.

Background of the Directors and Executive Officers

Rodger Tourigny is the President of Tourigny Management Ltd., a private consulting company. He has been providing consulting services since 1979 primarily dealing with oil and gas, financial services and real estate. During his 36 years of consulting, Rodger has been involved in numerous business ventures including the establishment of a public oil and gas company, managing investment portfolios, purchase and sale of various real estate properties and owning and managing various oil and gas properties. Prior to establishing his own consulting company in 1979, Rodger was Vice President – Finance of Siebens Oil & Gas Ltd. from 1976 to 1979 and Secretary-Treasurer of Ranger Oil (Canada) Ltd. from 1969 to 1976. Rodger obtained his Bachelor of Commerce from the University of Saskatchewan in 1964 and became a Chartered Accountant in 1966. Currently, Rodger is a Director and Chairman of the Audit Committee of Bonterra Energy Corp.

Rick Pauls is the President, CEO and Chairman of DiaMedica Inc. Before that, Mr. Pauls was the Managing Director of CentreStone Ventures Inc., an early-stage life sciences venture capital fund. While with CentreStone, Mr. Pauls led the investment in Orasi Medical Inc., winner of the Red Herring Global 100 and Red Herring North America 100 awards; LED Medical Inc., winner of Red Herring Canada 50 award in the Health category; DiaMedica and Sanomune Inc., both named one of Canada's Top 10™ Life Science Companies. Prior to CentreStone, he was with Centara Corporation, another early-stage venture capital fund. Before that, Mr. Pauls specialized in asset-backed securitization and structured finance with General Motors Acceptance Corporation in Minnesota. He received his Bachelor of Arts in Economics from the University of Manitoba and his M.B.A. in Finance from the University of North Dakota.

Darryl Yea is currently the president of Investco Capital Management Inc., a private Vancouver-based company that invests in a diverse range of businesses and projects and advises on mergers and acquisitions, corporate and strategic issues. He is currently a director of American Potash Corp. and Handa Copper Corporation. Prior to that, he was chairman, president and chief executive officer of Toronto Stock Exchange-listed Datawest Solutions Inc., a banking technology and payment processing company, and president and CEO of a national financial services organization. He holds a bachelor of commerce degree from the University of British Columbia in both urban land economics and finance, was a former member of the Real Estate Institute of British Columbia and of the Institute of Certified Management Consultants of British Columbia, and formerly on the Board of Governors of the predecessor to the TSX Venture Exchange and the Faculty Advisory Board of the Sauder School of Business at UBC.

Praveen Varshney obtained a Bachelor of Commerce degree from the UBC in 1987. Following that, he was with KPMG LLP from 1987 to 1991 where he obtained his Chartered Accountant designation in 1990. He has been actively working in the capital markets for 20 years. Mr. Varshney has previously been a director of Camphor Ventures Inc., now merged with Mountain Province Diamonds Inc., and chief financial officer and a director of Carmanah Technologies Corp., one of the largest solar companies in Canada. He currently is chief financial officer of Canada Zinc Metals Corp.

Dr. David Gane, President and Chief Executive Officer, is the former Vice President, Dental Imaging, for Carestream Dental LLC (a daughter company of Carestream Health LLC). David Gane DDS, BSc (Hons), has extensive experience in the dental imaging industry in senior executive management positions. Dr. Gane's background as a dental surgeon and a recognized

dental imaging expert offers him unique insights into the needs of both patients and dental care practitioners. He brings his drive and passion for dental imaging technology, along with his experience and distinctive management style to guide the success of the Company.

Lamar Roberts, President and Vice President of Sales and Marketing, has been responsible for implementing and overseeing the growth programs of some of the largest companies in the medical technology industry. Lamar Roberts has held Senior Executive positions with 360imaging, Carestream Dental and PracticeWorks and has developed an industry reputation for guiding companies from early growth stages to becoming industry leaders. He also has a strong background in leading commercial efforts in technical, medical, and geographically dispersed organizations.

