Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

MIRACULINS INC.

Three months ended February 29, 2012
(Unaudited)

In accordance with National Instruments 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these unaudited financial statements for the three months ended February 29, 2012.

MIRACULINS INC.

Condensed Interim Statements of Financial Position
(Unaudited)

	Note	February 29, 2012	November 30, 2011	December 1, 2010
Assets				
Current assets:				
Cash		$ 373,375	$ 683,169	$ 126,825
Accounts receivable		58,198	62,707	14,874
Prepaid expenses		12,083	8,581	9,108
Inventory		185,432	179,829	178,750
Total current assets		629,088	934,286	329,557
Non-current assets:				
Property and equipment	4	20,667	38,970	61,610
Intangible assets	5	990,611	980,348	942,108
Total non-current assets		1,011,278	1,019,318	1,003,718
Total assets		**$ 1,640,366**	**$ 1,953,604**	**$ 1,333,275**
Liabilities and Shareholders' (Deficiency) Equity				
Current liabilities:				
Accounts payable and accrued liabilities		$ 160,234	$ 234,522	$ 210,500
Accrued interest on long-term debt	9	45,902	16,154	-
Due to related party		-	-	255,125
Current portion of obligation under finance lease	6	11,415	9,704	9,233
Current portion of royalty obligation	7	39,000	37,000	-
Obligation under project funding agreement		-	-	7,987
Deferred collaborative research and option fees	8	55,860	10,995	54,164
Total current liabilities		312,411	308,375	537,009
Non-current liabilities				
Long-term debt	9	894,767	884,118	-
Royalty obligation	7	720,000	691,000	547,000
Obligation under finance lease	6	4,504	7,007	16,711
Total non-current liabilities		1,619,271	1,582,125	563,711
Shareholders' (deficiency) equity:				
Share capital	10	8,965,053	8,900,757	7,482,590
Contributed surplus		2,419,694	2,076,021	1,865,824
Warrants	10	-	214,131	394,764
Deficit		(11,676,063)	(11,127,805)	(9,510,623)
Total (deficiency) equity		(291,316)	63,104	232,555
Going concern	2			
Commitments and contingencies	11			
Subsequent events	6, 10 & 16			
Total liabilities and equity		**$ 1,640,366**	**$ 1,953,604**	**$ 1,333,275**

The accompanying notes are an integral part of these condensed interim financial statements

Condensed Interim Statements of Net Loss and Comprehensive Loss
(Unaudited)

	Note	Three months ended February 29, 2012	Three months ended February 28, 2011
Expenses			
General and administration		$ 374,158	$ 201,593
Research and development		133,013	125,005
Total operating expenses		(507,171)	(326,598)
Collaborative research and option fees		31,575	23,213
Finance income (costs)			
Finance expense		(72,278)	(31,584)
Finance income		1,471	2,044
Foreign exchange (loss) gain, net		(1,855)	388
Net finance costs		(72,662)	(29,152)
Net loss and comprehensive loss for the period		$ (548,258)	$ (332,537)
Basic and diluted loss per share	10	$ (0.01)	$ (0.01)

The accompanying notes are an integral part of these condensed interim financial statements

MIRACULINS INC.

Condensed Interim Statement of Changes in Shareholders' (Deficiency) Equity
(Unaudited)

	Note	Share Capital	Contributed Surplus	Warrants	Deficit	Total
Balance, November 30, 2010		$ 7,482,590	$ 1,865,824	$ 394,764	$ (9,510,623)	$ 232,555
Loss and comprehensive loss for the period		-	-	-	(332,537)	(332,537)
Transactions with owners, recorded directly in equity						
Issue of common shares	10	488,210	-	-	-	488,210
Share-based payments	10	-	10,776	-	-	10,776
Warrants issued	10	-	-	161,229	-	161,229
Warrants expired	10	-	88,338	(88,338)	-	-
Warrants exercised	10	316,683	-	(73,805)	-	242,878
Total transactions with owners		804,893	99,114	(914)	-	903,093
Balance, February 28, 2011		8,287,483	1,964,938	393,850	(9,843,160)	803,111

	Note	Share Capital	Contributed Surplus	Warrants	Deficit	Total
Balance, November 30, 2011		$ 8,900,757	$ 2,076,021	$ 214,131	$ (11,127,805)	$ 63,104
Loss and comprehensive loss for the period		-	-	-	(548,258)	(548,258)
Transactions with owners, recorded directly in equity						
Issue of common shares	12	64,296	-	-	-	64,296
Share-based payments	10	-	129,542	-	-	129,542
Warrants expired	10	-	214,131	(214,131)	-	-
Total transactions with owners		64,296	343,673	(214,131)	-	193,838
Balance, February 29, 2012		$ 8,965,053	$ 2,419,694	$ -	$ (11,676,063)	$ (291,316)

The accompanying notes are an integral part of these financial statements

MIRACULINS INC.

Condensed Interim Statements of Cash Flows
(Unaudited)

	Note	Three months ended February 29, 2012	Three months ended February 28, 2011
Cash provided by (used in):			
Operating activities:			
Net loss and comprehensive loss for the period		$ (548,258)	$ (332,537)
Adjustments for:			
Loss on disposal of property and equipment		-	483
Amortization		4,703	5,125
Write-down of intellectual property	5	-	23,186
Stock-based compensation	10	129,542	10,776
Accretion of royalty obligation	7	31,000	23,248
Non-cash interest expense		10,649	-
Change in the following:			
Accounts receivable		4,509	(2,652)
Prepaid expenses		(3,502)	(1,186)
Inventory		(5,603)	-
Accounts payable and accrued liabilities		(9,992)	(102,004)
Accrued interest on long-term debt		29,748	-
Due to related party		-	(1,515)
Obligation under project funding agreement		-	(7,987)
Deferred collaborative research and option fee		44,865	(23,213)
		(312,339)	(408,276)
Financing activities:			
Issuance of common shares and warrants, net of share issue costs		-	892,317
Repayment of obligation under capital lease		(792)	(2,263)
		(792)	890,054
Investing activities:			
Purchase of property and equipment		(1,267)	(1,691)
Proceeds on sale of property and equipment		18,925	-
Patent and trademark costs		(14,321)	(11,198)
		3,337	(12,889)
(Decrease) increase in cash		(309,794)	468,889
Cash, beginning of the period		683,169	126,825
Cash, end of the period		$ 373,375	$ 595,714
Supplemental cash flow information:			
Non-cash financing activities:			
Warrants issued as share issue costs	10	$ -	$ 24,701
Shares issued to settle amount payable	12	$ 64,296	$ -

The accompanying notes are an integral part of these condensed interim financial statements

1. Reporting entity:

Miraculins Inc. (the "Company") is a company domiciled and incorporated in Canada. The address of the Company's registered office is 6-1250 Waverley Street, Winnipeg, Manitoba, Canada. The Company's common shares are publicly traded on the TSX Venture Exchange. The Company has as its main focus the acquisition and/or development of diagnostic opportunities in areas where there are unmet clinical needs. To date, the Company has no products on commercial production or use.

