Financial Statements
(Expressed in Canadian Dollars)

MIRACULINS INC.

Years ended November 30, 2010 and 2009

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 Canadian generally accepted accounting principles. The significant accounting policies, which management believes are appropriate for the Company, are described in note 2 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 of three 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 & CEO

"Eric Johnstone"

Mr. Eric R. Johnstone, CA
Chief Financial Officer

March 28, 2011

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

AUDITORS' REPORT

To the Shareholders of Miraculins Inc.

We have audited the balance sheets of Miraculins Inc. as at November 30, 2010 and 2009 and the statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the company's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at November 30, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Winnipeg, Canada

March 28, 2011

KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
KPMG Canada provides services to KPMG LLP

MIRACULINS INC.

Balance Sheets
November 30, 2010 and 2009

	2010	2009
Assets		
Current assets:		
Cash	$ 126,825	$ 152,931
Accounts receivable	14,874	8,235
Prepaid expenses	9,108	7,742
Inventory (Note 7)	178,750	-
	329,557	168,908
Property and equipment (Note 5)	61,610	87,051
Intangible assets (Note 6)	942,108	90,755
	$ 1,333,275	**$ 346,714**
Liabilities and Shareholders' Equity (Deficiency)		
Current liabilities:		
Accounts payable and accrued liabilities (Note 14)	$ 210,500	$ 100,934
Due to related party (Note 14)	255,125	364,039
Current portion of obligation under capital lease (Note 8)	9,233	8,784
Obligation under project funding agreement (Note 9)	7,987	81,978
Deferred collaborative research and option fees (Note 10)	54,164	-
	537,009	555,735
Obligation under capital lease (Note 8)	16,711	25,944
Royalty obligation (Note 7)	547,000	-
Shareholders' equity (deficiency):		
Capital stock (Note 11(b))	7,482,590	5,982,786
Contributed surplus (Note 11(e))	1,865,824	1,451,462
Warrants (Note 11(d))	394,764	412,599
Deficit	(9,510,623)	(8,081,812)
	232,555	(234,965)
Nature and continuation of operations - going concern (Note 1)		
Commitments and contingencies (Notes 11 and 13)		
Subsequent events (Notes 11, 14 and 17)		
	$ 1,333,275	**$ 346,714**

On behalf of the Board:

"Albert Friesen"
Director

"Peter de Visser"
Director

The accompanying notes are an integral part of these financial statements

MIRACULINS INC.

Statements of Operations and Deficit
Years ended November 30, 2010 and 2009

		2010		2009
Expenses				
General and administration (Note 14)	$	869,728	$	512,869
Research and development (Notes 9 and 14)		266,372		244,928
Amortization		29,588		47,049
Write-down of intellectual property		5,002		21,245
Stock-based compensation				
General and administration		344,304		8,649
Research		2,858		11,822
Loss before the undernoted		(1,517,852)		(846,562)
Other				
Collaborative research and option fees (Note 10)		85,115		-
Investment and other income		3,926		2,671
Loss and comprehensive loss for the year		(1,428,811)		(843,891)
Deficit, beginning of year		(8,081,812)		(7,237,921)
Deficit, end of year	$	(9,510,623)	$	(8,081,812)
Basic and diluted loss per share (Note 11(f))	$	(0.03)	$	(0.03)

The accompanying notes are an integral part of these financial statements

MIRACULINS INC.

Statements of Cash Flows
Years ended November 30, 2010 and 2009

	2010	2009
Cash provided by (used in):		
Operating activities:		
Loss and comprehensive loss for the year	$ (1,428,811)	$ (843,891)
Adjustments for:		
Amortization	29,588	47,049
Write-down of intellectual property	5,002	21,245
Stock-based compensation	347,162	20,471
Change in the following:		
Accounts receivable	(6,639)	25,899
Prepaid expenses	(1,366)	15,268
Accounts payable and accrued liabilities	109,566	(50,485)
Due to related party	(108,914)	279,552
Obligation under project funding agreement	(73,991)	81,978
Deferred collaborative research and option fee	54,164	-
	(1,074,239)	(402,914)
Financing activities:		
Issuance of common shares and warrants, net of share issue costs	1,348,732	577,578
Repayment of obligation under capital lease	(8,784)	(8,356)
Advance from obligation under project funding agreement	-	20,000
	1,339,948	589,222
Investing activities:		
Purchase of property and equipment	(4,147)	-
Patent and trademark costs	(37,668)	(39,094)
Acquisition of PreVu assets (Note 7)	(250,000)	-
	(291,815)	(39,094)
Increase (decrease) in cash	(26,106)	147,214
Cash, beginning of year	152,931	5,717
Cash, end of year	$ 126,825	$ 152,931

