Financial Statements
(Expressed in Canadian Dollars)

MIRACULINS INC.

Years ended November 30, 2015 and 2014

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

"Chris Carmichael"

Mr. Chris Carmichael
Chief Financial Officer

March 29, 2016

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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, 2015 and 2014, 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, 2015 and 2014, 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 $22,525,742 and has a working capital deficiency of $2,997,582 at November 30, 2015. 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 Professional Accountants

March 29, 2016

Winnipeg, Canada

MIRACULINS INC.

Statements of Financial Position
November 30, 2015 and 2014

	Note	November 30, 2015		November 30, 2014	
Assets					
Current assets:					
Cash		$	1,997	$	1,161,744
Accounts receivable			9,010		29,627
Prepaid expenses			74,390		39,724
Total current assets			85,397		1,231,095
Non-current assets:					
Property and equipment	4		285,714		296,808
Intangible assets	5		-		1,081,349
Total non-current assets			285,714		1,378,157
Total assets		**$**	**371,111**	**$**	**2,609,252**
Liabilities and Shareholders' Deficiency					
Current liabilities:					
Accounts payable and accrued liabilities		$	1,017,766	$	869,758
Deferred revenue	6		-		171,600
Secured debt	7		1,597,960		-
Accrued interest on secured debt	7		467,253		-
Other current obligation	8		-		631,000
Total current liabilities			3,082,979		1,672,358
Non-current liabilities					
Secured debt	7		-		1,440,497
Accrued interest on secured debt	7		-		212,930
Total non-current liabilities			-		1,653,427
Shareholders' deficiency:					
Share capital	10		14,803,770		13,964,680
Contributed surplus			3,829,149		3,627,231
Warrants	10		1,180,955		931,108
Deficit			(22,525,742)		(19,239,552)
Total deficiency			(2,711,868)		(716,533)
Going concern	2(c)				
Commitments and contingencies	13				
Subsequent events	18				
Total liabilities and equity		**$**	**371,111**	**$**	**2,609,252**

On behalf of the Board:

"Christopher Moreau"
Director

"Harry Bloomfield"
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, 2015 and 2014

	Note		2015		2014
Revenues					
Product sales and other income		$	9,146	$	12,459
			9,146		12,459
Expenses					
Cost of goods sold			-		163,038
Selling, general and administration			1,950,341		2,409,348
Research and development			-		31,777
Write-down of intangible assets	5 & 6		893,367		748,276
			2,843,708		3,352,439
Other income (expenses)					
Revaluation of contingent share consideration	8		-		619,000
Revaluation of royalty obligation	9		-		1,182,964
Finance expense	12		(428,268)		(359,676)
Foreign exchange loss, net			(23,360)		(16,045)
Net other income (expenses)			(451,628)		1,426,243
Net loss and comprehensive loss for the period		$	(3,286,190)	$	(1,913,737)
Basic and diluted loss per share	10	$	(0.08)	$	(0.12)

The accompanying notes are an integral part of these financial statements

MIRACULINS INC.

Statements of Changes in Shareholders' Deficiency
Years ended November 30, 2015 and 2014

	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		-	-	-	(1,913,737)	(1,913,737)
Transactions with owners, recorded directly in equity						
Issue of common shares	10	1,209,609	-	-	-	1,209,609
Share-based payments	10	-	291,394	-	-	291,394
Warrants granted	10	-	-	931,108	-	931,108
Warrants expired	10	-	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)
Loss and comprehensive loss for the period		-	-	-	(3,286,190)	(3,286,190)
Transactions with owners, recorded directly in equity						
Issue of common shares	10	737,582	-	-	-	737,580
Share-based payments	10	-	6,600	-	-	6,600
Warrants granted	10	-	-	465,525	-	465,525
Warrants expired	10	-	195,318	(195,318)	-	-
Warrants exercised	10	101,508	-	(20,360)	-	81,150
Total transactions with owners		839,090	201,918	249,847	-	1,290,855
Balance, November 30, 2015		$ 14,803,770	$ 3,829,149	$ 1,180,955	$ (22,525,742)	$ (2,711,868)

The accompanying notes are an integral part of these financial statements

MIRACULINS INC.

