IMAGING DYNAMICS COMPANY LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2016

Your Global Medical Imaging Technology Provider

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

As at April 5, 2017

General

Imaging Dynamics Company Ltd. (the "Company" or "IDC") is a medical technology company that has been an innovative force in the fast-growing field of Digital Radiography ("DR") equipment. IDC offers a family of products, which can be found in many leading medical and healthcare facilities, throughout the world. IDC was founded in May 1995 and maintains its corporate headquarters in Calgary, Alberta, Canada, a sales and marketing office in Beijing, China and operations, research and development centres in Calgary and Shanghai, China. IDC is a publicly traded company incorporated under the laws of the Province of Alberta. The Company is listed on the Toronto Venture Stock Exchange ("TSXV"), trading under the symbol "IDL".

The Company's technology produces digital diagnostic images. It replaces the need for film and chemical film processing, as well as reduces storage and retrieval costs normally associated with traditional X-ray technology.

The information included in this document should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2016 and related notes to the consolidated financial statements. The financial information contained in this document is derived from the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). For additional information and details, readers are referred to the quarterly and annual consolidated financial statements and MD&A for the fiscal years 2016 and 2015 all of which are published separately and are available at www.sedar.com. Additional information relating to the Company may be found on the Company's web site: www.imagingdynamics.com.

Advisory regarding Forward-Looking Statements

This MD&A is intended to provide readers with the information that management believes is required to gain an understanding of IDC's current results and to assess the Company's future prospects. This MD&A contains certain forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of Canadian securities laws. All statements other than statements of historical fact are forward-looking statements. Forward-looking information typically contains statements with words such as "anticipate", "believe", "plan", "continuous", "estimate", "expect", "may", "will", "project", "should", or similar words suggesting future outcomes. In particular, this MD&A may contain forward-looking statements including, but not limited to the following:

- revenues;
- cost of sales;
- sales and marketing expenses;
- general and administration expenses;
- production/manufacturing expenses;
- research and development expenses;
- foreign exchange (gain) loss;
- warranty;
- bad debts;
- amortization;
- inventory;
- accounts receivable;
- short term borrowing;
- sources of funding;
- convertible debentures.

Undue reliance should not be placed on forward-looking statements, which are inherently uncertain, are based on estimates and assumptions, and are subject to known and unknown risks and uncertainties (both

general and specific) that contribute to the possibility that the future events or circumstances contemplated by the forward-looking statements will not occur.

There can be no assurance that the plans, intentions or expectations upon which forward-looking statements are based will in fact be realized. Actual results will differ, and the difference may be material and averse to the Company and its shareholders.

Forward-looking statements are based on the Company's current beliefs as well as assumptions made by, and information currently available to, the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, future demand for digital radiography products, competition, product pricing, cost of goods and external financing options. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward-looking statements will not be achieved. These factors include, but are not limited to: risks associated with competition, financial risks, substantial capital requirements, bank financing, government regulation, environmental, prices, markets and marketing, dependence on key personnel, dependence of key and single source vendors, risks may not be insurable, management of growth, expiration of licenses and patents, seasonality, conflicts of interest, issuance of debt, title to patents and property, variations in foreign exchange rates, and hedging. Readers are cautioned that the foregoing list of factors that may affect future results is not exhaustive.

Certain statements in the MD&A, other than statements of historical fact, may include forward-looking information that involves various risks and uncertainties. These can include, without limitation, statements based on current expectations involving a number of risks and uncertainties related to all aspects of the medical imaging industry. These risks and uncertainties include, but are not restricted to, continued increased demand for the Company's products, the Company's ability to maintain its technological and competitive advantages in the field of digital radiography, the Company's ability to attract and retain key employees, the enforceability of the Company's patents, the Company's ability to raise capital on acceptable terms when needed, and the availability of key components. These uncertainties may cause actual results to differ from information contained herein. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from those anticipated in such statements. These forward-looking statements are based on the estimates and opinions of Management on the dates they are made and are expressly qualified in their entirety by this notice. The reader is cautioned not to rely on these forward looking statements. The Company will provide appropriate periodic updates to forward-looking statements should circumstances or Management's estimates or estimates or opinions change.

All dollar amounts are in Canadian Dollars unless otherwise stated.

In this MD&A, we may describe certain income and expense items that are unusual or non-recurring. These terms are not defined by IFRS. Our usage of these terms may vary from the usage adopted by other companies. We provide this detail so that readers have a better understanding of the significant events and transactions that have had an impact on our results. In addition, terms such as income before interest, taxes, depreciation and amortization ("EBITDA") and backlog are not defined by IFRS, and our use of such terms or measurement of such items may vary from that of other companies. Where relevant, and particularly for earnings-based measures, we provide tables in this document that reconcile non-IFRS measures used to amounts reported on the face of the consolidated financial statements.

Executive Summary

Management continues to work on a new strategy to grow the business and work towards profitability.

Given the vast market potential and to be able to service the Chinese and Asian markets, IDC opened new wholly owned subsidiaries in Shanghai and Beijing during 2016. Shanghai is an R&D Centre mandated to explore and develop new products for IDC. Beijing is focused on sales and marketing of IDC products and has contributed to the increase in sales during the quarter.

The Company moved to a new head office location in Calgary that provides enhanced facilities for manufacturing and new product development.

As of December 31, 2016, IDC had 73 employees in China and 19 in Calgary. Because of the expansion, costs have increased when compared to the prior year.