Supplemental cash flow information:		
Non-cash financing activities:		
Warrants issued as share issue costs (Note 11(b))	$ 1,542	$ 12,536
Shares issued to service provider (Note 11(b))	$ -	$ 4,721
Non-cash investing activities:		
Shares issued as consideration for asset acquisition (Note 7)	$ 200,437	$ -

The accompanying notes are an integral part of these financial statements

1. Nature and continuation of operations - going concern:

Miraculins Inc. (the "Company") has as its main focus the acquisition and development of diagnostic opportunities in areas where there are unmet clinical needs. To date, the Company has no products in commercial production or use. Accordingly, the Company is considered to be a development stage enterprise for accounting purposes. Since its date of incorporation on June 27, 1998, through to November 30, 2010, the Company has expended $3,905,937, net of government assistance, for research.

These financial statements have been prepared using Canadian generally accepted accounting principles ("Canadian GAAP") that are applicable to a going concern, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There is substantial doubt about the appropriateness of the use of the going concern assumption because the Company has experienced operating losses and cash outflows from operations since incorporation and has not reached successful commercialization of its products.

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

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

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

2. Significant accounting policies:

(a) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and balances with banks as well as highly liquid short-term investments. The Company considers all highly liquid short-term investments with terms to maturity when acquired of three months or less to be cash equivalents.

(b) General Standards of Financial Statement Presentation:

In accordance with Handbook Section 1400 "General Standards of Financial Statement Presentation", management assesses the ability of the Company to continue as a going concern. Management periodically makes an assessment of an entity's ability to continue as a going concern and takes into account all available information about the future, which is at least, but is not limited to, twelve months from the balance sheet date. Disclosure of any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern is disclosed in Note 1.

2. Significant accounting policies (continued):

(c) Property and equipment:

Property and equipment are stated at cost. Amortization is recorded over the estimated useful lives of the assets at the following rates:

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

(d) Intangible assets:

Intangible assets are made up of Intellectual property including patents, trademarks, technology licences and other intangible rights. Costs incurred for patents and trademarks are capitalized and amortized on a straight-line basis over their respective legal lives or economic life, if shorter. The cost of servicing patents and trademarks is expensed as incurred. Costs incurred for acquired intellectual property are amortized over their expected useful lives of three to five years.

Technology licenses are recorded at cost. The cost of technology licenses are amortized over their expected useful life of three years.

(e) Impairment of long-lived assets:

The carrying amount of long-lived assets which includes property and equipment and intangible assets to be held and used is reviewed for impairment on an ongoing basis whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognized when the carrying amount of an asset to be held and used exceeds the projected undiscounted future net cash flows expected from its use and disposal, and is measured as the amount by which the carrying amount of the asset exceeds its fair value. Management has reviewed the carrying value of long-lived assets and determined no impairment exists at the balance sheet date.

(f) Leases:

Leases are classified as either capital or operating. Those leases which transfer substantially all the benefits and risks of ownership of property to the Company are accounted for as capital leases. 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. Assets under capital leases are amortized based on the useful life of the asset. All other leases are classified as operating leases and leasing costs are expensed in the period in which they are incurred.

(g) Financial instruments:

All financial instruments are classified into one of the following five categories: available for sale, loans and receivables, other financial liabilities, held-for-trading or held to maturity. Initial measurement of financial instruments is at fair value. Subsequent measurement and recognition of changes in fair value of financial instruments depends on their initial classification.

2. Significant accounting policies (continued):

(g) Financial instruments (continued):

The Company utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency, or credit risks arising from these financial instruments and the carrying amounts approximate fair values. All transactions related to financial instruments are recorded on a trade date basis. All derivatives, including embedded derivatives, that must be separately accounted for, are recorded at fair value in the balance sheets.

The Company classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Held-for-trading
This category is comprised of cash. They are carried in the balance sheet at fair value with changes in fair value recognized in the statement of operations and deficit. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

Loans and receivables
These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through grants (accounts receivable), but also incorporate other types of contractual monetary assets. They are initially recognized at fair value (which approximates cost) and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transaction costs related to loans and receivables are expensed as incurred.

Other financial liabilities
Other financial liabilities comprise accounts payables and accrued liabilities, due to related party and obligation under project funding agreement. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are expensed as incurred.

The Company has not classified any assets or liabilities as held-to-maturity or as available-for-sale. The Company had no "other comprehensive income or loss" transactions during the years ended November 30, 2010 or 2009 and no opening or closing balances for accumulated other comprehensive income or loss.