2. Basis of preparation of financial statements:

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting.* These are the Company's first interim financial statements prepared in accordance with IFRSs and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied. The condensed interim financial statements do not include all of the information required for full annual financial statements.

An explanation of how the transition to IFRSs has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 16. This note includes reconciliations of equity and total net loss and comprehensive loss for comparative periods and of the equity at the date of transition reported under the previous Canadian Generally Accepted Accounting Principles ("GAAP") to those reported for those periods and at the date of transition under IFRSs.

The interim financial statements were authorized for issue by the Board of Directors on May 23, 2012.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Going concern

These financial statements have been prepared using IFRSs that are applicable to a going concern, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There is substantial doubt about the Company's ability to continue as a going concern. The Company has experienced operating losses and cash outflows from operations since incorporation and has not reached successful commercialization of its products.

The Company's future operations are dependent upon its ability to generate product sales, negotiate collaboration or license agreements with upfront payments, obtain research grant funding, and secure additional funds. While the Company is striving to achieve these plans, there is no assurance that these and other strategies will be achieved or such sources of funds will be available or obtained on favourable terms or obtained at all. If the Company cannot generate product sales, negotiate collaboration or license agreements with upfront payments, obtain research grant funding, or if it cannot secure additional financing on terms that would be acceptable to it, the Company will have to consider additional strategic alternatives which may include, among other strategies, exploring the monetization of certain intangible assets as well as seeking to outlicense and/or divest assets.

2. Basis of preparation of financial statements (continued):

(c) Going concern (continued)

The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities and commitments when due is dependent on the successful completion of the actions taken or planned, some of which are described above, which management believes will mitigate the adverse conditions and events which raise doubt about the validity of the going concern assumption used in preparing these financial statements. There is no certainty that these and other strategies will be sufficient to permit the Company to continue as a going concern.

These financial statements do not reflect adjustments in the carrying values of the Company's assets and liabilities, expenses, and the balance sheet classification used, that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

(d) Functional and presentation currency

The financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented has been rounded to the nearest dollar except where indicated otherwise.

(e) Use of estimates and judgments

The preparation of these financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management applying the Company's accounting policies and the key sources of estimation uncertainty are expected to be the same as those to be applied in the first annual IFRS financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements and Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial years are included in the following notes:

- Note 3f(i) Research and development costs
- Note 3f(ii) Acquired intellectual property
- Note 3f(iii) Patents and trademarks
- Note 3f(iv) Technology licenses
- Note 3i(ii) Share-based compensation
- Note 3h(ii) Impairment of non-financial assets

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening IFRS statement of financial position at December 1, 2010 for the purposes of the transition to IFRSs, unless otherwise indicated.

(a) Foreign currency transactions

Transactions in foreign currencies are translated at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated at the exchange rate at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(b) Financial instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: loans and receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise other receivables.

(ii) Non-derivative financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company has the following non-derivative financial liabilities which are classified as other financial liabilities: accounts payable and accrued liabilities, accrued interest on long-term debt, due to related party, obligation under project funding agreement, long-term debt and royalty obligation.

All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Share capital

Common voting shares are classified as equity. Incremental costs directly attributable to the issue of common voting shares are recognized as a deduction from equity, net of any tax effects.

(iv) Warrants

Warrants are classified as equity. Incremental costs directly attributable to the exercise of warrants and related issue of common voting shares are recognized as a deduction from equity, net of any tax effects.

(c) Revenue recognition

Revenue from the sale of goods will be measured by reference to the fair value of consideration received or receivable for goods supplied. Revenue from sales will be recognized when all the following conditions have been satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods which is generally when the goods leave the Company's premises.
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, which is again when the goods leave the Company's premises.
- The amount of revenue can be measure reliably.
- It is probable that the economic benefits associated with the transaction will flow to the Company, and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Company may enter into sales agreements with customers that have multiple element arrangements. When these multiple elements have stand-alone value to the customer, the components are accounted for separately, based on the relative selling prices, using the appropriate revenue recognition criteria as described above.

Royalty and license revenues will be recognized in revenue once an option to license a technology is exercised and as the contracted services are performed in accordance with the terms of the specific agreement.

Up-front payments and option fees received for the use of technology where further services are to be provided or fees received on the signing of collaborative research agreements are recognized over the period of performance of the related activities within collaborative research and option fees on the statement of net loss and comprehensive loss. Amounts received in advance of recognition are included in deferred collaborative research and option fees.

(d) Inventory

Inventory consists of parts to be used in the manufacture of finished medical devices that are intended to be held for resale, as well as finished and assembled medical devices. Inventory is valued at the lower of cost and net realizable value.

(e) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. The costs of the day-to-day servicing of property and equipment are recognized in the statement of loss and comprehensive loss in the period in which they are incurred.

3. Significant accounting policies (continued)

(e) Property and equipment (continued)

(ii) Amortization

Amortization is recognized in profit or loss over the estimated useful lives of each part of an item of property and equipment in a manner which most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Asset	Basis	Rate
Computer equipment	Straight-line	30%
Scientific equipment	Diminishing balance	20%
Equipment under capital lease	Straight-line	20%
Office equipment	Diminishing balance	20%
Leasehold improvements	Straight-line	20%

As at November 30, 2011, the Company's scientific equipment and equipment under capital lease were no longer in use and were being held for resale. Equipment held for resale is stated at the lower of cost, net of previously recorded amortization, and fair value less costs to sell.

