ANNUAL INFORMATION FORM

For the Fiscal Year Ended

December 31, 2016

LED Medical Diagnostics Inc.

580 Hornby Street, Unit 810

Vancouver, BC

V6C 3B6

Dated: April 28, 2017

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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 Canadian 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. LED, the LED logo VELscope and VELscope logo are registered trademarks in Canada, the European Community and the U.S.A.

This AIF is dated April 28, 2016. Except where otherwise indicated, the information contained in this AIF is stated as of December 31, 2016.

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 includes financial and other projections as well as statements regarding the Company's future plans, objectives, performance, revenues, growth, profits, operating expenses or the Company's underlying assumptions 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 Annual Information Form 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, 2016. 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 Annual Information Form 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, 2016, the Corporation has two wholly owned subsidiaries: LED Dental Inc. and LED Dental Ltd. 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.

GENERAL DEVELOPMENT OF THE BUSINESS

Current History

Headquartered in Vancouver, B.C., LED was founded in 2003. LED's first product, the VELscope®, has experienced wide spread adoption in the North American markets and now has an international presence as well. The company has further developed its portfolio into one that has positioned it to be a premier provider of dental imaging technology and services. Since establishing a market for the VELscope® LED has taken significant and progressive steps towards its 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 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, 2016, the Corporation announced the following:

- On February 10, 2017, the Company acquired 100% of the common shares of Apteryx, Inc ("Apteryx") for aggregate consideration of US$10.25 million and closed the relating financing for gross proceeds of approximately CDN $14.4 million. The Company paid US$6.987 million in cash and issued 33,858,400 common shares of the Company to the seller at C$0.07, representing US$1.8 million of value. An additional US$1.2 million of the purchase price will be paid in cash in tranches over the next 18 months. The final payment of US$450,000 will be paid in common shares of the Company or in cash at the Company's option 24 months from closing. Apteryx is a custom software development company located in Akron, Ohio specializing in medical and dental image processing, data encryption and security, database, data conversion and distributed systems.

- The Company closed a series of financings related to the acquisition for gross proceeds of approximately $14.4 million CDN. The Company completed a private placement of 214,452,734 equity units of the Company (the "Equity Units") for gross proceeds of approximately C$13.3 million. The Equity Units were priced at C$0.06 per Equity Unit, each consisting of one common share and one-half of one common share purchase warrant, with each whole warrant being exercisable for a period of 24 months into one common share of LED at a price of C$0.10 per common share.

- The Company also issued senior secured debentures with a principal amount of $1,150,000 CDN maturing 24 months from the closing date. The debenture is attached with a 12% coupon and 2,443,750 common shares of the Company.

- On February 10, 2017, the Company issued 6,258,806 common shares of the Company to key management and the Board of Directors in lieu of deferred compensation and directors fees.

- On April 10, 2017, the company announced that it has granted a total of 28,550,000 stock options exercisable at a range of CDN$0.09 to CDN$0.10 per share to directors, officers,

consultants and employees, including employees of its recently acquired subsidiary Apteryx Inc. and its existing subsidiaries LED Dental Inc. and LED Dental Ltd., all in accordance with its stock option plan and in order to incentivize the team for future growth in respect of the new capitalization. The options are for a term of up to 5 years and generally vest over a three-year period. The total options granted represent less than 10% of LED's shares outstanding.

Financial year ended December 31, 2016

- On January 26, 2016, the Company announced the successful results of a clinical research study "Fluorescence Visualization-Guided Surgery for Early Stage Oral Cancer", published in the Journal of American Medical Association – Otolaryngology – Head and Neck Surgery. The study showed a significant reduction in the rate of local recurrence of early-stage squamous cell carcinoma and high-grade precancerous lesions in patients where VELscope tissue fluorescene visualization was used to assist in the surgical margin.

- On March 29, 2016, the Company announced FDA approval of LED's New Tuxedo Digital Intraoral Radiography System to be marketed and sold in the United Sates. The Tuxedo imaging platform consists of an advanced intraoral sensor and LED's image management software.