(h) Research and development:

All costs of research activities are expensed in the period in which they are incurred. Development costs are charged as an expense in the period incurred unless the Company believes a development project meets stringent criteria for deferral and amortization. No development costs have been deferred to date.

(i) Stock-based compensation:

The Company has a stock option plan [note 11(c)] for its directors, management, employees, management company employees and consultants. The Company uses the fair value based method to account for all stock-based compensation and other stock-based payments. The fair value is estimated at measurement date using the Black-Scholes option pricing model. For all options granted to directors, management, employees, management company employees and consultants under the Company's stock option plan, compensation expense is recognized over the period(s) in which the related services were rendered.

2. Significant accounting policies (continued):

(j) Government assistance and investment tax credits:

Government assistance toward current expense is recorded as a reduction against the related expenses in the period they are incurred and is recognized when there is reasonable assurance that the Company has met the requirements of the approved grant program. Government assistance towards capital assets is deducted from the cost of the related asset. Investment tax credits relating to scientific research and experimental development are recorded as either a reduction of the applicable capital assets or credited in the statement of operations depending on the nature of the expenditures which gave rise to the credits. The investment tax credit is recorded in the period that the credit has been approved by Canada Revenue Agency.

(k) Income taxes:

The Company uses the asset and liability method to provide for income taxes in the financial statements. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. When realization of future income tax assets does not meet the more likely than not criterion then a valuation allowance is provided for the difference.

(l) Per share amounts:

Per share amounts are computed using the weighted average number of shares outstanding during the period including contingently issuable shares where the contingency has been resolved. The diluted per share amounts are calculated based on the weighted average number of common shares outstanding during the period, plus the effect of dilutive common share equivalents such as options and warrants. This method requires that diluted per share amounts be calculated using the treasury stock method, as if all the common share equivalents where the average market price for the period exceeds the exercise price had been exercised at the beginning of the reporting period, or at the date of issue, if later, as the case may be, and that the funds obtained thereby were used to purchase common shares of the Company at the average trading price of the common shares during the period.

(m) Foreign currency translation:

Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing rates of exchange at the balance sheet dates. Expenses are translated at the exchange rates prevailing on the transaction date. Realized and unrealized exchange gains and losses are included in income.

(n) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses and other income during the year. Significant estimates are used in determining, but are not limited to, valuation of stock-based compensation, and valuation of intangible assets. Actual results could differ from those estimates.

3. Convergence to International Financial Reporting Standards ("IFRS"):

In February 2008, the Canadian Accounting Standards Board (AcSB) confirmed that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company's first year end under IFRS will be November 30, 2012. The transition date for the Company will be December 1, 2010 and will require the restatement for comparative purposes of amounts reported by the Company for the year ended November 30, 2011. The Company is in the process of determining the impact of adoption of IFRS on its financial statements.

4. Financial instruments:

The Company has classified its financial instruments as follows:

	November 30, 2010	November 30, 2009
Financial assets:		
Cash (Held-for-trading)	$ 126,825	$ 152,931
Accounts receivable (Loans and receivables)	14,874	8,235
	$ 141,699	$ 161,166
Financial liabilities:		
Accounts payable and accrued liabilities (Other financial liabilities)	$ 210,500	$ 100,934
Due to related party (Other financial liabilities)	255,125	364,039
Obligation under project funding agreement (Other financial liabilities)	7,987	81,978
Royalty obligation (Other financial liabilities)	547,000	-
	$ 1,020,612	$ 546,951

The Company had neither available-for-sale, nor held-to-maturity financial instruments during the years ended November 30, 2010 or 2009. Cash, accounts receivable, accounts payable and accrued liabilities, and obligation under project funding agreement are financial instruments whose fair value approximates their carrying value due to their short-term maturity.

The fair value of due to related party is not readily determinable given its underlying terms and conditions.

5. Property and equipment:

November 30, 2010	Cost	Accumulated amortization	Net book value
Computer and office equipment	$ 19,538	$ 17,053	$ 2,485
Scientific equipment	89,533	58,075	31,458
Equipment under capital lease	54,035	27,018	27,017
Leasehold improvements	125,644	124,994	650
	$ 288,750	$ 227,140	$ 61,610

November 30, 2009	Cost	Accumulated amortization	Net book value
Computer and office equipment	$ 19,538	$ 15,289	$ 4,249
Scientific equipment	85,386	50,945	34,441
Equipment under capital lease	54,035	16,211	37,824
Leasehold improvements	125,644	115,107	10,537
	$ 284,603	$ 197,552	$ 87,051

6. Intangible assets:

	November 30, 2010 Cost, net of impairments	November 30, 2009 Cost, net of impairments
Patents [(1)]	$ 90,769	$ 57,068
Trademarks	11,882	12,917
Technology licence [(2)]	20,770	20,770
Acquired intellectual property (Note 7)	818,687	-
	$ 942,108	$ 90,755

(1) As part of its ongoing review of all intellectual property, the Company recorded an impairment write-down of $5,002 (2009 - $21,245) during the year. The Company also reviewed the remaining intangible assets for impairment as at November 30, 2010 and has determined no further write-downs were necessary. No amortization has been recorded to date as no patents have yet been issued.

