Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

MIRACULINS INC.

Three months ended February 28, 2015
(unaudited)

In accordance with National Instruments 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these unaudited financial statements for the three months ended February 28, 2015.

MIRACULINS INC.

Condensed Interim Statements of Financial Position
(Unaudited)

	Note	February 28, 2015	November 30, 2014
Assets			
Current assets:			
Cash		$ 5.992	$ 1,161,744
Accounts receivable		14,022	29,627
Prepaid expenses		82,999	39,724
Total current assets		103,013	1,231,095
Non-current assets:			
Property and equipment		299,149	296,808
Intangible assets	4	1, 052,924	1,081,349
Total non-current assets		1,352,073	1,376,157
Total assets		**$ 1,455,086**	**$ 2,609,252**
Liabilities and Shareholders' Deficiency			
Current liabilities:			
Accounts payable and accrued liabilities	6 & 8	$ 518,665	$ 869,758
Deferred revenue	5	171,771	171,600
Current portion of secured debt	6	1,479,324	-
Accrued interest on secured debt	6	266,935	-
Other current obligation	7	-	631,000
Total current liabilities		2,436,695	1,672,358
Non-current liabilities			
Secured debt	6	-	1,440,497
Accrued interest on secured debt	6	-	212,930
Total non-current liabilities		-	1,653,427
Shareholders' deficiency:			
Share capital	8	14,119,342	13,964,680
Contributed surplus		3,627,231	3,627,231
Warrants	8	1,155,384	931,108
Deficit		(19,883,566)	(19,239,552)
Total deficiency		(981,609)	(716,533)
Going concern	2(c)		
Commitments and contingencies	9		
Subsequent events	8		
Total liabilities and equity		**$ 1,455,086**	**$ 2,609,252**

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

MIRACULINS INC.

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

	Note	Three months ended February 28, 2015	Three months ended February 28, 2014
Revenues	5	$ 7,802	$ 3,459
Expenses			
Cost of goods sold		-	356
Selling, general and administration		541,231	602,565
Research and development		-	23,439
		541,231	626,360
Other (expenses) income			
Revaluation of contingent share consideration		-	618,000
Revaluation of royalty obligation		-	90,964
Finance expense, net		(96,881)	(84,361)
Foreign exchange loss, net		(13,704)	(4,092)
Net other (expenses) income		(110,585)	620,511
Net loss and comprehensive loss for the period		**$ (644,014)**	**$ (2,390)**
Basic and diluted loss per share	**8**	**$ (0.02)**	**$ -**

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

MIRACULINS INC.

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

	Note	Share Capital	Contributed Surplus	Warrants	Deficit	Total
Balance, November 30, 2013		$ 12,755,071	$ 2,774,619	$ 561,218	$(17,325,815)	$ (1,234,907)
Loss and comprehensive loss for the period		-	-	-	(2,390)	(2,390)
Transactions with owners, recorded directly in equity						
Issue of common shares	8	143,749	-	-	-	143,749
Share-based payments	8	-	7,294	-	-	7,294
Total transactions with owners		143,749	7,294	-	-	151,043
Balance, February 28, 2014		$ 12,898,820	$ 2,781,913	$ 561,218	$(17,328,205)	$ (1,086,254)

	Note	Share Capital	Contributed Surplus	Warrants	Deficit	Total
Balance, November 30, 2014		$ 13,964,680	$ 3,627,231	$ 931,108	$(19,239,552)	$ (716,533)
Loss and comprehensive loss for the period		-	-	-	(644,014)	(644,014)
Transactions with owners, recorded directly in equity						
Issue of common shares	8	126,169	-	-	-	126,169
Warrants granted	8	-	-	230,269	-	230,269
Exercise of warrants	8	28,493	-	(5,993)	-	22,500
Total transactions with owners		154,662	-	224,276	-	378,938
Balance, February 28, 2015		$ 14,119,342	$ 3,627,231	$ 1,155,384	$(19,883,566)	$ (981,609)

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

MIRACULINS INC.

