**MATERIAL CHANGE REPORT**

**FORM 51-102F3**

1. **Name and Address of Company:**

LED Medical Diagnostics Inc. (“**LED**” or the “**Company**”)
Suite 810 – 580 Hornby Street
Vancouver, B.C. V6C 3B6

2. **Date of Material Change:**

January 20, 2017

3. **News Release:**

On January 20, 2017, a news release reporting the material change was issued through Market News Publishing Inc. and filed on SEDAR at www.sedar.com.

4. **Summary of Material Change:**

On January 20, 2017, LED announced that it had it has entered into a definitive purchase agreement to acquire 100% of Apteryx, Inc. (“Apteryx”). Apteryx is a profitable, software development company with well-established applications for the dental imaging market with strong brand recognition across the dental industry, including the United States armed forces, United States Government agencies and Dental Universities. LED expects this transaction to be immediately accretive, allowing the Company to reach profitability prior to the end of 2017. The Company expects the transaction to be closed in the first quarter of 2017, subject to financing and regulatory and other approvals customary for a transaction of this nature. Apteryx was founded by Kevin Crucs in 1995. It has 18 employees and is headquartered in Akron, Ohio.

LED also announced that the transaction will be financed primarily by an equity financing by way of a brokered private placement of units of LED (the “Units”) priced at C$0.06 per Unit, for gross proceeds of approximately C$11,000,000. Each Unit will consist 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. In addition, the transaction will also be financed by a debt financing by way of a brokered private placement of 12% senior secured debentures of the Company (the “Debentures”) of approximately C$2 million, maturing 24 months from the closing date (the “Closing Date”) of the acquisition. The Company intends to grant a total of 2,550,000 common shares of the Company as a loan bonus to the holders of the Debentures in connection with the issuance of the Debentures.

5. **Full Description of Material Change:**

On January 20, 2017, LED announced that it had it has entered into a definitive purchase agreement to acquire 100% of Apteryx. Apteryx is a profitable, software development company with well-established applications for the dental imaging market with strong brand recognition across the dental industry, including the United States armed forces, United States Government agencies and Dental Universities. LED expects this transaction to be immediately accretive, allowing the Company to reach profitability prior to the end of 2017. The Company expects the transaction to be closed in the first quarter of 2017, subject to financing and regulatory and other approvals customary for a transaction of this nature. Apteryx was founded by Kevin Crucs in 1995. It has 18 employees and is headquartered in Akron, Ohio.

Pursuant to the binding agreement, LED will purchase 100% of the capital stock of Apteryx for US$10.25 million, subject to adjustment, of which US$6,800,000 is payable in cash at closing, US$700,000 payable in cash in tranches over 18 months, a hold back of US$500,000 and US$2,250,000 of which is payable in common shares of LED, based on a price per share of CDN$0.07. Eighty percent (80%) of the consideration shares will be issued at closing and will be subject to an escrow agreement, with staged releases over 24 months. The balance of the consideration shares will be issued 24 months after the closing, subject to any required TSX Venture Exchange approval, or settled in cash at the option of LED. Following the transaction, Kevin Crucs will join the senior management team of LED and will continue to lead the Apteryx business as a significant shareholder of LED. Apteryx will operate as a standalone subsidiary of LED.

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The proceeds of the equity and debt private placements will be held in escrow pending closing of the acquisition. The net proceeds will be used by LED to fund the cash portion of the acquisition price, and for working capital and general corporate purposes. All securities issued in connection with the transaction will be subject to a hold period expiring four months and one day after the Closing Date.

Bloom Burton Securities Inc. is acting as sole agent and financial advisor to LED for the acquisition of Apteryx and related financings. In connection with the Unit offering, the Agent will receive a cash commission of 7% of the gross proceeds of the offering and non-transferable broker units equal to 7% of the aggregate number of Units sold under the offering. In connection with the Debenture offering, the Agent will receive a cash commission of 4% of the gross proceeds of the offering and non-transferable broker units equal to 4% of the principal amount raised in the Debenture financing divided by $0.10. Each broker unit will consist of one common share of LED 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 CDN$0.10 per common share.

The acquisition and transaction financing are subject to the approval of the TSX Venture Exchange. The acquisition qualifies as an “expedited acquisition” under the policies of the TSX Venture Exchange.

6. **Reliance on subsection 7.1(2) of National Instrument 51-102:**

Not applicable.

7. **Omitted Information:**

No significant facts otherwise required to be disclosed in this report have been omitted.

8. **Executive Officer:**

For further information, please contact:

David Gane, CEO
LED Medical Diagnostics Inc.
Phone: (604) 434-4614 x 227
Email: david.gane@leddental.com

9. **Date of Report:**

January 30, 2017