- On May 12, 2016, the Company announced the launch of the TUXEDO™ Intraoral Sensor, a new high-definition digital radiography system with a five-year, deductible-free warranty program. As the latest dental imaging product from LED Dental, the TUXEDO Intraoral Sensor not only delivers crystal clear digital intraoral radiographs, but also breaks away from the industry norm of additional monthly support fees and expensive warranty deductible costs.

- On May 19, 2016, the Company announced that it has retained Bristol Capital Ltd. as its investor relations advisor. Bristol has been retained to assist LED Medical in achieving greater visibility amongst current and prospective investors through the dissemination and communication of corporate materials, conference calls and road show activity.

- On June 20, 2016, the Company announced that its wholly owned subsidiary, LED Dental Inc., has signed an exclusive distribution agreement with Biocare Health Supply Ltd. for the sale and distribution of its award-winning VELscope Vx system in China and Hong Kong.

- On July 12, 2016, the Company announced that its VELscope® Vx Enhanced Oral Assessment System with iPod touch integration has received the Cellerant "Best of Class" Technology Award (formerly the Pride "Best of Class| Technology Award). The VELscope Vx has once again been designated as the leading device for the "oral screening" category, receiving the award for a sixth consecutive year - a distinction shared by only one other product among this year's winners.

- On August 11, 2016, the Company announced the results of a series of oral mucosal screening programs in Greater Vancouver in conjunction with London Drugs. The screenings incorporate the use of LED Medical Diagnostics' VELscope® Vx Enhanced Oral Assessment System, a device utilized as an adjunct to the comprehensive oral examination, that enhances the ability of clinicians to visualize oral mucosal abnormalities

that many not be apparent to the naked eye, including oral cancer, pre-malignant dysplasia and infections.

- On September 28, 2016, the Company announced launch of the RAYSCAN Alpha Plus, a next-generation extraoral imaging system that is the latest innovation from former Samsung Electronics subsidiary RAY Company ("RAY"). Building upon the award-winning RAYSCAN Alpha platform, the RAYSCAN Alpha Plus continues RAY Company's dedication to delivering high-quality imaging technologies combined with innovative features that break new ground in the industry.

- On November 14, 2016, the Company announced the launch of the VELscope Vx Enhanced Oral Assessment System in China. The VELscope Vx is now available in China through Prospect Dentech making the expansion of its technology to a key emerging market in one of the world's largest economies.

- On November 17, 2016, the Company announced the results of a study entitled "Accuracy of Autofluorescence in Diagnosing Oral Squamous Cell Carcinoma and Oral Potentially Malignant Disorders: A Comparative Study with Aero-Digestive Lesions" was published on Nature.com. This study supports the role of Tissue Autofluorescence in screening for oral cancer.

Financial year ended December 31, 2015

- 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 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 February 27, 2015, the Company announced the opening of three Ray offices in the US to further support high growth initiatives in the North American market.

- 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 April 9, 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 15, 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 be conducted by dental professionals on April 14th, April 15th and April 17th at twelve 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.

- On April 30, 2015, the Company announced the launch of a new cloud-based imaging solution, LED Imaging Cloud. LED Imaging Cloud combines the performance of LED Imaging Software with the convenience and security of cloud technology.

- On June 15, 2015, the Company announced an agreement that makes LED Medical subsidiary LED Dental the newest provider of 3Shape's 3D intraoral digital impression and desktop scanners.

- On June 23, 2015, the Company announced the launch of the new VELscope® Vx Imaging Adapter & VELscope Photo System Application from sub, delivering integration of the VELscope Vx with the Apple iPod touch®* for clinical photographic documentation and secure image sharing of oral lesions.

- On July 14, 2015, the Company announced that its VELscope® Vx Enhanced Oral Assessment System has received the Pride Institute's "Best of Class" Technology Award, making 2015 the fifth consecutive year that the VELscope has received this distinction as the market-leading device for adjunctive oral screening. The VELscope is one of only two products to have a five-year run as "Best of Class," putting the device among very elite company.