Statements of Cash Flows
Years ended November 30, 2015 and 2014

	Note		2015		2014
Cash provided by (used in)					
Operating activities:					
Net loss for the period		$	(3,286,190)	$	(1,913,737)
Items not involving cash:					
Amortization	4 & 5		147,111		326,616
Write-down of intangible assets and capital assets	4,5 & 6		893,367		754,066
Write-down of inventory			-		161,882
Stock-based compensation	10		6,600		291,394
Revaluation of contingent share consideration	8		-		(619,000)
Revaluation of royalty obligation	9		-		(1,182,964)
Finance expense	12		428,268		359,676
Change in non-cash working capital balances:					
Accounts receivable			20,617		56,416
Prepaid expenses			(34,666)		32,058
Inventory			-		12,888
Accounts payable and accrued liabilities			83,803		57,619
Deferred revenue			-		171,600
			(1,741,090)		(1,491,486)
Financing activities:					
Issuance of common shares and warrants, net of share issue costs	10		1,122,513		2,092,302
Proceeds from debt financing	7		-		550,000
Interest paid	12		(16,481)		(12,662)
			1,106,032		2,629,640
Investing activities:					
Purchase of property and equipment	5		(10,820)		(9,828)
Purchase of intangible assets	6		(13,869)		(80,637)
Proceeds from sale of property and equipment	5		-		4,298
Business combination			-		(50,000)
Amendment of Scout DS® purchase agreement	8		(500,000)		-
			(524,689)		(136,167)
Increase (decrease) in cash			(1,159,747)		1,001,987
Cash, beginning of the period			1,161,744		159,757
Cash, end of the period		$	1,997	$	1,161,744
Supplemental cash flow information:					
Non-cash financing activities:					
Warrants issued on amendment of Scout DS® purchase arrangement		$	131,000	$	-
Shares issued to settle amounts payable		$	30,742	$	-
Warrants issued as share issue costs	10	$	1,329	$	156,088
Shares issued to settle accrued interest	7 & 10	$	-	$	57,062
Shares issued for amendment of debt	7 & 10	$	-	$	45,000
Shares issued for finance cost on secured debt	7 & 10	$	-	$	58,353

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 201-179 McDermot Avenue, 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.

2. Basis of preparation of financial statements:

(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 29, 2016.

(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 cast significant doubt about the Company's ability to continue as a going concern as the Company has experienced operating losses and cash outflows from operations since incorporation and has accumulated a deficit of $22,525,742 as at November 30, 2015 (2014 - $19,239,552) and a working capital deficiency of $2,997,582 (2014 - $441,263).

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 2016 unless further financing is obtained. Additional sources of funding will be required commencing in the second quarter of fiscal 2016 to carry on operations. The Company's debt has been extended and is now due on March 31, 2016. The Company has a new business plan that will dramatically reduce its need for capital. The plan calls for the Company to achieve this by changing its core focus to manufacturing the Scout DS® device in the most economically feasible way possible, and to market exclusive territorial license rights to the Scout DS® to qualified third parties well positioned in their regional market segments. The Company's future operations including the manufacturing of the Scout DS® are dependent upon its ability to secure additional funds, generate product sales, negotiate collaboration or license agreements with upfront payments, and/or obtain research grant funding. While the Company is striving to achieve these plans, there is no assurance that these and other strategies will be achieved or such sources of funds will be available or obtained on favourable terms or obtained at all. Historically, the Company has obtained funding via the issuance of shares and warrants and long-term debt. If the Company cannot secure additional financing on terms that would be acceptable to it, generate product sales, negotiate collaboration or license agreements with upfront payments, and/or obtain research grant funding, the Company will have to consider additional strategic alternatives which may include, among other strategies, cost curtailments, delays of product launch 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 7.

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 material uncertainties that cast 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 3e(ii): The measurement and period of use of acquired intellectual property
- Note 3e(iii): The measurement and period of use of patents and trademarks
- Note 3g(ii): The assumptions and valuation technique used to estimate the value of share-based payment transactions

3. Significant accounting policies:

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

(a) Foreign currency transactions

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

(b) Financial instruments

(i) Non-derivative financial assets

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

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

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

The Company classifies non-derivative financial assets into the following categories: loans and receivables. 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, secured debt and accrued interest on secured debt.

The Company had the following non-derivative financial liabilities, representing contingent consideration (note 8), which were classified as held for trading: other current 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 are recognized over the period of performance of the related activities on the statement of net loss and comprehensive loss. Amounts received in advance of recognition are included in deferred revenue.

3. Significant accounting policies (continued):

(d) 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%

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.

(e) 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® and Scout DS®

Costs incurred for acquired intellectual property - PreVu® and Scout DS® 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. The PreVu® had an estimated period of five years.

3. Significant accounting policies (continued):

(e) 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.

(f) 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):

(f) 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 in selling, general and administration expense for commercialized technologies and in research and development expense for technologies that have yet to be commercialized in the statement of net loss and comprehensive loss.

(g) 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.

(h) 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.

(i) 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.

(j) 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):

(j) 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.

(k) 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.

(l) Comparative figures

For comparative purposes, certain of the prior year figures have been reclassified.

(m) 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.

3. Significant accounting policies (continued):

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

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, 2018 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.

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.

