Financial Statements
(Expressed in Canadian Dollars)

MIRACULINS INC.

Years ended November 30, 2013 and 2012

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"

Mr. Christopher J. Moreau
President & Chief Executive Officer

"James Kinley"

Mr. James Kinley CA
Chief Financial Officer

March 25, 2014

KPMG LLP
Chartered Accountants
Suite 2000 – One Lombard Place
Winnipeg MB R3B 0X3
Canada

Telephone (204) 957-1770
Fax (204) 957-0808
Internet www.kpmg.ca

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, 2013 and 2012, the statements of net loss and comprehensive loss, changes in shareholders' (deficiency) equity and cash flows for the years ended November 30, 2013 and 2012, 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.

KPMG

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Miraculins Inc. as at November 30, 2013 and 2012, and its financial performance and its cash flows for the years ended November 30, 2013 and 2012 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 $17,325,815 and a working capital deficiency at November 30, 2013 and is dependent on additional sources of funding to carry on operations and repay debt. 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 may cast significant doubt about Miraculins Inc.'s ability to continue as a going concern.

KPMG LLP

Chartered Accountants

March 25, 2014

Winnipeg, Canada

MIRACULINS INC.

Statements of Financial Position
November 30, 2013 and 2012

	Note	November 30, 2013	November 30, 2012
Assets			
Current assets:			
Cash		$ 159,757	$ 911,808
Accounts receivable	15	66,043	87,555
Prepaid expenses		71,782	37,278
Inventory	5	174,770	217,645
Total current assets		472,352	1,254,286
Non-current assets:			
Property and equipment	4 & 6	307,501	22,641
Intangible assets	4 & 7	2,065,171	1,041,785
Total non-current assets		2,372,672	1,064,426
Total assets		**$ 2,845,024**	**$ 2,318,712**
Liabilities and Shareholders' (Deficiency) Equity			
Current liabilities:			
Accounts payable and accrued liabilities	4 & 8	$ 657,976	$ 385,085
Current portion of long-term debt	10	978,800	-
Accrued interest on long-term debt	10	78,028	16,154
Other current obligation	4	606,000	-
Total current liabilities		2,320,804	401,239
Non-current liabilities			
Long-term debt	10	-	927,072
Royalty obligation	8	1,115,127	830,000
Other long-term obligation	4	644,000	-
Total non-current liabilities		1,759,127	1,757,072
Shareholders' (deficiency) equity:			
Share capital	11	12,755,071	10,965,391
Contributed surplus		2,774,619	2,592,963
Warrants	11	561,218	427,580
Deficit		(17,325,815)	(13,825,533)
Total (deficiency) equity		(1,234,907)	160,401
Going concern	2(c)		
Commitments and contingencies	13		
Subsequent events	4, 7, 10, 11 &13		
Total liabilities and equity		**$ 2,845,024**	**$ 2,318,712**

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, 2013 and 2012

	Note		2013		2012
Revenues					
Product sales		$	51,187	$	-
License fees			24,990		-
Collaborative research and option fee income	9		11,655		126,840
			87,832		126,840
Expenses					
Cost of goods sold	5		13,806		-
Selling, general and administration			2,940,023		1,826,664
Research and development			140,100		695,406
			3,093,929		2,522,070
Finance income (costs)					
Finance income			5,326		14,998
Finance expense	8 & 10		(494,942)		(315,320)
Foreign exchange (loss) gain, net			(4,569)		(2,176)
Net finance costs			(494,185)		(302,498)
Net loss and comprehensive loss for the year		$	(3,500,282)	$	(2,697,728)
Basic and diluted loss per share	11	$	(0.34)	$	(0.32)

The accompanying notes are an integral part of these financial statements

MIRACULINS INC.

Statements of Changes in Shareholders' (Deficiency) Equity
Years ended November 30, 2013 and 2012

	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 year		-	-	-	(2,697,728)	(2,697,728)
Transactions with owners, recorded directly in equity						
Issue of common shares	11	2,005,875	-	-	-	2,005,875
Share-based payments	11	-	331,570	-	-	331,570
Stock options exercised	11	58,759	(28,759)	-	-	30,000
Warrants granted	11	-	-	427,580	-	427,580
Warrants expired	11	-	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
Loss and comprehensive loss for the year		-	-	-	(3,500,282)	(3,500,282)
Transactions with owners, recorded directly in equity						
Issue of common shares	11	1,789,680	-	-	-	1,789,680
Share-based payments	11	-	159,260	-	-	159,260
Warrants granted	11	-	-	156,034	-	156,034
Warrants expired	11	-	22,396	(22,396)	-	-
Total transactions with owners		1,789,680	181,656	133,638	-	2,104,974
Balance, November 30, 2013		$ 12,755,071	$ 2,774,619	$ 561,218	$ (17,325,815)	$ (1,234,907)

The accompanying notes are an integral part of these financial statements

MIRACULINS INC.