Jody Kelly, Vice President of Finance, is a Certified Public Accountant who has held Senior Executive positions for over twenty years. Dialog Medical, LLC. is a developer of medical consent software, where she established the financial operations of this fast growing start-up company. JGA Corporation is a building material distributor where she managed the finance and accounting team throughout thirteen remote facilities located in south eastern United States. She has also served as auditor for Atkinson & Pitts, an Atlanta-based accounting firm and as financial analyst for C.R. Bard, Inc., a medical device manufacturer based in Murray Hill, New Jersey.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No directors, officers, promoters or to the knowledge of the Corporations any shareholder holding a sufficient number of securities of the Resulting Company to affect materially the control of the Resulting Company is or has been, within the ten years prior to the date of this Information Circular, the director or officer of any other issuer, that while that person was acting in that capacity, was subject to a cease trade order or similar order, or an order that denied the other issuer access to any statutory exemptions, for a period of more than 30 consecutive days, or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that issuer.

Conflicts of Interest

In the event conflicts of interest arise at a meeting of the board of directors, a director who has such a conflict will declare the conflict and abstain from voting. In appropriate cases, the Corporation will establish a special committee of independent non-executive directors (drawn from the majority of its members who must at all times be “independent” within the meaning of National Instrument 52-110 – *Audit Committees*) to review a matter in which one or more directors, or management, may have a conflict.

Except as disclosed in this AIF, to the best of the Corporation’s knowledge, there are no other known or existing or potential conflicts of interest between the Corporation and any director or officer of the Corporation, except that certain of the directors of the Corporation serve as directors and officers of other public companies and it is therefore possible that a conflict may arise between their duties as director or officer of the Corporation and their duties as a director

or officer of such other companies. Where such conflicts arise, they will be addressed as indicated above.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company may be subject to a variety of claims and suits that arise from time to time in the ordinary course of business. These matters are subject to inherent uncertainties. To date, the Company has accrued for a legal settlement in the amount of CDN $30,000 pertaining to a wrongful dismissal lawsuit.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as described in this AIF, no director, executive officer or any person that is the direct or indirect beneficial owner of, or who exercises control or direction over 10% of any class of the Corporation's securities, or any associate or affiliate of any of the aforementioned persons, has any material interest, direct or indirect, in any material transaction within the Corporation's three most recently completed financial years or in its current financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

TRANSFER AGENT AND REGISTRAR

The Corporation's Registrar and Transfer Agent is Computershare Investor Services Inc. located at 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

MATERIAL CONTRACTS

The only material contracts entered into by the Corporation in the last financial year or before the last financial years that are still in effect, other than contracts entered into in the ordinary course of business, are as follows:

(1) Manufacturing agreement between LED and Creation Technologies LP dated August 27, 2010.

(2) Distributor agreement between LED and RAY Co., LTD dated March 14, 2014.

INTERESTS OF EXPERTS

Deloitte LLP is the auditor of the Company and is independent within the meaning of the Rules of Professional conduct of the Institute of Chartered Accountants of British Columbia.

ADDITIONAL INFORMATION

Audit Committee Charter

The text of the Audit Committee's Charter is attached as Schedule "A" hereto.

Composition of the Audit Committee

The Corporation's Audit Committee is comprised of Rodger Tourigny (Chairman), Darryl Yea and Praveen Varshney, each of whom is a financially literate, independent director of the Corporation.

Relevant Education and Experience

The following education and experience of each Audit Committee member is relevant to the performance of his responsibilities as an Audit Committee member. The table below outlines the financial literacy of each of the Audit Committee members.

Name and Position	Business Experience and Professional Qualifications of Audit Committee Members
Rodger Tourigny Audit Committee Chairman	Mr. Tourigny obtained his Bachelor of Commerce from the University of Saskatchewan in 1964 and became a Chartered Accountant in 1966.
Darryl Yea Audit Committee member	Mr. Yea holds a bachelor of commerce degree from the University of British Columbia in both urban land economics and finance, was a member of the Real Estate Institute of British Columbia and of the Institute of Certified Management Consultants of British Columbia,
Praveen Varshney Audit Committee member	Mr. Varshney obtained a Bachelor of Commerce degree from the UBC in 1987. Following that, he was with KPMG LLP from 1987 to 1991 where he obtained his Chartered Accountant designation in 1990.