(2) 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 will pay an annual licence maintenance fee beginning on the third anniversary date of the agreement. The Company will also pay a royalty to MSH, subject to minimum annual royalties, of a stipulated percentage of the net sales of licenced products, if any, along with other milestone payments. If the Company sub-licences any rights under the agreement to a third party, the Company shall pay MSH a stipulated percentage of sub-licence fee and sub-licence royalty fee (Note 13(c)). The royalty, sub-licence, and sub-licence royalty fees, if any, are to be paid either monthly or quarterly. The agreement terminates on the expiration or final determination of the invalidity of the last patent issued under the agreement. On January 8, 2010, the Company and MSH amended the royalty and fee structure of the agreement (Note 11(b)). There were no sales of licensed products to November 30, 2010.

7. Asset acquisition:

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

In consideration for the assets, Miraculins paid $250,000 in cash and issued 1,822,158 common shares from treasury to PreMD. The common shares issued had a fair value equal to $200,437 or $0.11 per common share (Note 11(b)).

After closing, 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 value assigned to the royalty obligation , based on an expected value approach, has been estimated at $547,000.

	Amount
Identifiable assets acquired and liabilities assumed:	
Inventory, at net realizable value	$ 178,750
Patents, trademarks, licences and approvals	818,687
Royalty obligation	(547,000)
	$ 450,437

7. Asset Acquisition (continued):

		Amount
Consideration:		
Cash	$	250,000
Equity securities		200,437
	$	450,437

8. Obligation under capital lease:

Capital lease outstanding is as follows:

		2010		2009
Scientific equipment lease contract with a related party, repayable in monthly instalments of $860 including interest, calculated at an imputed rate of 5%, maturing in July 2013 (Note 14).	$	25,944	$	34,728
		25,944		34,728
Current portion of obligation under capital lease		(9,233)		(8,784)
	$	16,711	$	25,944

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

2011	$	10,320
2012		10,320
2013		7,141
Total minimum lease payments		27,781
Amount representing interest		(1,837)
Balance of the obligation	$	25,944

Interest expense incurred on this lease for the year amounts to $1,536 (2009 - $1,964).

9. Obligation under project funding agreement:

On May 27, 2009, the Company entered into a cooperation and project funding agreement with the Canada-Israel Industrial Research and Development Foundation ("CIIRDF"). CIIRDF will provide grants equal to the lesser of $467,352 or 50% of actual expenditures on a specified project over a two year period. Under the terms of the agreement, the Company will be obligated to make payments to CIIRDF at a rate of 2.5% of all product revenues, if any, from the exploitation of the technology contemplated in the agreement, to a maximum of the amounts funded under the agreement (Note 13(c)). Interest is charged on overdue payments owing, if any, at a rate of bank prime plus 1%. At November 30, 2010, the Company is unable to determine if any revenue will be generated by the technology.

9. Obligation under project funding agreement (continued):

During the year ended November 30, 2010, the Company received nil (November 30, 2009 - $155,784) related to the CIIRDF project funding agreement for the purpose of research. Under the terms of the agreement, the Company can use the funding to offset $1 for every $2 spent on research on the project. In accordance with CICA Handbook Section 3800, *Government Assistance*, of this amount, $73,991 (November 30, 2009 - $73,806) has been recorded as a reduction of the related research expenses and $7,987 (November 30, 2009 - $81,978) remains an obligation under the project funding agreement. The Company will record a reduction to the obligation under the project funding agreement as it incurs qualifying expenses related to the project. If and when royalties are due to CIIRDF on any future revenues, these amounts will be recorded as charges to income in the specific periods in which sales are recognized.

10. Deferred collaborative research and option fees:

The Company recognizes collaborative research and option fees income, if any, when underlying contractual services are performed or when milestones are achieved in accordance with the terms of the specific agreement. Up-front payments received for the use of technology where further services are to be provided or fees received on the signing of collaborative research agreements are recognized over the period of performance of the related activities. Amounts received in advance of recognition are included in deferred collaborative research and option fees. For the year ended November 30, 2010, the Company recognized collaborative research and option fees in the amount of $85,115 (November 30, 2009 - nil). As at November 30, 2010, deferred collaborative research and option fees amounted to $54,164 (November 30, 2009 - nil).