Statements of Cash Flows
Years ended November 30, 2013 and 2012

	Note	2013	2012
Cash provided by (used in):			
Operating activities:			
Net loss for the year		$ (3,500,282)	$ (2,697,728)
Items not involving cash:			
Amortization	6 & 7	228,219	34,938
Write-down of intellectual property	7	11,494	21,471
Stock-based compensation	11	159,260	331,570
Finance expense	8 & 10	494,942	315,320
Change in non-cash working capital balances:			
Accounts receivable		21,512	(24,848)
Prepaid expenses		(34,504)	(28,697)
Inventory		42,875	(37,816)
Accounts payable and accrued liabilities		213,932	156,864
		(2,362,552)	(1,928,926)
Financing activities:			
Issuance of common shares and warrants, net of share issue costs	11	1,913,214	2,369,159
Exercise of stock options	11	-	30,000
Repayment of obligation under finance lease		-	(16,711)
Interest paid	10	(65,694)	(123,366)
Royalties paid	13	(9,681)	-
		1,837,839	2,259,082
Investing activities:			
Purchase of property and equipment	6	(11,080)	(14,056)
Proceeds on sale of property and equipment	6	-	25,775
Purchase of intangible assets	7	(116,258)	(113,236)
Business combination	4	(100,000)	-
		(227,338)	(101,517)
(Decrease) increase in cash		(752,051)	228,639
Cash, beginning of the year		911,808	683,169
Cash, end of the year		$ 159,757	$ 911,808
Supplemental cash flow information:			
Non-cash financing activities:			
Warrants issued as share issue costs	11	$ 24,798	$ 22,396
Shares issued on exercise of license agreement	11	$ 32,500	$ -
Shares issued to settle amount payable	11 & 14	$ -	$ 64,296
Obligation to fund Scout purchase	4	$ 1,250,000	$ -

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 three primary technology programs are in the areas of cardiovascular disease, diabetes and maternal health. Miraculins cardiovascular health program is focused on the PreVu® Non-invasive Skin Cholesterol Test, a non-invasive tool for risk assessment of coronary artery disease. The program was launched in the market with a pilot program in October of 2012, and then with the commercial roll-out which occurred during the first quarter of fiscal 2013. The Company acquired all the assets related to the Scout DS® , a diabetes screening technology on July 31, 2013. The Company's maternal health program is centred on biomarkers for preeclampsia and a licensing agreement was signed during the first quarter of fiscal 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").

The financial statements were authorized for issue by the Board of Directors on March 25, 2014.

(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 $17,325,815 as at November 30, 2013 and a working capital deficiency of $1,848,452.

Management has forecast that its expected expenditure levels and contracted commitments will exceed the Company's net cash flows and working capital early in fiscal 2014 unless further financing is obtained. Subsequent to November 30, 2013, the Company arranged an additional non-convertible secured loan of up to $1,000,000 from a third party lender, which provides the Company with additional funding as tranches are approved, as further described in note 10. Additional sources of funding will be required during fiscal 2014 to carry on operations and repay debt, now due in October of 2014. 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 long-term debt. 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 or a merger, sale or liquidation of the Company. Any divestiture of assets would be subject to the satisfaction of obligations under the security interests described in note 4 and note 10.

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 revenues and 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, revenues 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 to the financial statements:

- Note 3b(ii): Valuation of the royalty obligation
- Note 3d: The measurement and valuation of inventory
- 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 , 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, long-term debt, accrued interest on long-term debt and royalty obligation.

The Company has the following non-derivative financial liabilities, representing contingent consideration (note 4), which are classified as held for trading: other current obligation and other long-term 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 is measured by reference to the fair value of consideration received or receivable for goods supplied. Revenue from product sales is 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.

Lease revenue from leasing Scout DS® devices to customers under operating leases is recognized as earned over the term of the lease on a straight-line basis.

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 PreVu® medical devices that are held for resale, as well as finished and fully assembled and tested PreVu® medical devices and purchased PreVu® 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
Computers and equipment	Straight-line	30%
Scientific equipment	Diminishing balance	20%
Office and other equipment	Diminishing balance	20%
Leasehold improvements	Straight-line	20%

Assets held for lease are recorded at cost and consist of finished Scout DS® medical devices and parts used in the manufacture of Scout DS® medical devices. These assets are classified as property and equipment as the current business model relating to Scout DS® involves leasing the devices to customers under operating leases. Amortization is provided using the straight-line method over the useful life of the devices, as the devices are leased out under operating leases, based on the estimated realizable value of the medical device at the end of the lease term. The parts used in the manufacture of Scout DS® medical devices are not being amortized until they are completed Scout DS® medical devices.

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 - PreVu®

Costs incurred for acquired intellectual property - PreVu® is being 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 - PreVu®, which is estimated to be five years.

(iii) Patents and trademarks

Costs incurred for patents, patents pending 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.

3. Significant accounting policies (continued):

(f) Intangible assets (continued)

(iv) Technology license

The Company's technology license is recorded at cost and amortized over its estimated useful life.

(v) Other intangible assets

The Company's other intangible assets are recorded at cost and amortized over their estimated useful life.

(vi) 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.

3. Significant accounting policies (continued):

(h) Impairment (continued)

(ii) Non-financial assets (continued)

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.

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.

3. Significant accounting policies (continued):

(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.

(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 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, 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.

The mandatory effective date has not yet been determined by the IASB.

