

IMAGIN MEDICAL INC.
(Formerly Expedition Mining Inc.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended March 31, 2016 and 2015

(Unaudited - Prepared by Management)

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

NOTICE

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

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

IMAGIN MEDICAL INC.
(Formerly Expedition Mining Inc.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited - Prepared by Management)

	March 31, 2016	September 30, 2015
	\$	\$
ASSETS		
Current assets		
Cash (Note 3)	493,645	4,990
Receivables and prepaids (Note 4)	297,459	-
Subscription receivable	-	28,515
Security deposits	5,750	-
	796,854	33,505
Equipment		
	936	-
Intangible asset (Note 6)	150,697	12,703
	948,487	46,208
LIABILITIES & SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Notes 8 & 9)	96,216	46,192
Shareholders' equity		
Share capital (Notes 10 & 13)	1,553,961	47,500
Obligation to issue shares	-	10,750
Share-based payment reserve	324,041	-
Deficit	(1,025,731)	(58,234)
	852,271	16
	948,487	46,208
Nature and continuance operations (Note 1)		
Basis of presentation (Note 2)		

Approved on behalf of the Board of Directors:

“Bill Galine”, Director

“Steve Chan”, Director

See notes to condensed interim consolidated financial statements

IMAGIN MEDICAL INC.
(Formerly Expedition Mining Inc.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the Three and Six Months Ended March 31

(Unaudited - Prepared by Management)

	Three Months Ended March 31, 2016 \$	Six Months Ended March 31, 2016 \$	Period from March 10 to March 31, 2015 \$
General and administrative expenses:			
Bank charges and interest	829	829	-
Consulting fees	64,635	76,262	-
Corporate and administration fees	8,485	14,485	-
Directors' fees (Note 9)	4,000	4,000	-
Filing and transfer agent fees	5,838	5,838	-
Legal & accounting fees (Note 9)	59,456	96,846	-
Listing expense	382,776	382,776	-
Management fees (Note 9)	60,340	60,340	-
Office, rent and insurance	11,990	11,990	-
Shareholders' communication, & promotion	5,398	11,398	-
Travel, meals & entertainment	3,650	5,454	-
	(607,397)	(670,218)	-
Other items:			
Amortization	(2,355)	(4,627)	-
Interest income	8	8	-
Foreign exchange	214	214	-
Stock-based compensation	(292,873)	(292,873)	-
Write-off of mineral property	(1)	(1)	-
	(920,119)	(967,497)	-
Net loss and comprehensive loss	(920,119)	(967,497)	-
Basic and diluted loss per share	(0.04)	(0.07)	(0.00)
Weighted average – number of shares outstanding	23,710,466	13,745,633	1

See notes to condensed interim consolidated financial statements

IMAGIN MEDICAL INC.
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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Six Months Ended March 31

(Unaudited - Prepared by Management)

	2016	Period from March 10 to March 31, 2015
	\$	\$
Cash provided by (used for):		
Operating activities		
Net loss for the period	(967,497)	-
Adjustments which do not affect cash:		
Amortization	4,627	-
Stock-based compensation	292,873	-
Listing expense	382,776	-
Write-off of mineral property	1	-
	(287,220)	-
Net changes in non-cash working capital items:		
Amounts receivable and prepaids	(183,927)	-
Accounts payable and accrued liabilities	(299,267)	-
	(769,784)	-
Investing activities		
Purchase of intangible asset	(142,538)	-
Cash obtained on acquisition	1,000	-
	(141,538)	-
Financing activities		
Issue of share capital, net	1,399,977	-
	1,399,977	-
Increase (Decrease) in cash	488,655	-
Cash - beginning of period	4,990	-
Cash - end of period	493,645	-

Supplementary disclosures:

Note 5 and 11 – Non-cash transactions

See notes to condensed interim consolidated financial statements

IMAGIN MEDICAL INC.
(Formerly Expedition Mining Inc.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited - Prepared by Management)

	Issued Share Capital		Share-Based Payment Reserve	Obligation to Issue Shares	Deficit	Total
	#	\$	\$	\$	\$	\$
Balance, September 30, 2015	3,889,113	25,527,873	3,919,385	-	(29,623,248)	(175,990)
Share exchange re acquisition of BSS Life Sciences	26,500,000	(25,527,873)	(3,919,385)	-	29,623,248	175,990
BSS Life Sciences equity	-	316,500	-	-	(58,234)	258,266
Share issue costs:						
- Imagin Medical Inc.	-	(85,567)	-	-	-	(85,567)
- BSS Life Sciences Inc.	-	(27,500)	-	-	-	(27,500)
Private Placement						
- Tranche 1	6,677,413	1,001,612	-	-	-	1,001,612
- Tranche 2	330,000	49,500	-	-	-	49,500
Warrants exercised	960,000	144,000	-	-	-	144,000
Shares for debt	1,036,108	155,416	-	-	-	155,416
Fair value of options granted	-	-	292,874	-	-	292,874
Fair value of brokers' warrants	-	-	31,167	-	-	31,167
Loss for the period	-	-	-	-	(967,497)	(967,497)
Balance, March 31, 2016	39,392,634	1,553,961	324,041	-	(1,025,731)	852,271