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(f) Intangible assets

(i) Research and development

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. No development costs have been capitalized to date.

(ii) Acquired intellectual property

Costs incurred for acquired intellectual property will be amortized over the estimated period that it is available for use in the manner intended by management, which is estimated to be three to five years.

(iii) Patents and trademarks

Costs incurred for patents and trademarks are capitalized and amortized from the date of issuance on a straight-line basis over their respective legal lives or economic life, if shorter. Trademarks have an indefinite life. Costs incurred in successfully obtaining a patent or trademark are measured at cost less accumulated amortization and accumulated impairment losses. The cost of servicing the Company's patents and trademarks is expensed as incurred.

(iv) Technology licenses

Technology licenses are recorded at cost and amortized over their estimated useful life.

3. Significant accounting policies (continued)

(f) Intangible assets (continued)

(v) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

(g) Leased assets

Leases with terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. The obligation under capital lease reflects the present value of future lease payments, discounted at the appropriate interest rate, and is reduced by rental payments net of imputed interest. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognized in the Company's statement of financial position.

(h) Impairment

(i) Financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired.

If such evidence exists, the Company recognizes an impairment loss for financial assets carried at amortized cost. The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

(ii) Non-financial assets

The carrying amounts of the long-lived non-financial assets, including intangible assets and property and equipment, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets that have indefinite lives and intangible assets not yet put into use are evaluated for impairment at least annually.

An impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell or its value in use. The fair value less costs to sell calculation is based on available data from observable market prices, less incremental costs. The value in use calculation is based on a discounted cash flow model. These calculations require the use of estimates and forecasts of future cash flows. Qualitative factors, including market size and market growth trends, strength of customer demand and degree of variability in cash flows, as well as other factors, are considered when making assumptions with regard to future cash flows and the appropriate discount rate. A change in any of the significant assumptions or estimates used to evaluate the underlying assets could result in a material change to the results of operations.

3. Significant accounting policies (continued)

(h) Impairment

(ii) Non-financial assets

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed, to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment had been recognized. Write-downs as a result of impairment are recognized in research expense in the statement of comprehensive loss.

(i) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(ii) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognized as a personnel expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions. In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

(j) Government grants

An unconditional government grant related to research and development activities is recognized in profit or loss as a deduction from the related expenditure when the grant becomes receivable. Grants that compensate the Company for the cost of an asset are recognized in profit or loss on a systematic basis over the useful life of the asset.

Other government grants are recognized initially as deferred income when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. Grants that compensate the Company for expenses incurred are recognized in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognized. Grants that compensate the Company for the cost of an asset are recognized in profit or loss on a systematic basis over the useful life of the asset.

(k) Finance income and finance costs

Finance income comprises interest income on funds invested which is recognized as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings which are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

3. Significant accounting policies (continued)

(l) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Scientific research and experimental development tax credits, which are earned as a result of incurring qualifying research and development expenditures, are recorded as a reduction of the related expense or cost of the asset acquired when there is reasonable assurance that they will be realized.

(m) Earnings (loss) per share

The Company presents basic earnings per share ("EPS") data for its common voting shares. Basic EPS is calculated by dividing the profit or loss attributable to common voting shareholders of the Company by the weighted average number of common voting shares outstanding during the period, adjusted for own shares held. Common voting share equivalents have been excluded from the calculation of diluted loss per share as their effect is anti-dilutive.

(n) New standards and interpretations not yet adopted

Certain new standards, interpretations and amendments to existing standards issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are not yet effective up to the date of issuance of the Company's financial statements are listed below. The Company is assessing the impact of these pronouncements on its results and financial position. The Company intends to adopt those standards when they become effective.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 reflects the first phase of the IASB's work on the replacement of IAS 39 - Financial Instruments, Recognition and Measurement, and deals with the classification and measurement of financial assets and financial liabilities. This standard establishes two primary measurement categories for financial assets, amortized cost and fair value, and eliminates the existing categories or held-to-maturity, available-for-sale and loans and receivables. The new classification will depend on the entity's business model and contractual cash flow characteristics of the financial asset. In December 2011 the IASB issued an amendment to IFRS 9 to defer the mandatory effective date to annual periods on or after January 1, 2015.

3. Significant accounting policies (continued)

(n) New standards and interpretations not yet adopted (continued)

IFRS 13 - Fair Value Measurement

In May 2011, the IASB published IFRS 13 - Fair Value Measurement, which is effective prospectively for annual periods beginning on or after January 1, 2013. IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income. IFRS 13 explains 'how' to measure fair value when it is required or permitted by other IFRSs. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The Company intends to adopt IFRS 13 prospectively in its financial statements for the annual period beginning on December 1, 2013. The Company does not expect IFRS 13 to have a material impact on the financial statements.

4. Property and equipment:

Cost	Computer and office equipment	Equipment held for Resale	Scientific equipment	Leasehold improvements	Total
Balance December 1, 2010	$ 19,538	$ -	$ 143,568	$ 125,644	$ 288,750
Additions	2,621	-	-	-	2,621
Transfer to equipment held for resale	-	143,568	(143,568)	-	-
Disposals	(9,539)	(102,192)	-	-	(111,731)
Change due to write-downs	-	(6,210)	-	-	(6,210)
Balance November 30, 2011	12,620	35,166	-	125,644	173,430
Additions	1,267	-	-	-	1,267
Disposals	-	(18,925)	-	(125,644)	(144,569)
Balance February 29, 2012	$ 13,887	$ 16,241	$ -	$ -	$ 30,128

Accumulated Amortization	Computer and office equipment	Equipment held for Resale	Scientific equipment	Leasehold improvements	Total
Balance December 1, 2010	$ 17,053	$ -	$ 85,093	$ 124,994	$ 227,140
Amortization	819	-	17,099	650	18,568
Disposals	(9,056)	-	(102,192)	-	(111,248)
Balance November 30, 2011	8,816	-	-	125,644	134,460
Additions	645	-	-	-	645
Disposals	-	-	-	(125,644)	(125,644)
Balance February 29, 2012	$ 9,461	$ -	$ -	$ -	$ 9,461