Condensed Interim Statements of Cash Flows
(Unaudited)

	Note	Three months ended February 28, 2015	February 28. 2014
Cash provided by (used in)			
Operating activities:			
Net loss for the period		$ (644,014)	$ (2,390)
Items not involving cash:			
Amortization of property and equipment		5,596	6,769
Amortization of intangible assets	4	31,177	78,582
Stock-based compensation	8	-	7,294
Revaluation of contingent share consideration		-	(618,000)
Revaluation of royalty obligation		-	(90,964)
Finance expense		96,881	84,361
Change in non-cash working capital balances:			
Accounts receivable		15,605	50,834
Prepaid expenses		(43,275)	31,058
Inventory		-	12,888
Accounts payable and accrued liabilities		(320,351)	(56,241)
Deferred revenue		171	-
		(858,210)	(499,809)
Financing activities:			
Issuance of common shares and warrants, net of share issue costs	8	217,196	-
Proceeds from debt financing	6	-	400,000
Interest paid, net		(4,049)	(3,627)
		213,147	396,373
Investing activities:			
Purchase of property and equipment		(7,937)	(1,179)
Purchase of intangible assets	4	(2,752)	(26,489)
Amendment of Scout DS® purchase agreement	7	(500,000)	-
		(510,689)	(27,668)
Decrease in cash		(1,155,752)	(131,104)
Cash, beginning of the period		1,161,744	159,757
Cash, end of the period		**$ 5,992**	**$ 28,653**
Supplemental cash flow information:			
Non-cash financing activities:			
Warrants issued on amendment of Scout DS® purchase agreement	7	$ 131,000	$ -
Shares issued to settle amount payable	8	$ 30,742	$ -
Shares issued to settle accrued interest	6 & 8	$ -	$ 57,062
Shares issued for amendment of debt	6 & 8	$ -	$ 45,000
Shares issued for finance costs on secured debt	6 & 8	$ -	$ 41,687

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

1. Reporting entity:

Miraculins Inc. (the "Company") is a company domiciled and incorporated in Canada. The address of the Company's registered office is 6-1250 Waverley Street, Winnipeg, Manitoba, Canada. The Company's common shares are publicly traded on the TSX Venture Exchange. The Company has as its main focus the acquisition and/or development of diagnostic opportunities in areas where there are unmet clinical needs. The Company's 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 condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting and have been prepared using the same accounting policies and methods of application as those used in the Company's audited financial statements for the year ended November 30, 2014. The condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended November 30, 2014.

The financial statements were authorized for issue by the Board of Directors on April 28, 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 $19,883,566 as at February 28, 2015 (November 30, 2014 - $19,239,552) and a working capital deficiency of $2,333,682 (November 30, 2014 - $441,263).

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

(c) Going concern (continued)

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 and subsequent to February 28, 2015, on April 22, 2015 the Company closed a private placement offering for gross proceeds of $400,000 and will fund operations into the third quarter of fiscal 2015. The Company's debt has been extended and is now due on December 31, 2015. 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 note 6.

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.

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

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

Information about key assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the following notes to the financial statements for the year ended November 30, 2014:

- 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 period.

3. New standards and interpretations not yet adopted:

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

IFRS 9 *Financial Instruments: Classification and Measurement*

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

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

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

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

4. Intangible assets:

Cost	Patents and trademarks	Intellectual Property - Scout DS®	Acquired intellectual property - PreVu®	Technology licence	Total
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
Additions	2,752	-	-	-	2,752
Balance February 28, 2015	$ 98,229	$ 1,139,901	$ -	$ -	$ 1,238,130

Accumulated amortization	Patents and trademarks	Intellectual Property - Scout DS®	Acquired intellectual property - PreVu®	Technology licence	Total
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
Amortization	1,582	29,595	-	-	31,177
Balance February 28, 2015	$ 7,635	$ 177,571	$ -	$ -	$ 185,206

Carrying value	Patents and trademarks	Intellectual Property - Scout DS®	Acquired intellectual property - PreVu®	Technology licence	Total
At November 30, 2014	$ 89,424	$ 991,925	$ -	$ -	$ 1,081,349
At February 28, 2015	$ 90,594	$ 962,330	$ -	$ -	$ 1,052,924

4. Intangible assets (continued):

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 9.0 years at February 28, 2015.

Amortization expense related to intangible assets totals $31,177 (2013 - $78,582) for the three months ended February 28, 2014 and is recorded in selling, general and administration expenses on the Statement of Net Loss and Comprehensive Loss.