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.

(b) Shares issued and outstanding:

Shares issued and outstanding are as follows:

	Number of Common Shares		Amount
Balance, November 30, 2008	20,873,456	$	5,813,086
Issued for cash, net of issue costs of $15,990 (1)	4,650,000		90,119
Issued for cash, net of issue costs of $50,945 (2)	8,000,000		75,383
Issued to service provider, net of issue costs of $523 (3)	94,412		4,198
Balance, November 30, 2009	33,617,868		5,982,786
Issued for cash, net of issue costs of $45,192 (4)	10,200,000		70,935
Exercise of warrants, net of issue costs of $765	8,994,800		1,230,025
Issued as consideration for asset acquisition, net of issue costs of $1,593 (5)	1,822,158		198,844
Balance, November 30, 2010	54,634,826	$	7,482,590

11. Capital stock (continued):

(b) Shares issued and outstanding (continued):

(1) On December 31, 2008, the Company closed a private placement offering (the "Q1 2009 Offering") of 4,650,000 units (the "Units") at a price of $0.05 per Unit, for aggregate gross proceeds to the Company of $232,500. Each Unit is comprised of one common share (a "Share") and one Share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder to purchase one Share at a price of $0.10 at any time within twenty-four months from the date of issuance of the Warrant. These warrants will expire on December 31, 2010. The fair value assigned to the warrants upon issuance is $126,391.

Certain individuals and companies assisted the Company by introducing potential subscribers for the Q1 2009 Offering and received a finder's fee of eight percent of the total subscription proceeds received from subscribers introduced to the Company by each particular individual and company. In addition, certain of these individuals and companies were issued 46,000 compensation warrants (the "Compensation Warrants"), equivalent to four percent of the Units subscribed for by subscribers introduced to the Company by each particular individual and company. Each Compensation Warrant entitled the holder to purchase one Share at a price of $0.05 within one year of the closing date of the Q1 2009 Offering. The Compensation Warrants expired on December 31, 2009.

Included in share issue costs of $15,990 is $1,451 of non-cash compensation recognized from warrants issued related to the Q1 2009 Offering.

(2) On June 17, 2009, the Company closed a private placement offering (the "Q3 2009 Offering") of 8,000,000 units (the "Units") at a price of $0.05 per Unit, for aggregate gross proceeds to the Company of $400,000. Each Unit is comprised of one common share (a "Share") and one Share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder to purchase one Share at a price of $0.10 at any time within twenty-four months from the date of issuance of the Warrant. These warrants will expire on June 17, 2011. The fair value assigned to the warrants upon issuance is $273,672 .

Certain individuals and companies assisted the Company by introducing potential subscribers for the Q3 2009 Offering and received a finder's fee of eight percent of the total subscription proceeds received from subscribers introduced to the Company by each particular individual and company. In addition, these individuals and companies were issued 297,600 compensation warrants (the "Compensation Warrants"), equivalent to four percent of the Units subscribed for by subscribers introduced to the Company by each particular individual and company. Each Compensation Warrant entitles the holder to purchase one Share at a price of $0.05 within one year of the closing date of the Q3 2009 Offering. The Compensation Warrants expired on June 17, 2010.

Included in share issue costs of $50,945 is $11,085 of non-cash compensation recognized from warrants issued related to the Q3 2009 Offering.

(3) On September 24, 2009, the Company issued 94,412 common shares to Diagnos Inc. at deemed consideration of $0.05 per common share for $4,721 as part of the compensation owing for services rendered in accordance with the terms of an agreement between the parties announced December 4, 2007, which was terminated effective September 30, 2009.

(4) On April 1, 2010, the Company closed a private placement offering (the "Q2 2010 Offering") of 10,200,000 units (the "Units") at a price of $0.05 per Unit, for aggregate gross proceeds to the Company of $510,000. Each Unit is comprised of one common share (a "Share") and one Share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder to purchase one Share at a price of $0.10 at any time within twenty-four months from the date of issuance of the Warrant and were callable, at the option of the Company, in the event that the Shares trade at or above $0.14 per Share for any 20 out of 30 consecutive trading days. The Company called these Warrants on August 17, 2010. The fair value equal to $393,873 was assigned to the warrants upon issuance.

Certain persons assisted the Company by introducing potential subscribers for the Q2 2010 Offering and were paid a finder's fee. The finder's fee was a combination of up to 10% of the total subscription proceeds received from subscribers introduced to the Company by each particular person and 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 entitles the holder thereof to purchase one Share at a price of $0.08 per Share for a period of twelve months from the date of the Q2 2010 Offering. The Compensation Warrants will expire on April 1, 2011.

