Financial Statements
(Expressed in Canadian Dollars)

MIRACULINS INC.

Years ended November 30, 2014 and 2013

MANAGEMENT REPORT

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

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

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

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

"Christopher Moreau"

Mr. Christopher J. Moreau
President & Chief Executive Officer

"James Kinley"

Mr. James Kinley CA
Chief Financial Officer

March 26, 2015

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Miraculins Inc.

We have audited the accompanying financial statements of Miraculins Inc., which comprise the statements of financial position as at November 30, 2014 and 2013, the statements of net loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Miraculins Inc. as at November 30, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2(c) in the financial statements which indicates that Miraculins Inc. has experienced operating losses and cash outflows since incorporation, has accumulated a deficit of $19,239,552 and has a working capital deficiency of $441,263 at November 30, 2014. Miraculins Inc. depends on its ability to raise financing in order to discharge its commitments and liabilities in the normal course of business. These conditions, along with other matters as set forth in Note 2(c), indicate the existence of material uncertainties that may cast significant doubt upon Miraculins Inc.'s ability to continue as a going concern.

KPMG LLP

Chartered Accountants

March 26, 2015

Winnipeg, Canada

MIRACULINS INC.

Statements of Financial Position
November 30, 2014 and 2013

	Note		November 30, 2014		November 30, 2013
Assets					
Current assets:					
Cash		$	1,161,744	$	159,757
Accounts receivable			29,627		66,043
Prepaid expenses			39,724		71,782
Inventory	5		-		174,770
Total current assets			1,231,095		472,352
Non-current assets:					
Property and equipment	6		296,808		307,501
Intangible assets	7		1,081,349		2,065,171
Total non-current assets			1,378,157		2,372,672
Total assets		**$**	**2,609,252**	**$**	**2,845,024**
Liabilities and Shareholders' Deficiency					
Current liabilities:					
Accounts payable and accrued liabilities	9	$	869,758	$	657,976
Deferred revenue	8		171,600		-
Current portion of secured debt	9		-		978,800
Accrued interest on secured debt	9		-		78,028
Other current obligation	4		631,000		606,000
Total current liabilities			1,672,358		2,320,804
Non-current liabilities					
Secured debt	9		1,440,497		-
Accrued interest on secured debt	9		212,930		-
Royalty obligation	10		-		1,115,127
Other long-term obligation	4		-		644,000
Total non-current liabilities			1,653,427		1,759,127
Shareholders' deficiency:					
Share capital	11		13,964,680		12,755,071
Contributed surplus			3,627,231		2,774,619
Warrants	11		931,108		561,218
Deficit			(19,239,552)		(17,325,815)
Total deficiency			(716,533)		(1,234,907)
Going concern	2(c)				
Commitments and contingencies	14				
Subsequent events	4, 9, 11 & 14				
Total liabilities and equity		**$**	**2,609,252**	**$**	**2,845,024**

On behalf of the Board:

"Harry Bloomfield"
Director

"Michael Stasiuk"
Director

The accompanying notes are an integral part of these financial statements

MIRACULINS INC.

Statements of Net Loss and Comprehensive Loss
Years ended November 30, 2014 and 2013

	Note	2014	2013
Revenues			
Product sales		$ 12,459	$ 51,187
License fees		-	24,990
Collaborative research and option fee income		-	11,655
		12,459	87,832
Expenses			
Cost of goods sold	5	163,038	13,806
Selling, general and administration		2,409,348	2,928,529
Research and development		31,778	140,100
Write-down of intangible assets	7	748,275	11,494
		3,352,439	3,093,929
Other income (expenses)			
Revaluation of contingent share consideration	4	619,000	-
Revaluation of royalty obligation	10	1,182,964	(309,410)
Finance expense, net	13	(359,676)	(180,206)
Foreign exchange loss, net		(16,045)	(4,569)
Net other income (expenses)		1,426,243	(494,185)
Net loss and comprehensive loss for the period		$ (1,913,737)	$ (3,500,282)
Basic and diluted loss per share	11	$ (0.12)	$ (0.34)

The accompanying notes are an integral part of these financial statements

MIRACULINS INC.

Statements of Changes in Shareholders' Deficiency
Years ended November 30, 2014 and 2013

	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		-	-	-	(3,500,282)	(3,500,282)
Transactions with owners, recorded directly in equity						
Issue of common shares	11	1,789,680	-	-	-	1,789,680
Share-based payments	11	-	159,260	-	-	159,260
Warrants granted	11	-	-	156,034	-	156,034
Warrants expired	11	-	22,396	(22,396)	-	-
Total transactions with owners		1,789,680	181,656	133,638	-	2,104,974
Balance, November 30, 2013		$ 12,755,071	$ 2,774,619	$ 561,218	$ (17,325,815)	$ (1,234,907)
Loss and comprehensive loss for the period		-	-	-	(1,913,737)	(1,913,737)
Transactions with owners, recorded directly in equity						
Issue of common shares	11	1,209,609	-	-	-	1,209,609
Share-based payments	11	-	291,394	-	-	291,394
Warrants granted	11	-	-	931,108	-	931,108
Warrants expired	11	-	561,218	(561,218)	-	-
Total transactions with owners		1,209,609	852,612	369,890	-	2,432,111
Balance, November 30, 2014		$ 13,964,680	$ 3,627,231	$ 931,108	$ (19,239,552)	$ (716,533)

The accompanying notes are an integral part of these financial statements

MIRACULINS INC.