In January 2016, the Company completed the issuance of convertible debentures with a face value of $5,750,000. Initial payments of $4,835,000 for the convertible debentures were received by the Company in the fourth quarter of 2015 with the balance paid in the first quarter of 2016. Further to this transaction, $875,000 of long term debt was extinguished through the proceeds of the convertible debenture. On October 7, 2016, the Company also closed on an additional issue of $6,000,000 of convertible debentures. During 2015, a private placement was completed, which raised $2 million in a share offering and a convertible debenture issue of $6,250,000. In total, the Company has raised gross proceeds of $20 million over 2015 and 2016. These private placements are for the expansion of business operations, research and development and working capital purposes.

Goals and outlook

The consolidated financial statements of the Company have been prepared by Management in accordance with IFRS applicable to a going concern, which assumes that the Company will realize the carrying value of its assets and satisfy its obligations as they become due in the normal course of operations.

The executive team, along with the Board, continues to work on the strategy to grow the business and work towards profitable operations. The Company continues to work towards developing new strategic business relationships globally, to look at potential strategic business acquisition opportunities, develop new products and to secure new sales. The Company will also work on developing new medical device business categories that are complementary to its business and take advantage of the Company's global brand and distribution network. The Company has also been working to develop new markets and obtain further product certifications.

Liquidity and Capital Resources

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will realize the carrying value of its assets and satisfy its obligations as they become due in the normal course of operations.

At December 31, 2016, the Company had positive working capital of $6,526,294 (working capital at December 31, 2015 – $2,627,957), negative cash flows from operating activities for the year of $10,418,348 (year ended December 31, 2015 – negative $2,812,463) and a loss of $5,672,660 (year ended December 31, 2015 – $3,828,253) and a deficit at December 31, 2016 of $99,346,025 (December 31, 2015 deficit – $93,673,365).

Working capital increased by $3,898,337 compared to December 31, 2015. This is the result of the Company's debenture offerings in 2016 and the increased business activity which has resulted in increases to accounts receivable, inventory and accounts payable.

The ability of the Company to continue as a going concern will depend on attaining a satisfactory revenue level, the generation of cash from operating activities and the ability to secure additional new financing arrangements and new capital, the outcome of any of these is uncertain. The Company will continue to seek additional capital through equity markets, debt markets or other innovative financing arrangements, including partnership or licensing arrangements that may be available for continued operations. However, the disclosed uncertainties may cast significant doubt on the Company's ability to continue as a going concern. Although, in the opinion of management, the use of the going concern assumption is appropriate, there can be no assurance that any steps management is taking will be successful. The consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, revenues, expenses and the balance sheet classifications that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

The Company's cash and cash equivalents totaled $7,076,719 at December 31, 2016, a decrease from the cash balance of $10,128,633 available at December 31, 2015. The decrease is the result of spending funds to establish operations in China and to reorganize the Canadian operations. Funds were used for new product development, funding working capital to support increases sales, fixed asset additions, and overhead. In anticipation of future demand for cash, the Company arranged for a non-brokered convertible debenture issue with gross proceeds of $6 million that closed on October 7, 2016.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development and sales of its digital imaging products and medical devices and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity and the Convertible Debentures proceeds.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets to adjust the amount of cash and cash equivalents.

Fourth Quarter and Annual 2016 Results

- Gross revenues for the three and twelve months ended December 31, 2016 increased by 849 and 210 percent respectively compared to the same periods in 2015. Gross revenues for the three and twelve months ended December 31, 2016 were $4,351,943 and $7,543,199, compared to $458,448 and $2,435,667, respectively, in the same periods of 2015. In the fourth quarter of 2016, 92 percent of company sales were in China and 8 percent were in the Americas, compared to nearly 100 percent of fourth quarter 2015 sales being in China. For the 2016 year, 85 percent (2015 – 63 percent) of company sales were in China and 15 percent (2015 – 37 percent) were in the Americas.

- Gross margins were for the three and twelve months ended December 31, 2016 were $1,258,986 (29 percent) and $2,302,058 (31 percent) compared to $(424,518) (-93 percent) and $541,206 (22 percent), respectively, for the same periods in 2015. The increase to the gross margin percentage in 2016 was attributable to higher margins and volumes from the Chinese market DR sales. The write down of $0.5 million of obsolete inventory in the fourth quarter of 2015 was the main reason for the gross margin loss in the fourth quarter of 2015, which reduced the gross margin percentage for the full 2015 year.

- Overhead costs (sales, general and administrative, production and manufacturing, and research and development expenses) were $2,231,670 and $7,035,773 for the three and twelve months ended December 31, 2016, up from $1,750,047 and $3,597,018, respectively, during the same periods in 2015. This increase is due to establishing of operations and research facilities in China and Canada, and establishing of the sales force.

- Net loss for the three and twelve months ended December 31, 2016 was $1,385,170 ($0.02 per share) and $5,672,660 ($0.10 per share), compared to a net loss of $2,553,436 ($0.05 per share) and $3,828,253 ($0.07 per share) in the same periods of 2015 on a post-consolidated basis. The main contributors of this reduced loss in the fourth quarter of 2016 compared to 2015 was an increased gross margin and volume on sales, which was offset by increased overhead due to setting up and reorganizing the business during 2016, and interest.

- Trade and other receivables increased to $4,842,506 at the end of December 31, 2016 from $169,637 at December 31, 2015, due to an increase in sales, particularly in the 3rd and 4th quarters of 2016. Also, the balance has increased due to the actual payment terms in China for DR units often extending up to 12 months or longer as dictated by the market.

- Trade and other payables increased from $2,317,683 at December 31, 2015 to $4,311,686 at December 31, 2016. This increase is due to higher accruals and obligations for inventory. The payment terms for some of the Company's accounts payable are extended to match the extended terms for its own accounts receivables.

- In 2016, a total of $11,750,000 was received from convertible debenture financings closing on January 22, 2016 and October 7, 2016, as compared to $6,250,000 received from a convertible debenture financing closing on September 28, 2015.