External Auditor Service Fees

Audit Fees

The aggregate fees billed by the Corporation's external auditor for audit services during fiscal 2013 and 2014 (all amounts are expressed in Canadian dollars)**:**

Fiscal 2014	Fiscal 2013
$122,000	$106,689

The services comprising these fees did not include quarterly review engagements.

Audit-Related Fees

The aggregate fees billed during 2013 and 2014 for assurance and related services by the Corporation's external auditor that are related to the performance of the audit or review of the Corporation's financial statements and are not reported above under *Audit Fees* as follows:

Fiscal 2014	Fiscal 2013
$Nil	$6,500

Tax Fees

The aggregate fees billed during fiscal 2013 and 2014 for professional services rendered by the Corporation's external auditor for tax compliance, tax advice and tax planning are as follows:

Fiscal 2014	Fiscal 2013
$Nil	$12,108

All Other Fees

The aggregate fees billed during fiscal 2013 and 2014 for products and services provided by the Corporation's external auditor, other than the services reported above under *Audit Fees, Audit-Related Fees,* and *Tax Fees* are as follows:

Fiscal 2014	Fiscal 2013
$Nil	$Nil

SEDAR

Additional information concerning the Corporation may be found on SEDAR at www.sedar.com and on the Corporation's website at www.velscope.com. Additional information, including directors' and officers' remuneration and indebtedness to the Corporation, principal holders of the securities of the Corporation, options to purchase securities and interests of insiders in material transactions, is contained in the Corporation's Management Information Circular and filed on SEDAR. Additional financial information is provided in the Corporation's audited consolidated financial statements for the fiscal year ended December 31, 2014 (the "Audited Consolidated Financial Statements").

SCHEDULE A
AUDIT COMMITTEE CHARTER

This Charter has been adopted by the board of directors of LED Medical Diagnostics Inc. (the "Corporation") in order to comply with National Instrument 52-110 and to more properly define the role of the Audit Committee in the oversight of the financial reporting process of the Corporation. Nothing in this Charter is intended to restrict the ability of the board of directors or Audit Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

Part 1

Purpose:

The purpose of the Committee is to:

(a) improve the quality of the Corporation's financial reporting;

(b) assist the board of directors to properly and fully discharge its responsibilities;

(c) provide an avenue of enhanced communication between the directors and external auditors;

(e) enhance the external auditor's independence;

(f) increase the credibility and objectivity of financial reports; and

(g) strengthen the role of the directors by facilitating in depth discussions between directors, management and external auditors.

1.1 Definitions

"**accounting principles**" has the meaning ascribed to it in National Instrument 52-107 *Acceptable Accounting Principle, Auditing Standards and Reporting Currency*;

"**Affiliate**" means a corporation that is a subsidiary of another corporation or companies that are controlled by the same entity;

"**audit services**" means the professional services rendered by the Corporation's external auditor for the audit and review of the Corporation's financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements;

"**Charter**" means this Audit Committee Charter;

"**Committee**" means the committee established by and among certain members of the board of directors for the purpose of overseeing the accounting and financial reporting processes of the Corporation and audits of the financial Statements of the Corporation;

"**Control Person**" means any individual or corporation that holds or is one of a combination of individuals or companies that holds a sufficient number of any of the securities of the Corporation so as to affect materially the control of the Corporation, or that holds more than 20% of the outstanding voting shares of the Corporation except where there is evidence showing that the holder of those securities does not materially affect the control of the Corporation;

"**financially literate**" has the meaning set forth in Section 1.2;

"**Instrument**" means National Instrument 52-110 *Audit Committees*;

"**MD&A**" has the meaning ascribed to it in National Instrument 51-102;

"**Member**" means a member of the Committee;

"**National Instrument 51-102**" means National Instrument 51-102 *Continuous Disclosure Obligations*; and

"**non-audit services**" means services other than audit services.

1.2 Meaning of Financial Literacy

For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Part 2

2.1 Audit Committee

The board of directors has hereby established the Committee for, among other purposes, compliance with the Instrument.

2.2 Relationship with External Auditors

The Corporation will require its external auditor to report directly to the Committee and the Members shall ensure that such is the case.