Statements of Cash Flows
Years ended November 30, 2014 and 2013

	Note	2014	2013
Cash provided by (used in)			
Operating activities:			
Net loss for the period		$ (1,913,737)	$ (3,500,282)
Items not involving cash:			
Amortization	6 & 7	326,616	228,219
Write-down of property and equipment	6	5,791	-
Write-down of intangible assets	7	748,275	11,494
Write-down of inventory	5	161,882	-
Stock-based compensation	11	291,394	159,260
Revaluation of contingent share consideration	4	(619,000)	-
Revaluation of royalty obligation	10	(1,182,964)	309,410
Finance expense	13	359,676	180,206
Change in non-cash working capital balances:			
Accounts receivable		56,416	21,512
Prepaid expenses		32,058	(34,504)
Inventory		12,888	42,875
Accounts payable and accrued liabilities		57,619	213,932
Deferred revenue		171,600	-
		(1,491,486)	(2,367,878)
Financing activities:			
Issuance of common shares and warrants, net of share issue costs	11	2,092,302	1,913,214
Proceeds from debt financing	9	550,000	-
Interest paid, net	13	(12,662)	(60,368)
Royalties paid	10	-	(9,681)
		2,629,640	1,843,165
Investing activities:			
Purchase of property and equipment	6	(9,828)	(11,080)
Purchase of intangible assets	7	(80,637)	(116,258)
Proceeds from sale of property and equipment	6	4,298	-
Business combination	4	(50,000)	(100,000)
		(136,167)	(227,338)
Increase (decrease) in cash		1,001,987	(752,051)
Cash, beginning of the period		159,757	911,808
Cash, end of the period		$ 1,161,744	$ 159,757
Supplemental cash flow information:			
Non-cash financing activities:			
Warrants issued as share issue costs	11	$ 156,088	$ 24,798
Shares issued to settle accrued interest	9 & 11	$ 57,062	$ -
Shares issued for amendment of debt	9 & 11	$ 45,000	$ -
Shares issued for finance costs on secured debt	9 & 11	$ 58,353	$ -
Obligation to fund Scout purchase	4	$ -	$ 1,250,000
Shares issued on exercise of license agreement	7 & 11	$ -	$ 32,500

The accompanying notes are an integral part of these financial statements

1. Reporting entity:

Miraculins Inc. (the "Company") is a company domiciled and incorporated in Canada. The address of the Company's registered office is 6-1250 Waverley Street, Winnipeg, Manitoba, Canada. The Company's common shares are publicly traded on the TSX Venture Exchange. The Company has as its main focus the acquisition and/or development of diagnostic opportunities in areas where there are unmet clinical needs. The Company's primary technology program is in the area of diabetes as the Company acquired all the assets related to the Scout DS®, a diabetes screening technology on July 31, 2013. On August 14, 2014, the Company signed a distribution agreement with a Company in China to distribute the Scout DS®.

2. Basis of presentation:

(a) Statement of compliance

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

The financial statements were authorized for issue by the Board of Directors on March 26, 2015.

(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 are material uncertainties that may cast significant doubt upon 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 $19,239,552 as at November 30, 2014 (2013 - $17,325,815) and a working capital deficiency of $441,263 (2013 - $1,848,452).

Management has forecast that expected expenditure levels and contracted commitments will exceed the Company's net cash inflows and working capital during the second quarter of fiscal 2015 unless further financing is obtained. Additional sources of funding will be required commencing in the second quarter of fiscal 2015 to carry on operations. The Company's debt has been extended and is now due on December 31, 2015. As disclosed in note 7, the Company’s strategy has changed with the Company’s resources for the foreseeable future being focused on the commercialization of the Scout DS® technology. The Scout DS® technology is approved for commercial sale in Canada and Europe and the Company has launched the product through pharmacy pilots in the Canadian market with nominal revenues expected during fiscal 2015. The Company is currently in the early stages in the process of obtaining regulatory approval for sale of the Scout DS® technology in China. Commercialization of the Scout DS® technology in the United States will be dependent on available funding to obtain regulatory approval. The Company's future operations including the completion of the commercialization of the Scout DS® technology is dependent upon its ability to secure additional funds, obtain regulatory approval in China, 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, obtain regulatory approval in China, 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 and 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 notes 4 and 9.

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

(c) Going concern (continued)

The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities and commitments when due is dependent on many factors, including, but not limited to the successful completion of the actions taken or planned, some of which are described above, which are intended to mitigate the adverse conditions and events which raise significant doubt about the validity of the going concern assumption used in preparing these financial statements. There can be no assurance that the Company will be able to obtain sufficient financing to meet future operational needs or that the above described and other strategies will be sufficient to permit the Company to continue as a going concern.

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

(d) Functional and presentation currency

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

(e) Use of significant estimates and judgments

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

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

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

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

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

(f) Comparative figures

For comparative purposes, certain of the prior year figures have been reclassified to conform with the financial statement presentation adopted in the current year.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements , unless otherwise indicated.

(a) Foreign currency transactions

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

(b) Financial instruments

(i) Non-derivative financial assets

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

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

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

The Company classifies non-derivative financial assets into the following categories: loans and receivables. The Company has not classified any assets or liabilities as held-to-maturity or available-for-sale.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost. Loans and receivables are comprised of cash and accounts receivable.

(ii) Non-derivative financial liabilities

The Company has the following non-derivative financial liabilities which are classified as other financial liabilities: accounts payable and accrued liabilities, long-term debt and accrued interest on long-term debt.

The royalty obligation was recorded at its fair value at the date at which the liability was incurred and was subsequently revalued at each reporting date. Estimating fair value of this liability required determining the most appropriate valuation model, which was dependant on its underlying terms and assumptions. This estimate also required determining expected revenue from PreVu® sales, the expected timing of a buy-out of the royalty obligation and an appropriate discount rate and making assumptions about them.

The Company has the following non-derivative financial liabilities, representing contingent consideration (note 4), which are classified as held for trading: other current obligation and other long-term obligation.

All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Costs incurred to obtain financing are deferred and amortized over the term of the associated debt using the effective interest method. The related amortization is a non-cash charge to finance expense.

3. Significant accounting policies (continued):

(b) Financial instruments (continued)

(ii) Non-derivative financial liabilities (continued)

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

(iii) Share capital

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

(iv) Warrants

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

(c) Revenue recognition

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

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

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

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

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

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

(d) Inventory

Inventory consisted of parts to be used in the manufacture of finished PreVu® medical devices that were being held for resale, as well as finished and fully assembled and tested PreVu® medical devices and purchased PreVu® testing kit inventories that were being held for resale. Inventory was recorded based on the first in first out principle and was valued at the lower of cost and net realizable value.

3. Significant accounting policies (continued):

(e) Property and equipment

(i) Recognition and measurement

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

(ii) Amortization

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

Asset	Basis	Rate
Computers and equipment	Straight-line	30%
Office and other equipment	Diminishing balance	20%

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

Equipment held for resale is stated at the lower of cost, net of previously recorded amortization, and fair value less costs to sell.

