Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

MIRACULINS INC.

Three and six months ended May 31, 2014
(Unaudited)

In accordance with National Instruments 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these unaudited financial statements for the three and six months ended May 31, 2014.

MIRACULINS INC.

Condensed Interim Statements of Financial Position
(Unaudited)

	Note	May 31, 2014	November 30, 2013
Assets			
Current assets:			
Cash		$ 33,258	$ 159,757
Accounts receivable		33,598	66,043
Prepaid expenses		68,530	71,782
Inventory		161,882	174,770
Total current assets		297,268	472,352
Non-current assets:			
Property and equipment		296,898	307,501
Intangible assets	5	1,953,635	2,065,171
Total non-current assets		2,250,533	2,372,672
Total assets		**$ 2,547,801**	**$ 2,845,024**
Liabilities and Shareholders' Deficiency			
Current liabilities:			
Accounts payable and accrued liabilities	6	$ 646,599	$ 657,976
Current portion of secured debt	7	-	978,800
Accrued interest on secured debt	7	-	78,028
Other current obligation	4	187,000	606,000
Total current liabilities		833,599	2,320,804
Non-current liabilities			
Secured debt	7	1,484,851	-
Accrued interest on secured debt	7	102,598	-
Royalty obligation	6	1,117,560	1,115,127
Other long-term obligation	4	199,000	644,000
Total non-current liabilities		2,904,009	1,759,127
Shareholders' deficiency:			
Share capital	8	13,198,792	12,755,071
Contributed surplus		3,280,503	2,774,619
Warrants	8	141,184	561,218
Deficit		(17,810,286)	(17,325,815)
Total deficiency		(1,189,807)	(1,234,907)
Going concern	2(c)		
Commitments and contingencies	9		
Subsequent events	8		
Total liabilities and equity		**$ 2,547,801**	**$ 2,845,024**

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

MIRACULINS INC.

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

	Note	Three months ended May 31, 2014	Three months ended May 31, 2013	Six months ended May 31, 2014	Six months ended May 31, 2013
Revenues					
Product sales		$ 3,000	$ -	$ 6,459	$ 31,520
License Fees		-	-	-	24,990
Collaborative research and option fee income		-	-	-	11,655
		3,000	-	6,459	68,165
Expenses					
Cost of goods sold		267	-	623	13,806
Selling, general and administration		607,742	648,003	1,210,307	1,203,165
Research and development		23,291	21,046	46,730	96,061
Total operating expenses		631,300	669,049	1,257,660	1,313,032
Revaluation of contingent share consideration	4	246,000	-	864,000	-
Finance Income (Costs)					
Finance income		10,469	2,445	10,636	4,303
Finance expense	6 & 7	(109,955)	(81,601)	(103,519)	(167,435)
Foreign exchange (loss) gain, net		(295)	825	(4,387)	87
Net finance costs		(99,781)	(78,331)	(97,270)	(163,045)
Net loss and comprehensive loss for the period		$ (482,081)	$ (747,380)	$ (484,471)	$ (1,407,912)
Basic and diluted loss per share		$ (0.04)	$ (0.07)	$ (0.04)	$ (0.15)

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

MIRACULINS INC.

Condensed Interim Statements of Changes in Shareholders' Deficiency
(Unaudited)

	Note	Share Capital	Contributed Surplus	Warrants	Deficit	Total
Balance, November 30, 2012		$ 10,965,391	$ 2,592,963	$ 427,580	$ (13,825,533)	$ 160,401
Loss and comprehensive loss for the period		-	-	-	(1,407,912)	(1,407,912)
Transactions with owners, recorded directly in equity						
Issue of common shares	8	916,159	-	-	-	916,159
Share-based payments	8	-	33,695	-	-	33,695
Warrants granted	8	-	-	88,252	-	88,252
Warrants expired	8	-	22,397	(22,397)	-	-
Total transactions with owners		916,159	56,092	65,855	-	1,038,106
Balance, May 31, 2013		$ 11,881,550	$ 2,649,055	$ 493,435	$ (15,233,445)	$ (209,405)

	Note	Share Capital	Contributed Surplus	Warrants	Deficit	Total
Balance, November 30, 2013		$ 12,755,071	$ 2,774,619	$ 561,218	$ (17,325,815)	$ (1,234,907)
Loss and comprehensive loss for the period		-	-	-	(484,471)	(484,471)
Transactions with owners, recorded directly in equity						
Issue of common shares	8	443,721	-	-	-	443,721
Share-based payments	8	-	12,448	-	-	12,448
Warrants granted	8	-	-	73,402	-	73,402
Warrants expired	8	-	493,436	(493,436)	-	-
Total transactions with owners		443,721	505,884	(420,034)	-	529,571
Balance, May 31, 2014		$ 13,198,792	$ 3,280,503	$ 141,184	$ (17,810,286)	$ (1,189,807)

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

MIRACULINS INC.