- In August and December 2016, the Company received a total of $3,860,035 (20,000,000 CNY) under a short-term loan payable to private Chinese corporation controlled by a director of the Company. This CNY denominated loan bears interest at 7% per annum, payable quarterly.

Overall Performance

Trade and other receivables

Trade and other receivables increased to $4,842,506 at the end of December 31, 2016 from $169,637 at December 31, 2015, due to an increase in sales, particularly in the 3rd and 4th quarter of 2016.

Most of the Company's distribution partners have income streams from various sources and have an established history of providing goods and services to the health care industry. The Company does not usually sell to the end user and as such has limited recourse in collecting any delinquent balances. In cases where collection is in question, the Company has the ability to withhold both warranty support or warranty parts to a dealer that has not paid, remove the dealer as a qualified Company dealer, as well as any and all legal recourse measures.

In the Asian medical device industry, it is a local industry practice that companies, especially state-owned and small private companies, do not normally pay vendors based on advance payment credit terms. Vendors often do not charge interest for late payments. Many Asian companies structure and make payments to vendors based on their cash flow. As a result, it is common in the Asian medical device industry for receivables to be overdue for over one year. Given these extended payment terms, there is further credit risk that could result in an increase to uncollectible accounts in the future. As of December 31, 2016, the Company has a large amount of receivables from Chinese customers that are included in the past due 31 – 180 days category and are not considered impaired. As of December 31, 2016, trade accounts receivable includes $3,245,889 owing from three customers representing individually over 10% each of the outstanding accounts receivable. Given this business practice, the Company currently believes its allowance for doubtful accounts is adequate, but continues to monitor its outstanding receivables.

The Company recorded a net recovery of $25,106 of bad debt expense during 2016 and currently has a total allowance for doubtful accounts of $199,098 related to past years, which has been netted against trade receivables. The Company is pursuing collection of these doubtful accounts. The following table is a geographic breakdown of the trade and other receivables:

As at	December 31, 2016	December 31, 2015
China	95.0%	30.0%
Americas	5.0%	70.0%

Inventory

The inventory value of $2,198,902 at December 31, 2016 was primarily due to completing numerous DR units based on sales orders that are currently anticipated to be delivered later in 2017. Also, IDC increased its inventory and manufacturing of its new DR product line - Aquarius 8600 1717TC and Aquarius 8600 1417TC for which the Company received FDA approval on February 22, 2017. These approvals now allow these products to be marketed for human use in the United States.

Prepaid expenses

Prepaid expenses increased from the end of the prior year due to prepayment for inventory that the company was not able to obtain payment terms for, and which was received subsequent to year end.

Revenues

	Three months ended December 31,		Year ended December 31,	
	2016	2015	**2016**	2015
Total revenues	**$ 4,351,943**	$ 458,448	**$ 7,543,199**	$ 2,435,667
Percentage change from corresponding prior year period	**849%**	68%	**210%**	21%

Gross revenues for the three and twelve months ended December 31, 2016 increased by 849 and 210 percent respectively compared to the same periods in 2015. Gross revenues for the three and twelve months ended December 31, 2016 were $4,351,943 and $7,543,199, compared to $458,448 and $2,435,667 respectively in the same periods of 2015. In the fourth quarter of 2016, 92 percent of company sales were in China and 8 percent were in the Americas, compared to nearly 100% of fourth quarter 2015 sales being in China. For the 2016 year, 85 percent (2015 – 63 percent) of company sales were in China and 15 percent (2015 – 37 percent) were in the Americas.

Gross Profit

	Three months ended December 31,		Year ended December 31,	
	2016	2015	**2016**	2015
Gross profit	**$ 1,258,986**	$ (424,518)	**$ 2,302,058**	$ 541,206
Percentage of sales	**29%**	-93%	**31%**	22%

Gross margins were for the three and twelve months ended December 31, 2016 were $1,258,986 (29 per cent) and $2,302,058 (31 percent) compared to $(424,518) (-93 percent) and $541,206 (22 percent), respectively, for the same periods in 2015. The write down of $0.5 million of obsolete inventory in the fourth quarter of 2015 was the main reason for the gross loss in the fourth quarter of 2015, and it also reduced the gross margin percentage for the full 2015 year. In addition, the increase to the gross margin percentage in 2016 was attributable to increased volumes and higher margins from Chinese DR sales.

Sales, Administration and Research (SAR)

	Three months ended December 31,		Year ended December 31,	
	2016	2015	**2016**	2015
Sales, administration and research	**$ 2,141,901**	$ 1,627,650	**$ 6,679,967**	$ 3,237,252
Percent of sales	**49%**	355%	**89%**	133%

SAR consist principally of salaries and other costs associated with the Company's sales force and marketing activities and administration. Marketing expense is in the form of advertising, promotions and trade shows, travel and post-sales support and service for sales and marketing.

The Company continues to focus on sales in China and is focusing its strategy to gain new OEM and distribution partners to sell its products globally.

IDC opened a research facility in Shanghai, China in the fourth quarter of 2015 and a marketing office in Beijing, China in the first quarter of 2016.

SAR costs for the year ended December 31, 2016 were $6,679,967, compared to $3,237,252 in 2015. China accounted for $4,510,877 of SAR costs in 2016, compared to $512,686 in 2015. At December 31, 2016, IDC employed 92 full time staff, 73 of whom were in China.

IDC has begun to develop new product offerings. Research and development costs for the 2016 year were $342,132, compared to $nil in 2015. Investment in capitalized development costs was $1,140,048 in 2016 due to product development.