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

(f) Intangible assets

(i) Research and development

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

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

(ii) Acquired intellectual property - PreVu®

Costs incurred for acquired intellectual property - PreVu® were being amortized over the estimated period that they were available for use in the manner intended by management, commencing with the commercial launch of the products associated with the acquired intellectual property - PreVu®, which was estimated to be five years.

3. Significant accounting policies (continued):

(f) Intangible assets (continued)

(iii) Patents and trademarks

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

(iv) Technology license

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

(v) Other intangible assets

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

(vi) Subsequent expenditure

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

(g) Impairment

(i) Financial assets

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

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

(ii) Non-financial assets

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

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

3. Significant accounting policies (continued):

(g) Impairment (continued)

(ii) Non-financial assets (continued)

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

(h) Employee benefits

(i) Short-term employee benefits

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

(ii) Share-based payment transactions

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

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

(i) Government grants

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

(j) Finance income and finance costs

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

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

(k) Income tax

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

3. Significant accounting policies (continued):

(k) Income tax (continued):

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

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

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

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

(l) Earnings (loss) per share

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

(m) Changes in accounting policies

The Company adopted the following new standards and amendments effective December 1, 2013. The adoption of these new standards did not have a material impact on the methods of computation or presentation of the Company's financial statements:

IFRS 13, *Fair Value Measurement*

IFRS 13 replaces the fair value measurement guidance contained in individual IFRS with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The standard also establishes a framework for measuring fair value and sets out disclosure requirements to fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income.

3. Significant accounting policies (continued):

(m) Changes in accounting policies (continued):

IFRS 10, *Consolidated Financial Statements*

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to valuable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Amendment to IAS 1 *Presentation of Financial Statements*

The amendment to IAS 1 requires entities to separately present items in other comprehensive income based on whether or not they may be recycled to profit or loss in future periods.

(n) New standards and interpretations not yet adopted

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

IFRS 9 *Financial Instruments: Classification and Measurement*

IFRS 9 replaces the guidance in IAS 39 *Financial Instruments: Recognition and Measurement,* on the classification and measurement of financial assets. The Standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables.

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. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively with some exemptions.

IFRS 15, *Revenue from Contracts with Customers*

IFRS 15, *Revenue from Contracts with Customers*, issued by the IASB in May 2014, is applicable to all revenue contracts and provides a model for the recognition and measurement of gains or losses from sales of some non-financial assets. The core principle is that revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively [for example, service revenue and contract modifications] and improve guidance for multiple-element arrangements. IFRS 15 is effective for annual periods beginning on or after January 1, 2017 and is to be applied retrospectively, with earlier adoption permitted. Entities will transition following either a full or modified retrospective approach. The Company is currently evaluating the impact of the above standard on its financial statements.

3. Significant accounting policies (continued):

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

Amendments to IAS 1, *Presentation of Financial Statements*

On December 18, 2014 the IASB issued amendments to IAS 1 as part of its major initiative to improve presentation and disclosure in financial reports (the "Disclosure Initiative"). The amendments are effective for annual period beginning on or after January 1, 2016. Early adoption is permitted. These amendments will not require any significant change to current practice, but should facilitate improved financial statement disclosures. The Company intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2016. The extent of the impact of adoption of the amendments has not yet been determined.

Amendments to IAS 32, *Financial Instruments*: *Presentation*

Amendments to IAS 32 were issued to clarify the existing requirements for offsetting financial assets and financial liabilities. The amendments are effective for annual periods beginning on or after January 1, 2014. The Company does not expect the adoption of these amendments to have a material impact on its financial statements.

IFRIC 21, *Levies*

IFRIC 21, *Levies*, addresses various accounting issues relating to levies imposed by a government. This interpretation is effective for annual periods beginning on or after January 1, 2014. The Company does not expect the adoption of these amendments to have a material impact on its financial statements.

Amendments to IAS 39, *Financial Instruments: Recognition and Measurement*

In June 2013, Novation of Derivatives and Continuation of Hedge Accounting was issued, which amends IAS 39, *Financial Instruments Recognition and Measurement*. Under these narrow scope amendments there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. These amendments are effective for annual periods beginning on or after January 1, 2014. The Company does not expect the adoption of these amendments to have a material impact on its financial statements.

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.

4. Business combination (continued):

- The issuance to VeraLight of 1,308,032 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 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 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 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 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 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.

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

In regards to the cash payable within 90 days of closing of $100,000, the Company paid $50,000 in October 2013 and the remaining $50,000 was paid on December 31, 2013. The $50,000 that was outstanding as at November 30, 2013 and paid on December 31, 2013 was included within accounts payable and accrued liabilities on the State of Financial Position as at November 30, 2013 on the Statement of Financial Position.

4. Business combination (continued):

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

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.

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 7. The current liabilities were included within accounts payable and accrued liabilities on the Statement of Financial Position.

Subsequent to November 30, 2014, on December 23, 2014, the Company executed an amendment to the asset purchase agreement with VeraLight. The amendment eliminated the majority of the Company's remaining obligations and terminated the obligation by the Company to issue the contingent consideration to VeraLight which is described above for a one-time payment of $500,000 and the issuance of 1,000,000 common share purchase warrants with an exercise price of $0.25 per common share and a fair value of $131,000. The warrants expire on the fifth anniversary of their issuance. Of these warrants, 450,000 vest immediately and the remaining 550,000 vest upon the earlier of 12 months from the date of issuance or a liquidity event.

At November 30, 2014, the Company assessed the fair value of the contingent consideration based on the amendment to the asset purchase agreement which resulted in a change in its fair value. The change in the valuation of the contingent consideration for the year ended November 30, 2014 was a decrease of $619,000 (2013 - nil) and is recorded as a revaluation of contingent share consideration on the Statement of Net Loss and Comprehensive Loss. As a result, at November 30, 2014, the other current liability and other long-term liability are recorded as $631,000 and nil, respectively, on the Statement of Financial Position.

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

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

The Company has granted in favour of VeraLight a first ranking security interest over the Scout DS® assets for a period of three years following the closing date. VeraLight has the right, but not the obligation, to exercise its rights in respect of this security interest or exercise any other rights with respect to the Scout DS® assets in certain specified instances. The security interest shall be automatically released and terminated upon the issuance and delivery of the Payment Shares to VeraLight. As described earlier, subsequent to November 30, 2014 the Company executed an amendment to the asset purchase agreement with VeraLight, which eliminated VeraLight's first ranking security interest over the Scout DS® assets.

