Financial Statements
(Expressed in Canadian Dollars)

MIRACULINS INC.

Years ended November 30, 2012 and 2011

MANAGEMENT REPORT

The accompanying financial statements have been prepared by management and approved by the Board of Directors of Miraculins Inc. (the “Company”). Management is responsible for the information and representations contained in these financial statements.

These financial statements have been prepared in accordance with International Financial Reporting Standards. The significant accounting policies, which management believes are appropriate for the Company, are described in note 3 to these financial statements. The Company maintains a system of internal control and appropriate processes to provide reasonable assurance that assets are safeguarded and to ensure that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving these financial statements and overseeing management’s performance of its financial reporting responsibilities. An Audit Committee comprised of non-management Directors is appointed by the Board. The Audit Committee reviews the financial statements, audit process and financial reporting with management and with the external auditors and reports to the Board of Directors prior to the approval of the audited financial statements for publication.

KPMG LLP, the Company’s external auditors, who are appointed by the shareholders, audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on these financial statements. Their report follows.

"Christopher Moreau"	*"James Kinley"*
Mr. Christopher J. Moreau	**Mr. James Kinley CA**
President & Chief Executive Officer	Chief Financial Officer

January 29, 2013

KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Miraculins Inc.

We have audited the accompanying financial statements of Miraculins Inc., which comprise the statements of financial position as at November 30, 2012, November 30, 2011 and December 1, 2010, the statements of net loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended November 30, 2012 and November 30, 2011, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Miraculins Inc. as at November 30, 2012, November 30, 2011 and December 1, 2010, and its financial performance and its cash flows for the years ended November 30, 2012 and November 30, 2011 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2(c) in the financial statements which indicates that Miraculins Inc. has experienced operating losses and cash outflows since incorporation, has accumulated a deficit of $13.8 million and has not reached successful commercialization of its products. Accordingly Miraculins Inc. depends on its ability to raise financing in order to discharge its commitments and liabilities in the normal course of business. These conditions, along with other matters as set forth in Note 2(c) in the financial statements, indicate the existence of a material uncertainty that casts significant doubt about Miraculins Inc.'s ability to continue as a going concern.

KPMG LLP

Chartered Accountants

January 29, 2013

Winnipeg, Canada

MIRACULINS INC.

Statements of Financial Position
November 30, 2012 and 2011

	Note	November 30, 2012	November 30, 2011	December 1, 2010
Assets				
Current assets:				
Cash		$ 911,808	$ 683,169	$ 126,825
Accounts receivable	16	87,555	62,707	14,874
Prepaid expenses		37,278	8,581	9,108
Inventory	4	217,645	179,829	178,750
Total current assets		1,254,286	934,286	329,557
Non-current assets:				
Property and equipment	5	22,641	38,970	61,610
Intangible assets	6	1,041,785	980,348	942,108
Total non-current assets		1,064,426	1,019,318	1,003,718
Total assets		**$ 2,318,712**	**$ 1,953,604**	**$ 1,333,275**
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities	9	$ 373,430	$ 271,522	$ 218,487
Accrued interest on long-term debt	11	16,154	16,154	-
Deferred collaborative research and option fees	10	11,655	10,995	54,164
Current portion of obligation under finance lease	7	-	9,704	9,233
Due to related party	15	-	-	255,125
Total current liabilities		401,239	308,375	537,009
Non-current liabilities				
Long-term debt	11	927,072	884,118	-
Royalty obligation	8	830,000	691,000	547,000
Obligation under finance lease	7	-	7,007	16,711
Total non-current liabilities		1,757,072	1,582,125	563,711
Shareholders' equity:				
Share capital	12	10,965,391	8,900,757	7,482,590
Contributed surplus		2,592,963	2,076,021	1,865,824
Warrants	12	427,580	214,131	394,764
Deficit		(13,825,533)	(11,127,805)	(9,510,623)
Total equity		160,401	63,104	232,555
Going concern	2(c)			
Commitments and contingencies	14			
Subsequent events	6, 12(b) & 14			
Total liabilities and equity		**$ 2,318,712**	**$ 1,953,604**	**$ 1,333,275**

On behalf of the Board:

"Harry Bloomfield"
Director

"Michael Stasiuk"
Director

The accompanying notes are an integral part of these financial statements

MIRACULINS INC.