Changes in equity of BSS Life Sciences Inc. were as follows:

	Issued Share Capital		Share-Based Payment Reserve	Obligation to Issue Shares	Deficit	Total
	#	\$	\$	\$	\$	\$
Balance, March 10, 2015	1	1	-	-	-	1
Repurchase and cancellation of common share	(1)	(1)	-	-	-	(1)
Shares issued for cash	11,500,000	57,500	-	-	-	57,500
Subscriptions received	-	-	-	10,750	-	10,750
Share issue costs	-	(10,000)	-	-	-	(10,000)
Net loss for the period	-	-	-	-	(58,234)	(58,234)
Balance, September 30, 2015	11,500,000	47,500	-	10,750	(58,234)	16
Shares issued for cash	15,000,000	275,000	-	(10,750)	-	264,250
Share issue costs	-	(6,000)	-	-	-	(6,000)
Loss for the period	-	-	-	-	(65,093)	(65,093)
Balance, December 31, 2015	26,500,000	316,500	-	-	(123,327)	193,173

See notes to condensed interim consolidated financial statements

IMAGIN MEDICAL INC.
(Formerly Expedition Mining Inc.)
Notes to the Condensed Interim Consolidated Financial Statements
For the six months ended March 31, 2016
(Unaudited – Prepared by Management)

1. NATURE AND CONTINUANCE OF OPERATIONS

Imagin Medical Inc. (formerly Expedition Mining Inc.) is incorporated in the Province of British Columbia and its previous principal business activity was the acquisition and exploration of resource properties. On February 9, 2016, the Company completed the acquisition of BSS Life Sciences Inc. (“BSS”). BSS is a private Vancouver-based company that holds the intellectual property rights to a proprietary imaging technology developed for extremely accurate visualization of cancers. In connection with the acquisition, the Company changed its name to Imagin Medical Inc. and will now focus on its new principal business, which is to research, develop and commercialize medical devices in the bio-chemistry industry. For accounting purposes, the acquisition of BSS was treated as a reverse asset acquisition as the shareholders of BSS acquired control of the consolidated entity. BSS is considered the acquiring and continuing entity, and Imagin Medical Inc. was the acquired entity (see Note 5).

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

There can be no assurance that the Company will be able to continue to raise funds in the future in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statement of financial position.

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of **May 5, 2016**, the date the Board of Directors approved the consolidated financial statements.

These consolidated financial statements are presented in the Company’s reporting currency on a historical cost basis.

Statement of compliance to International Financial Reporting Standards

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

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended September 30, 2015.

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

New standards amendments and interpretations to existing standards not yet effective

Effective for annual reporting periods beginning on or after January 1, 2016

- IFRS 9, Financial Instruments
- IAS 1, Presentation of Financial Statements

The Company has not early adopted these new and amended standards and is currently assessing the impact that these standards will have on the Company's financial statements.

3. **CASH AND CASH EQUIVALENTS**

	March 31, 2016	September 30, 2015
	\$	\$
Canadian chartered bank		
- Deposits in Canadian banks	493,645	4,990
	493,645	4,990

4. **RECEIVABLES AND PREPAIDS**

	March 31, 2016	September 30, 2015
	\$	\$
GST/HST receivable	12,233	-
Interest receivable	246	-
Prepaid expense	284,980	-
	297,459	-

5. **REVERSE ASSET ACQUISITION**

On February 9, 2016, the Company completed the acquisition BSS Life Sciences Inc. ("BSS"). In connection with the closing, the Company issued 26,500,000 common shares to the shareholders of BSS (see note 10). As a result of the exchange, the transaction resulted in a reverse asset acquisition. Accordingly, BSS will be considered the continuing entity for accounting and financial reporting purposes and Imagin Medical Inc. ("Imagin"), the continuing public company, being the corporation acquired. As Imagin was a public 'shell' company, there was, in the opinion of management, no basis to reliably measure the consideration paid for it by BSS, other than to use the current carrying values of its assets acquired and liabilities assumed.

Accordingly, the purchase price allocation of the acquisition is based on the fair value of the net liabilities assumed, which was charged to operations as a listing expense.