5. Inventory:

	November 30, 2014	November 30, 2013
PreVu® parts inventory	$ -	$ 138,332
PreVu® finished goods	-	36,438
	$ -	$ 174,770

Inventory expensed within cost of goods sold during the year ended November 30, 2014 was $89 (2013 - $13,806) and relates to inventory sold to external customers as well as a write-down of PreVu® parts inventory totaling $161,882 resulting from a change in strategy relating to the PreVu® technology (note 7). The Company did not have any expired or unuseable inventory during the year ended November 30, 2013. Inventory expensed within selling general and administration expense during the year ended November 30, 2014 was $12,799 (2013 - $29,069) and relates to inventory to be used for testing and demonstration purposes.

6. Property and equipment:

Cost	Computers and equipment	Equipment held for Resale	Assets held for Lease	Total
Balance November 30, 2012	$ 21,016	$ 9,391	$ -	$ 30,407
Additions	11,080	-	-	11,080
Acquisition (note 4)	6,050	-	274,670	280,720
Balance November 30, 2013	38,146	9,391	274,670	322,207
Additions	7,695	-	2,133	9,828
Change due to write-downs and disposals	(9,315)	(9,391)	-	(18,706)
Balance November 30, 2014	$ 36,526	$ -	$ 276,803	$ 313,329

Accumulated amortization	Computers and equipment	Equipment held for Resale	Assets held for Lease	Total
Balance November 30, 2012	$ 7,766	$ -	$ -	$ 7,766
Amortization	6,940	-	-	6,940
Balance November 30, 2013	14,706	-	-	14,706
Amortization	9,365	-	1,067	10,432
Change due to write-downs and disposals	(8,617)	-	-	(8,617)
Balance November 30, 2014	$ 15,454	$ -	$ 1,067	$ 16,521

Carrying value	Computers and equipment	Equipment held for Resale	Assets held for Lease	Total
At November 30, 2013	$ 23,440	$ 9,391	$ 274,670	$ 307,501
At November 30, 2014	$ 21,072	$ -	$ 275,736	$ 296,808

7. 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		80,637		-		-		-		80,637
Change due to write-downs and disposals		(299,148)		-		(818,687)		(20,000)		(1,137,835)
Balance November 30, 2014	$	95,477	$	1,139,901	$	-	$	-	$	1,235,378

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
Change due to write-downs and disposals		-		-		-		(15,000)		(15,000)
Balance November 30, 2013		17,928		29,595		177,382		2,500		227,405
Amortization		16,566		118,381		163,737		17,500		316,184
Change due to write-downs and disposals		(28,441)		-		(341,119)		(20,000)		(389,560)
Balance November 30, 2014	$	6,053	$	147,976	$	-	$	-	$	154,029

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 November 30, 2014	$	89,424	$	991,925	$	-	$	-	$	1,081,349

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 9.2 years at November 30, 2014.

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 was 4.9 years at November 30, 2013.

Amortization expense related to intangible assets totals $316,184 (2013 - $221,179) for the year ended November 30, 2014 of which $298,684 (2013 - $205,554) has been recorded in selling, general and administration expenses and $17,500 (2013 - $15,625) has been recorded in research and development expenses on the Statement of Net Loss and Comprehensive Loss.

7. Intangible assets (continued):

The Company has considered indicators of impairment and performed required impairment testing for acquired intellectual property as at November 30, 2014. As at November 30, 2014 the Company has recognized an impairment loss totaling $628,703 (2013 - nil) relating to its PreVu® technology resulting from a change in strategy after a strategic review of the technology was performed by management, which is recorded on the Statement of Net Loss and Comprehensive Loss as a write-down of intangible assets. As a result of the strategic review, the expectation of no revenue from the PreVu® technology program for the foreseeable future, and the decision to dedicate all available resources to the Scout DS® technology program, the Company has recognized an impairment loss on the PreVu® related intellectual property and a write-down on the PreVu® related inventory to its net realizable value (note 5), as well as revalued the related royalty obligation to nil (note 10) at November 30, 2014,

As part of its ongoing review of all intellectual property, the Company recorded an impairment during the year ended November 30, 2014 of $119,572 (2013 - $11,494) which is recorded as a write-down of intangible assets on the Statement of Net Loss and Comprehensive Loss. These impairment losses related to patent applications no longer being pursued which consequently have no future value associated with them.

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. The Company will also pay a royalty to MSH, subject to minimum annual royalties, of a stipulated percentage of the net sales of licensed products, if any, along with other milestone payments. If the Company sub-licenses any rights under the MSH license agreement (the "MSH Agreement") to a third party, the Company shall pay MSH a stipulated percentage of sub-license fee and sub-license royalty fee (Note 13(c)). The royalty, sub-license, and sub-license royalty fees, if any, are to be paid either monthly or quarterly. The agreement terminates on the expiration or final determination of the invalidity of the last patent issued under the MSH Agreement. On January 8, 2010, the Company and MSH amended the royalty and fee structure of the MSH Agreement (Note 11). In conjunction with Alere's decision to license under the Alere Agreement on January 10, 2013, a royalty of $6,234 became payable to MSH and was paid during the 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.

8. Deferred Revenue:

On August 14, 2014, the Company executed an agreement for the sale and distribution of Scout DS® medical devices into China. Under the agreement, the Company is to receive an up-front payment of $150,000 USD within 30 business days of the agreement's execution. This amount was received in September 2014 by the Company. Should the Company not receive Chinese Food and Drug Administration approval, 50% of the up-front payment is refundable under the agreement.

As the $171,600 represents an up-front payment where further services are to be provided or fees received, it will be recognized in income over the period of performance of the related activities within revenues and as at November 30, 2014 (November 30, 2013 - nil), the full amount is recorded as a liability within deferred revenue on the Statement of Financial Position.

9. 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 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 bore 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 bore 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.

9. 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 was to mature on October 14, 2014. The interest rates remained the same. As consideration for the extension of this loan, the Company issued 100,000 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. As consideration for the extension of the loan, the Company intended to issue 500,000 common shares to the 2011 Lender, however the issuance of shares was in excess of the allowed limit and did not receive regulatory approval. The Company has accrued $70,000 within accounts payable and accrued liabilities at November 30, 2014 in respect of consideration for the extension of the loan. 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, were included in accrued interest on the Statement of Financial Position as at November 30, 2013. On December 23, 2013, the Company entered into an agreement with the 2011 Lender pursuant to which the Company issued 126,806 common shares 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. Interest payable at November 30, 2014 is $147,191 (2013 - $78,028).