Carrying value	Computer and office equipment	Equipment held for Resale	Scientific equipment	Leasehold improvements	Total
At December 1, 2010	$ 2,485	$ -	$ 58,475	$ 650	$ 61,610
At November 30, 2011	$ 3,804	$ 35,166	$ -	$ -	$ 38,970
Balance February 29, 2012	$ 4,426	$ 16,241	$ -	$ -	$ 20,667

5. Intangible assets:

Cost		Patents		Trademarks		Technology licence		Acquired intellectual property		Total
Balance December 1, 2010	$	90,769	$	11,882	$	20,770	$	818,687	$	942,108
Additions		98,417		3,732		10,000		-		112,149
Change due to write-downs		(52,341)		-		-		-		(52,341)
Balance November 30, 2011		136,845		15,614		30,770		818,687		1,001,916
Additions		12,340		1,981		-		-		14,321
Disposals		-		-		(20,770)		-		(20,770)
Balance February 29, 2012	$	149,185	$	17,595	$	10,000	$	818,687	$	995,467

Accumulated amortization		Patents		Trademarks		Technology licence		Acquired intellectual property		Total
Balance December 1, 2010	$	-	$	-	$	-	$	-	$	-
Amortization		798		-		20,770		-		21,568
Balance November 30, 2011		798		-		20,770		-		21,568
Amortization		308		-		3,750		-		4,058
Disposals		-		-		(20,770)		-		(20,770)
Balance February 29, 2012	$	1,106	$	-	$	3,750	$	-	$	4,856

Carrying amounts		Patents		Trademarks		Technology licence		Acquired intellectual property		Total
At December 1, 2010	$	90,769	$	11,882	$	20,770	$	818,687	$	942,108
At November 30, 2011	$	136,047	$	15,614	$	10,000	$	818,687	$	980,348
Balance February 29, 2012	$	148,079	$	17,595	$	6,250	$	818,687	$	990,611

The Company has considered indicators of impairment as of December 1, 2010, November 30, 2011, and February 29, 2012. As part of its ongoing review of all intellectual property, the Company did not record an impairment write-down during the three months ended February 29, 2012 (Three months ended February 28, 2011 - $23,186). The impairment losses recorded to date relate to patent applications no longer being pursued which consequently have no future value associated with them.

Amortization and derecognition expenses are recognized in research and development expense.

5. Intangible assets (continued):

On October 15, 2008, the Company acquired worldwide rights to commercialize a portfolio of biomarkers for use in developing diagnostic assays for the early detection of preeclampsia from Mount Sinai Hospital ("MSH") in Toronto, Canada. The Company pays an annual license maintenance fee beginning on October 15, 2011, the third anniversary date of the agreement. The Company will also pay a royalty to MSH, subject to minimum annual royalties, of a stipulated percentage of the net sales of licensed products, if any, along with other milestone payments. If the Company sub-licenses any rights under the agreement to a third party, the Company shall pay MSH a stipulated percentage of sub-license fee and sub-license royalty fee (Note 11(c)). The royalty, sub-license, and sub-license royalty fees, if any, are to be paid either monthly or quarterly. The agreement terminates on the expiration or final determination of the invalidity of the last patent issued under the agreement. On January 8, 2010, the Company and MSH amended the royalty and fee structure of the agreement (Note 10). There were no sales of licensed products to February 29, 2012.

6. Obligation under finance lease:

The obligation under the finance lease is repayable in monthly installments of $860 including interest, calculated at an imputed rate of 5% and matures in July 2013. The finance lease outstanding is as follows:

	February 29, 2012	November 30, 2011	December 1, 2010
Scientific equipment lease contract	$ 15,919	$ 16,711	$ 25,944
Current portion of obligation under finance lease	(11,415)	(9,704)	(9,233)
	$ 4,504	$ 7,007	$ 16,711

Minimum lease payments over the term of the lease are as follows:

2013	$ 9,460
2014	6,880
Total minimum lease payments	16,340
Amount representing interest	421
Balance of the obligation	$ 15,919

Interest expense incurred on this lease for the year ended November 30, 2011 amounts to $69 (2011 - $317).

On April 9, 2012, a payment of $15,919 in regards to the finance lease was made and there is no further obligation under this lease.

7. Royalty obligation:

On September 3, 2010, the Company completed the acquisition of all relevant assets, including intellectual property, licenses and regulatory approvals, inventories, data and marketing materials required to commercialize the PreVu Skin Cholesterol Test ("PreVu") from PreMD Inc. ("PreMD").

Miraculins is obligated to pay a 10 percent ongoing royalty on gross revenue associated with PreVu to PreMD (Note 11(c)). The Company retains the right to buy-out the royalty at anytime for a one-time payment of $1,000,000. The initial value assigned to the royalty obligation, based on an expected value approach, was estimated at $547,000. The royalty obligation is revalued each period and its value at February 29, 2012 was $759,000 (November 30, 2011 - $728,000 and December 1, 2010 - $547,000). The accretion of the royalty obligation for the three months ended February 29, 2012 of $31,000 (Three months ended February 28, 2011 - $23,248) is recorded within interest expense on the statement of net loss and comprehensive loss.

8. Deferred collaborative research and option fees:

The Company recognizes collaborative research and option fees income, if any, when underlying contractual services are performed or when milestones are achieved in accordance with the terms of the specific agreement. Up-front payments received for the use of technology where further services are to be provided or fees received on the signing of collaborative research agreements are recognized over the period of performance of the related activities. Amounts received in advance of recognition are included in deferred collaborative research and option fees. For the three months ended February 29, 2012, the Company recognized collaborative research and option fees in the amount of $31,575 (Three months ended February 28, 2011 - $23,213). As at February 29, 2012, deferred collaborative research and option fees amounted to $55,860 (November 30, 2011 - $10,995 and December 1, 2010 - $54,164).

9. Long-term debt

On October 12, 2011, the Company entered into a non-convertible secured loan agreement with a private lender (the "Lender") for $1,000,000. The Promissory note evidencing the loan was issued at a discount for a purchase price of $950,000 and in addition the Lender received 1,428,571 common shares of the Company with a fair value of $71,428, net of issue costs of $1,050.

The effective interest rate on the long-term debt is 18.15%. Interest expense for three months ended February 29, 2012 was $40,396 (Three months ended February 28, 2011 - nil). The initial value assigned to the long-term debt, based on a fair value approach, was $878,571. As at February 29, 2012, the amortized cost of the long-term debt was $894,767 (November 30, 2011 - $884,118 and December 1, 2010 - nil).