- On July 22, 2015, the Company raised gross proceeds of $1.1 million through the issuance of an initial tranche of Debentures. The Debentures are secured by a general security interest in all of the Company's assets. The proceeds of the Debentures are to be used for working capital purposes. 654,500 share purchase warrants were issued in connection with the offering of Debentures on July 22, 2015.

- On August 4, 2015, LED announced that it had entered into an agreement with EnvisionTec Inc. to distribute EnvisionTec's 3D printing solutions.

- On September 9, 2015, LED announced that it had received regulatory approval for the distribution of the VELscope Vx Enhanced Oral Assessment System in China.

- On September 17, 2015, LED announced that it had entered into a non-binding letter of intent to acquire a technology company.

- On September 25, 2015, the Company raised gross proceeds of US$500,000 through the issuance of a second tranche of 10% senior secured debentures (the "Debentures"). The Debentures are secured by a general security interest in all of the Company's assets. The proceeds of the Debentures are to be used for working capital purposes. 357,150 share purchase warrants were issued in connection with the offering of Debentures on September 25, 2015.

- On October 8, 2015, the Company announced that it proposed, subject to TSX Venture Exchange acceptance, a 12-month extension to the term of outstanding share purchase warrants exercisable at a price of US$0.50 per Common Share for 14,661,989 Common Shares of LED, which were originally issued pursuant to a private placement that completed on October 24, 2013. The original term of the warrants was for a 24-month period from the date of issuance. The TSX Venture Exchange consented to the warrant extension on October 13, 2015.

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® device.

Headquartered in Vancouver, B.C., LED was founded in 2003. 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 a broad customer base and general platform for the company to launch its follow-on dental imaging product portfolio around.

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 limited 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 evolutions to its VELscope device that it has the potential to expand usage of the product to international markets in the near and midterms.

Since the VELscope was launched in 2006, LED has introduced first the VELscope Vantage, and, in 2011, the VELscope Vx. The VELscope Vx is portable, rechargeable, and significantly more affordable than previous models. Its increased functionality and lower production costs improve LED's prospects as it 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 believes that the VELscope® tissue fluorescence visualization technology is backed by more clinical studies that any other oral adjunctive examination device, based on searches conducted by LED of the PubMed database developed and maintained by the National Center for Biotechnology Information at the U.S. National Library of Medicine located at the National Institutes of Health ("NIH"). 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. LED developed the technology for the VELscope system in partnership with the British Columbia Cancer Agency ("BCCA").

In 2006, VELscope received U.S. FDA and Health Canada clearances. The clearances were pertinent to the VELscope's use of tissue fluorescence visualization technology which aids in the early visualization of mucosal diseases and enhances effective oral mucosal examinations.

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 detection technology in the world.

LED Dental launched a new product division in 2013 to reflect the Company's movement to expand the product lineup into the dental imaging category.

The branding initiative will include a new logo to further unify the business under the LED Dental name. Backed by an experienced senior leadership team, LED Dental 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. Recently, the VELscope® Vx was used by the Seattle Mariners Major League Baseball® (MLB®) team to screen the team's players for oral cancer during spring training.

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.

The Company has developed a specialized digital imaging distribution division that offers digital imaging products for use by various types of health practitioners.

The LED digital imaging product portfolio includes digital intraoral imaging sensors, which are a digital replacement for analog film, digital panoramic and cephalometric extraoral radiographic systems and Cone Beam Computed Tomography (CBCT) equipment and related software designed to be used by various dentists, dental specialists and other oral healthcare practitioners. A partnership with Ray Co. Ltd. (“RAY”), has enabled LED 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. A distribution agreement with 3Shape A/S and Envisiontec Inc. provides LED with intraoral optical scanners and 3D printers that it distributes in the United States and Canada. LED also contracts with two intraoral camera companies who manufacture LED’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 System is intended to be used by a dentist or health-care provider as an adjunct to traditional oral examination by incandescent light to enhance the visualization of oral mucosal abnormalities that