The effective interest rate on this secured debt is 22%. Interest expense for the year ended November 30, 2014 was $194,509 (2013 - $173,602). The initial value assigned to the secured debt, based on a fair value approach, was $878,571. As at November 30, 2014, the amortized cost of the secured debt was $932,083 (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 "2014 Lender"). Any amounts advanced under this loan will be evidenced by promissory notes purchased by the 2014 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 were originally due and payable on December 31, 2014 and bore interest at 12% per annum, payable quarterly. In addition, any overdue payment bore 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 2014 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% if the full amount of the loan was extended to the Company.

On January 10, 2014, the Company closed the initial tranche under this loan and received an initial advance of $250,000 when the 2014 Lender issued a promissory note for $278,000. As consideration for providing the initial tranche of the loan, the Company issued 55,600 common shares of the Company with a fair value of $25,020 to the 2014 Lender.

On February 10, 2014, the Company closed the second tranche under this loan and received an additional advance of $150,000 when the 2014 Lender issued 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 2014 Lender.

On March 20, 2014, the Company closed the third tranche under this loan and received an additional advance of $150,000 when the 2014 Lender issued a promissory note for $166,667. As consideration for providing the third tranche of the loan, the Company issued 75,758 common shares of the Company with a fair value of $16,667 to the 2014 Lender.

On May 16, 2014, the Company entered into an amending agreement with the 2014 Lender to extend the $611,334 non-convertible secured loan. The loan with the 2014 Lender now matures on December 31, 2015. As consideration for the extension of the loan, the Company intended to issue 500,000 common shares to the 2014 Lender, however the issuance of shares was in excess of the allowed limit and did not receive regulatory approval. The Company has accrued $70,000 within accounts payable and accrued liabilities at November 30, 2014 in respect of consideration for the extension of the loan. Additionally, the 2014 Lender has agreed to accrue all interest until December 31, 2015. Interest payable at November 30, 2014 is $65,739.

9. Secured debt (continued):

Interest expense for the year ended November 30, 2014 was $153,007. The initial value assigned to all tranches of the secured debt, based on a fair value approach, was $491,646. As at November 30, 2014, the amortized cost of the long-term debt was $508,414.

The Company has the option to request the 2014 Lender to advance additional tranches under this loan, which the 2014 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. Subsequent to November 30, 2014, on December 23, 2014, the Company executed an amendment to the asset purchase agreement with VeraLight, which eliminated VeraLight's first ranking security interest over the Scout DS® assets resulting in the assets relating to the Scout DS® being included with the assets secured by a general security interest in favour of the Lenders.

10. Royalty obligation:

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

Miraculins is obligated to pay a 10 percent ongoing royalty on gross revenue associated with PreVu® to PreMD (Note 13(c)). The Company retains the right to buy-out the royalty at anytime for a one-time payment of $1,000,000. The initial value assigned to the royalty obligation, based on an expected value approach, was estimated at $547,000. The royalty obligation is revalued each period and its value at November 30, 2014 was valued at nil (November 30, 2013 - $1,182,964) as a result of the change in strategy for the PreVu® technology (note 7). As at November 30, 2013, the Company estimated a current portion of the royalty obligation of $67,837, which was included within accounts payable and accrued liabilities in the Statement of Financial Position. There were no royalties paid or accrued during the year ended November 30, 2014. Royalties for the year ended November 30, 2013 aggregating $3,445 were accrued and paid in regards to the royalty obligation. Royalty payments will reduce the royalty obligation when paid. The decrease in the royalty obligation for the year ended November 30, 2014 of $1,182,964 and the increase in the royalty obligation for the year ended November 30, 2013 of $309,410 were recorded as a revaluation of the royalty obligation in the Statement of Net Loss and Comprehensive Loss.

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.

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. At December 31, 2013, all of the current year information and comparative figures have been adjusted retrospectively.

11. Capital stock:

(b) Shares issued and outstanding

Shares issued and outstanding are as follows:

	Number of Common Shares		Amount
Balance, November 30, 2012	9,296,886	$	10,965,391
Issued upon exercise of license agreement (1)	25,000		32,500
Issued for cash, net of issue costs of $181,958(2)(3)(4)	2,887,722		1,757,180
Balance November 30, 2013	12,209,608		12,755,071
Shares issued to settle accrued interest (Note 9)(5)	126,806		57,062
Shares issued for amendment of secured debt (Note 9)(6)	100,000		45,000
Shares issued as consideration for secured debt (Note 9)(7)	181,863		58,354
Issued for cash, net of issue costs of $15,323(8)(9)(10)(11)	24,109,455		1,049,193
Balance, November 30, 2014	36,727,732	$	13,964,680

(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 7). In consideration for the amendments, Miraculins will issue 25,000 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 to MSH with fair value of $32,500.

(2) On April 5, 2013, the Company closed a private placement offering (the "Q2 2013 Offering") of 1,167,722 units ("Units") at a price of $0.90 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 at any time within twelve months from the date of issuance of the Warrant. There were 583,861 warrants issued within the Q2 2013 Offering. A fair value of $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 for a period of twelve months from the date of the Q2 2013 Offering. There were 66,929 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) On September 20, 2013, the Company closed the first closing of a private placement offering (the "Q4 2013 Offering") of 716,667 units ("Units") at a price of $0.60 per Unit with aggregate gross proceeds to the Company of $430,000. Each Unit is comprised of one common share of the Company (a "Share") and one half of one Share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder to purchase one Share at a price of $1.00 at any time within twelve months from the date of issuance of the Warrant. There were 358,333 warrants issued within the first close of the Q4 2013 Offering. A fair value of $25,036, net of warrant issue costs, was assigned to the warrants upon issuance. Included in warrant issue costs of $3,556 is $379 of non-cash compensation recognized for warrants issued related to the first close of the Q4 2013 offering.