Production and Manufacturing Expenses

	Three months ended December 31,		Year ended December 31,	
	2016	2015	**2016**	2015
Production and manufacturing	**$ 89,769**	$ 122,391	**$ 355,806**	$ 359,766
Percentage of sales	**2%**	27%	**5%**	15%

Production and manufacturing expenses include payroll costs, warehousing, facility costs, logistics and assembly expenses that are not assigned to specific products or components and are not included in cost of goods but are disclosed separately as production and manufacturing expenses.

Production and manufacturing expenses for 2016 were comparable to the comparative period in 2015. Most manufacturing inputs were costed through inventory and cost of sales in 2016.

Foreign Exchange (Gain) / Loss

	Three months ended December 31,		Year ended December 31,	
	2016	2015	**2016**	2015
Foreign exchange loss	**$ 245**	$ 57,209	**$ 33,548**	$ 103,311
Percentage of sales	**0%**	12%	**0%**	4%

During the three and twelve month periods ended December 31, 2016, the Company incurred a foreign exchange loss of $245 and $33,548, respectively, compared to foreign exchange losses of $57,209 and $103,311 for the same periods in 2015. The main reason for the change year over year is that the company held significant cash balances in USD from late 2015 into the first quarter of 2016 and does not have the ability to hedge. In addition, the foreign exchange loss was impacted as a result of the Canadian dollar increasing versus the CNY. The principal currencies to which the Company is exposed are the US dollar and Chinese CNY.

Because of the operations in Shanghai and Beijing China, IDC recorded other comprehensive losses of $529,476 in 2016 resulting from the conversion of the Chinese CNY functional currency which devalued versus the Canadian dollar presentation currency.

The Company did not enter into any foreign currency forward contracts during 2016 and 2015. The Company endeavors to maintain a natural hedge between receivables and payables denominated in US dollars, but was exposed to a large long position in US dollar cash in the first quarter of 2016. The Company is limited in the amount of forward contracts into which it can enter. As at December 31, 2016, the company had no outstanding forward contracts.

Warranty Expense / (Recovery)

	Three months ended December 31,		Year ended December 31,	
	2016	2015	**2016**	2015
Warranty expense (recovery)	**$ 8,277**	$ (1,737)	**$ (60,043)**	$ 9,178
Percentage of sales	**0%**	0%	**-1%**	0%

An estimate of warranty claims is recognized at the time of sale and a liability is set up on the balance sheet. Cost of parts issued under warranty is adjusted against the warranty provision and on expiry of the warranty period the unused warranty provision is recognized as a warranty recovery on the consolidated statement of operations and comprehensive loss.

In 2016, the Company recorded a net warranty recovery of $60,043, compared to a net expense of $9,178 in 2015. The net recovery in 2016 was due to the Company's warranty claims experienced in prior years being less than originally estimated, resulting in a net warranty recovery.

Share-based payments

Stock based payments expense for 2016 was $nil, compared to $339,329 recorded in 2015. There were no stock option grants in 2016. Because past granted stock options vested immediately, there were no period costs for stock based compensation recorded in 2016.

Bad debts expense

	Three months ended December 31,		Year ended December 31,	
	2016	2015	**2016**	2015
Bad debts expense (recoveries)	**$ -**	$ 194,382	**$ (25,106)**	$ 194,382
Percentage of revenue	**0%**	42%	**0%**	8%

The Company recorded bad debt expense recovery of $31,024 in the second quarter of 2016, which represented successful collection of amounts previously reserved. In 2015, the Company recorded a bad expense of $194,382 due to several significantly overdue accounts.

Depreciation and Amortization

	Three months ended December 31,		Year ended December 31,	
	2016	2015	**2016**	2015
Depreciation and Amortization	**$ 85,196**	$ 51,592	**$ 169,552**	$ 119,462
Percentage of sales	**2%**	11%	**2%**	5%

During 2016, IDC spent $522,726 on leasehold improvements in Beijing and Shanghai, China and Calgary, Canada along with $204,051 on technical, lab and computer equipment and office equipment. In addition, for 2016, IDC spent $1,221,280 on software, patents, development costs and licenses. The increase in amortization from 2016 to 2015 periods is reflective of these additional capital expenditures.

Interest Expense

	Three months ended December 31,		Year ended December 31,	
	2016	2015	**2016**	2015
Interest expense	**$ 414,955**	$ 140,718	**$ 1,130,840**	$ 185,595
Percentage of sales	**10%**	31%	**15%**	8%

Interest expense for the three and twelve months ended December 31, 2016 was $414,955 and $1,130,840, respectively, compared to interest expense of $140,718 and $185,595 for the same periods in 2015. The increase in interest expense for 2016 relates to the interest payable on the convertible debentures and the short-term loan payable. A total of $18,000,000 was received from convertible debenture financings closing on September 28, 2015, January 22, 2016, and October 7, 2016. Each of these convertible debentures bear coupon interest payments at 6.0% per annum payable annually. Interest payments of $375,000 are due on September 28, 2017 and $345,000 on October 7, 2017. In August and December 2016, the Company received a total of $3,860,035 (20,000,000 CNY) under a short-term loan payable to private Chinese corporation controlled by a director of the Company. This CNY denominated loan bears interest at 7% per annum, payable quarterly.

Gain on settlement of debt

	Three months ended December 31,		Year ended December 31,	
	2016	2015	**2016**	2015
Gain on settlement of debt	**$ -**	$ -	**$ 118,119**	$ 78,359
Percentage of sales	**0%**	0%	**2%**	3%

The Company successfully resolved a claim by a supplier for an unpaid debt of $836,199 during August 2016 resulting in a gain on settlement of $118,119 in the year ended December 31, 2016.

The Company successfully resolved a claim by a former supplier for an unpaid debt of $236,584 during May 2015 resulting in a gain on settlement of $78,359 in the year ended December 31, 2015.