2.3 Committee Responsibilities

(1) The Committee shall be responsible for making the following recommendations to the board of directors:

(a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and

(b) the compensation of the external auditor.

(2) The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting. This responsibility shall include:

(a) reviewing the audit plan with management and the external auditor;

(b) reviewing with management and the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting;

(c) questioning management and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;

(d) reviewing any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;

(e) reviewing audited annual financial statements, in conjunction with the report of the external auditor, and obtaining an explanation from management of all significant variances between comparative reporting periods;

(f) reviewing the post-audit or management letter, containing the recommendations of the external auditor, and management's response and subsequent follow up to any identified weakness;

(g) reviewing interim unaudited financial statements before release to the public;

(h) reviewing all public disclosure documents containing audited or unaudited financial information before release, including any prospectus, the annual report, the annual information form and management's discussion and analysis;

(i) reviewing the evaluation of internal controls by the external auditor, together with management's response;

(j) reviewing the terms of reference of the internal auditor, if any;

(k) reviewing the reports issued by the internal auditor, if any, and management's response and subsequent follow-up to any identified weaknesses; and

(l) reviewing the appointments of the chief financial officer and any key financial executives involved in the financial reporting process, as applicable.

(3) The Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entitles by the issuer's external auditor.

(4) The Committee shall review the Corporation's financial statements, MD&A, and annual and interim earnings press releases before the Corporation publicly discloses this information.

(5) The Committee shall ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and shall periodically assess the adequacy of those procedures.

(6) When there is to be a change of auditor, the Committee shall review all issues related to the change, including the information to be included in the notice of change of auditor called for under National instrument 51-102, and the planned steps for an orderly transition.

(7) The Committee shall review all reportable events, including disagreements, unresolved issues and consultations, as defined in National Instrument 51-102, on a routine basis, whether or not there is to be a change of auditor.

(8) The Committee shall, as applicable, establish procedures for:

(a) the receipt, retention and treatment of complains received by the issuer regarding accounting, internal accounting controls, or auditing matters; and

(b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.

(9) As applicable, the Committee shall establish, periodically review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer, as applicable.

(10) The responsibilities outlined in this Charter are not intended to be exhaustive. Members should consider any additional areas which may require oversight when discharging their responsibilities.

2.4 De Minimus Non-Audit Services

The Committee shall satisfy the pre-approval requirement in subsection 2.3(3) if:

(a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five percent of the total amount of fees paid by the issuer and its subsidiary entities to the issuer's external auditor during the financial year in which the services are provided;

(b) the Corporation or the subsidiary of the Corporation, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and

(c) the services are promptly brought to the attention of the Committee and approved by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee, prior to the completion of the audit.

2.5 Delegation of Pre-Approval Function

(1) The Committee may delete to one or more independent Members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection 2.3(3).

(2) The pre-approval of non-audit services by any Member to whom authority has been delegated pursuant to subsection 1 must be presented to the Committee at its first scheduled meeting following such pre-approval.

Part 3

3.1 Composition

(1) The Committee shall be composed of a minimum of three Members.

(2) Every Member shall be a director of the issuer.

(3) The majority of Members shall not be employees, Control Persons or officers of the Corporation.

(4) If practicable, given the composition of the directors of the Corporation, each Committee member shall be financially literate.

Part 4

4.1 Authority

(a) to engage independent counsel and other advisors as it determines necessary to carry out its duties,

(b) to set and pay the compensation for any advisors employed by the Committee,

(c) to communicate directly with the internal and external auditors; and

(d) recommend the amendment or approval of audited and interim financial statements to the board of directors.

Part 5

5.1 Disclosure in Management Information Circular

If management of the Corporation solicits proxies from the security holders of the Corporation for the purpose of electing directors to the board of directors, the Corporation shall include in its management information circular the disclosure required by Form 52-110F2 (Disclosure by Venture Issuers).

Part 6

6.1 Meetings

(1) Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly.

(2) Opportunities shall be afforded periodically to the external auditor, the internal auditor and to members of senior management to meet separately with the Members.

(3) Minutes shall be kept of all meetings of the Committee.