The loan matures on April 12, 2014 and bears interest at 12% per annum, payable interest only on a quarterly basis, except in the case of the first interest payment, which is payable on April 12, 2012. Any overdue payments will bear additional interest at a rate of 6%, for a combined interest rate of 18% on any overdue payment. In certain circumstances, the Company has the option to satisfy its obligations with respect to any interest payable on the loan by issuing common shares at a discounted price. Interest payable at February 29, 2012 is $45,902 (November 30, 2011 - $16,154 and December 1, 2010 - nil).

The loan is secured by a general security interest in favour of the Lender over all tangible and intangible assets of the Company.

10. Capital stock:

(a) Authorized:

The Company has authorized share capital of an unlimited number of common voting shares and an unlimited number of class A common voting shares.

(b) Shares issued and outstanding:

Shares issued and outstanding are as follows:

	Number of Common Shares		Amount
Balance, November 30, 2010	54,634,826	$	7,482,590
Exercise of warrants	2,436,000		316,683
Issued for cash, net of issue costs of $105,262 (1)	6,083,331		488,210
Balance, February 28, 2011	63,154,157	$	8,287,483
Balance, November 30, 2011	69,422,728		8,900,757
Shares issued to settle amount payable (Note 12(b))	952,533		64,296
Balance, February 29, 2012	70,375,261	$	8,965,053

(1) On December 15, 2010, the Company closed a private placement offering (the "Q1 2011 Offering") of 6,083,331 units (the "Units") at a price of $0.12 per Unit, for aggregate gross proceeds to the Company of $730,000. Each Unit was comprised of one common share (a "Share") and one half of one Share purchase warrant (a "Warrant"). Each whole Warrant entitled the holder to purchase one Share at a price of $0.18 at any time within twelve months from the date of issuance of the Warrant and were callable, at the option of the Company, at any time after six months following their issuance, in the event that the Shares traded at or above $0.25 per Share for any five out of 10 consecutive trading days. The fair value equal to $136,528 was assigned to the warrants upon issuance.

Certain persons assisted the Company by introducing potential subscribers for the Offering and were paid a finder's fee of up to 10% of the total subscription proceeds received from subscribers introduced to the Company by each particular person. Additionally, these persons were issued compensation warrants ("Compensation Warrants") equal to up to 10% of the total number of Units subscribed for by subscribers introduced to the Company by each particular person. Each Compensation Warrant entitled the holder thereof to purchase one Share at a price of $0.12 per Share for a period of twelve months from the date of the Q1 2011 Offering. The Compensation Warrants expired on December 15, 2011.

Included in share issue costs of $105,262 is $25,246 of non-cash compensation recognized from warrants issued related to the Q1 2011 Offering.

10. Capital stock (continued):

(b) Shares issued and outstanding (continued):

On January 8, 2010, the Company announced that it had entered into a Collaborative Research and Option Agreement (the "Agreement") with Alere, Inc. ("Alere") (formerly "Inverness Medical Innovations") to advance and commercialize Miraculins' preeclampsia technology. In connection with the Agreement, the Company amended certain terms of its license agreement with MSH (Note 5). In consideration for the amendments, Miraculins will issue 250,000 common shares from treasury to MSH if Alere exercises its option to license under the Agreement.

(c) Options:

The Company has a stock option plan which is administered by the Board of Directors of the Company with stock options granted to directors, management, employees, management company employees and consultants as a form of compensation. The number of common shares reserved for issuance of stock options is limited to a maximum of 10% of the issued and outstanding shares of the Company at any one time.

Changes in the number of options outstanding during the three months ended February 29, 2012 and February 28, 2011 are as follows:

		2012		**2011**
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Balance, beginning of period	4,205,000	$ 0.15	4,270,000	$ 0.21
Granted	2,680,000	0.10	940,000	0.12
Forfeited, cancelled or expired	(130,000)	0.53	(545,000)	0.26
Balance, end of period	6,755,000	0.12	4,665,000	0.19
Options exercisable, end of period	4,551,666	$ 0.13	3,490,000	$ 0.21
Weighted average fair value per unit of option granted during the period		$ 0.08		$ 0.09

10. Capital stock (continued):

(c) Options (continued):

Options outstanding at February 29, 2012 consist of the following:

Range of exercise prices	Outstanding number	Weighted average remaining contractual life	Weighted average exercise price	Exercisable number
\$0.10 - \$0.25	6,695,000	5.52 years	\$0.12	4,491,666
\$0.26 - \$0.50	60,000	0.24 years	\$0.50	60,000
\$0.10 - \$0.50	6,755,000	5.47 years	\$0.12	4,551,666

For the three months ended February 29, 2012, compensation expense of \$129,542 (Three months ended February 28, 2011 - \$10,776) was recorded in general and administrative expenses to recognize options granted.

The compensation expense was determined based on the fair value of the options at the date of measurement using the Black-Scholes option pricing model with the following weighted average assumptions:

	February 29, 2012	February 28, 2011
Expected option life	3.5 years	4.6 years
Risk free interest rate	1.19%	2.26%
Dividend yield	nil	nil
Expected volatility	148.52%	138.20%

Subsequent to February 29, 2012, the Company granted 250,000 options to purchase common shares to certain advisors of the Company, all with an exercise price of \$0.10. Additionally, on May 7, 2012, 300,000 options to purchase common shares were exercised at an exercise price of \$0.10 resulting in the issuance of 300,000 common shares for gross proceeds of \$30,000 to the Company.