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. Business combination:

On July 31, 2013, the Company completed the acquisition of all relevant assets, including intellectual property, licenses and regulatory approvals, inventories, data and marketing materials relating to the Scout DS® technology from VeraLight Inc. ("VeraLight"). The transaction fits well with the Company's main focus being the acquisition and/or development of diagnostic opportunities in areas where there are unmet clinical needs and the technology services similar markets as the Company's existing PreVu® technology. The transaction was accounted for as a business combination under the acquisition method of accounting under IFRS 3 *Business Combinations*. This requires, among other things, that the share consideration transferred be measured at the acquisition date based on the then-current market price and that the assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. Acquisition-related transaction costs are not included as a component of the acquisition accounting, but are accounted for as expenses in the periods in which the costs are incurred.

Consideration paid for this acquisition consisted of the following:

- $50,000 of cash, which was paid on August 1, 2013.
- $100,000 of cash that was to be paid within 90 days of closing.
- The issuance to VeraLight of 1,308,032 common shares (pre-consolidation - 13,080,315 common shares) (the "Payment Shares") of the Company on the earlier of the third anniversary of the closing date and upon the achievement of cumulative gross revenues in connection with the Scout DS® of $7,000,000, provided that VeraLight may require the Payment Shares to be issued at any time after the first anniversary of closing.
- The issuance of 100,000 common shares (pre-consolidation - 1,000,000 common shares) of the Company upon achievement of cumulative gross revenues in connection with the Scout DS® of $1,000,000 (the $1,000,000 Milestone).
- The issuance of 300,000 common shares (pre-consolidation - 3,000,000 common shares) of the Company upon achievement of cumulative gross revenues in connection with the Scout DS® of $3,000,000 (the $3,000,000 Milestone).
- The issuance of 300,000 common shares (pre-consolidation - 3,000,000 common shares) of the Company upon achievement of cumulative gross revenues in connection with the Scout DS® of $5,000,000 (the $5,000,000 Milestone).
- The issuance of 300,000 common shares (pre-consolidation - 3,000,000 common shares) of the Company upon achievement of cumulative gross revenues in connection with the Scout DS® of $7,000,000 (the $7,000,000 Milestone).
- The issuance of 300,000 common shares (pre-consolidation - 3,000,000 common shares) of the Company upon achievement of cumulative gross revenues in connection with the Scout DS® of $10,000,000 (the $10,000,000 Milestone).
- Within 30 days of achievement of the $10,000,000 Milestone, such number of common shares of the Company equal to 19.9% (after giving effect to the issuance) of the aggregate number of common shares of the Company that are issued subsequent to closing pursuant to the exercise of stock options, warrants and other convertible securities that are issued and outstanding on closing.
- On each anniversary of the achievement of the $10,000,000 Milestone and ending on the anniversary following the exercise or expiry of the last stock option, warrant and other convertible securities that are issued and outstanding on closing, such number of common shares of the Company equal to 19.9% (after giving effect to the issuance) of the aggregate number of common shares of the Company that are issued during the prior year pursuant to the exercise of stock options, warrants and other convertible securities that are issued and outstanding on closing.

4. Business combination (continued):

The fair value of the consideration in respect of this acquisition consisted of the following:

Cash paid on closing	$	50,000
Cash payable within 90 days of closing		100,000
Estimated fair value of Payment Shares		606,000
Estimated fair value of Milestone Shares		644,000
	$	1,400,000

Regarding the cash payable within 90 days of closing the Company paid $50,000 in October 2013 and the remaining amount of $50,000 was paid subsequent to November 30, 2013, on December 31, 2013. The $50,000 that was outstanding as at November 30, 2013 is included within accounts payable and accrued liabilities.

The estimated fair value of the contingent consideration, comprising Payment Shares of $606,000 and the Milestone Shares of $644,000 related to the transaction are included as an other current liability and an other long-term liability, respectively, on the Statement of Financial Position. The Company determined these liability amounts using a share valuation model based on the current revenue projections for the Scout DS® business, as it relates to the above described milestone revenues and other assumptions. The Company will assess these fair values quarterly, or whenever events or changes in circumstances indicate that the fair value may have changed.

The identifiable assets acquired and liabilities assumed are recorded as follows:

Assets held for lease	$	274,670
Scientific equipment		6,050
Patents		1,069,901
Other intangible assets		70,000
Current liabilities		(20,621)
	$	1,400,000

Assets held for lease and scientific equipment are recorded on the Statement of Financial Position within property and equipment. The assets held for lease consist of finished Scout DS® medical devices and parts used in the manufacture of Scout DS® medical devices and are classified as property and equipment as the current business model relating to the Scout DS® involves leasing the devices to its customers under operating leases. The patents and other intangible assets are classified as intangible assets on the Statement of Financial Position and disclosed as intellectual property - Scout DS® in note 7. The current liabilities are included within accounts payable and accrued liabilities on the Statement of Financial Position.

The revenues relating to the Scout DS® for the period from the acquisition date to November 30, 2013 were $16,030 and the net loss was $347,523. The net loss includes the acquisition-related costs described below. The impact to the results of the Company had the acquisition occurred on December 1, 2012 was deemed to be not material due to the financial condition of the seller for the period from December 1, 2012 to the acquisition date. Amortization for a full year would have been $118,380 had the acquisition been completed on December 1, 2012.

For the year ended November 30, 2013, the Company incurred $130,572 of transaction costs directly related to the Scout DS® acquisition, which includes expenditures for advisory, legal, accounting and other similar services. These costs have been expensed as acquisition-related costs within selling, general and administration expenses.