11. Capital stock (continued):

(b) Shares issued and outstanding (continued):

Included in share issue costs of $45,192 is $1,542 of non-cash compensation recognized from warrants issued related to the Q2 2010 Offering.

(5) On September 3, 2010, the Company issued 1,822,158 common shares to PreMD Inc. for consideration of $0.11 per common share for a total value of $200,437 as part of the consideration for assets acquired (Note 7).

On January 8, 2010, the Company announced that it had entered into a Collaborative Research and Option Agreement (the "Agreement") with Alere, Inc. (Alere) (formerly Inverness Medical Innovations) to advance and commercialize Miraculins' preeclampsia technology. In connection with the Agreement, the Company amended certain terms of its licence agreement with MSH (Note 6). In consideration for the amendments, Miraculins will issue 250,000 common shares from treasury to MSH if Alere exercises its option to license under the Agreement.

(c) Options:

The Company has a stock option plan which is administered by the Board of Directors of the Company with stock options granted to directors, management, employees, management company employees and consultants as a form of compensation. Prior to the Company's 2009 annual general meeting, the number of common shares reserved for issuance of stock options was limited to a maximum of 10% of the issued and outstanding shares of the Company at any one time. Effective May 26, 2009, the plan was revised such that the number of common shares reserved for issuance of stock options is limited to a maximum of 20% of the issued and outstanding shares of the Company as at May 26, 2009.

Changes in the number of options outstanding during the year ended November 30, 2010 are as follows:

		2010		**2009**
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Balance, beginning of period	1,530,000	$ 0.41	1,415,000	$ 0.62
Granted	3,115,000	0.14	355,000	0.10
Forfeited, cancelled or expired	(375,000)	0.47	(240,000)	1.17
Balance, end of period	4,270,000	0.21	1,530,000	0.41
Options exercisable, end of period	3,670,000	$ 0.22	1,455,000	$ 0.44
Weighted average fair value per unit of option granted during the year		$ 0.12		$ 0.05

11. Capital stock (continued):

(c) Options (continued):

Options outstanding at November 30, 2010 consist of the following:

Range of exercise prices	Outstanding number	Weighted average remaining contractual life	Weighted average exercise price	Exercisable number
\$0.10 - \$0.50	3,910,000	4.00 years	\$0.15	3,310,000
\$0.51 - \$1.00	215,000	1.05 years	\$0.70	215,000
\$1.01 - \$1.40	145,000	0.28 years	\$1.26	145,000
\$0.10 - \$1.40	4,270,000	3.73 years	\$0.21	3,670,000

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, 2010	**November 30, 2009**
Expected option life	4.6 years	4.9 years
Risk free interest rate	2.26%	2.48%
Dividend yield	nil	nil
Expected volatility	138.20%	137.72%

The cost of stock-based payments to non-employees that are fully vested and non-forfeitable at the measurement date is measured and recognized at that date. For awards that vest at the end of a vesting period, compensation cost is recognized on a straight-line basis over the period of service. The Company recognizes the effect of forfeitures on unvested options as they occur.

Subsequent to November 30, 2010, the Company issued 940,000 stock options to certain officers, employees and consultants with exercise prices ranging from \$0.11 to \$0.14.

(d) Warrants:

Changes in the number of warrants outstanding during the year ended November 30, 2010 are as follows:

			2010			**2009**
	Shares	Amount	Weighted average exercise price	Shares	Amount	Weighted average exercise price
Balance, beginning of period	12,993,600	\$ 412,599	\$ 0.10	2,196,215	\$ 236,398	\$ 0.25
Granted, pursuant to private placement (Note 11(b))	10,200,000	393,873	0.10	12,650,000	400,063	0.10
Granted (Note 11(b))	36,000	1,542	0.08	343,600	12,536	0.05
Exercised	(8,994,800)	(346,050)	0.10	-	-	-
Expired (Note 11(e))	(1,748,800)	(67,200)	0.10	(2,196,215)	(236,398)	0.25
Balance, end of period	12,486,000	\$ 394,764	\$ 0.10	12,993,600	\$ 412,599	\$ 0.10
Weighted average remaining contractual life (years)			0.37 years			1.35 years

11. Capital stock (continued):

(d) Warrants (continued):

On December 31, 2008, the Company granted 4,650,000 Warrants together with common shares under the Q1 2009 Offering (Note 11(b)). Net proceeds were allocated to common shares and warrants using the Black-Scholes model. These warrants expired on December 31, 2010.