may not be apparent or visible to the naked eye, such as oral cancer in situ or pre-malignant dysplasia. The VELscope Vx System is further intended to be used by a surgeon to help identify diseased tissue around a clinically apparent lesion and thus aid in determining the appropriate margin for surgical excision. The patented VELscope technology platform was developed in collaboration with the BCCA. It is based on the direct visualization of tissue fluorescence and the changes in fluorescence that occurs when abnormalities are present. New to the product this year is the VELscope VX Imaging Adapter, which brings clinical documentation of tissue fluorescence visualization into a new era of convenience and ease of use. The system utilizes a custom-designed Apple iPod touch®* holder combined with a state-of-the-art application that makes framing and acquiring clinical images simple and intuitive. No other adjunctive examination technology provides such a seamless path for screening, clinical documentation, and case collaboration.

Revenues

Sales of LED's products which accounted for more than 15% of its total consolidated revenue for 2016 and 2015 are set out below:

	2015	**2016**
VELscope	29.6%	35.3%
Imaging	70.4%	64.7%
Total	100.0%	100.0%

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, email, advertising in industry publications, trade shows, and personal visits. 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.

Sales

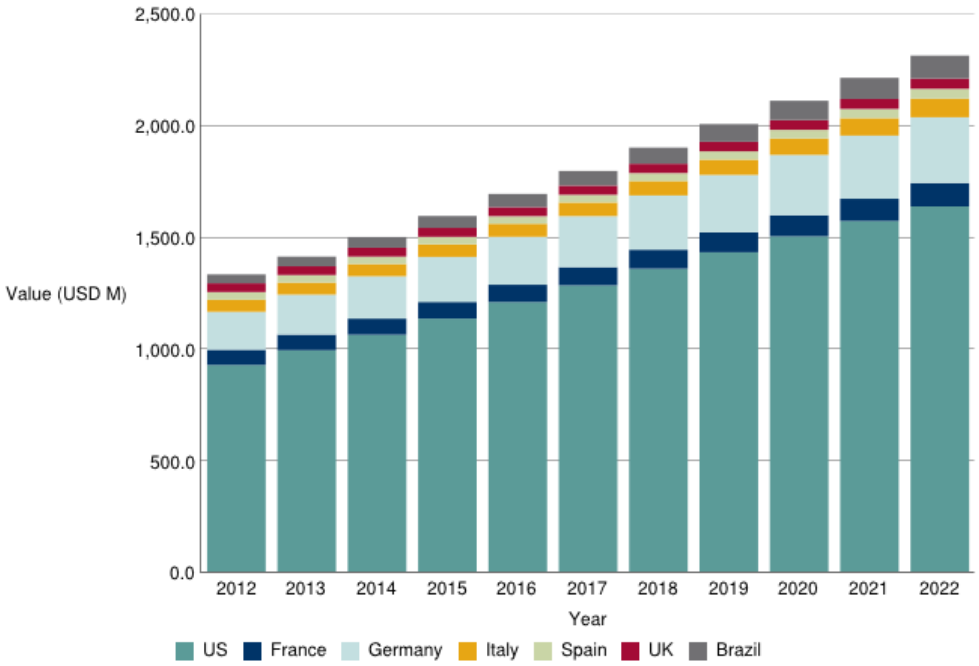
Mr. Lamar Roberts was appointed to the role of Vice President of Sales and Marketing on October 24, 2013 and subsequently to the role of President of LED Dental in 2014. Mr. Roberts has held Senior Executive positions with 360imaging, Carestream Dental and PracticeWorks and has developed an industry 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.

With the introduction of the Imaging Group, the Company's revenue is not dependent on a few customers producing significant revenues with no customer making up more than 10% of the Company's consolidated revenue. 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

The global market for dental imaging systems was valued at roughly $1.4 billion in 2013 and is expected to increase as represented by the following graph (Source: Global Markets for Dental Imaging Systems 2014, Decision Resources Group, Sept. 10, 2013).