(d) Warrants:

Changes in the number of warrants outstanding during the three months ended February 29, 2012 and February 28, 2011 are as follows:

			2012			**2011**
	Warrants	Amount	Weighted average exercise price	Warrants	Amount	Weighted average exercise price
Balance, beginning of period	6,248,332	\$ 214,131	\$ 0.10	12,486,000	\$ 394,764	\$ 0.10
Granted, pursuant to private placement (note 10(b))	-	-	-	3,478,332	161,229	0.17
Exercised	-	-	-	(2,436,000)	(73,805)	0.10
Expired	(6,248,332)	(214,131)	0.18	(3,250,000)	(88,338)	0.10
Balance, end of period	-	\$ -	\$ -	10,278,332	\$ 393,850	\$ 0.12
Weighted average remaining contractual life (years)			- years			0.37 years

10. Capital stock (continued):

(d) Warrants (continued):

The fair value of warrants was determined at the date of measurement using the Black-Scholes option pricing model with the following weighted average assumptions:

	February 29, 2012	February 28, 2011
Expected life	- years	1.0 years
Risk free interest rate	NIL%	1.72%
Dividend yield	nil	nil
Expected volatility	NIL%	144.92%

(e) Per share amounts:

The weighted average number of common shares outstanding for the periods ended February 29, 2012 and February 28, 2011 was 69,851,891 and 61,325,928, respectively. The dilution created by options and warrants has not been reflected in the per share amounts as the effect would be anti-dilutive.

11. Commitments and contingencies:

(a) Commitments:

As at February 29, 2012 and in the normal course of business, the Company has obligations to make future payments, representing contracts and other commitments that are known and committed.

Payments due by fiscal period ending February 29. 2012 are as follows:

2012 - remaining	$	103,185
2013		29,798
2014		20,000
2015		20,000
2016		20,000
2017		20,000
	$	212,983

The Company previously leased its laboratory space under an operating lease from Genesys Venture Inc. ("GVI"). On January 16, 2012, the Company and GVI mutually agreed to terminate the remainder of the laboratory lease for a one-time payment of $17,500 and there is no further obligation under this lease.

Effective January 1, 2012 the Company has a business and administration services agreement with GVI, including the provision of Chief Financial Officer services. The Company is committed to pay $7,083 per month or $85,000 per annum for a period of one year.

11. Commitments and contingencies (continued):

(b) Guarantees:

The Company periodically enters into research and license agreements with third parties that include indemnification provisions customary in the industry. These guarantees generally require the Company to compensate the other party for certain damages and costs incurred as a result of claims arising from research and development activities undertaken on behalf of the Company. In some cases, the maximum potential amount of future payments that could be required under these indemnification provisions could be unlimited. These indemnification provisions generally survive termination of the underlying agreement. The nature of the indemnification obligations prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay. Historically, the Company has not made any indemnification payments under such agreements and no amount has been accrued in the accompanying financial statements with respect to these indemnification obligations.

(c) Royalties:

The Company is obligated to pay royalties to PreMD based on any future commercial sales of PreVu Skin Cholesterol test equal to 10 percent of gross revenue associated with PreVu. The Company retains the right to buy-out the royalty at anytime for a one-time payment of $1,000,000. To date, no revenue had been recorded related to PreVu.

The Company is obligated to pay royalties to CIIRDF based on any future product revenues, if any, from the exploitation of the technology contemplated in the project funding agreement equal to 2.5 percent up to a maximum of the amounts funded under the agreement. To date, no royalties are due and/or payable.

The Company will also pay a royalty to MSH, subject to minimum annual royalties, of a stipulated percentage of the net sales of licensed products related to the worldwide rights to commercialize a portfolio of biomarkers for use in developing diagnostic assays for the early detection of preeclampsia, if any, along with other milestone payments. If the Company sub-licenses any rights under the agreement to a third party, the Company shall pay MSH a stipulated percentage of sub-license fee and sub-license royalty fee (Note 5).

12. Related party transactions:

(a) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors and President & CEO are key management personnel.

In addition to their salaries, the Company also provides non-cash benefits and participation in the Stock Option Plan (Note 10). Compensation paid to key management personnel for the three months ended February 29, 2012 and February 28, 2011 are as follows:

		2012		2011
Salaries, fees and short-term employee benefits	$	40,000	$	40,000
Post-employment benefits		806		1,025
Share-based payments		88,065		-
	$	128,871	$	41,025

12. Related party transactions (continued):

(b) Key management personnel and director transaction

Directors and key management personnel controlled two percent of the voting shares of the Company as at February 29, 2012.

As of November 30, 2011 $68,712 was owed to GVI, a party which was related to the Company until November 1, 2011, when a director who controlled GVI resigned from the Board of Directors, which bore interest at 12% per annum, calculated and compounded on a monthly basis until September 30, 2011. Interest was waived in the period subsequent to September 30, 2011. On January 20, 2012, the payable to GVI was settled in a shares for debt transaction with 952,533 Common Shares being issued to GVI for payment for services rendered in accordance with the terms of an agreement between the two parties. The fair value of the shares totalled $64,296. The remainder of the payable was settled in cash.

13. Government assistance:

During the three months ended February 29, 2012, the Company recorded $19,942 (Three months ended February 28, 2011 - nil) in government assistance to support the commercialization of the PreVu technology. The funding has been recorded against the related research expenditures. As at February 29, 2012, $40,833 of government assistance is recorded in accounts receivable (November 30, 2011 - $39,620 and December 1, 2010 - nil).

14. Determination of fair values:

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following models. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Intangible assets

The fair value of intangible assets is determined for impairment testing purposes based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(b) Share-based payment transactions

The fair value of the employee share options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

15. Subsequent events:

On March 29, 2012, the Company closed a private placement offering (the "2012 Offering") with aggregate gross proceeds to the Company of $2,452,292 from the sale of 22,293,559 units ("Units") at a price of $0.11 per Unit. Each Unit is comprised of one common share of the Company (a "Share") and one half of one Share purchase warrant (a "Warrant"). Each Warrant will expire 24 months from the date the Warrant is issued (the "Expiry Date") and will entitle the holder to purchase one Share at a price of $0.16 up to the Expiry Date.

Certain persons assisted the Company by introducing potential subscribers for the 2012 Offering and were paid a finder's fee of up to 8% of the total subscription proceeds received from subscribers introduced to the Company by each particular person. Additionally, these persons were issued compensation warrants ("Compensation Warrants") up to 8% of the total number of Units subscribed for by subscribers introduced to the Company by each particular person. Each Compensation Warrant entitles the holder thereof to purchase one Share at a price of $0.14 for a period of 12 months from the date of issue. The net proceeds of the Offering shall be used for general corporate purposes.

16. Transition to IFRS:

As stated in note 2, these are the Company's first interim financial statements prepared in accordance with IFRS.