The Company has granted in favour of VeraLight a first ranking security interest over the Scout DS® assets for a period of three years following the closing date. VeraLight has the right, but not the obligation, to exercise its rights in respect of this security interest or exercise any other rights with respect to the Scout DS® assets in certain specified instances. The security interest shall be automatically released and terminated upon the issuance and delivery of the Payment Shares to VeraLight.

5. Inventory:

	November 30, 2013	November 30, 2012
PreVu® parts inventory	$ 138,332	$ 176,902
PreVu® finished goods	36,438	40,743
	$ 174,770	$ 217,645

Inventory expensed within cost of goods sold during the year ended November 30, 2013 was $13,806 (2012 - nil) and relates to inventory sold to external customers. Inventory expensed within selling general and administration expense during the year ended November 30, 2013 was $29,069 (2012 - nil) and relates to inventory used for testing and demonstration purposes. During the year ended November 30, 2012, inventory used for testing and demonstration purposes was recorded within research and development expenses and totaled $11,341. The Company did not have any expired or unuseable inventory during the year ended November 30, 2013 (2012 - nil).

6. Property and equipment:

Cost	Computers and equipment	Equipment held for Resale	Assets held for Lease	Leasehold Improvements	Total
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
Additions	11,080	-	-	-	11,080
Acquisition (note 4)	6,050	-	274,670	-	280,720
Balance November 30, 2013	$ 38,146	$ 9,391	$ 274,670	$ -	$ 322,207

Accumulated amortization	Computers and equipment	Equipment held for Resale	Assets held for Lease	Leasehold Improvements	Total
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
Amortization	6,940	-	-	-	6,940
Balance November 30, 2013	$ 14,706	$ -	$ -	$ -	$ 14,706

Carrying value	Computers and equipment	Equipment held for Resale	Assets held for Lease	Leasehold improvements	Total
At November 30, 2012	$ 13,250	$ 9,391	$ -	$ -	$ 22,641
At November 30, 2013	$ 23,440	$ 9,391	$ 274,670	$ -	$ 307,501

7. Intangible assets:

Cost		Patents and trademarks		Intellectual Property - Scout DS®		Acquired intellectual property - PreVu®		Technology licence		Total
Balance November 30, 2011	$	152,459	$	-	$	818,687	$	30,770	$	1,001,916
Additions		98,236		-		-		15,000		113,236
Disposals		-		-		-		(30,770)		(30,770)
Change due to write-downs and disposals		(21,471)		-		-		-		(21,471)
Balance November 30, 2012		229,224		-		818,687		15,000		1,062,911
Additions		96,258		-		-		20,000		116,258
Acquisition (note 4)		-		1,139,901		-		-		1,139,901
Change due to write-downs and disposals		(11,494)		-		-		(15,000)		(26,494)
November 30, 2013	$	313,988	$	1,139,901	$	818,687	$	20,000	$	2,292,576

Accumulated amortization		Patents and trademarks		Intellectual property - Scout DS®		Acquired intellectual property - PreVu®		Technology licence		Total
Balance November 30, 2011	$	798	$	-	$	-	$	20,770	$	21,568
Amortization		4,808		-		13,645		11,875		30,328
Disposals		-		-		-		(30,770)		(30,770)
Balance November 30, 2012		5,606		-		13,645		1,875		21,126
Amortization		12,322		29,595		163,737		15,625		221,279
Disposals		-		-		-		(15,000)		(15,000)
Balance November 30, 2013	$	17,928	$	29,595	$	177,382	$	2,500	$	227,405

Carrying value		Patents and trademarks		Intellectual Property - Scout DS®		Acquired intellectual property - PreVu®		Technology licence		Total
At November 30, 2012	$	223,618	$	-	$	805,042	$	13,125	$	1,041,785
At November 30, 2013	$	296,060	$	1,110,306	$	641,305	$	17,500	$	2,065,171

The Company has considered indicators of impairment and performed required impairment testing for acquired intellectual property not in use as at November 30, 2013. The Company began amortizing its acquired intellectual property relating to the Scout DS® technology in September 2013, in connection with the technology being available for use by the Company after acquiring the technology on July 31, 2013. The average remaining amortization period for Scout DS® intangible assets, comprised of primarily patents, is 10 years. 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. The average remaining amortization period for PreVu® intangible assets is 3.9 years. As part of its ongoing review of all intellectual property, the Company recorded an impairment write-down during the year ended November 30, 2013 of $11,494 (2012 - $21,471). The impairment losses recorded to date relate to patent applications no longer being pursued which consequently have no future value associated with them.

7. Intangible assets (continued):

For the year ended November 30, 2013, amortization and derecognition expenses are recognized in selling, general and administrative expense for Scout DS® and PreVu® related assets and research and development expense for other assets. During year ended November 30, 2012, amortization and derecognition expenses are recognized in research and development expense.

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 annual license fees of $10,000 in fiscal 2011, $15,000 in fiscal 2012 and $20,000 in fiscal 2013 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 13(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 11). In conjunction with Alere's decision to license under the Alere Agreement on January 10, 2013, a royalty of $6,234 became payable to MSH and was paid during the year ended November 30, 2013 and is recorded within finance expense (2012 - nil). Subsequent to November 30, 2013, on January 30, 2014, Alere elected not to proceed further with its license from the Company.

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 from PreMD Inc. ("PreMD").