LED believes that over the forecast period through 2016, this market will be driven by increasing demand for cosmetic dentistry and implant procedures, the transition from film-based to digital imaging technology and the adoption of digital workflows (Sources: Global Markets for Dental Imaging Systems 2014, Decision Resources Group, Sept. 10, 2013, Trends in Implant Dentistry, Virginia Commonwealth University School of Dentistry, Jan. 8, 2013; and research reports published by iData Research Inc.).

LED believes digital dental imaging systems are in high demand as they provide increased image quality, improved clinical work flow efficiency, reduced laboratory fees, lower exposure to radiation as well as enhancing the patient's understanding of the treatment options available (Sources: Global Markets for Dental Imaging Systems 2014, Decision Resources Group, Sept. 10, 2013, and Intro oral Radiology in General Dental Practices – A Comparison of Digital and Film-Based X-Ray Systems with Regard to Radiation Protection and Dose Reduction, Rapid Communication, 2014).

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 sell the VELscope in international markets. The ability to sell in international markets will depend on LED's ability to manage a program, the first step

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.

LED expects that expanding its proprietary visualization technology beyond dental applications may 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.

Competitive Conditions

Imaging Portfolio:
With more dental practitioners taking more of aspects of their practice digital, the ability to offer the complete digital solution enables LED to take advantage of multi-product and repeat purchases. For the imaging product portfolio, LED's primary competitors are as follows:

- Intraoral Cameras: Key competitors in this category range in price from $3000-$7000, with some products requiring additional purchase of software and training. Key competitors: Sopro Life, Carestream 1500, Digital Doc-Iris, USBcam2, Dexcam 3, and Polaris USB.

- Intraoral Sensors: Given the expiration of the patent on CMOS technology, the imaging quality across sensors has leveled off and competition focuses on patient comfort and value. Prices range from $4,000-$10,000, depending on the size and solution. Competitors include: Carestream RVG 6200, DEXIS Platinum, SuniRay 2, Gendex GXS 700, Planmeca ProSensor, Sirona IOS Plus, and Instrumentarium SNAPHOT.

- 3D/CBCT: Within this category, practitioners drive choice of technology based on their specialty and associated procedures, while minimizing dose by containing the field of view. Products within the category range from small, focused-field to large, flexible fields of view and are priced accordingly, from $65,000 to over $100,000. Some units offer additional modality capabilities of panoramic and cephalometric. Image quality is important regardless of specialty. Key competitors are: Carestream CS 9300, Sirona Orthphos XG 3D, Planmeca ProMax 3D, Vatech PaX-Uni 3D.

- Digital Impressions: With technology advances and prices becoming more affordable to more practitioners, the ability to make digital impressions has ever-increasing demand within the dental space. Prices range from $25,000 to over $40,000. Key competitors: Carestream CS3500, Cadent iTero, 3M C.O.S. Cadent holds the exclusive to working with Invisilign on their cases, a competitive advantage until the patent expires in 2017.

VELscope:
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. For the VELscope product line, LED's primary competitors 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 pharmaceutical grade toluidine blue-based metachromatic dye system. The dye, when applied to the oral cavity, highlights oral lesions. 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 increase the efficacy of 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.

- AdDent Bio Screen is an adjunctive screening device that uses fluorescence technology to help clinicians identify oral abnormalities. Uses a Blue Flashlight light source and separate glasses as filters.

  DentLight is an adjunctive screening device that uses fluorescence technology to help clinicians identify oral abnormalities. Uses a Blue Flashlight light source and separate glasses as filters.

- DentalEZ™ – has a system under the Identafi brand that uses optical fluorescence and reflectance technology to detect cancerous and pre-cancerous conditions in oral tissue. LED's 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 of oral cancer in particular, LED anticipates that additional competitors, as yet unidentified, could enter the market.

Barriers to Entry

While potential competitors may have similar products or levels of competence in individual areas, management believes its uniqueness lies in the quality and performance of its products as well as its relationships with distributors and the dental community.

Future Developments

LED continues to evaluate opportunities to create products and services related to the VELscope and its underlying tissue fluorescence technology. 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 single product companies primarily selling into the dental market.

The Company is also continuously looking to expand 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. Currently, research and development activities are undertaken by both employees and subcontractors.