Condensed Interim Statements of Cash Flows
(Unaudited)

	Note	Six months ended May 31, 2014	Six months ended May 31, 2013
Cash provided by (used in):			
Operating activities:			
Net loss for the period		$ (484,471)	$ (1,407,912)
Items not involving cash:			
Amortization	5	168,626	98,105
Stock-based compensation	8	12,448	33,695
Revaluation of contingent share consideration	4	(864,000)	-
Finance expense	6 & 7	103,519	167,435
Change in non-cash working capital balances:			
Accounts receivable		32,445	62,526
Prepaid expenses		3,252	(30,043)
Inventory		12,888	17,392
Accounts payable and accrued liabilities		36,460	(62,331)
Deferred collaborative research and option fee		-	(11,655)
		(978,833)	(1,132,788)
Financing activities:			
Issuance of common shares and warrants, net of share issue costs	8	356,707	971,911
Proceeds from debt financing	7	550,000	-
Interest paid		(7,886)	(61,383)
Royalties paid	5	-	(9,386)
		898,821	901,142
Investing activities:			
Purchase of property and equipment		(4,459)	(11,080)
Purchase of intangible assets	5	(45,628)	(34,640)
Proceeds from sale of property and equipment		3,600	-
		(46,487)	(45,720)
Decrease in cash		(126,499)	(277,366)
Cash, beginning of the period		159,757	911,808
Cash, end of the period		$ 33,258	$ 634,442
Supplemental cash flow information:			
Non-cash financing activities:			
Shares issued to settle accrued interest	7 & 8	$ 57,062	$ -
Shares issued for amendment of debt	7 & 8	$ 45,000	$ -
Shares issued as consideration for debt	7 & 8	$ 58,354	$ -
Shares issued on exercise of license agreement	8	$ -	$ 32,500
Warrants issued as share issue costs	8	$ -	$ 12,823

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

1. Reporting entity:

Miraculins Inc. (the "Company") is a company domiciled and incorporated in Canada. The address of the Company's registered office is 6-1250 Waverley Street, Winnipeg, Manitoba, Canada. The Company's common shares are publicly traded on the TSX Venture Exchange. The Company has as its main focus the acquisition and/or development of diagnostic opportunities in areas where there are unmet clinical needs. 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.

2. Basis of presentation:

(a) Statement of compliance

The condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* and have been prepared using the same accounting policies and methods of application as those used in the Company's audited financial statements for the year ended November 30, 2013. The condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended November 30, 2013.

The financial statements were authorized for issue by the Board of Directors on July 29 , 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 $17,810,286 as at May 31, 2014 and a working capital deficiency of $536,331.

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

(c) Going concern (continued)

Management has forecast that its expected expenditure levels and contracted commitments will exceed the Company's net cash flows and working capital during the early stages of the third quarter of fiscal 2014 unless further financing is obtained. Subsequent to May 31, 2014, the Company announced a private placement offering of up to $250,000. Additional sources of funding will be required during fiscal 2014 to carry on operations. The Company's debt has been extended and is now due on December 31, 2015. 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 7.

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.

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

(e) Use of significant estimates and judgments (continued)

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 for the year ended November 30, 2013:

- 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. 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.

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.

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 on December 31, 2013. The $50,000 that was outstanding as at November 30, 2013 was 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 were 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 change in the valuation of the contingent consideration for the three and six months ended May 31, 2014 of $246,000 and $864,000 respectively (2013 - nil and nil) is recorded as revaluation of contingent share consideration on the statement of net loss and comprehensive loss and as a result, at May 31, 2014, other current liability and other long-term liability is recorded as $187,000 and $199,000 respectively.

The identifiable assets acquired and liabilities assumed were 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 were recorded on the Statement of Financial Position within property and equipment. The assets held for lease consisted of finished Scout DS® medical devices and parts used in the manufacture of Scout DS® medical devices and were 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 were classified as intangible assets on the Statement of Financial Position and disclosed as intellectual property - Scout DS® in note 5. The current liabilities were included within accounts payable and accrued liabilities on the Statement of Financial Position.