IFRS 16, *Leases*

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, *Leases*, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. The new standard is effective for annual periods beginning on or after January 1, 2019, which is when the Company intends to adopt IFRS 16 in its financial statements. The extent of the impact of adoption of the standard has not yet been determined.

4. Property and equipment:

Cost	Computers and equipment	Equipment held for resale	Assets held for lease	Total
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
Additions	2,882	-	7,938	10,820
Balance November 30, 2015	$ 39,408	$ -	$ 284,741	$ 324,149

Accumulated amortization	Computers and equipment	Equipment held for resale	Assets held for lease	Total
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
Amortization	8,037	-	13,877	21,914
Balance November 30, 2015	$ 23,491	$ -	$ 14,944	$ 38,435

Carrying value	Computers and equipment	Equipment held for resale	Assets held for lease	Total
At November 30, 2014	$ 21,072	$ -	$ 275,736	$ 296,808
At November 30, 2015	$ 15,917	$ -	$ 269,796	$ 285,714

5. 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		13,869		-		-		-		13,869
Change due to write-downs and disposals		(109,346)		(1,139,901)		-		-		(1,249,247)
Balance November 30, 2015	$	-	$	-	$	-	$	-	$	-

Accumulated amortization		Patents and trademarks		Intellectual Scout DS®		Acquired intellectual 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		6,817		118,380		-		-		125,197
Change due to write-downs and disposals		(12,870)		(266,356)		-		-		(279,226)
Balance November 30, 2015	$	-	$	-	$	-	$	-	$	-

Carrying value		Patents and trademarks		Intellectual Scout DS®		Acquired intellectual PreVu®		Technology licence		Total
At November 30, 2014	$	89,424	$	991,925	$	-	$	-	$	1,081,349
At November 30, 2015	$	-	$	-	$	-	$	-	$	-

Amortization expense related to intangible assets totals $125,197 (2014 - $316,184) for the year ended November 30, 2015 of which $125,197 (2014 - $298,684) has been recorded in selling, general and administration expenses and nil (2014 - $17,500) has been recorded in research and development expenses on the Statement of Net Loss and Comprehensive Loss.

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 8.2 years at November 30, 2015. 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.

5. Intangible assets (continued):

The Company has considered indicators of impairment and performed required impairment testing for acquired intellectual property as at November 30, 2015. As at November 30, 2015 the Company has recognized an impairment loss totaling \$873,545 (2014 - \$628,703) relating to its Scout DS® technology (2014 - PreVu® technology) resulting from a change in strategy which is recorded on the Statements of Net Loss and Comprehensive Loss as a write-down of intangible assets.

As part of its ongoing review of all intellectual property, the Company recorded an impairment during the year ended November 30, 2015 of \$96,476 (2014 - \$119,573) which is recorded as a write-down of intangible assets on the Statement of Net Loss and Comprehensive Loss.

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). On January 30, 2014, Alere elected not to proceed further with its license from the Company.

6. Deferred Revenue:

On August 14, 2014, the Company executed an agreement for the sale and distribution of Scout DS® medical devices into China (the “China Agreement”). Under the China 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 China Agreement.

As the \$150,000 USD or \$185,770 (2014 - \$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, \$171,600 was recorded within deferred revenue on the Statement of Financial Position and during fiscal 2015, \$9,146 (2014 - \$nil) has been recorded as revenue.

The Company has considered its ability to fulfill the China Agreement as at November 30, 2015. The Company has allocated \$99,970 from deferred revenue to accounts payable and accrued liabilities related to the \$75,000 USD refundable portion of the up-front payment. The remaining \$76,654 of the non-refundable portion has been netted against the write-down of intangible assets in the Statement of Net Loss and Comprehensive Loss during the year ended November 30, 2015.

7. Secured debt:

a) 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.

7. Secured debt (continued):

On December 23, 2013, the Company entered into an amending agreement with the 2011 Lender to extend the $1,000,000 non-convertible secured loan for an additional six months. With this amendment, the loan 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 was now to mature 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 (2014 - $70,000) within accounts payable and accrued liabilities at November 30, 2015 in respect of consideration for the extension of the loan. On November 19, 2015, the Company entered into an amending agreement with the 2011 Lender to extend the maturity date on the loan from December 31, 2015 to March 31, 2016. Additionally under the amending agreement, the Company and the 2011 Lender have an option to satisfy accrued interest on the loan through the issuance of common shares and if neither option is exercised, accrued interest on the loan is due on April 30, 2016. As of the authorization date for issuance of these financial statements, management is in discussion with the 2011 Lender in relation to the terms and conditions of this loan.