Miraculins is obligated to pay a 10 percent ongoing royalty on gross revenue associated with PreVu® to PreMD (Note 13(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, 2013 was $1,182,964 (November 30, 2012 - $877,000). The estimated current portion of the royalty obligation of $67,837 (November 30, 2012 - $47,000) is included within accounts payable and accrued liabilities in the statement of financial position. Royalties for the year ended November 30, 2013 total $3,445 in regards to the royalty obligation (2012 - nil), with payments made during the year ended November 30, 2013 of $3,445 (2012 - nil). Royalty payments will reduce the royalty obligation when paid and the accretion of the royalty obligation for the year ended November 30, 2013 of $309,410 (2012 - $149,000) is recorded within finance expense in the statement of net loss and comprehensive loss.

9. 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, 2013, the Company recognized collaborative research and option fees in the amount of $11,655 (2012 - $126,840). As at November 30, 2013, there were no deferred collaborative research and option fees recorded on the Statement of Financial Position. As at November 30, 2012, there were $11,655 recorded within accounts payable and accrued liabilities on the Statement of Financial Position.

10. Long-term debt:

On October 12, 2011, the Company entered into a non-convertible secured loan agreement with a private lender (the "2011 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 2011 Lender received 142,857 common shares (pre-consolidation - 1,428,571 common shares) of the Company with a fair value of $71,428, net of issue costs of $1,050.

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, 2013 is $78,028 (November 30, 2012 - $16,154).

Subsequent to November 30, 2013, on December 23, 2013, the Company entered into an amending agreement with the 2011 Lender to extend the $1,000,000 non-convertible secured loan for an additional six months. With this amendment, the loan now matures on October 14, 2014. The interest rates remain the same. As consideration for the extension of this loan, the Company issued 100,000 common shares (pre-consolidation - 1,000,000 common shares) of the Company to the 2011 Lender.

In July 2013, the Company and the 2011 Lender agreed to defer interest payments. The interest payments of $30,000 each, due on July 12, 2013 and October 12, 2013 respectively, are included in accrued interest on the Statement of Financial Position. Subsequent to November 30, 2013, on December 23, 2013, the Company entered into an agreement with the 2011 Lender pursuant to which the Company issued 126,806 common shares (pre-consolidation - 1,268,055 common shares) of the Company to the 2011 Lender to satisfy $63,403 of interest accrued on the loan. This settlement includes additional interest on the overdue payments and represents the settlement of the July 12, 2013 and October 12, 2013 interest payments.

The effective interest rate on this long-term debt is 18.15%. Interest expense for the year ended November 30, 2013 was $173,602 (2012 - $162,954). The initial value assigned to the long-term debt, based on a fair value approach, was $878,571. As at November 30, 2013, the amortized cost of the long-term debt was $978,800 (November 30, 2012 - $927,072).

Additionally, subsequent to November 30, 2013, the Company arranged an additional non-convertible secured loan of up to $1,000,000 from a third party lender (the "2013 Lender"). Any amounts advanced under this loan will be evidenced by promissory notes purchased by the 2013 Lender at a 10% discount to the principal amount of the promissory note. Assuming full draw down under this loan, the aggregate purchase price of the promissory notes will be $900,000. All amounts owing under this loan will be due and payable on December 31, 2014 and will bear interest at 12% per annum, payable quarterly. In addition, any overdue payment will bear additional interest at a rate of 6% per annum for a combined interest rate of 18% per annum 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. As consideration for providing the loan, in connection with each purchase of a promissory note by the 2013 Lender, the Company will issue common shares equal to 10% of the principal amount of the promissory note based on the closing price of the Company's common shares on the trading day immediately preceding the purchase of the promissory note. The effective interest rate on this long-term debt is 29.90% if the full amount of the loan was extended to the Company.

On January 10, 2014, the Company closed the initial tranche under this loan and received an initial advance of $250,000 when the 2013 Lender purchased a promissory note for $278,000. As consideration for providing the initial tranche of the loan, the Company issued 55,600 common shares (pre-consolidation - 556,000 common shares) to the 2013 Lender.

On February 10, 2014, the Company closed the second tranche under this loan and received an additional advance of $150,000 when the 2013 Lender purchased a promissory note for $166,667. As consideration for providing the second tranche of the loan, the Company issued 33,333 common shares to the 2013 Lender. Additionally, on March 20, 2014, the Company issued an additional 17,172 common shares to the 2013 Lender in connection with the second tranche of the loan.

On March 20, 2014, the Company closed the third tranche under this loan and received an additional advance of $150,000 when the 2013 Lender purchased a promissory note for $166,667. As consideration for providing the third tranche of the loan, the Company issued 75,758 common shares to the 2013 Lender.

The Company has the option to request the 2013 Lender to advance additional tranches under this loan, which the 2013 Lender may approve or reject at its sole discretion.

10. Long-term debt (continued):

Both loans are secured by a general security interest in favour of the Lenders over all tangible and intangible assets of the Company, excluding the assets relating to the Scout DS®, which were acquired on July 31, 2013. VeraLight has retained a first ranking security interest over the Scout DS® assets as described in note 4.

11. 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.

Subsequent to November 30, 2013, on January 27, 2014, the Company completed a consolidation of its outstanding share capital on the basis of one post-consolidation share for every ten pre-consolidation shares. All of the current year information and comparative figures have been adjusted retrospectively in these financial statements.