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. Intangible assets:

Cost	Patents and trademarks	Intellectual Property - Scout DS®	Acquired intellectual property - PreVu®	Technology licence	Total
Balance November 30, 2012	$ 229,224	$ -	$ 818,687	$ 15,000	$ 1,062,911
Additions	96,258	-	-	20,000	116,258
Acquisitions (note 4)	-	1,139,901	-	-	1,139,901
Change due to write-downs and disposals	(11,494)	-	-	(15,000)	(26,494)
Balance November 30, 2013	313,988	1,139,901	818,687	20,000	2,292,576
Additions	45,628	-	-	-	45,628
Balance May 31, 2014	$ 359,616	$ 1,139,901	$ 818,687	$ 20,000	$ 2,338,204

Accumulated amortization	Patents and trademarks	Intellectual property - Scout DS®	Acquired intellectual property - PreVu®	Technology licence	Total
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
Amortization	6,106	59,190	81,868	10,000	157,164
Balance May 31, 2014	$ 24,034	$ 88,785	$ 259,250	$ 12,500	$ 384,569

Carrying value	Patents and trademarks	Intellectual Property - Scout DS®	Acquired intellectual property - PreVu®	Technology licence	Total
At November 30, 2013	$ 296,060	$ 1,110,306	$ 641,305	$ 17,500	$ 2,065,171
At May 31, 2014	$ 335,582	$ 1,051,116	$ 559,437	$ 7,500	$ 1,953,635

The Company has considered indicators of impairment and performed required impairment testing for acquired intellectual property not in use as at May 31, 2014 and 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 9.6 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 3.5 years. The Company did not record an impairment write-down during the six months ended May 31, 2014 or 2013. Impairment losses recorded to date relate to patent applications no longer being pursued which consequently have no future value associated with them.

5. Intangible assets (continued):

For the six months ended May 31, 2014 and 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.

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 9(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 8). 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 three months ended February 28, 2013 and was recorded within finance expense. On January 30, 2014, Alere elected not to proceed further with its license from the Company.

6. 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 9(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 May 31, 2014 was $1,117,560 (November 30, 2013 - $1,182,964). The estimated current portion of the royalty obligation of $20,000 (November 30, 2013 - $67,837) is included within accounts payable and accrued liabilities in the statement of financial position. There were no royalties paid or accrued for the three and six months ended May 31, 2014. Royalties for the three and six months ended May 31, 2013 totaled $3,152 and nil, respectively, in regards to the royalty obligation, with nil and $3,152 paid during the three and six months ended May 31, 2013. Royalty payments will reduce the royalty obligation when paid and the accretion of the royalty obligation for the three months ended May 31, 2014 of $45,560 was recorded within finance expense in the statement of net loss and comprehensive loss, while the accretion of the royalty obligation for six months ended May 31, 2014 of $45,404 resulted in a reduction of finance expense in the statement of net loss and comprehensive loss. The accretion of the royalty obligation for the three and six months ended May 31, 2013 of $38,000 and $75,000, respectively was recorded within finance expense in the statement of net loss and comprehensive loss.

7. Secured 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 originally matured 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 May 31, 2014 is $77,362 (November 30, 2013 - $78,028).

7. Secured debt (continued):

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 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 with a fair value of $45,000 to the 2011 Lender. On May 16, 2014, the Company entered into an additional amending agreement with the 2011 Lender to extend the $1,000,000 non-convertible secured loan. The loan with the 2011 Lender now matures on December 31, 2015. Additionally, the 2011 Lender has agreed to accrue all interest until December 31, 2015.

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. 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 with a fair value of $57,062 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 secured debt is 20.7%. Interest expense for the three and six months ended May 31, 2014 was $36,418 and $96,813 respectively (2013 - $42,816 and $84,818). The initial value assigned to the secured debt, based on a fair value approach, was $878,571. As at May 31, 2014, the amortized cost of the secured debt was $974,218 (November 30, 2013 - $978,800).

On December 23, 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 secured debt is 35.98% if the full amount of the loan was extended to the Company. Interest payable at May 31, 2014 is $25,236 (November 30, 2013 - nil).

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) of the Company with a fair value of $25,020 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 50,505 common shares of the Company with a fair value of $16,667 to the 2013 Lender.