Statements of Net Loss and Comprehensive Loss
Years ended November 30, 2012 and 2011

	Note	2012	2011
Collaborative research and option fee income	10	126,840	91,599
Expenses			
General and administration		$ 1,826,664	$ 983,247
Research and development		695,406	514,283
	19	(2,522,070)	(1,497,530)
Finance income (costs)			
Finance income		14,998	12,891
Finance expense	8 & 11	(315,320)	(225,839)
Foreign exchange (loss) gain, net		(2,176)	1,697
Net finance costs		(302,498)	(211,251)
Net loss and comprehensive loss for the year		$ (2,697,728)	$ (1,617,182)
Basic and diluted loss per share	12	$ (0.03)	$ (0.02)

The accompanying notes are an integral part of these financial statements

MIRACULINS INC.

Statements of Changes in Shareholders' Equity
Years ended November 30, 2012 and 2011

	Note	Share Capital	Contributed Surplus	Warrants	Deficit	Total
Balance, December 1, 2010		$ 7,482,590	$ 1,865,824	$ 394,764	$ (9,510,623)	$ 232,555
Loss and comprehensive loss for the year		-	-	-	(1,617,182)	(1,617,182)
Transactions with owners, recorded directly in equity						
Issue of common shares	12	558,588	-	-	-	558,588
Share-based payments	12	-	54,809	-	-	54,809
Warrants granted	12	-	-	214,131	-	214,131
Warrants expired	12	-	155,388	(155,388)	-	-
Warrants exercised	12	859,579	-	(239,376)	-	620,203
Total transactions with owners		1,418,167	210,197	(180,633)	-	1,447,731
Balance, November 30, 2011		$ 8,900,757	$ 2,076,021	$ 214,131	$ (11,127,805)	$ 63,104
Loss and comprehensive loss for the year		-	-	-	(2,697,728)	(2,697,728)
Transactions with owners, recorded directly in equity						
Issue of common shares	12	2,005,875	-	-	-	2,005,875
Share-based payments	12	-	331,570	-	-	331,570
Stock options exercised	12	58,759	(28,759)	-	-	30,000
Warrants granted	12	-	-	427,580	-	427,580
Warrants expired	12	-	214,131	(214,131)	-	-
Total transactions with owners		2,064,634	516,942	213,449	-	2,795,025
Balance, November 30, 2012		$ 10,965,391	$ 2,592,963	$ 427,580	$ (13,825,533)	$ 160,401

The accompanying notes are an integral part of these financial statements

MIRACULINS INC.

Statements of Cash Flows
Years ended November 30, 2012 and 2011

	Note	2012	2011
Cash provided by (used in):			
Operating activities:			
Net loss for the year		$ (2,697,728)	$ (1,617,182)
Items not involving cash:			
Loss on disposal of property and equipment	5	-	483
Amortization	5 & 6	34,938	40,136
Write-down of intellectual property and property and equipment	5 & 6	21,471	58,551
Stock-based compensation	12	331,570	54,809
Finance expense	8 & 11	315,320	225,837
Change in non-cash working capital balances:			
Accounts receivable		(24,848)	(47,833)
Prepaid expenses		(28,697)	527
Inventory		(37,816)	(1,079)
Accounts payable and accrued liabilities		156,204	24,022
Due to related party		-	(276,202)
Obligation under project funding agreement		-	(7,987)
Deferred collaborative research and option fee		660	(43,169)
		(1,928,926)	(1,589,087)
Financing activities:			
Issuance of common shares and warrants, net of share issue costs	12	2,369,159	1,321,493
Exercise of stock options	12	30,000	-
Repayment of obligation under finance lease	7	(16,711)	(9,233)
Proceeds from long-term debt	11	-	950,000
Interest paid		(123,366)	(2,059)
		2,259,082	2,260,201
Investing activities:			
Purchase of property and equipment	5	(14,056)	(2,621)
Proceeds on sale of property and equipment	5	25,775	-
Patent and trademark costs	6	(113,236)	(112,149)
		(101,517)	(114,770)
Increase in cash		228,639	556,344
Cash, beginning of the year		683,169	126,825
Cash, end of the year		$ 911,808	$ 683,169
Supplemental cash flow information:			
Non-cash financing activities:			
Warrants issued as share issue costs	12	$ 22,395	$ 24,701
Shares issued to settle amount payable	12 & 15	$ 64,296	$ -
Shares issued in connection with long-term debt	11 & 12	$ -	$ 70,378

The accompanying notes are an integral part of these 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. The Company's two primary technology programs are in the areas of cardiovascular disease and maternal health. Miraculins cardiovascular health program is focused on the PreVu Non-invasive Skin Cholesterol Test ("PreVu"), a non-invasive tool for risk assessment of coronary artery disease and was recently launched in the market with a pilot program in October of 2012 . The Company's maternal health program is centred on biomarkers for preeclampsia with a licensing agreement signed in January 2013.

2. Basis of presentation:

(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 are the first annual financial statements prepared in accordance with IFRS and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied.

An explanation of how the transition to IFRS has affected the financial position, financial performance and cash flows is provided in note 20.