Net Profit (Loss)

	Three months ended December 31,		Year ended December 31,	
	2016	2015	**2016**	2015
Net loss	**$ (1,385,170)**	$ (2,553,436)	**$ (5,672,660)**	$ (3,828,253)

Net loss for the three and twelve months ended December 31, 2016 was $1,385,170 ($0.02 per share) and $5,672,660 ($0.10 per share), compared to a net loss of $2,553,436 ($0.05 per share) and $3,828,253 ($0.07 per share) in the same periods of 2015 on a post-consolidated basis. The main contributors of this reduced

loss in the fourth quarter of 2016 compared to 2015 were an increased DR volume and gross margin on sales, offset somewhat by increased overhead due to setting up and reorganizing the business during 2016 so it can sustain future growth, and interest costs on the convertible debentures and the short-term loan payable.

Share capital

The Company's shares trade on the TSX Venture Exchange under the symbol IDL.

Common shares outstanding and dilutive instruments as at the date hereof are as follows:

	April 5, 2017	December 31, 2016	December 31, 2015 *
Common shares outstanding	58,857,656	58,857,656	58,857,656
Stock options	1,754,400	1,754,400	3,766,700
Warrants	-	10,000,000	10,000,000
Shares issuable on conversion of convertible debentures	148,833,333	148,833,333	62,500,000
	209,445,389	219,445,389	135,124,356

* Adjusted for a 5:1 stock consolidation that occurred on June 29, 2016

The above listed warrants expired on February 23, 2017.

Selected Annual Information

As at December 31,	2016	2015	2014
Cash and cash equivalents	$7,076,719	$10,128,633	$265,312
Current assets	14,942,248	10,843,095	1,103,236
Total assets	16,814,392	10,966,954	1,340,084
Total liabilities	25,756,946	14,130,170	3,362,863
Working capital (deficiency)	6,526,294	2,627,957	(2,259,627)

For the year ended December 31,	2016	2015	2014
Revenues	$7,543,199	$2,435,667	$2,546,317
Gross profit	2,302,058	541,206	773,044
Gross profit percentage	30.5%	22.2%	30.4%
Net loss	(5,672,660)	(3,828,253)	(1,378,232)
Net comprehensive loss	(6,202,136)	(3,736,059)	(1,378,232)
Basic and diluted loss per share (*)	$ (0.10)	$ (0.07)	$ (0.04)
Weighted average common shares outstanding (*)	58,857,656	55,570,000	38,857,671

*Adjusted for a 5:1 stock consolidation that occurred on June 29, 2016

Selected Quarterly Information

The following selected financial data has been extracted from the unaudited interim consolidated financial statements, prepared in accordance with IFRS, for the fiscal periods indicated and should be read in conjunction with those unaudited financial statements.

As at	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Cash and cash equivalents	$7,076,719	$7,227,736	$4,036,159	$7,568,492
Current assets	14,942,248	13,771,381	8,795,300	9,036,762
Total assets	16,814,392	15,157,762	9,536,722	9,342,656
Total liabilities	25,756,946	22,797,328	15,934,772	13,884,358
Working capital (deficiency)	6,526,294	2,479,241	4,306,216	6,530,828

For the three months ended	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Revenues	$4,351,943	$1,305,822	$1,049,002	$836,432
Gross profit (loss)	1,258,986	549,202	249,676	244,194
Gross profit percentage	28.9%	42.1%	23.8%	29.2%
Net loss	(1,385,170)	(1,242,909)	(1,748,999)	(1,295,582)
Net comprehensive loss	(1,480,391)	(1,241,516)	(1,856,347)	(1,623,882)
Basic and diluted loss per share	$ (0.02)	$ (0.02)	$ (0.03)	$ (0.02)
Weighted average common shares outstanding (*)	58,857,656	58,857,656	58,857,656	58,857,656

*Adjusted for a 5:1 stock consolidation that occurred on June 29, 2016

As at	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Cash and cash equivalents	$10,128,633	$6,512,418	$762,385	$1,453,579
Current assets	10,843,095	7,868,528	1,687,872	2,449,737
Total assets	10,966,954	8,040,170	1,879,482	2,663,971
Total liabilities	14,130,170	8,721,490	2,519,863	2,986,159
Working capital (deficiency)	2,627,957	5,041,564	(831,991)	(536,422)

For the three months ended	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Revenues	$458,448	$874,416	$617,418	$485,385
Gross profit	(424,518)	387,798	308,982	268,944
Gross profit percentage	(92.6)%	44.3%	50.0%	55.4%
Net loss	($2,553,436)	($365,499)	($620,350)	($288,968)
Net comprehensive loss	(2,461,242)	(365,499)	(620,350)	(288,968)
Basic and diluted loss per share (*)	$ (0.05)	$ (0.01)	$ (0.01)	$ (0.01)
Weighted average common shares outstanding (*)	58,857,656	58,857,656	58,857,671	46,191,004

* Adjusted for a 5:1 stock consolidation that occurred on June 29, 2016.

Related Party Transactions

Related party transactions are documented in detail in the financial statements. For the year ended December 31, 2016, refer to details of related party transactions in note 19 to financial statements.

Off-Balance Sheet Arrangements

At the date of this report, the Company had no off-balance sheet arrangements, other than the operating lease and subsidiary funding commitments detailed in note 24 to the financial statements.

Subsequent Event

Subsequent to December 31, 2016, the Company advanced 7,000,000 CNY (or an equivalent of $1,351,012 based upon the December 31, 2016 exchange rate) to an unrelated third party supplier. This CNY denominated short term advance bears interest at 7% per annum. 3,000,000 CNY of this amount and associated interest is due on April 19, 2017 and the remaining 4,000,000 CNY and associated interest is due on June 30, 2017.