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.

On May 16, 2014, the Company entered into an amending agreement with the 2013 Lender to extend the $611,334 non-convertible secured loan. The loan with the 2013 Lender now matures on December 31, 2015. Additionally, the 2013 Lender has agreed to accrue all interest until December 31, 2015.

Interest expense for the three and six months ended May 31, 2014 was $23,885 and $44,224 respectively (2013 - nil and nil). The initial value assigned to all tranches of the secured debt, based on a fair value approach, was $491,646. As at May 31, 2014, the amortized cost of the long-term debt was $510,633 (November 30, 2013 - nil).

7. Long-term debt (continued):

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.

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.

8. 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.

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, 2012	9,296,882	$	10,965,391
Issued upon exercise of license agreement [(1)]	25,000		32,500
Issued for cash, net of issue costs of $85,216[(2)]	1,167,722		883,659
Balance May 31, 2013	10,489,604		11,881,550
Balance November 30, 2013	12,209,608		12,755,071
Shares issued to settle accrued interest (Note 7)[(3)]	126,806		57,062
Shares issued for amendment of debt (Note 7)[(4)]	100,000		45,000
Shares issued as consideration for debt (Note 7)[(5)]	181,863		58,354
Issued for cash, net of issue costs of $15,323[(6)(7)]	3,064,000		283,305
Balance, May 31, 2014	15,682,277	$	13,198,792

[(1)] 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 5). 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.

8. Capital stock (continued):

(b) Shares issued and outstanding (continued)

[2] 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.

[3][4] 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 7. 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 7.

[5] 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 7. 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 and an additional 17,172 common shares were issued subsequently. On March 20, 2014 the Company issued 75,758 common shares in connection with the closing of the third tranche under the loan agreement. Further information regarding these transactions is contained in note 7.

[6] On April 11, 2014 the Company closed a private placement offering (the "April 2014 Offering") of 464,000 units at a price of $0.25 per unit with aggregate gross proceeds to the Company of $116,000. Each Unit is comprised of one common share (a "Share") and one Share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one Share at a price of $0.35 at any time within twelve months from the date of issuance of the Warrant. The Warrants are callable, at the option of the Company, at any time after four months following their issuance, in the event that the closing price of the Shares is at or above $0.50 per Share for any five out of 10 consecutive trading days. There were 464,000 warrants issued within the April 2014 Offering. The fair value equal to $$22,112, net of warrant issue costs, was assigned to the warrants upon issuance. Share issue costs total $6,785 related to the April 2014 Offering.

[7] On May 26, 2014, the Company closed a private placement offering (the "May 2014 Offering") of 2,600,000 units at a price of $0.10 per unit with aggregate gross proceeds to the Company of $260,000. Each Unit is comprised of one common share (a "Share") and one Share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one Share at a price of $0.15 at any time within 24 months from the date of issuance of the Warrant. There were 2,600,000 warrants issued within the May 2014 Offering. The fair value equal to $51,290, net of warrant issue costs, was assigned to the warrants upon issuance. Share issue costs total $8,538 related to the May 2014 Offering.

8. Capital stock (continued):

(b) Shares issued and outstanding (continued)

One finder assisted the Company by introducing a subscriber to the Offering and was paid a finder's fee of 10% of the total subscription proceeds received from the subscriber introduced to the Company by the finder.

Subsequent to May 31, 2014, the Company announced a private placement offering (the "Q3 2014 Offering") for gross proceeds up to $250,000 from the sale of up to 2,272,727 units ("Units") at a price of $0.11 per Unit. Each Unit will comprised of one common share of the Company (a "Share") and one Share purchase warrant (a "Warrant"). Each warrant entitles the holder to purchase one Share at a price of $0.15 per Share for a period of twelve months from the date the Warrant is issued. Certain person may assist the Company by introducing potential subscribers for the Q3 2014 offering and will be entitled to receive a finder's fee payable in cash and share purchase warrants. The net proceeds of the Q3 2014 Offering will be used for general corporate purposes.

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.