The financial statements were authorized for issue by the Board of Directors on January 29, 2013.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value.

(c) Going concern

These financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes 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 as the Company has experienced operating losses and cash outflows from operations since incorporation and has accumulated a deficit of $13,825,533 as at November 30, 2012.

Management has forecast that its expected expenditure levels and contracted commitments will exceed the Company's net cash flows and working capital in the second quarter of fiscal 2013 unless further financing is obtained. The Company's future operations including the completion of the launch of its products are dependent upon its ability to secure additional funds, generate product sales, negotiate collaboration or license agreements with upfront payments, and/or obtain research grant funding. 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. Historically, the Company has obtained funding via the issuance of shares and warrants and expects to require additional capital by the end of the second quarter of fiscal 2013. Management believes that it will be able to obtain additional funding in sufficient time to continue to execute its plans without interruption. If the Company cannot secure additional financing on terms that would be acceptable to it, generate product sales, negotiate collaboration or license agreements with upfront payments, and/or obtain research grant funding, the Company will have to consider additional strategic alternatives which may include, among other strategies, cost curtailments, delays of product launch expenditures, 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 many factors, including, but not limited to the successful completion of the actions taken or planned, some of which are described above, which are intended to mitigate the adverse conditions and events which raise doubt about the validity of the going concern assumption used in preparing these financial statements. There can be no assurance that the Company will be able to obtain sufficient financing to meet future operational needs or that the above described and other strategies will be sufficient to permit the Company to continue as a going concern.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements , then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses, and the statement of financial position classifications used.

(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 significant estimates and judgments

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

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.

Areas where management has made critical judgments in the process of applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include the commencement of the period of use of acquired intellectual property.

Information about key assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the following notes:

- Note 3b(ii): Valuation of the royalty obligation
- Note 3d: The measurement and valuation of inventory
- Note 3f(i): The estimation of accruals for research and development costs
- Note 3f(ii): The measurement and period of use of acquired intellectual property
- Note 3f(iii): The measurement and period of use of patents and trademarks
- Note 3i(ii): The assumptions and valuation technique used to estimate the value of share-based payment transactions

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. Loans and receivables comprise cash and accounts receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less and are recognized at amortized cost.

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.

(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.
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- 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 held for resale, as well as finished and fully assembled and tested medical devices and purchased testing kit inventories that are held for resale. Inventory is recorded based on the first in first out principle and 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 amortization 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 net 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%

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, commencing with the commercial launch of the products associated with the acquired intellectual property, 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 license

The Company's technology license is recorded at cost and amortized over its 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 (continued)

(ii) Non-financial assets (continued)

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 net loss and 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.

(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 (2009) replaces the guidance in IAS 39 *Financial Instruments: Recognition and Measurement,* on the classification and measurement of financial assets. The Standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables.

3. Significant accounting policies (continued):

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

IFRS 9 *Financial Instruments: Classification and Measurement* (continued)

Financial assets will be classified into one of two categories on initial recognition:

- financial assets measured at amortized cost; or
- financial assets measured at fair value.

Under IFRS 9 (2010), for financial liabilities measured at fair value under the fair value option, changes in fair value attributable to changes in credit risk will be recognized in other comprehensive income ("OCI"), with the remainder of the change recognized in profit and loss.

IFRS 9 (2010) supersedes IFRS 9 (2009) and is effective for annual periods beginning on or after January 1, 2015, with early adoption permitted. For annual periods beginning before January 1, 2015, either IFRS 9 (2009) or IFRS 9 (2010) may be applied.

The Company intends to adopt IFRS 9 (2010) in its financial statements for the annual period beginning on December 1, 2015. The extent of the impact of adoption of IFRS 9 (2010) has not yet been determined.

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, with earlier application permitted. The disclosure requirements of IFRS 13 need not be applied in comparative information for periods before initial application. 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 extent of the impact of adoption of IFRS 13 has not yet been determined.

Annual Improvement to IFRSs 2009-2011 Cycle - Various Standards

In May 2012, the IASB published Annual Improvements to IFRSs - 2009-2011 Cycle as part of its annual improvements process to make non-urgent but necessary amendments to IFRS effective for annual periods beginning on or after January 1, 2013 with retrospective application.

The impending changes that potential have an effect on the Company include:

- IAS 1 *Presentation of Financial Statements* - the changes involve amendments to the presentation and disclosure of comparative information beyond the minimum and the presentation of the opening statement of financial position.

The Company intends to adopt the amendments to the standards in its financial statements for the annual period beginning on December 1, 2013. The extent of the impact of the adoption of the amendments has not yet been determined.