Risk Factors

In the normal course of business, the Corporation's operations are influenced by a number of internal and external factors and are exposed to risks and uncertainties that can affect its business, financial condition, and operating results.

The activities of the Corporation are subject to ongoing operational risks including the performance of key suppliers, product performance, governmental and other industry regulations, operating in foreign countries and reliance on information systems, all of which may affect the ability of the Corporation to meet its obligations. While management believes its innovation and technology make it a leader in the industry, revenue and results may be affected if products are not accepted in the marketplace, are not approved by regulatory authorities, or if products are not brought to market in a timely manner.

a) Impact of Current Economic Environment

The Corporation may experience increased price pressure and other competitive pressures as customers adjust to the current environment. The Corporation also expects that the global economic environment will impact the financial condition of some of the Corporation's customers and suppliers. The Corporation will continue to closely monitor its customers' ability to pay their receivables and monitor the Corporation's suppliers in an effort to ensure consistency of supply. The interruption of supply from a supplier, especially for single sourced components, could have a significant impact on the Corporation's operations and its customers, if the Corporation is unable to deliver finished product in a timely manner.

b) Risks Related to Current Global Financial Markets

The Corporation is subject to counter-party risk and liquidity risk. The Corporation is exposed to various counter-party risks including, but not limited to: (i) through financial institutions that hold the Corporation's cash; (ii) through customers, dealers, distributors and OEM's that have payables to the Corporation; (iii) through the Corporation's insurance providers; (iv) through the Corporation's lenders; and (v) through companies that have received deposits from the company for the future delivery of parts for the company's products. The Corporation is also exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Corporation to obtain loans and other credit facilities in the future and, if obtained, on terms favorable to the Corporation. If these increased levels of volatility and market turmoil continue, the Corporation's planned growth could be adversely impacted and the trading price of the Corporation's securities could also be adversely affected.

c) Key Personnel

The DR industry involves a high degree of risk, which a combination of experience, knowledge and careful business evaluation may not be able to overcome. The success of the Corporation is dependent on the services of its senior management. The experience of these individuals will be a factor contributing to the Corporation's continued success and growth. The loss of one or more of its key employees could have a material adverse effect on the Corporation's operations and business prospects. In addition, the Corporation's future success will depend in large part on its ability to attract and retain additional highly skilled technical, management, manufacturing, sales and marketing personnel. There can be no assurance that the Corporation will be successful in attracting and retaining such personnel and the failure to do so could have a material adverse effect on the Corporation's business, operating results and financial condition.

The Corporation does not have key man insurance in place in respect of any of its senior officers or personnel.

d) Accounts Receivable, Allowance for Doubtful Accounts & Bad Debts

The Corporation evaluates the collectability of its trade receivables based upon a combination of factors on a periodic basis. When the Corporation becomes aware of a customer's inability to meet its financial obligations to the Corporation (such as in the case of bankruptcy filings or material deterioration in the customer's financial position and payment experience), the Corporation records a specific bad debt provision to reduce the customer's related trade receivable to its estimated net realizable value. If circumstances related to specific customer's change, the Corporation's estimates of the recoverability of trade receivables could be further adjusted. It should be noted that the Corporation does not usually sell to the end user and as such has limited recourse in collecting any delinquent balances

In the Asian medical device industry, it is a local industry practice that companies, especially state-owned and small private companies, do not normally pay vendors based on advance payment credit terms. Vendors often do not charge interest for late payments. Many Asian companies structure and make payments to vendors based on their cash flow. As a result, it is common in the Asian medical device industry for receivables to be overdue for over one year. Given these extended payment terms, there is further credit risk that could result in an increase to uncollectible accounts in the future. As of December 31, 2016, the Company has a large amount of receivables from Chinese customers that are included in the past due 31 – 180 days category and are not considered impaired. As of December 31, 2016, trade accounts receivable includes $3,245,889 owing from three customers representing individually over 10% each of the outstanding accounts receivable. Given this business practice, the Company currently believes its allowance for doubtful accounts is adequate, but continues to monitor its outstanding receivables.

e) Additional Financing Requirements

The Corporation currently does have the necessary financing in place to support short term operating losses, but would not be able to support sustained operating losses. Historically, the Corporation has financed its operations and investments through the use of funds obtained from share issuances and debt financing. These matters raise significant doubt about the Corporation's ability to continue as a going concern and the appropriateness of the use of accounting principles applicable to a going concern. The Corporation's continuation as a going concern is dependent upon, amongst other things, attaining a satisfactory revenue level, the generation of cash from operations and the ability to secure new financing arrangements and new capital.

The Corporation is considering various alternatives to remedy any future shortfall in capital. Options open to the Company are to raise capital through equity markets, debt markets or other innovative financing arrangements, including partnership or licensing arrangements that may be available for continued operations. There is no assurance this capital will be available and if it is not, the Corporation may be forced to substantially curtail or cease operations. Although in the opinion of Management, the use of the going concern assumption is appropriate, there can be no assurance that any steps Management is taking will be successful.

f) Protection of Intellectual Property

Although the Corporation does not believe that its products infringe the proprietary rights of any third parties, there can be no assurance that infringement or invalidity claims (or claims for indemnification resulting from infringement claims) will not be asserted or prosecuted against the Corporation or that any such assertions or prosecutions will not materially adversely affect the Corporation's business, financial condition or results of operations. Irrespective of the validity or the successful assertion of such claims, the Corporation could incur significant costs and diversion of resources with respect to the defence thereof which could have a material adverse affect on the Corporation's business, financial condition or results of operations. The Corporation's performance and ability to compete are dependent to a significant degree on its proprietary technology. The Corporation relies on its patents and a combination of copyright and trade secret laws, as well as confidentiality agreements and technical measures, to establish and protect its proprietary rights. As part of its confidentiality procedures, the Corporation generally, enters into agreements with its employees and consultants and limits access to and distribution of its documentation and other proprietary information.