Intellectual Property

The Company's primary product is the VELscope® Vx released in early 2011 and is comprised of fluorescence technology that aids in the early visualization of mucosal diseases and enhances effective oral mucosal examinations. The patented VELscope® technology platform was developed in collaboration with the BCCA and MD Anderson Cancer Center, 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. The VELscope® Vx hand piece emits a safe blue light into the oral cavity, which excites the tissue from the surface of the epithelium through to the basement membrane (where premalignant changes typically start) and into the stroma beneath, causing it to fluoresce. The clinician is then able to immediately view the fluorescence response to help detect abnormal tissue. The VELscope has peer-reviewed clinical studies that support its use in helping discover occult oral disease.

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 no rinses or stains required, a VELscope® examination helps oral healthcare professionals assure their patients that the standard of care for oral mucosal screening has been utilized. 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 demonstrated that the VELscope® system is a powerful tool for the discovery of mucosal abnormalities such as viral, fungal and bacterial infections, inflammation from a variety of causes (including lichen planus and other lichenoid reactions), squamous papillomas and salivary gland tumors. VELscope® Vx combines minimal per-patient costs with more effective oral mucosal examinations.

The technology used in the VELscope® was jointly developed by LED in partnership with the BCCA and LED founder Peter Whitehead. 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. 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.

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 oral 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.

VELscope®, VELscope® Vantage, and the VELscope® Vx technologies are composed of a light source, light guide, and viewing hand piece. 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 differentiate between healthy mucosa and 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. LED received FDA 510(k) clearance for these claims in April 2007. FDA 510(k) clearance is a premarket notification required for manufacturers of medical devices.

One of LED's most profound commitments is to help reduce the mortality of oral cancer. The services of LED and its partners are directed toward developing a professional outreach program with key university–based oral pathology, oral surgery, and oral medicine leaders worldwide to assist healthcare providers as the need arises. LED is positioned to facilitate the dissemination of new findings that address early detection based on fluorescence and other technologies. Currently over 50% of US dental colleges own at least one VELscope®.

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 who, 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.

Cycles

The Corporation does experience significant seasonal industry-based economic cycles. The fourth quarter typically represents the largest portion of annual sales and annual net earnings.

Employees

As of the end of fiscal year ended December 31, 2016, the Corporation employed 28 full-time personnel. Of these personnel, 1 was engaged in research and development, 22 in sales, marketing and support, and 5 in general and administration. This compares with the following as of the fiscal year ended December 31, 2015: 40 full-time personnel. Of these personnel, 1 was engaged in research and development, 34 in sales and marketing and 5 in general and administration.

Foreign Operations

The Company has a US-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. and 3Shape, has enabled the Company to sell and install digital imaging technology.

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, 2016, 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. 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, 2016, the Corporation's issued share capital consisted of 116,428,516

common shares. The Corporation had warrants to purchase an aggregate of 17,242,604 common shares at prices ranging from USD$0.20 to USD$0.25. The Corporation had options to purchase an aggregate of 5,500,666 common shares at prices ranging from $0.18 to $0.49. The Corporation has 360,000 deferred share units at a value of $0.25 per unit.

On July 22, 2015, the Company issued 110 CDN denominated debenture units with a principal amount of $10,000 CDN per unit and gross proceeds of $1,100,000 CDN ($827,365 USD) maturing one year from the closing date. Each unit is attached with a 10% coupon and 5,950 common share purchase warrants of the Company at an exercise price of $0.28 USD. These warrants are exercisable at any time up to and including the date which is one year from the closing date. Transaction costs associated with this issuance were $55,055 CDN ($38,392 USD) and have been netted against the debenture proceeds received. On October 7, 2017 (the "extension date"), the Company extended the terms by five years and increased the interest from 10% to 13%. The first year of interest totaling $99,452 USD has been accrued and is payable at maturity 5 years from the extension date. The company issued 654,813 common shares of the Company as consideration for the amendments. Accrued interest from the extension date to December 31, 2016 is $25,513 USD.