4. Inventory:

	November 30, 2012	November 30, 2011	December 1, 2010
Parts inventory	$ 176,902	$ 179,829	$ 178,750
Finished goods	40,743	-	-
	$ 217,645	$ 179,829	$ 178,750

Inventory expensed within research and development expenses during the year ended November 30, 2012 was $11,341 (2011 - nil) and relates to inventory used for testing and demonstration purposes. The Company did not have any expired or unuseable inventory during the year ended November 31, 2012 (2011 - nil).

5. 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	14,056	-	-	-	14,056
Disposals	(5,660)	(25,775)	-	(125,644)	(157,079)
Balance November 30, 2012	$ 21,016	$ 9,391	$ -	$ -	$ 30,407

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
Amortization	4,610	-	-	-	4,610
Disposals	(5,660)	-	-	(125,644)	(131,304)
Balance November 30, 2012	$ 7,766	$ -	$ -	$ -	$ 7,766

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
At November 30, 2012	$ 13,250	$ 9,391	$ -	$ -	$ 22,641

6. 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		71,748		26,488		15,000		-		113,236
Disposals		-		-		(30,770)		-		(30,770)
Change due to write-down		(21,471)		-		-		-		(21,471)
Balance November 30, 2012	$	187,122	$	42,102	$	15,000	$	818,687	$	1,062,911

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		4,808		-		11,875		13,645		30,328
Disposals		-		-		(30,770)		-		(30,770)
Balance November 30, 2012	$	5,606	$	-	$	1,875	$	13,645	$	21,126

Carrying value		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
At November 30, 2012	$	181,516	$	42,102	$	13,125	$	805,042	$	1,041,785

The Company has considered indicators of impairment and performed required impairment testing for acquired intellectual property not in use as at November 30, 2012, November 30, 2011, and December 1, 2010. The Company began amortizing its acquired intellectual property relating to the PreVu technology in November 2012 in connection with the Company's pilot launch of this technology. As part of its ongoing review of all intellectual property, the Company recorded an impairment write-down during year ended November 30, 2012 of $21,471 (2011 - $52,341). 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.

6. 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 paid an annual license maintenance fee of $10,000 in fiscal 2011 and $15,000 in fiscal 2012 and will pay $20,000 in subsequent years. 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 MSH license agreement (the "MSH Agreement") to a third party, the Company shall pay MSH a stipulated percentage of sub-license fee and sub-license royalty fee (Note 14(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 MSH Agreement. On January 8, 2010, the Company and MSH amended the royalty and fee structure of the MSH Agreement (Note 12). There were no sales of licensed products to November 30, 2012.

Subsequent to November 30, 2012 and in conjunction with Alere's decision to license under the Collaborative Research and Option Agreement (the "Alere Agreement") on January 10, 2013, a royalty of $6,250 becomes payable within 30 days to MSH (Note 14(c)).

7. Obligation under finance lease:

The obligation under the finance lease was repayable in monthly installments of $860 including interest, calculated at an imputed rate of 5% and was to have matured in July 2013. 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. As a result, there are no longer any minimum lease payments required.

Interest expense incurred on this lease for the year ended November 30, 2012 amounts to $69 (2011 - $1,087).

The finance lease outstanding was as follows:

	November 30, 2012	November 30, 2011	December 1, 2010
Scientific equipment lease contract	$ -	$ 16,711	$ 25,944
Current portion of obligation under finance lease	-	(9,704)	(9,233)
	$ -	$ 7,007	$ 16,711

8. 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 14(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 November 30, 2012 was $877,000 (November 30, 2011 - $728,000 and December 1, 2010 - $547,000). The estimated current portion of the royalty obligation of $47,000 (November 30, 2011 - $37,000 and December 1, 2010 - nil) is included within accounts payable and accrued liabilities in the statement of financial position. The accretion of the royalty obligation for the year ended November 30, 2012 of $149,000 (2011 - $181,000) is recorded within finance expense in the statement of net loss and comprehensive loss.

9. Obligation under project funding agreement:

On May 27, 2009, the Company entered into a cooperation and project funding agreement with the Canada-Israel Industrial Research and Development Foundation ("CIIRDF"). CIIRDF will provide grants equal to the lesser of $467,352 or 50% of actual expenditures on a specified project over a two year period. Under the terms of the agreement, the Company will be obligated to make payments to CIIRDF at a rate of 2.5% of all product revenues, if any, from the exploitation of the technology contemplated in the agreement, to a maximum of the amounts funded under the agreement (Note 14(c)). Interest is charged on overdue payments owing, if any, at a rate of bank prime plus 1%. At November 30, 2012, the Company is unable to determine if any revenue will be generated by the technology.