Accordingly, while the Corporation will endeavour to protect its intellectual property, there can be no assurance that the steps taken by the Corporation will prevent misappropriation of its technology or that agreements entered into for that purpose will be enforceable. The laws of other countries may afford the Corporation little or no effective protection of its intellectual property. While the Corporation's technology is developed and owned by the Corporation, it may in the future also rely on technology licenses from third parties. There can be no assurance that these third party licences will be, or will continue to be, available to the Corporation on commercially reasonable terms. The loss of, or inability of the Corporation to maintain, any of these technology licences could result in delays in completing its product enhancements and new developments until equivalent technology can be identified, licensed or developed and integrated. Any such delays would materially adversely affect the Corporation's business, financial condition and results of operations.

g) Competition

The Corporation may not be able to compete successfully against current and future competitors, and the competitive pressures the Corporation faces could harm its business and prospects. Broadly speaking, the market for Digital Radiography is approaching maturity and is highly competitive. The level of competition is likely to increase as current competitors improve their product offerings and as new participants enter the market. Many of the Corporation's current and potential competitors have longer operating histories, larger customer bases, greater name and brand recognition, and significantly greater financial, sales, marketing, technical, and other resources than the Corporation. Additionally, these competitors have research and development capabilities that may allow them to develop new or improved products that may compete with products the Corporation markets and distributes. New technologies and the expansion of existing technologies may also increase competitive pressures on the Corporation. Increased competition may result in reduced operating margins as well as loss of market share. This could result in decreased usage of the Corporation's products and may have a material adverse affect on the Corporation's business, financial condition and results of operations.

h) Implementation Delays

Many of the Corporation's customers will be in the initial adopter stage of utilizing the Corporation's products and may encounter delays or other problems in the introduction or implementation of the Corporation's products. A decision not to do so, or a delay in implementation, could result in a delay or loss of related revenue or could otherwise harm the Corporation's business and prospects. The Corporation will not be able to predict when a customer that is in an early adopter use phase will adopt a broader use of the Corporation's products.

i) Developing Markets

The market for the Corporation's products is relatively new in Emerging Markets and continues to evolve in established markets. The adoption and use of the Corporation's products will involve changes in the manner in which medical facilities have traditionally used such products. In some cases, the Corporation's customers will have little experience with products like those offered by the Corporation. The Corporation's ability to influence usage of its products by customers will be limited or non-existent. The Corporation will spend considerable resources educating potential customers about the value of the Corporation's products. It is difficult to assess, or predict with any assurance, the present and future size of the potential market for the Corporation's products, or its growth rate, if any. Moreover, the Corporation cannot predict whether its products will achieve broad market acceptance. The Corporation's ability to achieve its business objectives also depends upon rapid market acceptance of future enhancements to its products. Any enhancement that is not favorably received by customers may not be profitable and, furthermore, could damage the Corporation's reputation or brand name.

j) Technological Change

The Digital Radiography industry is susceptible to technological advances and the introduction of new products utilizing new technologies. Further, the Digital Radiography industry is also subject to changing industry standards, market trends and customer preferences, and to competitive pressures which can, among other things, necessitate revisions in pricing strategies, price reductions and reduced profit margins. The success of the Corporation will depend on its ability to secure technological superiority in its products and maintain such superiority in the face of new products. While the Corporation believes that its products will be competitive, no assurances can be given that the products of the Corporation will be commercially viable or that further modification or additional products will not be required in order to meet demands or to make changes necessitated by developments made by competitors which might render the products of the Corporation less competitive, less marketable, or even obsolete over time. The future success of the Corporation will be influenced by its ability to continue to develop, or offer new competitive products through OEM relationships.

Although the Corporation is committed to the development of new products and the improvement of its existing products, there can be no assurance that these research and development activities will prove profitable, or that products or improvements resulting there from, if any, will be successfully produced and marketed. The Digital Radiography industry is characterized by technological change, changes in user and customer requirements, new product introductions and new technologies, and the emergence of new industry standards and practices that could render the Corporation's technology obsolete or have a negative impact on sales margins the Corporation's product may command. The Corporation's performance will depend, in part, on its ability to enhance its existing products, develop new proprietary technology that addresses the sophisticated and varied needs of its prospective customers and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis.

The development of technology entails significant technical and business risks. There can be no assurance that the Corporation will be successful in using new technologies effectively or adapting its products to customer requirements or emerging industry standards.

k) Strategic Alliances

The Corporation's growth and marketing strategies are based, in part, on seeking out and forming strategic alliances and working relationships with suppliers and distribution channels. To date, the strategic alliances negotiated by the Corporation have not been exclusive or restricted as to location or technological environment. This strategy has afforded the Corporation the necessary flexibility to broaden its distribution by increasing the number of strategic alliances and working relationships. There can be no assurance that existing strategic alliances and working relationships will not be terminated or modified in the future, nor can there be any assurance that new relationships, if any, will afford the Corporation the same flexibility under which the Corporation currently operates.

l) Resolution of Product Deficiencies

Difficulties in product design, performance and reliability could result in lost revenue, delays in customer acceptance of the Corporation's products and/or lawsuits, and would be detrimental, perhaps materially, to the Corporation's market reputation. Some product deficiencies are typically found during the period immediately following the introduction of new products or enhancements to existing products. Undetected software bugs or product performance problems may be discovered in the future. Moreover, known errors which the Corporation considers minor may be considered serious by its customers. If the Corporation's internal quality assurance testing or customer testing reveals performance issues and/or desirable feature enhancements, the Corporation could postpone the development and release of updates or enhancements to its current products or the release of new products. The Corporation may not be able to successfully complete the development of planned or future products in a timely manner, or to adequately address product defects, which could harm the Corporation's business and prospects. In addition, product deficiencies may expose the Corporation to liability claims, for which the Corporation may not have sufficient liability insurance. A successful law suit against the Corporation could harm its business and financial condition.

m) Management of Growth

The Corporation may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The Corporation's ability to manage its growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Corporation to deal with this growth could have a material adverse impact on its business, operations and prospects.