On September 25, 2015, the Company issued 50 USD denominated debenture units with a principal amount of $10,000 USD per unit and gross proceeds of $500,000 USD maturing one year from the closing date. Each unit is attached with a 10% coupon and 7,143 common share purchase warrants of the Company at an exercise price of $0.28 USD. These warrants are exercisable at any time up to and including the date which is one year from the closing date. Transaction costs associated with this issuance were $10,020 USD and have been netted against the debenture proceeds received. On October 7, 2017 (the "extension date"), the Company extended the terms by five years and increased the interest from 10% to 13%. The first year of interest totaling $60,694 USD has been accrued and is payable at maturity 5 years from the extension date. The company issued 404,640 common shares of the Company as consideration for the amendments. Accrued interest from the extension date to December 31, 2016 is $15,571 USD.

On July 26, 2016, the Company issued senior secured debenture with a principal amount of $385,000 CDN ($296,885 USD) maturing one year from the closing date. The debenture is attached with a 13% coupon and 250,000 common shares of the Company. Transaction costs associated with this issuance were $28,952 CDN ($20,556 USD) and have been netted against the debenture proceeds received. Accrued interest at December 31, 2016 is $27,041 USD.

On October 7, 2016, the Company issued senior secured debenture with a principal amount of $500,000 CDN ($380,875 USD) maturing 24 months from the closing date. The debenture is attached with a 12% coupon and 750,000 common shares of the Company. Transaction costs associated with this issuance were $48,340 CDN ($36,825 USD) and have been netted against the debenture proceeds received. Accrued interest at December 31, 2016 is $16,084 USD.

On December 22, 2016, the Company issued senior secured debenture with a principal amount of $800,000 CDN ($594,960 USD) maturing 24 months from the closing date. The debenture is attached with a 12% coupon and 1,700,000 common shares of the Company. Transaction costs associated with this issuance were $81,548 CDN ($60,647 USD) and have been netted against the debenture proceeds received. Accrued interest at December 31, 2016 is $2,487 USD.

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. As of December 31, 2016, the Corporation had 5,500,666 options to purchase common shares of the Company at prices ranging from $0.18 to $0.49.

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 2016.

MONTHS IN FISCAL 20156	HIGH TRADING PRICE (CDN$)	LOW TRADING PRICE (CDN$)	TRADING VOLUME (AVERAGE)
December 2016	$0.075	$0.055	130,955
November 2016	$0.100	$0.060	81,434
October 2016	$0.100	$0.075	65,074
September 2016	$0.115	$0.075	128,325
August 2016	$0.135	$0.105	75,594

July 2016	$0.135	$0.105	83,659
June 2016	$0.125	$0.095	84,498
May 2016	$0.185	$0.100	271,375
April 2016	$0.195	$0.135	149,685
March 2016	$0.175	$0.130	62,648
February 2016	$0.180	$0.140	48,156
January 2016	$0.185	$0.125	123,252

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, 2016, 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, as at December 31, 2016, the directors and executive officers as a group, beneficially owned, directly or indirectly, or exercised control or direction over 2,865,058 common shares representing as at December 31, 2016 approximately 2.5% 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[(3)]
Dr. David Gane [(3)] British Columbia, Canada	Director and Officer	President and CEO of the Company	October 4, 2013[(3)]

Name and Residence	Position with the Corporation	Principal Occupation	Director / Officer Since(1)
Lamar Roberts (4) Atlanta, Georgia, US	Director and Officer	President LED Dental, Inc.	October 24, 2013(4)

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) Chairman, Audit Committee elected on November 21, 2011.
(3) Appointed Director on August 28, 2014.
(4) Appointed Vice President of Sales and Marketing of the Company on October 24, 2013, as Executive Vice President on November 27, 2015 and as President of the Company's US subsidiary, LED Dental Ltd. on February 25, 2014 and a Director on August 26, 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.