During the year ended November 30, 2012, the Company did not receive any funding (2011 - $17,265) related to the CIIRDF project funding agreement for the purpose of research. Under the terms of the agreement, the Company can use the funding to offset $1 for every $2 spent on research on the project. During the year ended November 30, 2012, the Company did not record any amounts as a reduction of the related research expenses (2011 - $25,252) and no obligation remains under the project funding agreement as at November 30, 2012 (November 30, 2011 - nil and December 1, 2010 - $7,987), which is recorded within accounts payable and accrued liabilities. The Company has recorded a reduction to the obligation under the project funding agreement as it incurred qualifying expenses related to the project. If and when royalties are due to CIIRDF on any future revenues, these amounts will be recorded as charges to income in the specific periods in which sales are recognized.

10. Deferred collaborative research and option fees:

The Company recognizes collaborative research and option fee 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 year ended November 30, 2012, the Company recognized collaborative research and option fees in the amount of $126,840 (2011 - $91,599). As at November 30, 2012, deferred collaborative research and option fees amounted to $11,655 (November 30, 2011 - $10,995 and December 1, 2010 - $54,164).

11. 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 the year ended November 30, 2012 was $162,954 (2011 - $21,701). The initial value assigned to the long-term debt, based on a fair value approach, was $878,571. As at November 30, 2012, the amortized cost of the long-term debt was $927,072 (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 was payable on April 12, 2012. Any overdue payments 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 November 30, 2012 is $16,154 (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.

12. 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, December 1, 2010	54,634,826	$	7,482,590
Exercise of warrants (Note 12(d))	1,736,000		221,237
Issued for cash, net of issue costs of $105,262 (1)	6,083,331		488,210
Early exercise warrants incentive program, net of issue costs of $52,275 (2)	5,540,000		638,342
Shares issued as consideration for loan, net of issue costs of $1,050 (Note 11)	1,428,571		70,378
Balance,November 30, 2011	69,422,728	$	8,900,757
Exercise of stock options (Note 12(c))	300,000		58,759
Issued for cash, net of issue costs of $87,272 (3)	22,293,559		1,941,579
Shares issued to settle amount payable (Note 15(b))	952,533		64,296
Balance, November 30, 2012	92,968,820	$	10,965,391

(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.

12. Capital stock (continued):

(b) Shares issued and outstanding (continued)

(2) On March 11, 2011, the Company announced the receipt of gross proceeds equal to $554,000 from the exercise of 5,540,000 warrants through the Company's warrant exercise incentive program (the "Exercise Program"). Under the terms of the Exercise Program, each exercised warrant entitled the holder thereof (the "Warrantholder") to receive one common share of the Company (a "Common Share") and one-half of one common share purchase warrant, with each whole additional common share purchase warrant (each an "Incentive Warrant") entitling the holder to purchase a Common Share. Each Incentive Warrant was exercisable at a price of $0.18 from the date of issue until December 15, 2011. The Company issued 5,540,000 common shares and 2,770,000 Incentive Warrants to Warrantholders in exchange for the warrants that were exercised under the Exercise Program. The fair value equal to $52,901 was assigned to Incentive Warrants upon issuance. Under the Exercise Program, warrants previously issued with a fair value of $189,518 were exercised and accordingly were transferred from warrants to capital stock (Note 12(d)).

(3) On March 29, 2012, the Company closed a private placement offering (the “Q2 2012 Offering”) of 22,293,559 units (the "Units") at a price of $0.11 per Unit, for aggregate gross proceeds to the Company of $2,452,292. Each Unit is comprised of one common share (a "Share") and one half of one Share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder to purchase one Share at a price of $0.16 at any time within twenty-four months from the date of issuance of the Warrant and are callable, at the option of the Company, at any time after four 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. There were 11,146,780 warrants issued within the Q2 2012 Offering. The fair value equal to $405,185, net of warrant issue costs, was assigned to the warrants upon issuance. Included in warrant issue costs of $18,256 is $3,874 of non-cash compensation recognized for warrants issued related to the Q2 2012 offering.

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 $0.14 per Share for a period of twelve months from the date of the Q2 2012 Offering. There were 503,047 Compensation Warrants issued.

Included in share issue costs of $87,272 is $18,521 of non-cash compensation recognized from warrants issued related to the Q2 2012 Offering.

On January 8, 2010, the Company announced that it had entered into a Collaborative Research and Option Agreement (the "Alere Agreement") with Alere, Inc. ("Alere") (formerly "Inverness Medical Innovations") to advance and commercialize Miraculins’ preeclampsia technology. In connection with the Alere Agreement, the Company amended certain terms of its MSH Agreement (Note 6). 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 Alere Agreement.

Subsequent to November 30, 2012, Alere exercised its option on January 10, 2013 to license under the Alere Agreement, and the Company is required to issue 250,000 common shares to MSH.