Certain individuals and companies who assisted the Company by introducing potential subscribers to the Q1 2009 Offering were granted 46,000 Compensation Warrants relating to the Q1 2009 Offering (Note 11(b)). These warrants expired on December 31, 2009.

On June 17, 2009, the Company granted 8,000,000 Warrants together with common shares under the Q3 2009 Offering (Note 11(b)). Net proceeds were allocated to common shares and warrants using the Black-Scholes model. These warrants will expire on June 17, 2011.

Certain individuals and companies who assisted the Company by introducing potential subscribers to the Q3 2009 Offering were granted 297,600 Compensation Warrants relating to the Q3 2009 Offering (Note 11(b)). These warrants expired on June 17, 2010.

On April 1, 2010, the Company granted 10,200,000 Warrants together with common shares under the Q2 2010 Offering (Note 11(b)). Net proceeds were allocated to common shares and warrants using the Black-Scholes model. The Company called these Warrants on August 17, 2010.

Certain individuals and companies who assisted the Company by introducing potential subscribers to the Q2 2010 Offering were granted 36,000 Compensation Warrants relating to the Q2 2010 Offering (Note 11(b)). The Compensation Warrants will expire on April 1, 2011.

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

	November 30, 2010	November 30, 2009
Expected life	1.0 years	1.9 years
Risk free interest rate	1.72%	1.22%
Dividend yield	nil	nil
Expected volatility	144.92%	173.36%

(e) Contributed surplus:

Changes in contributed surplus are as follows:

	November 30, 2010	November 30, 2009
Balance, beginning of year	$ 1,451,462	$ 1,194,593
Options granted as stock-based compensation, net of forfeitures	347,162	20,471
Fair value of expired warrants (Note 11(d))	67,200	236,398
Balance, end of period	$ 1,865,824	$ 1,451,462

11. Capital stock (continued):

(f) Per share amounts:

The weighted average number of common shares outstanding for the year ended November 30, 2010 and 2009 was 42,871,404 and 28,760,224, respectively. 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:

Significant components of the Company's future tax assets are as follows:

		2010		2009
Future tax assets:				
Non-capital loss carry-forwards	$	1,381,067	$	1,200,315
Scientific research and experimental development		522,004		450,726
Royalty obligation		147,690		-
Intangible assets		-		83,651
Share issue costs		25,738		22,371
Property and equipment		23,074		14,526
Other		14,370		1,086
Future tax liability:				
Intangible assets		(39,224)		-
		2,074,719		1,772,675
less: Valuation allowance		(2,074,719)		(1,772,675)
	$	-	$	-

The reconciliation of the Canadian statutory rate to the income tax provision is as follows:

		2010		2009
Canadian federal and provincial income taxes at 30.08% (2009 - 31.54%)	$	(429,786)	$	(266,177)
Stock-based compensation		104,426		6,457
Scientific research and experimental development		71,091		47,146
Rate difference between current and future taxes		33,100		45,419
Change in rates		(68,180)		-
Permanent differences and other items		(12,695)		(14,786)
Change in valuation allowance		302,044		181,941
	$	-	$	-

At November 30, 2010, the Company has the following available for application in future years:

- Unutilized Canadian non-capital loss carried forward balances for income tax purposes of $5,115,000 (2009 - $4,617,000), with expiry dates ranging from 2011 to 2030;
- Unutilized scientific research and development expenditures for $1,933,349 (2009 - $1,734,000), with no expiry;
- Scientific research and development tax credits of $790,000 (2009 - $701,000), which can be applied against income taxes otherwise payable, with expiry by 2028.

13. Commitments and contingencies:

(a) Commitments:

As at November 30, 2010 and in the normal course of business, the Company has obligations to make future payments, representing contracts and other commitments that are known and committed.

Payments due by fiscal period ending November 30:

2011	$	173,333
2012		45,000
2013		37,500
2014		20,000
2015		20,000
	$	295,833

The Company leases its laboratory space under an operating lease. In addition to the annual lease payments, the Company also pays maintenance, property taxes, insurance and other operating costs. The premises and equipment are leased from Genesys Venture Inc. (GVI), a company controlled by a director.

The Company has a business and administration services agreement with GVI. The Company is committed to pay $13,333 per month or $160,000 per annum. The agreement shall be automatically renewed for succeeding terms of one year on terms to be mutually agreed upon by the parties. The Company may terminate this agreement at any time upon 90 days written 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.

(c) Royalties:

The Company is obligated to pay royalties to PreMD based on any future commercial sales of PreVu* Skin Cholesterol test (Note 7) equal to 10 percent of gross revenue associated with PreVu. The Company retains the right to buy-out the royalty at anytime for a one-time payment of $1,000,000. To date, no revenue had been recorded related to PreVu.