11. Capital stock (continued):

(b) Shares issued and outstanding (continued)

Certain persons assisted the Company by introducing potential subscribers for the Offering and were paid a finder's fee of up to 10% of the total subscription proceeds received from subscribers introduced to the Company by each particular person. Additionally, these persons were issued compensation warrants ("Compensation Warrants") equal to 8% of the total number of Units subscribed for by subscribers introduced to the Company by each particular person. Each Compensation Warrant entitles the holder thereof to purchase one Share at a price of $0.70 per Share for a period of twelve months from the date of the first close of the Q4 2013 Offering. There were 42,933 Compensation Warrants issued.

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

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

Certain persons assisted the Company by introducing potential subscribers for the Offering and were paid a finder's fee of 8% of the total subscription proceeds received from subscribers introduced to the Company by each particular person. Additionally, these persons were issued compensation warrants ("Compensation Warrants") equal to 8% of the total number of Units subscribed for by subscribers introduced to the Company by each particular person. Each Compensation Warrant entitles the holder thereof to purchase one Share at a price of $0.70 per Share for a period of twelve months from the date of the second close of the Q4 2013 Offering. There were 49,600 Compensation Warrants issued.

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

(5)(6) On December 23, 2013, the Company announced that it had entered into an amending agreement to extend the maturity date of the $1,000,000 non-convertible secured loan with the 2011 Lender that was originally announced on October 13, 2011 as disclosed in note 9. As consideration for the extension of the loan, the Company issued 100,000 shares to the 2011 Lender. Additionally, the Company entered into a shares for debt agreement with the 2014 Lender and issued 126,806 shares to satisfy $63,403 of interest owing on the loan as disclosed in note 9.

(7) 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 disclosed in note 9. As consideration for providing the loan, in connection with each issuance 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 issuance of the promissory note. On January 10, 2014, the Company issue 55,600 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 as disclosed in note 9.

(8) On April 11, 2014 the Company closed a private placement offering (the "April 2014 Offering") of 464,000 units ("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. A fair value of $10,381, net of warrant issue costs, was assigned to the warrants upon issuance. Share issue costs total $8,237 related to the April 2014 Offering.

11. Capital stock (continued):

(b) Shares issued and outstanding (continued)

(9) On May 26, 2014, the Company closed a private placement offering (the "May 2014 Offering") of 2,600,000 units ("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. A fair value of $58,247, net of warrant issue costs, was assigned to the warrants upon issuance. Share issue costs total $10,346 related to the May 2014 Offering.

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.

(10) On July 30, 2014, the Company closed a private placement offering (the "July 2014 Offering") of 4,545,455 units ("Units") at a price of $0.11 per unit with aggregate gross proceeds to the Company of $500,000. 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 12 months from the date of issuance of the Warrant. There were 4,545,455 warrants issued within the July 2014 Offering. A fair value of $181,603, net of warrant issue costs, was assigned to the warrants upon issuance. Share issue costs total $31,516 related to the July 2014 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 $0.15 per Share for a period of twelve months from the date of the July 2014 Offering. There were 230,007 Compensation Warrants issued.

Included in share and warrant issue costs of $53,089 is $17,318 of non-cash compensation recognized from warrants issued related to the July 2014 Offering.

(11) On November 27, 2014, the Company closed a private placement offering (the "November 2014 Offering") of 16,500,000 units at a price of $0.08 per unit with aggregate gross proceeds to the Company of $1,320,000. 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 $0.105 at any time within 24 months from the date of issuance of the Warrant. There were 16,500,000 warrants issued within the November 2014 Offering. The fair value equal to $524,788, net of warrant issue costs, was assigned to the warrants upon issuance. Share issue costs total $144,312 related to the November 2014 Offering.

Certain persons assisted the Company by introducing potential subscribers for the Offering and were paid a finder's fee of 10% of the total subscription proceeds received from subscribers introduced to the Company by each particular person. Additionally, these persons were issued compensation warrants ("Compensation Warrants") equal to 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 $0.105 per Share for a period of 24 months from the date of the November 2014 Offering. There were 1,650,000 Compensation Warrants issued.

Included in share and warrant issue costs of $296,026 is $138,770 of non-cash compensation recognized from warrants issued related to the November 2014 Offering.

Subsequent to November 30, 2014, on December 11, 2014 the Company closed a private placement offering (the "December 2014 Offering") of 2,000,000 units ("Units") at a price of $0.10 per unit with aggregate gross proceeds to the Company of $200,000. 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 $0.13 at any time within 24 months from the date of issuance of the Warrant. There were 2,000,000 warrants issued within the December 2014 Offering.

11. Capital stock (continued):

(b) Shares issued and outstanding (continued)

Additionally, subsequent to November 30, 2014, on December 29, 2014, the Company entered into shares for debt agreements with an officer of the Company and a member of the senior management team pursuant to which, subject to regulatory approval, the Company will issue 133,660 of its common shares to the individuals at a deemed price of $0.245 per common share to satisfy $32,747 of outstanding amounts owing to them, which are included in accounts payable and accrued liabilities on the Statement of Financial Position as at November 30, 2014. The shares were issued on January 22, 2015.

The Company was obligated to issue shares in certain circumstances as a part of the acquisition of the Scout DS® technology as described in note 4. Subsequent to November 30, 2014, on December 23, 2014, the Company executed an amendment to the asset purchase agreement with VeraLight. The amendment eliminated the majority of the Company's remaining obligations and terminated the obligation by the Company to issue the contingent consideration to VeraLight which is described in note 4 for a one-time payment of $500,000 and 1,000,000 common share purchase warrants. with an exercise price of $0.25 per common share and a fair value of $131,000. The warrants expire on the fifth anniversary of their issuance. Of these warrants, 450,000 vest immediately and the remaining 550,000 vest upon the earlier of 12 months from the date of issuance of a liquidity event.