12. Capital stock (continued):

(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 years ended November 30, 2012 and 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	4,820,000	0.11	1,340,000	0.12
Exercised	(300,000)	0.10	-	-
Forfeited, cancelled or expired	(640,000)	0.23	(1,405,000)	0.32
Balance, end of period	8,085,000	0.12	4,205,000	0.15
Options exercisable, end of period	6,233,334	$ 0.12	3,380,000	$ 0.16
Weighted average fair value per unit of option granted during the period		$ 0.08		$ 0.08

Options outstanding at November 30, 2012 consist of the following:

Range of exercise prices	Outstanding number	Weighted average remaining contractual life	Weighted average exercise price	Exercisable number
$0.10 - $0.15	7,751,667	5.88 years	$0.12	6,233,334
$0.16 - $0.20	333,333	9.73 years	$0.18	-
$0.10 - $0.20	8,085,000	6.04 years	$0.12	6,233,334

For the year ended November 30, 2012, compensation expense of $323,646 and $7,924 (November 30, 2011 - $54,619 and $190) was recorded in general and administrative expenses and research and development expenses respectively 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:

	November 30, 2012	**November 30, 2011**
Expected option life	3.7 years	3.8 years
Risk free interest rate	1.25%	2.12%
Dividend yield	nil	nil
Expected volatility	139.60%	134.13%

12. Capital stock (continued):

(d) Warrants

Changes in the number of warrants outstanding during the years ended November 30, 2012 and 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	$	0.18	12,486,000	$	394,764	$	0.10
Granted, pursuant to private placement (note 12(b))	11,649,827		427,580		0.16	6,248,332		214,131		0.18
Exercised (note 12(b))	-		-		-	(7,276,000)		(239,376)		0.10
Expired	(6,248,332)		(214,131)		0.18	(5,210,000)		(155,388)		0.10
Balance, end of period	11,649,827	$	427,580	$	0.16	6,248,332	$	214,131	$	0.18
Weighted average remaining contractual life (years)					1.29 years					0.03 years

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

	November 30, 2012	**November 30, 2011**
Expected life	2.0 years	0.9 years
Risk free interest rate	1.18%	1.79%
Dividend yield	nil	nil
Expected volatility	118.07%	119.19%

(e) Per share amounts

The weighted average number of common shares outstanding for the years ended November 30, 2012 and 2011 was 85,458,130 and 66,356,535, respectively. The dilution created by options and warrants has not been reflected in the per share amounts as the effect would be anti-dilutive.

13. Income taxes:

The Company recognized no income taxes in the statements of net loss and comprehensive loss, as it has been incurring losses since inception and it is not probable that future taxable profits will be available against which the accumulated tax losses can be utilized.

As at November 30, 2012 and 2011, deferred tax assets and liabilities have not been recognized with respect to the following items:

		2012		2011
Deferred tax assets:				
Non-capital loss carry-forwards	$	2,286,923	$	1,729,310
Scientific research and experimental development		565,246		536,464
Royalty obligation		236,790		196,560
Share issue costs		53,554		60,170
Property and equipment		32,719		29,894
Other		27,728		27,797
Deferred tax liability:				
Intangible assets		(5,283)		(19,269)
Net unrecognized deferred tax asset	$	3,197,677	$	2,560,926

The deferred tax liability was not recorded as there are sufficient deductible temporary differences which are available to reverse in the same periods as the taxable temporary differences.

The reconciliation of the Canadian statutory rate to the income tax rate applied to the net loss for the period to the income tax recovery is as follows:

		2012		2011
Canadian federal and provincial income taxes at 27.00% (2011 - 28.63%)	$	(728,387)	$	(462,999)
Stock-based compensation		89,524		15,692
Scientific research and experimental development		6,076		3,615
Rate difference between current and future taxes		-		22,308
Permanent differences and other items		(3,964)		(64,823)
Change in unrecognized temporary differences		636,751		486,207
	$	-	$	-

At November 30, 2012, the Company has the following Canadian non-capital losses available for application in future years expiring as follows:

2014	$	468,000
2015		665,000
2026		684,000
2027		729,000
2028		820,000
2029		721,000
2030		832,000
2031		1,357,000
2032		2,194,000
	$	8,470,000

13. Income taxes (continued):

- Unutilized scientific research and development expenditures at November 30, 2012 of $2,094,000 (2011 - $1,987,000), with no expiry;
- Scientific research and development tax credits at November 30, 2012 of $833,000 (2011 - $792,000), which can be applied against income taxes otherwise payable, with expiry by 2030.