(b) Shares issued and outstanding

Shares issued and outstanding are as follows:

	Number of Common Shares		Amount
Balance, November 30, 2011	6,942,273	$	8,900,757
Exercise of stock options (Note 11(c))	30,000		58,759
Issued for cash, net of issue costs of $87,272 (1)	2,229,356		1,941,579
Shares issued to settle amount payable (Note 14(b))	95,253		64,296
Balance November 30, 2012	9,296,882		10,965,391
Issued upon exercise of license agreement (2)	25,000		32,500
Issued for cash, net of issue costs of $181,958 (3) (4) (5)	2,887,722		1,757,180
Balance, November 30, 2013	12,209,604	$	12,755,071

(1) On March 29, 2012, the Company closed a private placement offering (the “Q2 2012 Offering”) of 2,229,356 units (pre-consolidation - 22,293,559 units) (the "Units") at a price of $1.10 per Unit (pre-consolidation - 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 $1.60 (pre-consolidation - $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 $2.50 per Share (pre-consolidation - $0.25 per Share) for any five out of 10 consecutive trading days. There were 1,114,678 warrants (pre-consolidation - 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 $1.40 per Share (pre-consolidation - $0.14 per Share) for a period of twelve months from the date of the Q2 2012 Offering. There were 50,305 Compensation Warrants (pre-consolidation - 503,047 Compensation Warrants) issued.

11. Capital stock (continued):

(b) Shares issued and outstanding (continued)

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.

(2) 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 7). In consideration for the amendments, Miraculins will issue 25,000 common shares (pre-consolidation - 250,000 common shares) from treasury to MSH if Alere exercises its option to license under the Alere Agreement.

Alere exercised its option on January 10, 2013 to license under the Alere Agreement, and the Company issued 25,000 common shares (pre-consolidation - 250,000 common shares) to MSH with fair value of $32,500.

(3) On April 5, 2013, the Company closed a private placement offering (the "Q2 2013 Offering") of 1,167,722 units (pre-consolidation - 11,677,223 units) ("Units") at a price of $0.90 per Unit (pre-consolidation - $0.09 per Unit) with aggregate gross proceeds to the Company of $1,050,950. 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 $1.10 (pre-consolidation - $0.11) at any time within twelve months from the date of issuance of the Warrant. There were 583,861 warrants (pre-consolidation - 5,838,612 warrants) issued within the Q2 2013 Offering. The fair value equal to $75,429, net of warrant issue costs, was assigned to the warrants upon issuance. Included in warrant issue costs of $6,656 is $929 of non-cash compensation recognized for warrants issued related to the Q2 2013 offering.

Certain persons assisted the Company by introducing potential subscribers for the Offering and were paid a finder's fee of 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") equal 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 $0.90 per Share (pre-consolidation - $0.09 per Share) for a period of twelve months from the date of the Q2 2013 Offering. There were 66,929 Compensation Warrants (pre-consolidation - 669,289 Compensation Warrants) issued.

Included in share issue costs of $85,216 is $11,894 of non-cash compensation recognized from warrants issued related to the Q2 2013 Offering.

(4) On September 20, 2013, the Company closed the first closing of a private placement offering (the "Q4 2013 Offering") of 716,667 units (pre-consolidation - 7,166,667 units) ("Units") at a price of $0.60 per Unit (pre-consolidation - $0.06 per Unit) with aggregate gross proceeds to the Company of $430,000. Each Unit is comprised of one common share of the Company (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 $1.00 (pre-consolidation - $0.10) at any time within twelve months from the date of issuance of the Warrant. There were 358,333 warrants (pre-consolidation - 3,583,333 warrants) issued within the first close of the Q4 2013 Offering. The fair value equal to $25,036, net of warrant issue costs, was assigned to the warrants upon issuance. Included in warrant issue costs of $3,556 is $379 of non-cash compensation recognized for warrants issued related to the first close of the Q4 2013 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 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 $0.70 per Share (pre-consolidation - $0.07 per Share) for a period of twelve months from the date of the first close of the Q4 2013 Offering. There were 42,933 Compensation Warrants (pre-consolidation - 429,333 Compensation Warrants) issued.

Included in share issue costs of $53,477 is $5,704 of non-cash compensation recognized from warrants issued related to the first close of the Q4 2013 Offering.

11. Capital stock (continued):

(b) Shares issued and outstanding (continued)

(5) On October 31, 2013, the Company closed the second and final closing of a private placement offering (the "Q4 2013 Offering") of 1,003,333 units (pre-consolidation - 10,033,333 units) ("Units") at a price of $0.60 per Unit (pre-consolidation - $0.06 per Unit) with aggregate gross proceeds to the Company of $602,000. Each Unit is comprised of one common share of the Company (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 $1.00 (pre-consolidation - $0.10) at any time within twelve months from the date of issuance of the Warrant. There were 501,667 warrants (pre-consolidation - 5,016,667 warrants) issued within the second close of the Q4 2013 Offering. The fair value equal to $30,772, net of warrant issue costs, was assigned to the warrants upon issuance. Included in warrant issue costs of $2,383 is $308 of non-cash compensation recognized for warrants issued related to the second close of the Q4 2013 offering.

Certain persons assisted the Company by introducing potential subscribers for the Offering and were paid a finder's fee of 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") equal 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 $0.70 per Share (pre-consolidation - $0.07 per Share) for a period of twelve months from the date of the second close of the Q4 2013 Offering. There were 49,600 Compensation Warrants (pre-consolidation - 496,000 Compensation Warrants) issued.