(c) Options:

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

Changes in the number of options outstanding during the years ended November 30, 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
Granted	2,578,500	0.15	290,000	1.00
Forfeited, cancelled or expired	(113,000)	(1.00)	(110,000)	(1.24)
Balance, end of period	3,454,000	0.41	988,500	1.14
Options exercisable, end of period	3,420,666	$ 0.39	889,333	$ 1.11
Weighted average fair value per unit of option granted during the period		$ 0.11		$ 0.39

11. Capital stock (continued):

(c) Options: (continued)

Options outstanding at November 30, 2014 consist of the following:

Range of exercise prices	Outstanding number	Weighted average remaining contractual life	Weighted average exercise price	Exercisable number
$0.10 - $0.10	1,500,000	5.00 years	$0.10	1,500,000
$0.22 - $0.22	1,078,500	4.67 years	$0.22	1,078,500
$1.00 - $1.00	570,333	5.65 years	$1.00	570,333
$1.01 - $1.50	271,833	1.57 years	$1.41	271,833
$1.80 - $1.80	33,334	7.73 years	$1.80	-
$0.10 - $1.80	3,454,000	4.76 years	$0.41	3,420,666

For the year ended November 30, 2014, compensation expense of $291,394 (2013 - $159,260) 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:

	November 30, 2014	**November 30, 2013**
Expected option life	3.2 years	3.6 years
Risk free interest rate	1.10%	1.26%
Dividend yield	nil	nil
Expected volatility	97.63%	96.01%

(d) Warrants

Changes in the number of warrants outstanding during years ended November 30, 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 placements (note 11(b))	25,989,462	931,108	0.12	1,603,323	156,034	1.01
Expired	(2,718,001)	(561,218)	(1.25)	(50,305)	(22,396)	(1.40)
Balance, end of period	25,989,462	$ 931,108	$ 0.12	2,718,001	$ 561,218	$ 1.25
Weighted average remaining contractual life (years)			1.67 years			0.52 years

Subsequent to November 30, 2014, 450,000 warrants, all with exercise prices of $0.15 were exercised resulting in the issuance of 450,000 common shares of the Company.

11. Capital stock (continued):

(d) Warrants: (continued)

Additionally, subsequent to November 30, 2014, on December 23, 2014, the Company executed an amendment to the asset purchase agreement with VeraLight. The amendment eliminated the majority of the Company's remaining obligations and terminated the obligation by the Company to issue the contingent consideration to VeraLight which is described in note 4 for a one-time payment of $500,000 and 1,000,000 common share purchase warrants. with an exercise price of $0.25 per common share and a fair value of $131,000. The warrants expire on the fifth anniversary of their issuance. Of these warrants, 450,000 vest immediately and the remaining 550,000 vest upon the earlier of 12 months from the date of issuance of a liquidity event.

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

	2014	2013
Expected life	1.0 years	1.0 years
Risk free interest rate	1.02%	1.08%
Dividend yield	nil	nil
Expected volatility	127.01%	72.95%

(e) Per share amounts

The weighted average number of common shares outstanding for the years ended November 30, 2014 and 2013 was 15,867,694 and 10,313,544, 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:

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

As at November 30, 2014 and 2013, deferred tax assets and liabilities have not been recognized with respect to the following items:

	2014	2013
Deferred tax assets:		
Non-capital loss carry-forwards	$ 3,474,630	$ 3,030,917
Scientific research and experimental development	613,440	565,246
Royalty obligation	-	301,084
Share issue costs	57,611	70,552
Intangible assets	178,400	-
Property and equipment	46,741	43,715
Other	29,938	38,397
Deferred tax liability:		
Intangible assets	-	(97,934)
Net unrecognized deferred tax asset	$ 4,400,760	$ 3,951,977

The deferred tax liability as at November 30, 2013 was not recorded as there are sufficient deductible temporary differences which are available to reverse in the same periods as the taxable temporary differences.

12. Income taxes (continued):

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

		2014		2013
Canadian federal and provincial income taxes at 27.00% (2013 - 27.00%)	$	(516,709)	$	(945,076)
Stock-based compensation		78,676		43,000
Permanent differences and other items		(10,750)		147,776
Change in unrecognized temporary differences		448,783		754,300
	$	-	$	-

At November 30, 2014, the Company has the following Canadian non-capital losses available for application in future years expiring as follows:

2015	$	665,000
2026		684,000
2027		729,000
2028		820,000
2029		721,000
2030		832,000
2031		1,134,000
2032		2,194,000
2033		2,756,000
2034		2,334,000
	$	12,869,000

- Unutilized scientific research and development expenditures at November 30, 2014 of $2,272,000 (2013 - $2,094,000), with no expiry;
- Scientific research and development tax credits at November 30, 2014 of $906,000 (2013 - $833,000), which can be applied against income taxes otherwise payable, with expiry by 2030.

13. Finance expense

During the years ended November 30, 2014 and 2013 the Company incurred finance expense as follows:

	2014	2013
Interest on secured debt (note 9)	$ 347,015	$ 173,602
Bank charges and other interest	17,054	11,930
Interest income	(4,393)	(5,326)
	$ 359,676	$ 180,206

During the years ended November 30, 2014 and 2013, the Company paid finance expense as follows:

	2014	2013
Interest paid on secured debt (note 9)	$ -	$ 60,000
Bank charges and other interest paid	17,055	5,694
Royalties paid (notes 7 and 10)	-	9,681
Interest received	(4,393)	(5,326)
	$ 12,662	$ 70,049

14. Commitments and contingencies:

(a) Commitments

As at November 30, 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.

The aggregate lease and business and administration services fee payable during the year ended November 30, 2015 amount to $69,667 and there are no contractual commitments beyond fiscal 2015.

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.

Subsequent to November 30, 2014 and effective January 1, 2015 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 $10,000 per month or $120,000 per annum for a period of one year. The agreement can be terminated with 90 days notice.

(b) Guarantees

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

14. Commitments and contingencies (continued):

(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 10). 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 during the year ended November 30, 2014. Royalties for the year ended November 30, 2013 aggregating $3,445 were accrued and paid in regards to the royalty obligation.

The Company is obligated to pay royalties to Canada-Israel Industrial Research and Development Foundation ("CIIRDF") based on any future product revenues, if any, from the exploitation of the preeclampsia technology contemplated in the project funding agreement equal to 2.5 percent up to a maximum of the amounts funded under the agreement. To November 30, 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 7). No royalties were paid to MSH during the year ended November 30, 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 year ended November 30, 2013 and was recorded within finance expense.

15. Related party transactions:

(a) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors and President & CEO, and beginning in fiscal 2014 the Chief Financial Officer, are key management personnel.

In addition to their salaries, the Company also provides non-cash benefits and participation in the Stock Option Plan (Note 11(c)). Compensation paid to key management personnel for the years ended November 30, 2014 and 2013 is as follows:

	2014	2013
Salaries, fees and short-term employee benefits	$ 295,538	$ 280,706
Share-based payments	209,476	121,294
	$ 505,014	$ 402,000

(b) Key management personnel and shareholder transactions

Directors and key management personnel controlled one (1) percent (2013 - ten (10) percent) of the voting shares of the Company as at November 30, 2014.