14. Commitments and contingencies:

(a) Commitments

As at November 30, 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 in the next five years by fiscal year ending November 30 are as follows:

2013	$	93,083
2014		86,000
2015		80,500
2016		20,000
2017		20,000
	$	299,583

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 amended the terms of the 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. Subsequent to November 30, 2012 and effective January 1, 2013, the Company amended the terms of the business and administration services agreement and is committed to pay $8,333 per month or $100,000 per annum for a period of one year.

(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 (Note 8). 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.

14. Commitments and contingencies (continued):

(c) Royalties (continued)

The Company is obligated to pay royalties to CIIRDF based on any future product revenues, if any, from the exploitation of the preeclampsia technology contemplated in the project funding agreement equal to 2.5 percent up to a maximum of the amounts funded under the agreement. To November 30, 2012, no royalties are due and/or payable.

The Company is obligated to 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 MSH Agreement to a third party, the Company shall pay MSH a stipulated percentage of sub-license fee and sub-license royalty fee (Note 6).

Subsequent to November 30, 2012 and in conjunction with Alere's decision to license under the Alere Agreement on January 10, 2013, a royalty of $6,250 becomes payable within 30 days to MSH.

15. 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 12(c)). Compensation paid to key management personnel for the years ended November 30, 2012 and 2011 are as follows:

	2012	2011
Salaries, fees and short-term employee benefits	$ 234,750	$ 160,000
Short-term benefits and insurance premiums	3,303	3,114
Share-based payments	204,405	19,033
	$ 442,458	$ 182,147

(b) Key management personnel and shareholder and director transactions

Directors and key management personnel controlled five percent of the voting shares of the Company as at November 30, 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. The payable was included in accounts payable and accrued liabilities as at November 30, 2011. Interest of $21,077 was expensed in fiscal 2011 to September 30, 2011 and interest was waived in the period subsequent to September 30, 2011. On January 20, 2012, the payable to GVI was settled in exchange for $4,416 of cash and 952,533 Common Shares with a fair value of $64,296 being issued to GVI for payment for services rendered in accordance with the terms of an agreement between the two parties.

The Company has an on-going consulting agreement with a shareholder to provide services as needed from time to time. For the year ended November 30, 2012, $156,000 (2011 - $9,000) has been recorded in general and administration expenses relating to this consulting agreement.

16. Government assistance:

During the year ended November 30, 2012, the Company recorded $87,509 (2011 - $80,057) in government assistance to support the commercialization of the PreVu technology. In 2011, government assistance of $25,252 was received with regard to the CIIRDF program. The funding has been recorded as a reduction of the related research expenditures. As at November 30, 2012, $67,567 of government assistance is recorded in accounts receivable (November 30, 2011 - $39,620 and December 1, 2010 - nil).

17. 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.

18. Financial risk management:

(a) Financial assets and liabilities

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, accrued interest on long-term debt and obligation under project funding agreement are financial instruments whose fair value approximates their carrying value due to their short-term maturity. The fair values of the Company's due to related party and long-term debt are estimated to approximate their carrying values, based on the terms of the due to related party as described in note 15 and the terms of the long-term debt as described in note 11. The carrying value of the royalty obligation approximates its fair value as the royalty obligation is recorded at amortized cost with the associated cash flows being revised each period.

(b) Risks arising from financial instruments and risk management

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange and interest rate risks), credit risk and liquidity risk. The Company identifies, evaluates and, where appropriate, mitigates financial risks. The Company’s Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The audit committee of the board is responsible to review the Company’s risk management policies.

18. Financial risk management (continued):

(b) Risks arising from financial instruments and risk management (continued)

(i) Market Risk

Foreign exchange risk

The Company operates primarily within Canada although a portion of its expenses are incurred in other countries primarily the United States dollars (“US dollar”). Foreign exchange risk arises because the cost of transactions denominated in foreign currencies may vary due to changes in exchange rates. The Company has not entered into foreign exchange derivative contracts. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar would not have a significant effect on the Company’s results of operations, financial position or cash flows.

As at November 30, 2012, the Company is exposed to currency risk through its cash and accounts payable denominated in US dollars. Based on the net exposures as at November 30, 2012, and assuming that all other variables remain constant, a 5% appreciation or deterioration of the Canadian dollar against the US dollar would not be significant.

Interest rate risk

The Company is subject to interest rate risk on its cash and cash equivalents and long-term debt. The Company believes that interest rate risk is low as the Company does not hold any term deposits and interest earned on cash equivalents is variable. The long-term debt is at a fixed interest rate. A change of 1% in interest rates over the year ended November 30, 2012 would not have had a significant effect on loss for the period.

(ii) Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s accounts receivable. The carrying amount of financial assets represents the maximum credit exposure. The Company believes there is insignificant credit risk associated with its accounts receivable based on the nature of the counterparties.