The Company has considered indicators of impairment and performed required impairment testing for acquired intellectual property as at February 28, 2015 and November 30, 2014. As at November 30, 2014 the Company recognized an impairment loss totaling $628,703 relating to its PreVu® technology resulting from a change in strategy after a strategic review of the technology was performed by management. 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, as well as revalued the related royalty obligation to nil at November 30, 2014,

As part of its ongoing review of all intellectual property, the Company did not record an impairment write-down during the three months ended February 28, 2015 or 2014 relating to patent applications no longer being pursued which consequently have no future value associated with them.

5. 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 was 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 this amount 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 for the three months ended February 28, 2015 $7,802 (February 28, 2014 - nil) was recognized as revenue on the Statement of Net Loss and Comprehensive Loss. As at February 28, 2015, $171,771 (November 30, 2014 - $171,600) is recorded as a liability within deferred revenue on the Statement of Financial Position.

6. 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.

6. 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 February 28, 2015 is $179,897 (November 30, 2014 - $147,191).

The effective interest rate on this secured debt is 19%. Interest expense for the three months ended February 28, 2015 was $48,143 (2014 - $60,395). The initial value assigned to the secured debt, based on a fair value approach, was $878,571. As at February 28, 2015, the amortized cost of the secured debt was $947,518 (November 30, 2014 - $932,083).

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 29% 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 February 28, 2015 is $87,037 (November 30, 2014 - $65,739).

Interest expense for the three months ended February 28, 2015 was $44,689 (2014 – $20,339). The initial value assigned to all tranches of the secured debt, based on a fair value approach, was $491,646. As at February 28, 2015, the amortized cost of the long-term debt was $531,806 (November 30, 2014 - $508,414).

6. Secured debt (continued):

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 until December 23, 2014 as VeraLight had retained a first ranking security interest over the Scout DS® assets. 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.

7. Other current obligation:

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").

As part of the consideration paid relating to this acquisition, the Company recorded contingent consideration relating to common shares of the Company that were required to be issued to VeraLight in certain time periods and when certain revenue milestones relating to the Scout were achieved. As at November 30, 2014, this contingent consideration was recorded as an other current liability on the Statement of Financial Position totaling $631,000.

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 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.

8. Capital stock:

(a) Authorized

The Company has authorized share capital of an unlimited number of common voting shares and an unlimited number of class A common voting shares.

On January 27, 2014, the Company completed a consolidation of its outstanding share capital on the basis of one post-consolidation share for every ten pre-consolidation shares. At November 30, 2013, all of the current year information and comparative figures have been adjusted retrospectively.

8. Capital stock (continued):

(b) Shares issued and outstanding

Shares issued and outstanding are as follows:

	Number of Common Shares	Amount
Balance November 30, 2013	12,209,608	12,755,071
Shares issued to settle accrued interest (Note 6)[1]	126,806	57,062
Shares issued for amendment of secured debt (Note 6)[2]	100,000	45,000
Shares issued as consideration for secured debt (Note 6)[3]	106,105	41,687
Balance, February 28, 2014	12,542,519	$ 12,898,820

Balance November 30, 2014	36,727,732	13,964,680
Issued for cash, net of issue costs of $2,560 [4]	2,000,000	95,427
Shares issued to outstanding payables [5]	133,660	30,742
Shares issued upon exercise of warrants [6]	150,000	28,493
Balance, February 28, 2015	39,011,392	$ 14,119,342

[1][2] 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 6. 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 6.

[3] 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 6. 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.

[4] 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. A fair value of $99,269, net of warrant issue costs, was assigned to the warrants upon issuance.

[5] 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 were 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 at a fair value of $30,742, with a gain of $2,005 being recorded within selling, general and administration expenses on the Statement of Net Loss and Comprehensive Loss.

8. Capital stock (continued):

(b) Shares issued and outstanding

(6) During the three months ended February 28, 2015, 150,000 warrants with exercise prices of $0.15 were exercised resulting in the issuance of 150,000 common shares of the Company for gross proceeds to the Company of $22,500.

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. 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.

Subsequent to February 28, 2015, on April 22, 2015 the Company announced that it had closed a non-brokered private placement offering (the “February 2015 Offering”) of 4,000,000 units (“Units”) at a price of $0.10 per Unit for gross proceeds of up to $400,000. Each Unit is comprised of one common share of the Company (a “Share”) and one Share purchase warrant. Each whole warrant (a “Warrant”) will entitle the holder to purchase one Share at a price of $0.15 per Share for a period of 24 months from the date the Warrant is issued.