The Company has an on-going consulting agreement with a shareholder to provide services as needed from time to time. For the year ended November 30, 2014, $40,820 (2013 - $48,000), has been recorded in selling, general and administration expenses relating to this consulting agreement.

16. Government assistance:

During the year ended November 30, 2014, the Company did not receive or record any government assistance. During the year ended November 30, 2013, the Company recorded $62,433 in government assistance to support the commercialization of the PreVu® technology. The funding was recorded with $51,734 as a reduction of the related selling, general and administration expenses and $10,699 as a reduction of intangible assets.

17. Determination of fair values:

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

(a) Intangible assets

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

(b) Share-based payment transactions

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

(c) Royalty obligation

The royalty obligation was recorded at its fair value at the date at which the liability was incurred and was subsequently revalued at each reporting date. Estimating fair value for this liability required determining the most appropriate valuation model which was dependent on its underlying terms and conditions. This estimate also required determining expected revenue from PreVu® sales, the expected timing of a buy-out of the royalty obligation and an appropriate discount rate and making assumptions about them.

(d) Other current and long-term obligations

The other current and long-term obligations are recorded at their fair value at the date at which the liabilities were incurred and subsequently revalued at each reporting date. Estimating fair value for these liabilities requires determining the most appropriate valuation model which is dependent on its underlying terms and conditions. This estimate also requires making an estimate of the fair value of the warrants issued to partially extinguish the obligations. The fair value of the warrants is measured using the Black-Scholes formula. Measurement inputs include; share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

18. Financial instruments:

(a) Financial assets and liabilities:

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the financial statements:

	Carrying Amount November 30, 2014	Fair Value November 30, 2014	Carrying Amount November 30, 2013	Fair Value November 30, 2013
Financial Assets				
Loans and receivable				
Cash	1,161,744	1,161,744	$ 159,757	$ 159,757
Accounts receivable	29,627	29,627	66,043	66,043
Financial Liabilities				
Other financial liabilities				
Accounts payable and accrued liabilities	869,758	869,758	$ 657,976	$ 657,976
Current portion of secured debt	-	-	978,800	978,800
Secured debt	1,440,497	1,440,497	-	-
Other current obligation	631,000	631,000	606,000	606,000
Royalty obligation	-	-	1,115,127	1,115,127
Other long-term obligation	-	-	644,000	644,000

Included in accounts payable and accrued liabilities at November 30, 2014 is the current portion of the royalty obligation (Level 3) of nil (2013 - $67,837).

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. The carrying values of current monetary assets and liabilities approximate their fair values due to their relatively short periods to maturity. The fair value of the Company's secured debt is estimated to approximate its carrying value based on the terms of the secured debt. The royalty obligation and other current and long-term liabilities are carried at fair value (level 3).

IFRS 13 *Fair Value Measurement*, establishes a fair value hierarchy that reflects the significance of the inputs used in measuring fair value. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable;
- Level 3 - Unobservable inputs in which little or no market activity exists, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

18. Financial instruments (continued):

(a) Financial assets and liabilities (continued):

The fair value hierarchy of financial instruments measured at fair value on the Statement of Financial Position as at November 30, 2014 is as follows:

	Level 1	Level 2	Level 3
Financial Liabilities			
Other current obligation	-	-	631,000
Secured debt	$ -	$ 1,440,497	$ -

The fair value hierarchy of financial instruments measured at fair value on the Statement of Financial Position as at November 30, 2013 is as follows:

	Level 1	Level 2	Level 3
Financial Liabilities			
Accounts payable and accrued liabilities	$ -	$ -	$ 67,837
Current portion of secured debt	-	978,800	-
Other current obligation	-	-	606,000
Royalty obligation	-	-	1,115,127
Other long-term obligation	-	-	644,000

Included in accounts payable and accrued liabilities at November 30, 2013 is the current portion of the royalty obligation (Level 3) of $67,873.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the years ended November 30, 2014 and 2013, there were no transfers between Level 1 and Level 2 fair value measurements.

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

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

(i) Market Risk

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

18. Financial instruments (continued):

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

Foreign exchange risk

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

As at November 30, 2014, the Company is exposed to currency risk through its cash and accounts payable denominated in US dollars. Based on the net exposures as at November 30, 2014, and assuming that all other variables remain constant, a 5% appreciation or deterioration of the Canadian dollar against the US dollar would not be significant.

Interest rate risk

The Company is subject to interest rate risk on its cash and cash equivalents and long-term debt. The Company believes that interest rate risk is low as the Company does not hold any term deposits and interest earned on cash equivalents is variable. The long-term debt is at a fixed interest rate. A change of 1% in interest rates over the year ended November 30, 2014 would not have had a significant effect on loss for the period.

(ii) Credit Risk

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

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

(iii) Liquidity and Funding Risk

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

The Company's accounts payable and accrued liabilities have contractual maturities of less than one year. The Company's secured debt is due on December 31, 2015 (note 9) and the Company's commitments are due as described in note 14(a). The Company's other current obligation and other long-term obligation are payable in common shares of the Company and were settled subsequent to November 30, 2014 on December 23, 2014, and therefore do not add to liquidity risk.

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

18. Financial instruments (continued):

(c) Capital management:

The Company's objectives when managing capital are:

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

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

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues, granting of stock options, the issuance of debt or by undertaking other activities as deemed appropriate under the specific circumstances. The Company's overall strategy with respect to capital risk management remains unchanged from the year ended November 30, 2013.

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

19. Expenses by nature:

Expenses incurred for the years ended November 30, 2014 and 2013 are as follows:

		2014		2013
Personnel expenses				
Wages and salaries	$	725,178	$	987,525
Short-term benefits and insurance premiums		14,758		19,655
Share-based payments		291,394		159,260
		1,031,330		1,166,440
Amortization		326,616		228,219
Write-down of property and equipment		5,791		-
Write-down of intangible assets		748,275		11,494
Science consumables and contract research		(4,014)		73,896
Sales and marketing		248,731		725,785
Write-down of inventory		161,882		-
Occupancy		134,605		97,220
Professional fees		453,822		510,717
Administration		245,311		331,892
Government assistance		-		(51,734)
Total expenses	$	3,352,349	$	3,093,929