Included in share issue costs of $43,265 is $5,583 of non-cash compensation recognized from warrants issued related to the second close of the Q4 2013 Offering.

On December 23, 2013, the Company announced that it had arranged a non-convertible secured loan of up to $1,000,000 with a third party lender as described in note 10. As consideration for providing the loan, in connection with each purchase of a promissory note by the lender under the loan agreement, the lender will receive shares of the Company equal to 10% of the principal amount of the promissory note based on the closing price of the Company's shares on the trading day before the purchase of the promissory note. On January 10, 2014, the Company issue 55,600 shares (pre-consolidation - 556,000 shares) in connection with the closing of the first tranche under the loan agreement. On February 10, 2014, the Company issued 33,333 shares in connection with the closing of the second tranche under the loan agreement. On March 20, 2014 the Company issued 75,758 common shares in connection with the closing of the third tranche under the loan agreement and an additional 17,172 common shares in connection with the second tranche. Further information regarding these transactions is contained in note 10.

On December 23, 2013, the Company announced that it has entered into an amending agreement to extend the $1,000,000 non-convertible secured loan with the 2011 Lender that was originally announced on October 13, 2011 as described in note 10. As consideration for the extension of the loan, the Company issued 100,000 shares (pre-consolidation - 1,000,000 shares) to the lender. Additionally, the Company entered into a shares for debt agreement with the lender and issued 126,806 shares (pre-consolidation - 1,268,055 shares) to satisfy $63,403 of interest owing on the loan. Further information regarding these transactions is contained in note 10.

The Company is obligated to issue shares in certain circumstances as a part of the acquisition of the Scout DS® technology as described in Note 4.

(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.

11. Capital stock (continued):

(c) Options (continued):

Changes in the number of options outstanding during the years ended November 30, 2013 and 2012 are as follows and have been restated retrospectively as a result of a share consolidation:

	2013		2012	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Balance, beginning of year	808,500	$ 1.20	420,500	$ 1.48
Granted	290,000	1.00	482,000	1.09
Exercised	-	-	(30,000)	1.00
Forfeited, cancelled or expired	(110,000)	1.24	(64,000)	2.29
Balance, end of year	988,500	1.14	808,500	1.20
Options exercisable, end of year	889,333	$ 1.11	623,333	$ 1.19
Weighted average fair value per unit of option granted during the year		$ 0.39		$ 0.80

Subsequent to November 30, 2013, 5,000 options to purchase common shares expired and 2,500 were forfeited. These options all had exercise prices of $1.00.

Options outstanding at November 30, 2013 consist of the following:

Range of exercise prices	Outstanding number	Weighted average remaining contractual life	Weighted average exercise price	Exercisable number
$1.00 - $1.00	683,333	6.18 years	$1.00	650,833
$1.01 - $1.80	305,167	3.24 years	$1.45	238,500
$1.00 - $1.80	988,500	5.27 years	$1.14	889,333

For the year ended November 30, 2013, compensation expense of $159,260 and nil (2012 - $323,646 and $7,924) was recorded in selling, general and administrative expense and research and development expense 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, 2013	November 30, 2012
Expected option life	3.6 years	3.7 years
Risk free interest rate	1.26%	1.25%
Dividend yield	nil	nil
Expected volatility	96.01%	139.60%

11. Capital stock (continued):

(d) Warrants

Changes in the number of warrants outstanding during the years ended November 30, 2013 and 2012 are as follows and have been restated retrospectively as a result of a share consolidation:

			2013			2012
	Warrants	Amount	Weighted average exercise price	Warrants	Amount	Weighted average exercise price
Balance, beginning of year	1,164,983	$ 427,580	$ 1.60	624,833	$ 214,131	$ 1.80
Granted, pursuant to private placement (note 11(b))	1,603,323	156,034	1.01	1,164,983	427,580	1.60
Expired	(50,305)	(22,396)	1.40	(624,833)	(214,131)	1.80
Balance, end of year	2,718,001	$ 561,218	$ 1.25	1,164,983	$ 427,580	$ 1.60
Weighted average remaining contractual life (years)			0.52 years			1.29 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, 2013	November 30, 2012
Expected life	1.0 years	2.0 years
Risk free interest rate	1.08%	1.18%
Dividend yield	nil	nil
Expected volatility	72.95%	118.07%

(e) Per share amounts

The weighted average number of common shares outstanding for the year ended November 30, 2013 and 2012 was 10,313,544 and 8,311,716, respectively and has been restated retroactively as a result of a share consolidation. The dilution created by options and warrants has not been reflected in the per share amounts as the effect would be anti-dilutive.