Subsequent to February 28, 2015, 430,000 warrants, 300,000 with exercise prices of $0.15 and 130,000 with exercise prices of $0.105 were exercised resulting in the issuance of 430,000 common shares of the Company.

(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 months ended February, 2015 and 2014 are as follows and have been restated retrospectively as a result of a share consolidation:

		2015		2014
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Balance, beginning of period	3,454,000	$ 0.41	988,500	$ 1.14
Forfeited, cancelled or expired	-	-	(7,500)	(1.10)
Balance, end of period	3,454,000	0.41	981,000	1.14
Options exercisable, end of period	3,420,666	$ 0.39	881,883	$ 1.11
Weighted average fair value per unit of option granted during the period		$ -		$ -

8. Capital stock (continued):

(b) Shares issued and outstanding

Options outstanding at February 28, 2015 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	4.76 years	$0.10	1,500,000
$0.22 - $0.22	1,078,500	4.42 years	$0.22	1,078,500
$1.00 - $1.00	570,333	5.41 years	$1.00	570,333
$1.01 - $1.50	271,833	1.32 years	$1.41	271,833
$1.80 - $1.80	33,334	7.48 years	$1.80	-
$0.10 - $1.80	3,454,000	4.76 years	$0.41	3,420,666

For the three months ended February 28, 2015, there was no compensation expense (2014 - $7,294) 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:

	February 28, 2015	**February 28, 2014**
Expected option life	-	3.6 years
Risk free interest rate	-	1.26%
Dividend yield	-	nil
Expected volatility	-	96.01%

(d) Warrants

Changes in the number of warrants outstanding during three months ended February 28, 2015 and 2014 are as follows:

			2015			**2014**
	Warrants	Amount	Weighted average exercise price	Warrants	Amount	Weighted average exercise price
Balance, beginning of period	25,989,462	$ 931,108	$ 1.25	2,718,001	$ 561,218	$ 1.25
Granted, pursuant to private placement (note 8(b))	2,000,000	99,269	0.13	-	-	-
Granted, pursuant to debt amendment (note 7)	1,000,000	131,000	0.25	-	-	-
Exercised (note 8(b))	(150,000)	(5,993)	(0.15)	-	-	-
Balance, end of period	28,839,462	$ 1,155,384	$ 0.13	2,718,001	$ 561,218	$ 1.25
Weighted average remaining contractual life (years)			1.74 years			0.27 years

Subsequent to February 28, 2015, 430,000 warrants, 300,000 with exercise prices of $0.15 and 130,000 with exercise prices of $0.105 were exercised resulting in the issuance of 430,000 common shares of the Company.

8. Capital stock (continued):

(d) Warrants

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

	2015	2014
Expected life	1.0 years	1.0 years
Risk free interest rate	1.03%	1.08%
Dividend yield	nil	nil
Expected volatility	141.49%	72.95%

(e) Per share amounts

The weighted average number of common shares outstanding for the three months ended February 28, 2015 and 2014 was 38,665,277 and 12,416,580, respectively. The dilution created by options and warrants has not been reflected in the per share amounts as the effect would be anti-dilutive.

9. Commitments and contingencies:

(a) Commitments

As at February 28, 2015 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 years ended November 30, 2015 and 2016 amount to $134,000 and $10,000 respectively. There are no contractual commitments beyond fiscal 2016.

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 $9,167 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.

9. 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®. 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 three months ended February 28, 2015 and 2014.

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 February 28, 2015, 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. No royalties were paid to MSH during the three months ended February 28, 2015 and 2014.

10. Related party transactions:

(a) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors and President & Chief Executive Officer and 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 8(c)). Compensation paid to key management personnel for the three months ended February 28, 2015 and 2014 is as follows:

		2015		2014
Salaries, fees and short-term employee benefits	$	71,600	$	85,087
Share-based payments		-		4,330
	$	71,600	$	89,417

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 were 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 at a fair value of $30,742, with a gain of $2,005 being recorded within selling, general and administration expenses on the Statement of Net Loss and Comprehensive Loss.

(b) Key management personnel and shareholder transactions

Directors and key management personnel controlled one (1) percent (November 30, 2014 - one (1) percent) of the voting shares of the Company as at February 28, 2015.

The Company has an on-going consulting agreement with a shareholder to provide services as needed from time to time. For the three months ended February 28, 2015, $10,000 (2014 - $9,000), has been recorded in selling, general and administration expenses relating to this consulting agreement.