

## **INFORMATION UPDATE September 20, 2010**

### **1. Annual General Meeting**

L.O.M. Medical International Inc. ( LOMM ) has been working to meet the requirements for calling an Annual General Meeting. However, in order to hold an AGM the company has obligations to:

- a) Send notice to as many of the approximately 750 shareholders as possible after reasonable efforts have been made to locate them; and
- b) Deliver Financial Statements to these shareholders.

When LOMM's current Board of Directors and management ('we') assumed control of LOMM we discovered that shareholder contact information had not been updated for years. We have been employing various means to update our shareholder contact information. When all of the Financial Statements which LOMM and LOM Laboratories (LOML) are required to prepare are completed, we have exhausted reasonable efforts to locate our 750 shareholders, our lawyers have prepared the legal documentation involved and the shareholders have been notified, an AGM will be held. The proposed timeframe is for February, 2011.

### **2. Financial Statements and Corporate Tax Returns**

#### **a) L.O.M. Medical International Inc. (LOMM)**

When LOMM's current Board and management assumed control and management of LOMM we discovered that Financial Statements for LOMM for the May 31, 2005, 2006 and 2007 fiscal year-ends had not been prepared and a monthly Statement of Earnings and Balance Sheet for the first half of 2008 had not been prepared. We discovered that Canadian Federal Government and Provincial Government Income Tax Returns, United States Income Tax Returns and GST filings for the above periods had not been prepared or filed.

We have made steady progress towards bringing LOMM's accounting records and income tax filings current. This has been a challenge and has taken many months. Initially, we had to examine and organize the business records and determine what was missing. We did not find bank statements or cancelled cheques in the files and these had to be purchased from the BC bank for the various bank accounts. Obtaining these voluminous records from the bank took almost five months. These banking records were necessary to enable our bookkeeper and accountant to prepare the Financial Statements. Our bookkeeper had to enter all data onto up-to-date accounting software as the computer software we found in the files was either inaccessible or not useable.

Our chartered accountants have now completed the LOMM Financial Statements for the May 31, 2005, 2006, 2007 and 2008 fiscal year-ends. We expect that they will complete the May 31, 2009 Financial Statement before the second week of October and the May 31, 2010 Financial Statement by the end of October.

Our chartered accountants have now prepared the LOMM Federal and Provincial Governments Corporate Tax Returns for the May 31, 2005, 2006, 2007 and 2008 fiscal year-ends. They will prepare the Tax Returns for May 31, 2009 and 2010 when the Financial Statements have been finalized.

**b) LOM Laboratories Inc. (LOML)**

When LOML's current Board of Directors and management assumed control and management of LOML we discovered that Financial Statements for the May 31, 2004, 2005, 2006 and 2007 fiscal year-ends had not been prepared. We discovered that Canadian Federal Government and Provincial Government Income Tax Returns and GST filings for the above periods had not been prepared or filed.

Our chartered accountants have now completed the LOML Financial Statements for the May 31, 2004, 2005, 2006, 2007 and 2008 fiscal year-ends. We expect that they will complete the May 31, 2009 Financial Statement before the second week of October and the May 31, 2010 Financial Statement by the end of October.

Our accountants have now prepared the LOML Canadian Federal and Provincial Governments Corporate Tax Returns for the May 31, 2004, 2005, 2006, 2007 and 2008 fiscal year-ends. They will prepare the Tax Returns for May 31, 2009 and 2010 when the Financial Statements have been finalized.

**3. State of Product Development Inherited by current LOM management and Boards**

When the current Boards of Directors and management (we) of LOMM and LOML assumed control and management we discovered that: 1) a useable and workable design for Second Generation syringe parts moulds had not been designed; 2) Second Generation syringe parts moulds had not been manufactured; 3) Second Generation syringe parts had not been manufactured; and 4) a manufacturing system and process for the manufacture of 'gas cells' had not been designed or manufactured.

We have: 1) designed Second Generation syringe parts moulds; 2) manufactured production quality syringe parts moulds and tools; 3) produced test samples of syringe components; and 4) are waiting for confirmation from our engineering and manufacturing contractors of the completion of the development of our manufacturing system and process for the manufacture of 'gas cells'.

Our syringe parts moulds manufacturer is presently making a minor size adjustment to the mould which produces the smallest seal and are polishing the stainless steel surface of the syringe barrel mould to achieve a higher clarity to the aesthetics of the barrel.

The key to our ability to penetrate, and capture market share of, the world syringe markets and to provide an exit strategy for shareholders is to create a manufacturing system for the low cost, high speed automated production of 'gas cells'. What we have been working to create has not been done before and we believe that we have met the engineering challenges involved in creating such a system. When we have proven confirmation from our manufacturing contractors we will provide a further update.

## **4. Scientific Research and Experimental Development Application**

We have engaged Canada's leading Scientific Research and Experimental Development (SR&ED) consulting firm to file an application for the federal tax credits and provincial cash credits available to us for qualifying development work. Upon completion of our Financial Statements we will make our applications. For qualifying development work the Provincial Government offers cash credits and the Federal Government offers Tax Credits which carry forward for up to 20 years. The benefits of this government program have been available since 1985. When we assumed control and management we could not find any records indicating that an application had been made to enable LOM to benefit from the cash and tax credits benefits of this program.

## **5. Patent Applications Pending**

Second Generation Patent Applications were filed in the fall 2005. Our patent lawyers have informed us that due to the volumes of, and backlogs in processing, Patent Applications received by the Patent Offices around the world that it can take several years before Patent Offices begin to process Patent Applications received from applicants. In early 2010, the Patent Application review process began at each of the USA, European and Canadian Patent Offices with what is called "Patent Examination". At this stage of the Patent Application process Patent Examiners with each Patent Office examine and evaluate, in minute detail, our Second Generation Patent Applications. During the first three quarters of the year our patent lawyers and management have been working through this complex and technical stage of the Patent Application prosecution process. The prosecutions of our Patent Applications at these Patent Offices have been proceeding favourably. We expect that over coming months that the patent examination process will begin at the other Patent Offices with which our Second Generation Patent Applications are filed. Amongst the Patent Offices on 4 continents at which our second Generation Patent Applications are filed, Mexico started this process first and has issued a Patent for our second generation product.