12. 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, 2013 and 2012, deferred tax assets and liabilities have not been recognized with respect to the following items:

	2013	2012
Deferred tax assets:		
Non-capital loss carry-forwards	$ 3,030,917	$ 2,286,923
Scientific research and experimental development	565,246	565,246
Royalty obligation	301,084	236,790
Share issue costs	70,552	53,554
Property and equipment	43,715	32,719
Other	38,397	27,728
Deferred tax liability:		
Intangible assets	(97,934)	(5,283)
Net unrecognized deferred tax asset	$ 3,951,977	$ 3,197,677

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:

	2013	2012
Canadian federal and provincial income taxes at 27.00% (2012 - 27.00%)	$ (945,076)	$ (728,387)
Stock-based compensation	43,000	89,524
Scientific research and experimental development	-	6,076
Permanent differences and other items	147,776	(3,964)
Change in unrecognized temporary differences	754,300	636,751
	$ -	$ -

At November 30, 2013, 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
2033	2,755,535
	$ 11,225,535

12. Income taxes (continued):

- Unutilized scientific research and development expenditures at November 30, 2013 of $2,094,000 (2012 - $2,094,000), with no expiry;
- Scientific research and development tax credits at November 30, 2013 of $833,000 (2012 - $833,000), which can be applied against income taxes otherwise payable, with expiry by 2030.

13. Commitments and contingencies:

(a) Commitments

As at November 30, 2013 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:

2014	$	94,333
2015		80,500
2016		20,000
2017		20,000
2018		20,000
	$	234,833

Effective January 1, 2013 the Company amended the terms of the business and administration services agreement with Genesys Venture Inc. ("GVI"), including the provision of Chief Financial Officer services. The Company is committed to pay $8,333 per month or $100,000 per annum for a period of one year.

Subsequent to November 30, 2013 and effective January 1, 2014 the Company amended the terms of the business and administration services agreement with Genesys Venture Inc. ("GVI"), including the provision of Chief Financial Officer services. The Company is committed to pay $9,167 per month or $110,000 per annum for a period of one year. The agreement can be terminated with 90 days notice.

(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.

13. Commitments and contingencies:

(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 7). The Company retains the right to buy-out the royalty at anytime for a one-time payment of $1,000,000. Royalties for the year ended November 30, 2013 total $3,445 in regards to the royalty obligation (2012 - nil), with payments made during the year ended November 30, 2013 of $3,445 (2012 - nil).

The Company is obligated to pay royalties to Canada-Israel Industrial Research and Development Foundation ("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, 2013, 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 7). In conjunction with Alere's decision to license under the Alere Agreement on January 10, 2013, a royalty of $6,234 became payable to MSH and was paid during the year ended November 30, 2013 and is recorded within finance expense (2012 - nil).

14. 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 11(c)). Compensation paid to key management personnel for the years ended November 30, 2013 and 2012 is as follows:

	2013	2012
Salaries, fees and short-term employee benefits	$ 280,706	$ 238,053
Share-based payments	121,294	204,405
	$ 402,000	$ 442,458

(b) Key management personnel and shareholder and director transactions

Directors and key management personnel controlled ten (10) percent (2012 - five (5) percent) of the voting shares of the Company as at November 30, 2013.

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. On January 20, 2012, the payable to GVI was settled in exchange for $4,416 of cash and 95,253 Common Shares (pre-consolidation - 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.

14. Related party transactions (continued):

(b) Key management personnel and shareholder and director transactions (continued)

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, 2013 $48,000 (2012 - $156,000) has been recorded in selling, general and administration expenses relating to this consulting agreement.

15. Government assistance:

During the year ended November 30, 2013, the Company recorded $62,433 (2012 - $87,509) in government assistance to support the commercialization of the PreVu® technology. The funding has been recorded with $51,734 as a reduction of the related selling, general and administration expenses and $10,699 as a reduction of intangible assets. For the year ended November 30, 2012, the funding was recorded as a reduction of the related research and development expenses of $87,509. As at November 30, 2013, no amount of government assistance is recorded in accounts receivable (November 30, 2012 - $67,567).

16. 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.

17. 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 and accrued interest on long-term debt are financial instruments whose fair value approximates their carrying value due to their short-term maturity. The fair value of the Company's long-term debt is estimated to approximate its carrying value, based on the terms of the long-term debt as described in note 10. The fair value of the royalty obligation approximates its carrying value as the royalty obligation is recorded at amortized cost with the associated cash flows being revised each period. The other current obligation and other long-term obligation, representing contingent consideration (note 4), are carried at fair value and their fair value is based on level 3 (unobservable inputs) of the fair value hierarchy.

(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.

(i) Market Risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings or financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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, 2013, 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, 2013, 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, 2013 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.

17. Financial risk management (continued):

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

(ii) Credit Risk (continued)

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 10) and the Company's commitments are due as described in note 13(a). Subsequent to November 30, 2013, on December 23, 2013, the Company entered into an amending agreement with the 2011 Lender to extend the $1,000,000 non-convertible secured loan for an additional six months. With this amendment, the loan now matures on October 14, 2014. The Company's other current obligation and other long-term obligation are payable in common shares of the Company and therefore do not add to liquidity risk.

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.

(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, 2012.

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.

18. Expenses by nature:

Expenses incurred for the years ended November 30, 2013 and 2012 are as follows:

		2013		2012
Personnel expenses				
Wages and salaries	$	987,525	$	867,046
Short-term benefits and insurance premiums		19,655		16,044
Share-based payments		159,260		331,570
		1,166,440		1,214,660
Amortization and derecognition		239,713		56,409
Science consumables and contract research		73,896		33,090
Sales and marketing		725,785		-
PreVu® development activities		-		590,270
Occupancy		97,220		53,355
Professional Fees		451,115		437,360
Administration		391,494		224,435
Government assistance		(51,734)		(87,509)
Total expenses	$	3,093,929	$	2,522,070