Financial instruments that potentially expose the Company to significant concentrations of credit risk consist principally of cash. The Company has investment policies to mitigate against the deterioration of principal and to enhance the Company’s ability to meet its liquidity needs.

(iii) Liquidity and Funding Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company’s approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due and to fund future operations. The Company manages its liquidity risk by forecasting its cash needs on a regular basis and seeking additional financing based on those forecasts (note 2(c)).

The Company’s accounts payable and accrued liabilities have contractual maturities of less than one year. The Company's long-term debt is due on April 12, 2014 (Note 11) and the Company's commitments are due as described in note 14(a).

Funding risk is the risk that market conditions will impact the Company’s ability to raise capital through equity markets under acceptable terms and conditions. The Company manages its funding risk by forecasting its cash needs on a regular basis and continuously monitoring the stock price and other market conditions.

18. Financial risk management (continued):

(c) Capital risk management

The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern in order to pursue the development of its products and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable level; and
- To provide an adequate return to shareholders commensurate with the level of risk associated with a development stage biotechnology company.

The capital structure of the Company consists of cash, long-term debt and equity comprising, issued capital, contributed surplus, warrants, and stock options.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues, granting of stock options, the issuance of debt or by undertaking other activities as deemed appropriate under the specific circumstances. The Company's overall strategy with respect to capital risk management remains unchanged from the year ended November 30, 2011.

The Company is not subject to externally imposed capital requirements. In order to maximize ongoing research and development of its products, the Company does not pay out dividends.

19. Expenses by nature:

Expenses incurred for the years ended November 30, 2012 and 2011 are as follows:

	November 30, 2012	November 30, 2011
Personnel expenses		
Wages and salaries	$ 867,046	$ 460,686
Short-term benefits and insurance premiums	16,044	10,604
Share-based payments	331,570	54,809
	1,214,660	526,099
Amortization and derecognition	56,409	98,686
Science consumables and contract research	33,090	116,069
PreVu development activities	590,270	325,065
Occupancy	53,355	38,011
Professional Fees	437,360	330,405
Administration	224,435	168,505
Government assistance	(87,509)	(105,310)
Total general and administration and research and development expenses	$ 2,522,070	$ 1,497,530

20. Transition to IFRS:

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

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended November 30, 2012, the comparative information presented in these financial statements for the year ended November 30, 2011 and in the preparation of an opening IFRS statement of financial position at December 1, 2010 (the Company's date of transition).

In preparing its opening IFRS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous Canadian Generally Accepted Accounting Principles ("GAAP"). An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

(a) Transition elections

Share-based payment transaction exemption

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 described in note 3(i)(ii) of these financial statements.

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.

20. Transition to IFRS (continued):

(b) 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	1	$ 210,500	$ -	$ 7,987	$ 218,487
Deferred collaborative research and options fees		54,164	-	-	54,164
Current portion of obligation under finance lease		9,233	-	-	9,233
Due to related party		255,125	-	-	255,125
Obligation under project funding agreement	1	7,987	-	(7,987)	-
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:					
Share capital		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

As at December 1, 2010, the following reclassifications were made:

(1) $7,987 was reclassified from obligation under project funding agreement to accounts payable and accrued liabilities.

20. Transition to IFRS (continued):

(b) 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	1	$ 234,522	$ -	$ 37,000	$ 271,522
Accrued interest on long-term debt		16,154	-	-	16,154
Current portion of royalty obligation	1	37,000	-	(37,000)	-
Deferred collaborative research and options fees		10,995	-	-	10,995
Current portion of obligation under finance lease		9,704	-	-	9,704
Total current liabilities		308,375	-	-	308,375
Non-current liabilities					
Long-term debt		884,118	-	-	884,118
Royalty obligation		691,000	-	-	691,000
Obligation under finance lease		7,007	-	-	7,007
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

As at November 30, 2011, the following reclassifications were made:

(1) $37,000 was reclassified from current portion of royalty obligation to accounts payable and accrued liabilities.

20. Transition to IFRS (continued):

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

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 and development	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 and administration	1	54,619	-	(54,619)	-
Research and development	2	190	-	(190)	-
Total operating expenses		(1,496,807)	-	(723)	(1,497,530)
Collaborative research and option fee income		91,599	-	-	91,599
Finance income (costs):					
Finance income		12,891	-	-	12,891
Finance expense	6	(224,865)	-	(974)	(225,839)
Foreign exchange 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.

20. Transition to IFRS (continued):

(c) 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 amortization to general and administration.

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

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

(6) $974 of bank charges were 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.

(d) 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. The Company has adopted the policy of recording interest paid as a cash flow from financing activities rather than operating activities on the statements of cash flows.