The Company is obligated to royalties to CIIRDF based on any future product revenues, if any, from the exploitation of the technology contemplated in the project funding agreement (Note 9) equal to 2.5 percent to a maximum of the amounts funded under the agreement. To date, no royalties are due and/or payable.

The Company will also pay a royalty to MSH, subject to minimum annual royalties, of a stipulated percentage of the net sales of licenced 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-licences any rights under the agreement to a third party, the Company shall pay MSH a stipulated percentage of sub-licence fee and sub-licence royalty fee (Note 6).

14. Related party transactions:

Related parties consist of companies with significant influence, and companies in which certain directors, officers, or shareholders have interests. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

Related party transactions incurred during the years ended November 30, 2010 and 2009 are as follows:

	November 30, 2010	November 30, 2009
General and administration		
Business and administrative services	195,000	200,000
Interest on due to related party	55,559	-
Research and development		
Rent	39,479	46,250
Clinical research services	39,120	2,948
Scientific equipment lease	-	3,409

The Chief Financial Officer's services are provided through the business and administrative services agreement with Genesys Venture Inc. (the "GVI Agreement") as described in Note 13. In addition, intellectual property, accounting, payroll, human resources and information technology services are provided to the Company through the GVI agreement. See Note 8 for details of capital lease payable to GVI.

Clinical research services are provided through a consulting agreement with CanAm Bioresearch Inc. (CanAm), a company related to GVI through common management. Regulatory support, quality control and clinical support are provided to the Company through a consulting agreement with GVI Clinical Development Solutions Inc. (CDS), a company owned by the Chairman of the Company.

As of November 30, 2010, $255,125 (November 30, 2009 - $364,039) is owed to GVI which bears interest of 12% per annum, calculated and compounded on a monthly basis and has no specific terms of repayment. Subsequent to year-end, the Company issued a payment of $100,000 against amounts owing to GVI.

Included in accounts payable and accrued liabilities as of November 30, 2010 is $12,494 (November 30, 2009 - $3,095) owed to CDS and $12,915 (November 30, 2009 - nil) owed to CanAm, neither of which were interest bearing or had any specific terms of repayment.

15. 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 equity comprising issued capital, contributed surplus, and warrants.

15. Capital risk management (continued):

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 issue 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, 2009.

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.

16. Financial risk management:

The Company has exposure to credit risk, liquidity and funding risk and market risk. 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.

(a) 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.

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. Cash is held on deposit with a credit union and guaranteed by the Credit Union Deposit Guarantee Corporation of Manitoba.

(b) 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.

As at November 30, 2010, the Company had financial assets held for trading of $126,825 (November 30, 2009 - $152,931), loans and receivables of $14,874 (November 30, 2009 - $8,235) and financial liabilities of $1,020,612 (November 30, 2009 - $546,951). The Company's accounts payable and accrued liabilities have contractual maturities of less than one year. The timing of payments related to the obligation under capital lease is approximately $10,320 within one year, and $17,461 from 1 to 5 years (Note 8).

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.

(c) 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 financial instruments.

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates primarily within Canada although a portion of its expenses are incurred in United States dollars ("US dollar"). 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.

16. Financial risk management (continued):

(c) Market Risk (continued):

As at November 30, 2010, the Company is exposed to currency risk through its cash and accounts payable denominated in US dollars as follows:

	November 30, 2010	November 30, 2009
Cash	$ 3,952	$ 8,260
Accounts payable	(18,119)	(20,735)
Net	$ (14,167)	$ (12,475)

Based on the above net exposures as at November 30, 2010, 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.

The Company is subject to interest rate risk on its cash and cash equivalents. 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. A change of 1% in interest rates over the year ended November 30, 2010 would not have had a significant effect on loss for the year.

17. Subsequent events:

On December 15, 2010, the Company announced the closing of a non-brokered private placement offering (the "Q1 2011 Offering") with aggregate gross proceeds to the Company of $730,000 from the sale of 6,083,331 units ("Units") at a price of $0.12 per Unit. Each Unit is comprised of one common share of the Company (a "Share") and one half of one Share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one Share at a price of $0.18 per Share for a period of 12 months from the date the Warrant is issued. The Warrants are callable, at the option of the Company, at any time after six months following their issuance, in the event that the Shares trade at or above $0.25 per Share for any five out of 10 consecutive trading days. The Shares and Warrants will be restricted from transfer for a period of four months and a day from the date hereof in accordance with applicable securities laws. The net proceeds of the Offering shall be used for research and development and working capital purposes.

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