Changes in the number of options outstanding during the six months ended May 31, 2014 and 2013 are as follows and have been restated retrospectively as a result of a share consolidation:

		2014		**2013**
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Balance, beginning of period	988,500	$ 1.14	808,500	$ 1.20
Forfeited, cancelled or expired	(30,000)	(1.00)	(60,000)	(1.00)
Balance, end of period	958,500	1.14	748,500	1.20
Options exercisable, end of period	859,333	$ 1.11	681,833	$ 1.20
Weighted average fair value per unit of option granted during the period		$ -		$ -

Subsequent to May 31, 2014, 13,000 options to purchase common shares expired and 2,500 options to purchase common shares were cancelled. These options all had exercise prices of $1.00.

8. Capital stock (continued):

(c) Options (continued)

Options outstanding at May 31, 2014 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	653,333	5.68 years	$1.00	620,833
$1.01 - $1.80	305,167	2.74 years	$1.45	238,500
$1.00 - $1.80	958,500	5.02 years	$1.14	859,333

For the three and six months ended May 31, 2014, compensation expense of $5,154 and $12,448 (2013 - $7,500 and $33,695) was recorded in selling, general and administrative expense 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:

	May 31, 2014	**May 31, 2013**
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%

(d) Warrants

Changes in the number of warrants outstanding during the six months ended May 31, 2014 and 2013 are as follows and have been restated retrospectively as a result of a share consolidation:

			2014			**2013**
	Warrants	Amount	Weighted average exercise price	Warrants	Amount	Weighted average exercise price
Balance, beginning of period	2,718,001	$ 561,218	$ 1.25	1,164,983	$ 427,580	$ 1.60
Granted, pursuant to private placement (note 8(b))	3,064,000	73,402	0.18	650,790	88,252	1.10
Expired	(1,765,468)	(493,436)	(1.34)	(50,305)	(22,397)	(1.40)
Balance, end of period	4,016,533	$ 141,184	$ 0.37	1,765,468	$ 493,435	$ 1.40
Weighted average remaining contractual life (years)			1.47 years			0.83 years

8. Capital stock (continued):

(d) Warrants (continued)

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

	May 31, 2014	May 31, 2013
Expected life	1.9 years	1.0 years
Risk free interest rate	1.08%	1.42%
Dividend yield	nil	nil
Expected volatility	72.95%	71.01%

(e) Per share amounts

The weighted average number of common shares outstanding for the six months ended May 31, 2014 and 2013 was 12,729,303 and 9,682,103, 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.

9. Commitments and contingencies:

(a) Commitments

As at May 31, 2014 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 - remaining	$	108,002
2015		89,667
2016		20,000
2017		20,000
2018		20,000
2019		20,000
	$	277,669

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.

9. Commitments and contingencies (continued):

(b) Guarantees

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

(c) Royalties

The Company is obligated to pay royalties to PreMD based on any future commercial sales of PreVu® Skin Cholesterol test equal to 10 percent of gross revenue associated with PreVu® (Note 6). The Company retains the right to buy-out the royalty at anytime for a one-time payment of $1,000,000. There were no royalties paid or accrued for the three and six months ended May 31, 2014. Royalties for the three and six months ended May 31, 2013 totaled $3,152 and nil, respectively, in regards to the royalty obligation, with nil and $3,152 paid during the three and six months ended May 31, 2013.

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 May 31, 2014, 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 5). No royalties were paid to MSH during the six months ended May 31, 2014. 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 six months ended May 31, 2013 and was recorded within finance expense.

10. 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 8(c)). Compensation paid to key management personnel for the three and six months ended May 31, 2014 and 2013 is as follows:

	Three months ended May 31, 2014	Three months ended May 31, 2013	Six months ended May 31, 2014	Six months ended May 31, 2013
Salaries, fees and short-term employee benefits	$ 62,420	$ 70,337	$ 133,757	$ 138,091 .
Share-based payments	5,154	7,500	9,484	21,289
	$ 67,574	$ 77,837	$ 143,241	$ 159,380

(b) Key management personnel and shareholder and director transactions

Directors and key management personnel controlled one (1) percent (2013 - eight (8) percent) of the voting shares of the Company as at May 31, 2014.

The Company has an on-going consulting agreement with a shareholder to provide services as needed from time to time. For the three and six months ended May 31, 2014, $3,333 and $3,333, respectively, has been recorded in selling, general and administration expenses relating to this consulting agreement. For the three and six months ended May 31, 2013, $12,068 and $21,068, respectively, has been recorded in selling, general and administration expenses relating to this consulting agreement. As at May 31, 2014 $16,667 is recorded within prepaid expenses relating to amounts paid under this consulting agreement (November 30, 2013 - nil).