The accounting policies set out in note 3 have been applied in preparing the interim financial statements for the three months ended February 29, 2012, the comparative information presented and the preparation of an opening IFRS statement of financial position at December 1, 2010 (the Company's transition date).

(a) Mandatory exceptions:

Estimates

Hindsight is not used to create or revise estimates. The estimates previously made by the Company under Canadian GAAP were not revised for application of IFRS.

(b) Transition elections

IFRS 2 is effective for the Company as of December 1, 2010 and is applicable to stock options and grants that are unvested at that date. The transition rules in IFRS 1 and IFRS 2 as applied by the Company result in the following:

- Share options prior to November 7, 2002 are not taken into account for IFRS 2; and
- From December 1, 2010, all share options and other share-based payments will be expensed in accordance with the policy stated in note 3i(ii).

16. Transition to IFRS (continued):

(c) Reconciliation of Equity as Previously Reported Under Canadian GAAP to IFRS

As at December 1, 2010

	Ref	CDN GAAP	IFRS/Other Adjustments	Reclasses	IFRS
Assets					
Current assets:					
Cash		$ 126,825	$ -	$ -	$ 126,825
Accounts receivable		14,874	-	-	14,874
Prepaid expenses		9,108	-	-	9,108
Inventory		178,750	-	-	178,750
Total current assets		329,557	-	-	329,557
Non-current assets					
Property and equipment		61,610	-	-	61,610
Intangible assets		942,108	-	-	942,108
Total non-current assets		1,003,718	-	-	1,003,718
Total assets		$ 1,333,275	$ -	$ -	$ 1,333,275
Liabilities and Shareholders' Equity					
Current liabilities:					
Accounts payable and accrued liabilities		$ 210,500	$ -	$ -	$ 210,500
Due to related party		255,125	-	-	255,125
Current portion of obligation under finance lease		9,233	-	-	9,233
Obligation under project funding agreement		7,987	-	-	7,987
Deferred collaborative research and options fees		54,164	-	-	54,164
Total current liabilities		537,009	-	-	537,009
Non-current liabilities					
Royalty obligation		547,000	-	-	547,000
Obligation under finance lease		16,711	-	-	16,711
Total non-current liabilities		563,711	-	-	563,711
Shareholders' equity:					
Capital stock		7,482,590	-	-	7,482,590
Contributed surplus		1,865,824	-	-	1,865,824
Warrants		394,764	-	-	394,764
Deficit		(9,510,623)	-	-	(9,510,623)
Total equity		232,555	-	-	232,555
Total liabilities and equity		$ 1,333,275	$ -	$ -	$ 1,333,275

16. Transition to IFRS (continued):

(c) Reconciliation of Equity as Previously Reported Under Canadian GAAP to IFRS (continued)

As at February 28, 2011

	Ref	CDN GAAP	IFRS/Other Adjustments	Reclasses	IFRS
Assets					
Current assets:					
Cash		$ 595,714	$ -	$ -	$ 595,714
Accounts receivable		17,526	-	-	17,526
Prepaid expenses		10,294	-	-	10,294
Inventory		178,750	-	-	178,750
Total current assets		802,284	-	-	802,284
Non-current assets					
Property and equipment		57,693	-	-	57,693
Intangible assets		930,120	-	-	930,120
Total non-current assets		987,813	-	-	987,813
Total assets		$ 1,790,097	$ -	$ -	$ 1,790,097
Liabilities and Shareholders' Equity					
Current liabilities:					
Accounts payable and accrued liabilities		$ 108,496	$ -	$ -	$ 108,496
Due to related party		253,610	-	-	253,610
Current portion of obligation under finance lease		9,350	-	-	9,350
Deferred collaborative research and option fees		30,951	-	-	30,951
Total current liabilities		402,407	-	-	402,407
Non-current liabilities					
Royalty obligation	1	547,000	23,248	-	570,248
Obligation under finance lease		14,331	-	-	14,331
Total non-current liabilities		561,331	23,248	-	584,579
Shareholders' equity:					
Share capital		8,287,483	-	-	8,287,483
Contributed surplus		1,964,938	-	-	1,964,938
Warrants		393,850	-	-	393,850
Deficit	1	(9,819,912)	(23,248)	-	(9,843,160)
Total equity		826,359	(23,248)	-	803,111
Total liabilities and equity		$ 1,790,097	$ -	$ -	$ 1,790,097

(1) The Company has adjusted its previously reported results under Canadian GAAP to record accretion on the royalty obligation (included in finance expense) in the amount of $23,248 for the three months ended February 28, 2011. This amount was previously recorded in Canadian GAAP earnings in the fourth quarter of fiscal 2011 but was attributable to the first quarter of fiscal 2011.

16. Transition to IFRS (continued):

(c) Reconciliation of Equity as Previously Reported Under Canadian GAAP to IFRS (continued)

As at November 30, 2011

	Ref	CDN GAAP	IFRS/Other Adjustments	Reclasses	IFRS
Assets					
Current assets:					
Cash		$ 683,169	$ -	$ -	$ 683,169
Accounts receivable		62,707	-	-	62,707
Prepaid expenses		8,581	-	-	8,581
Inventory		179,829	-	-	179,829
Total current assets		934,286	-	-	934,286
Non-current assets					
Property and equipment		38,970	-	-	38,970
Intangible assets		980,348	-	-	980,348
Total non-current assets		1,019,318	-	-	1,019,318
Total assets		$ 1,953,604	$ -	$ -	$ 1,953,604
Liabilities and Shareholders' Equity					
Current liabilities:					
Accounts payable and accrued liabilities		$ 234,522	$ -	$ -	$ 234,522
Accrued interest on long-term debt		16,154	-	-	16,154
Current portion of obligation under finance lease		9,704	-	-	9,704
Current portion of royalty obligation		37,000	-	-	37,000
Deferred collaborative research and options fees		10,995	-	-	10,995
Total current liabilities		308,375	-	-	308,375
Non-current liabilities					
Long-term debt		884,118	-	-	884,118
Obligation under finance lease		7,007	-	-	7,007
Royalty obligation		691,000	-	-	691,000
Total non-current liabilities		1,582,125	-	-	1,582,125
Shareholders' equity:					
Share capital		8,900,757	-	-	8,900,757
Contributed surplus		2,076,021	-	-	2,076,021
Warrants		214,131	-	-	214,131
Deficit		(11,127,805)	-	-	(11,127,805)
Total equity		63,104	-	-	63,104
Total liabilities and equity		$ 1,953,604	$ -	$ -	$ 1,953,604