While management believes that it will have made the necessary investments in infrastructure to process anticipated volume increases in the short term, the Corporation may experience growth in the number of its employees and the scope of its operating and financial systems, resulting in increased responsibilities for the Corporation's personnel, the hiring of additional personnel and, in general, higher levels of operating expenses.

In order to manage its current operations and any future growth effectively, the Corporation will also need to continue to implement and improve its operational, financial and management information systems and to

hire, train, motivate, manage and retain its employees. There can be no assurance that the Corporation will be able to manage such growth effectively, that its management, personnel or systems and will be adequate to support the Corporation's operations.

n) Negative Cash Flow & Absence of Profits

The Corporation has been unable to consistently generate profits and there is no assurance that it will be able to in the future. A significant portion of the Corporation's financial resources will continue to be directed to working capital, the ongoing improvement and development of its products, and channel related marketing activities. There is no assurance that future revenues will be sufficient to generate the required funds to continue business development and marketing activities.

o) Exchange Rate Fluctuations

The Corporation will transact the majority of its sales in US dollars and Chinese Renminbi, while a large portion of the Corporation's operating expenses will be in Canadian dollars. Even though the Corporation periodically has hedging programs in place to manage the potential exposure to fluctuations in the US/CNY/Canadian dollar exchange rate, fluctuations in the US/CNY/Canadian dollar exchange rate will impact the Corporation's earnings and cash flows.

Currently the Corporation is not entering into any hedging programs due to the non-availability of a credit facility with its bank.

p) Expansion into International Markets

The Corporation may choose to invest significant financial and managerial resources to the continued improvement and development of its products. Should it find it necessary to do so, the cost of opening new offices abroad and hiring new personnel for such offices could significantly decrease the Corporation's profitability if such new offices do not generate sufficient additional revenue within the same fiscal period.

A key component of the Corporation's strategy will be to further expand into international markets including Latin America, the Middle East, and Asia and the Corporation must devote substantial resources to its international operations in order to succeed in these markets. In this regard, the Corporation may encounter difficulties such as: (i) unexpected changes in regulatory requirements and trade barriers applicable to the Corporation's business; (ii) challenges in staffing and managing foreign operations, including employment laws and practices in jurisdictions with different legal systems; (iii) seasonal reductions in business activity and economic downturns; (iv) longer payment cycles and problems in collecting accounts receivable; (v) different technology standards; and (vi) reduced protection for intellectual property rights in certain countries in which the Corporation may operate. In addition, the Corporation's focus on international markets subjects it to fluctuations in currency exchange rates and, depending on the jurisdiction, foreign currency exchange laws. Any of the foregoing difficulties of conducting business internationally could harm the Corporation's international operations and, consequently, its business and prospects.

q) Dependence on Third Party Suppliers

The Corporation has established relationships with certain third party suppliers upon whom it presently relies to provide certain key materials and components for completion of its products. In the event of the inability of these third parties to supply those materials and components in a timely manner or to supply materials and

components that continue to meet the Corporation's quality, quantity or cost requirements, the Corporation will be required to purchase these materials and components from another supplier. If another supplier who can supply the materials and components in a timely manner or that meet the Corporation's quality, quantity, or cost requirements cannot be found, then the Corporation's ability to manufacture its products will be negatively impacted.

Accounting standards issued but not yet adopted

IAS 7 *Statement of Cash Flows*. In January 2016, the IASB issued Disclosure Initiative – Amendments to IAS 7 Statement of Cash Flows, which require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This standard is effective for annual periods beginning on or after January 1, 2017. Early adoption is permitted and entities can apply this amendment prospectively.

IAS 12 - *Income Taxes.* In January 2016, the IASB issued amendments to IAS 12 Income Taxes, clarifying the accounting for deferred tax assets for unrealized losses. Entities must consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Guidance is also provided on how to determine future taxable profits and explains the circumstances whereby taxable profit may include the recovery of some assets for more than their carrying amount. This standard is effective for periods beginning on or after January 1, 2017. Early adoption of the standard is permitted.

IFRS 9 – *Financial Instruments* (“IFRS 9”) was issued by the IASB on December 16, 2011 and will replace the IAS 39 – *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having two categories: amortized cost and fair value.

The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial asset. IFRS 9 also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. This standard is mandatorily effective from January 1, 2018, with earlier application permitted.

IFRS15 – *Revenue from Contracts and Customers* ("IFRS 15") was issued by the IASB on May 28, 2014, and will replace IAS 18 – *Revenue*, IAS 11 – *Construction Contracts*, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual periods beginning on or after January 1, 2018.

IFRS 16 – *Leases* - On January 13, 2016, the IASB issued the final version of IFRS 16 *Leases*. The new standard will replace IAS 17 *Leases* and is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that also apply IFRS 15 Revenue from Contracts with Customers. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets.

IFRS 2 – *Share-based payment* – In June 2016 the IASB issued amendments to IFRS 2 to be applied for annual periods beginning on or after January 1, 2018 with early adoption permitted. The amendments clarify how to account for certain types of share-based payment transactions.

The Company is currently assessing the impact of the new standards on its consolidated financial statements but does not anticipate the standards having a significant impact on the Company's consolidated financial statements.