Rick Pauls is the President and CEO of DiaMedica Inc. Before that, Mr. Pauls was the Managing Director of CentreStone Ventures Inc., an early-stage life sciences venture capital fund. 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 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. Mr. Yea was a former member of the board of governors of the Vancouver Stock Exchange, the predecessor to the TSX Venture Exchange and chaired several of its committees. In addition, was a member of the faculty advisory board of the Sauder School of Business at the University of British Columbia and has served on the boards of several public companies including chairing special board committees that oversaw privatizations and divestitures. He 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, and has lectured on various subject matters concerning the Canadian securities industry.

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 corporate dentistry. 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, Executive Vice President, 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. Lamar was a founding investor in 360imaging® based in Atlanta, Georgia - a leading provider in 3D Digital Implantology, offering a range of products and services to implant professionals and their patients. Between 2000 and 2008 he was the Vice President of Sales and Marketing for PracticeWorks, the largest dental healthcare information technology company in the world. PracticeWorks' company name was changed to Carestream Dental after being acquired first by Kodak in 2004 and then by Onex Corp in 2007. Lamar Robert's extensive background in mergers and acquisitions, expansive responsibilities within sales, marketing and field operations, and unparalleled capacity to outperform on sales growth targets are the vital attributes required to take a promising organization, to that all-important next level in its corporate growth.

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. As of December 31, 2016, the Company does not have any pending legal issues requiring a reserve.

LED has been named as a defendant in a notice of civil claim filed in British Columbia Supreme Court as action number S-153416 by Daniel J. Edelman Inc., a former public relations consultant to LED. The notice of claim seeks judgement in the amount of $121,462.31 plus interest and costs for public relations services provided to LED. LED has filed a response to civil claim to defend this matter. LED's position is that there is no merit to the claim.

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) Secured debentures dated July 22, 2015 in the principal amount of $1,100,000 which were extended 5 years Oct 6, 2016.

(3) Secured debenture dated September 25, 2015 in the principal amount of US$500,000 which were extended 5 years on Oct 7, 2016.

(4) Secured debenture dated July 26, 2016 in the principal amount of $385,000 CDN.

(5) Secured debenture dated October 7, 2016 in the principal amount of $500,000 CDN.

(6) Secured debenture dated December 22, 2016 in the principal amount of $800,000 CDN.

INTERESTS OF EXPERTS

On November 27, 2015, the shareholders of the Company appointed Grant Thornton, LLP as the Corporation's auditors. The auditors examined the consolidated financial statements in accordance with Canadian generally accepted auditing standards to enable them to express an independent opinion on the consolidated financial statements. As at April 26**,** 2017, Grant Thornton and its partners did not directly hold any registered or beneficial interests, directly or indirectly, in the securities of the Corporation or its associates or its affiliates.

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 Rick Pauls, 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,
Rick Pauls Audit Committee member	Mr. Pauls is the President & CEO of DiaMedica Inc., a publicly traded biotechnology company, and was previously the Managing Director of CentreStone Ventures Inc., an early-stage life sciences venture capital fund. Mr. Pauls holds a Bachelor of Arts in Economics from the University of Manitoba and a M.B.A. in Finance from the University of North Dakota.

External Auditor Service Fees

Audit Fees

The aggregate fees billed by the Corporation's external auditor for audit services during fiscal 2015 and 2016 (unless otherwise noted, all amounts are expressed in Canadian dollars)**:**

Fiscal 2016	Fiscal 2015
$135,733	$232,135

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

Audit-Related Fees

The aggregate fees billed during 2015 and 2016 for assurance and related services by the Corporation's external auditor that are related to the performance of the audit and quarterly reviews, raising cash via debentures or equity and are not reported above under *Audit Fees* as follows:

Fiscal 2016	Fiscal 2015
Nil	Nil

Tax Fees

The aggregate fees billed during fiscal 2015 and 2016 for professional services rendered by the Corporation's external auditor for tax compliance, tax advice and tax planning are as follows:

Fiscal 2016	Fiscal 2015
$27,832	$10,634

All Other Fees

The aggregate fees billed during fiscal 2015 and 2016 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 2016	Fiscal 2015
$2,440	$2,290

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, 2016 (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.