16. Transition to IFRS (continued):

(d) Reconciliation of Net Loss and Comprehensive Loss as Previously Reported Under Canadian GAAP to IFRS

For the three months ended February 28, 2011

	Ref	CDN GAAP	IFRS/Other Adjustments	Reclasses	IFRS
Expenses:					
General and administration	1, 3, 6, 7	198,754	-	2,839	201,593
Research and development	2, 4, 5	96,705	-	28,300	125,005
Amortization	3, 4	5,125	-	(5,125)	-
Write-down of patents and trademarks	5	23,186	-	(23,186)	-
Stock-based compensation					
General administration	1	10,586	-	(10,586)	-
Research and development	2	190	-	(190)	-
Loss from operations		(334,546)	-	7,948	(326,598)
Collaborative research and option fees		23,213	-	-	23,213
Finance income (costs):					
Interest and other income		2,044	-	-	2,044
Interest expense	6, 8	-	(23,248)	(8,336)	(31,584)
Foreign exchange loss (gain), net	7	-	-	388	388
Net finance costs		2,044	(23,248)	(7,948)	(29,152)
Net loss and comprehensive loss for the period		(309,289)	(23,248)	-	(332,537)
Basic and diluted loss per share for the period		(0.01)	-	-	(0.01)

Under Canadian GAAP, the statement of net loss and comprehensive loss was presented using a combination of function and nature of expenses. The Company has elected to present expenses in the statements of net loss and comprehensive loss by function under IFRS.

For the three month period ended February 28, 2011, the following reclassifications were made:

(1) $10,586 of stock-based compensation was reclassified from stock-based compensation - general and administration to general and administration.

(2) $190 of stock-based compensation was reclassified from stock-based compensation - research and development to research and development.

(3) $201 of amortization relating to property and equipment was reclassified from depreciation to general and administration.

(4) $4,924 of amortization relating to property and equipment was reclassified from depreciation to research and development.

16. Transition to IFRS (continued):

(d) Reconciliation of Net Loss and Comprehensive Loss as Previously Reported Under Canadian GAAP to IFRS (continued)

(5) $23,186 of write-downs of intangible assets was reclassified from write-down of patents and trademarks assets to research and development.

(6) $8,336 of interest on the payable to GVI, interest on the finance lease and bank charges were reclassified from general and administrative to finance expense.

(7) $388 of foreign exchange gains was reclassified from general and administrative to foreign exchange gain.

(8) The Company has adjusted its previously reported results under Canadian GAAP to record accretion on the royalty obligation (included in finance expense) in the amount of $23,248 for the three months ended February 28, 2011. This amount was previously recorded in Canadian GAAP earnings in the fourth quarter of fiscal 2011 but was attributable to the first quarter of fiscal 2011.

For the year ended November 30, 2011

	Ref	CDN GAAP	IFRS/Other Adjustments	Reclasses	IFRS
Expenses:					
General and administration	1, 3, 6, 7	$ 927,086	$ -	$ 56,161	$ 983,247
Research	2, 4, 5	416,225	-	98,058	514,283
Amortization	3, 4	40,136	-	(40,136)	-
Write-down of patents and trademarks	5	58,551	-	(58,551)	-
Stock-based compensation					
General administration	1	54,619	-	(54,619)	-
Research	2	190	-	(190)	-
Loss from operations		(1,496,807)	-	(723)	(1,497,530)
Collaborative research and option fees		91,599	-	-	91,599
Finance income (costs):					
Interest and other income		12,891	-	-	12,891
Interest expense	6	(224,865)	-	(974)	(225,839)
Foreign exchange loss (gain), net	7	-	-	1,697	1,697
Net finance costs		(211,974)	-	723	(211,251)
Net loss and comprehensive loss for the year		$ (1,617,182)	$ -	$ -	$ (1,617,182)
Basic and diluted loss per share for the year		$ (0.02)	$ -	$ -	$ (0.02)

For the year ended November 30, 2011, the following reclassifications were made:

(1) $54,619 of stock-based compensation was reclassified from stock-based compensation - general and administration to general and administration.

(2) $190 of stock-based compensation was reclassified from stock-based compensation - research and development to research and development.

16. Transition to IFRS (continued):

(d) Reconciliation of Net Loss and Comprehensive Loss as Previously Reported Under Canadian GAAP to IFRS (continued)

(3) $819 of amortization relating to property and equipment was reclassified from depreciation to general and administration.

(4) $39,317 of amortization relating to property and equipment was reclassified from depreciation to research and development.

(5) $58,551 of write-downs of intangible assets was reclassified from write-down of patents and trademarks assets to research and development.

(6) $974 of bank charges was reclassified from general and administrative to finance expense.

(7) $1,697 of foreign exchange gains was reclassified from general and administrative to foreign exchange gain.

(e) Reconciliation of Statement of Cash Flows as Previously Reported Under Canadian GAAP to IFRS

There are no material differences between the statement of cash flows presented under IFRS and the statement of cash flows presented under previous Canadian GAAP.

(f) Supplemental IFRS information for the year ended November 30, 2011

(a) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors and the President & CEO are key management personnel.

		November 30, 2011
Wages and salaries	$	160,000
Short-term benefits and insurance premiums		3,114
Share-based payments		19,033
	$	182,147

16. Transition to IFRS (continued):

(f) Supplemental IFRS information for the year ended November 30, 2011 (continued)

(b) Expenses by nature

		November 30, 2011
Personnel expenses		
Wages and salaries	$	460,686
Short-term benefits and insurance premiums		11,803
Share-based payments		54,800
		527,289
Depreciation, amortization and derecognition		98,686
Science Consumables and contract research		113,691
PreVu development activities		327,198
Occupancy		38,011
Professional fees		330,405
Administration		167,560
less: Government assistance		(105,310)
	$	1,497,530

(c) Per share amounts

The weighted average number of common voting shares outstanding for the year ended November 30, 2011 was 66,356,535. The dilution created by options and warrants has not been reflected in the per share amounts as the effect would be anti-dilutive.