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5. **REVERSE ASSET ACQUISITION** *(continued)*

The fair values of assets acquired and liabilities assumed are as follows:

Cash	\$	1,000
Other assets		120,301
Accounts payable		(504,077)
Net liabilities acquired	\$	(382,776)

For comparative purposes, the financial statement continuity presented herein is that of BSS. However, the continuity of issued share capital, prior and subsequent to the date of the acquisition, is that of Imagin.

6. **INTANGIBLE ASSET**

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

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

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

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

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

In the event that the Company grants sublicenses, LLNS will collect an issue fee equal to or greater than the license issue fee. The Company will pay to LLNS 50% of any license issue fee from sublicensing.

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

The license agreement will remain in effect until the expiration or abandonment of the last of the patent rights and are being depreciated straight line over 10 years.

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7. EXPLORATION AND EVALUATION ASSETS

Mt. Mervyn Property
Yukon Territory, Canada

In April 2011, the Company entered into an option agreement to acquire a 100% interest in the Mt. Mervyn gold property. The Mt. Mervyn property is located in the Mayo Mining District of central Yukon and is comprised of 314 unpatented mining claims. The remaining nominal amount of \$1 was written off during the period.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2016	September 30, 2015
	\$	\$
Trade accounts payable	91,290	42,442
Accrued liabilities	2,426	-
Due to related parties	2,500	3,750
	96,216	46,192

9. RELATED PARTY TRANSACTIONS

During the six months ended March 31, 2016, the Company paid or accrued \$71,340 (March 31, 2015 - \$nil) to directors and officers or companies controlled by directors and officers of the Company, for management, accounting, and directors fees incurred by the Company.

During the period, the Company issued 1,036,108 shares as a debt settlement of \$155,416 due to directors and officers for unpaid fees. In addition, the Company granted 900,000 incentive stock options at an exercise price of \$0.15, vesting immediately and expiring within 5 years. The fair value of the options granted was \$0.1464 for total share-based payment of \$131,760. Included in accounts payable are directors' fees payable of \$2,500 (September 30, 2015 - \$3,750), which are non-interest bearing, unsecured, and payable on demand. Fair value cannot be reliably determined.

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

10. SHARE CAPITAL

- a) Authorized: Unlimited number of common shares
- b) Issued:

During the six months ended March 31, 2016, the Company closed the acquisition of BSS. In connection with the closing, the Company:

- issued 21,500,000 common shares ("Acquisition shares") to the shareholders of BSS on a pro-rata basis. Of these, 11,500,000 shares are subject to escrow, to be released over three years (10% on the closing date and an additional 15% every six months thereafter);

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10. **SHARE CAPITAL** (continued)

- issued 10,000,000 warrants (“Acquisition Warrants”) to the holders of warrants of BSS on a pro-rata basis; each Acquisition Warrant is exercisable at \$0.15 per share for three years;
- issued 5,000,000 performance shares to certain shareholders of BSS. These shares are subject to escrow, and to be released upon the successful conclusion of a beta prototype pertaining to BSS Life’s technology which satisfactorily demonstrates the commercial viability of products based on such technology;
- closed a non-brokered financing of 7,007,413 units (“Unit”) at \$0.15 per Unit for gross proceeds of \$1,051,112. Each Unit is comprised of one common share (“Shares”) and one share purchase warrant (“Finance Warrant”). Each Finance Warrant is exercisable for a period of two years at \$0.25 in the first 12 months and at \$0.35 thereafter, provided that in the event the closing price of the Company’s Shares on the CSE is equal to greater than \$0.50 per share for 20 consecutive trading days at any time following four months after the date of closing the Acquisition, the Company may reduce the remaining exercise period of the Finance Warrants to not less than 30 days following the date of such notice. The private placement securities are subject to a four month hold period from the date of issuance. The Company paid a total of \$41,368 and issued a total of 245,786 brokers’ warrants @ \$0.15 per warrant expiring 2 years;
- completed a shares-for-debt transaction to settle \$155,416 of past debt owed to former directors and officers of EXU, by the issuance of 1,036,108 shares at a deemed price of \$0.15 per share. These shares are subject to a four month hold period from the date of issuance
- subsequent to the acquisition, 960,000 acquisition warrants with an exercise price of \$0.15 were exercised for total proceeds of \$144,000.

c) Stock options:

The continuity of share purchase options (post-consolidation) is as follows:

Expiry Date	Exercise Price	30-Sep-15	Granted	Exercised	Expired/ Cancelled	31-Mar-16
14-Feb-16	6.00	20,000	-	-	20,000	-
14-Feb-16	2.25	6,667	-	-	6,667	-
14-Feb-16	1.50	23,331	-	-	23,331	-
14-Feb-16	0.165	6,666	-	-	6,666	-
21-Apr-16	6.00	51,001	-	-	51,001	-
11-Jul-16	6.00	6,667	-	-	6,667	-
12-Jan-17	2.25	3,333	-	-	3,333	-
20-Mar-17	2.25	11,666	-	-	11,666	-
23-May-17	1.50	39,001	-	-	39,001	-
14-Dec-17	0.50	23,334	-	-	23,334	-
15-May-18	0.50	32,333	-	-	32,333	-
23-Jul-19	0.165	26,000	-	-	26,000	-
09-Feb-16	0.15	-	2,000,000	-	-	2,000,000
		249,999	-	-	249,999	2,000,000
Weighted average exercise price		\$ 2.79	-	-	2.79	\$ 0.15

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10. **SHARE CAPITAL** *(continued)*

c) Stock options:

Expiry Date	Exercise Price	30-Sep-14	Granted	Exercised	Expired/ Cancelled	31-Mar-15
15-Oct-14	2.25	3,333	-	-	(3,333)	-
10-Jun-15	0.50	26,667	-	-	-	26,667
28-Jul-15	0.50	23,667	-	-	-	23,667
21-Sep-15	0.75	3,333	-	-	-	3,333
21-Apr-16	2.00	81,000	-	-	-	81,000
11-Jul-16	2.00	6,667	-	-	-	6,667
12-Jan-17	0.75	3,333	-	-	-	3,333
20-Mar-17	0.75	25,000	-	-	-	25,000
23-May-17	0.50	52,333	-	-	-	52,333
14-Dec-17	0.50	36,667	-	-	-	36,667
15-May-18	0.50	52,333	-	-	-	52,333
23-Jul-19	0.055	39,333	-	-	-	39,333
		353,667	-	-	(3,333)	350,333
Weighted average exercise price		\$ 2.54	-	-	\$ 2.25	\$ 2.57

In connection with the acquisition, all incentive stock options were cancelled and the company granted 2,000,000 incentive stock options for distribution to directors, officers, employees and certain service providers. The incentive stock options have an exercise price of \$0.15 per share for a period of five years. The options are subject to a four month hold period from the date of issuance. The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions and resulting values:

	09-Feb-16	Total
Number of options granted	2,000,000	2,000,000
Risk-free interest rate	1.78%	1.78%
Estimated life	5.0	5.0
Share price at date of grant	\$0.15	\$0.15
Exercise price	\$0.15	\$0.15
Estimated annual volatility	200.71%	200.71%
Option fair value	\$0.1464	\$0.1464
Compensation cost	\$292,873	\$292,873

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10. **SHARE CAPITAL** *(continued)*

d) Share purchase warrants

A summary of the Company's outstanding share purchase warrants at March 31, 2016 and the changes during the period then ended is presented below:

	Number of warrants	Weighted average exercise price
Outstanding and exercisable at September 30, 2015	-	\$ -
Acquisition warrants	10,000,000	0.15
Private placement warrants	7,007,413	0.25
Brokers' warrants	245,786	0.15
	<u>17,253,199</u>	
Warrants exercised	(960,000)	0.15
Outstanding at March 31, 2016	16,293,199	\$ 0.19

The fair value for the 245,786 brokers' warrants issued during the period was determined to be \$31,167 using the Black-Scholes option-pricing model.

The fair value for the warrants was determined using the Black-Scholes option-pricing model with the following assumptions:

	23-Feb-16	09-Feb-16
Number of warrants	25,600	220.186
Risk-free interest rate	1.17%	1.17%
Expected life	2 years	2 years
Expected volatility	200.42%	200.42%
Call value	\$0.1268	\$0.1268

11. **NON CASH TRANSACATIONS**

The following non-cash transactions were recorded:

	March 31, 2016	September 30, 2015
Financing activities		
Brokers warrants in connection with Private Placement	\$ 31,167	\$ -

12. **CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS**

(a) Capital Management Objectives

The Company's primary objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders, and to have sufficient liquidity available to fund suitable business opportunities as they arise.

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12. **CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS** *(continued)*

(a) Capital Management Objectives

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

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

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

There were no changes in the Company's approach to capital management during the period ended March 31, 2016.

(b) Carrying Amounts and Fair Values of Financial Instruments

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

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

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

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

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

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at March 31, 2016.

	Level 1	Level 2	Level 3	Total
Cash	\$ 493,645	\$ –	\$ –	\$ 493,645
Security deposits	\$ 5,750	\$ –	\$ –	\$ 5,750

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12. **CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS** *(continued)*

(b) Carrying Amounts and Fair Values of Financial Instruments

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at September 30, 2015.

	Level 1	Level 2	Level 3	Total
Cash	\$ 4,990	\$ –	\$ –	\$ 4,990

13. **SUBSEQUENT EVENTS**

Subsequent to the period, 100,000 warrants were exercised for total proceeds of \$15,000.