Interest payable at November 30, 2015 is $306,062 (2014 - $147,191). Interest expense, including amortization of discount and transaction fees, for the year ended November 30, 2015 was $221,471 (2014 - $194,509). The initial value assigned to the secured debt, based on a fair value approach, was $878,571. As at November 30, 2015, the amortized cost of the secured debt was $994,683 (2014 - $932,083).

b) 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 payments 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 was now to mature 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 ($70,000 – 2014) within accounts payable and accrued liabilities at November 30, 2015 in respect of consideration for the extension of the loan. On November 19, 2015, the Company entered into an amending agreement with the 2014 Lender to extend the maturity date on the loan from December 31, 2015 to March 31, 2016. Additionally under the amending agreement, the Company and the 2014 Lender have an option to satisfy accrued interest on the loan through the issuance of common shares and if neither option is exercised, accrued interest on the loan is due on April 30, 2016. As of the authorization date of issuance for these financial statements, management is in discussion with the 2014 Lender in relation to the terms and conditions of this loan.

7. Secured debt (continued):

Interest payable at November 30, 2015 is $161,191 (2014 - $65,739). Interest expense, including amortization of discount and transaction fees, for the year ended November 30, 2015 was $190,316 (2014 - $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, 2015, the amortized cost of the secured debt was $603,277 (2014 - $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 from a) and b) 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 had retained a first ranking security interest over the Scout DS® assets as described in note 8. 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 (Note 8).

8. 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"). In accordance with the purchase agreement, the following contingent consideration existed:

- 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.

At acquisition, 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.

8. Other current obligation (continued):

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 (note 10(d)).

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 was 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. As disclosed above, this amount was settled during fiscal 2015.

The Company had 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, during fiscal 2015, 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.

9. 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, 2015 was valued at nil (November 30, 2014 - nil) as a result of the change in strategy for the PreVu® technology during fiscal 2014, with no gross revenue currently anticipated for PreVu®.

10. 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.

10. 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 10 (i))	126,806		57,062
Shares issued for amendment of secured debt (Note 10 (i))	100,000		45,000
Shares issued as consideration for secured debt (Note 10 (ii))	181,863		58,354
Issued for cash, net of issue costs of $15,323 (Note 10 (iii)(iv)(v)(vi))	24,109,455		1,049,193
Balance, November 30, 2014	36,727,732		13,964,680
Issued for cash, net of issue costs of $25,122 (Note 10 (vii)(viii)(ix)(x))	13,075,000		706,840
Shares issued to settle outstanding payables (10 (xi))	133,660		30,742
Shares issued upon exercise of warrants (Note 10 (d))	580,000		101,508
Balance, November 30, 2015	50,516,392	$	14,803,770

(i) 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 7. 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 7.

(ii) 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 7. 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 issued 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 7.

(iii) 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.

(iv) 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. Capital stock (continued):

(b) Shares issued and outstanding (continued)

(v) 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.

(vi) 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.

(vii) 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. Share issue costs total $2,600 related to the December 2015 Offering.

10. Capital stock (continued):

(b) Shares issued and outstanding (continued)

(viii) On April 22, 2015 the Company closed a private placement offering (the "April 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 (a "Warrant"). Each Warrant entitles 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. There were 4,000,000 warrants issued within the April 2015 Offering. A fair value of $131,627, net of warrant issue costs, was assigned to the warrants upon issuance. Share issue costs total $9,464 related to the April 2015 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 24 months from the date of the April 2015 Offering. There were 16,000 Compensation Warrants issued.

(ix) On July 14, 2015 the Company closed a private placement offering (the "July 2015 Offering") of 4,375,000 units ("Units") at a price of $0.08 per Unit for gross proceeds of up to $350,000. 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 $0.10 per Share for a period of 24 months from the date the Warrant is issued. There were 4,375,000 warrants issued within the July 2015 Offering. A fair value of $88,045, net of warrant issue costs, was assigned to the warrants upon issuance. Share issue costs total $12,784 related to the July 2015 Offering.

A certain person assisted the Company by introducing potential subscribers for the Offering and was paid a finder's fee of 10% of the total subscription proceeds received from subscribers introduced to the Company by this particular person. Additionally, this person was issued compensation warrants ("Compensation Warrants") equal to 10% of the total number of Units subscribed for by subscribers introduced to the Company by this particular person. Each Compensation Warrant entitles the holder thereof to purchase one Share at a price of $0.10 per Share for a period of 12 months from the date of the July 2015 Offering. There were 20,000 Compensation Warrants issued.

(x) On October 26, 2015 the Company closed a private placement offering (the "October 2015 Offering") of 2,700,000 units ("Units") at a price of $0.05 per Unit for gross proceeds of $135,000. Each Unit is comprised of one common share of the Company (a "Share") and one half of one Share purchase warrant. Each whole warrant (a "Warrant") will entitle the holder to purchase one Share at a price of $0.08 per Share for a period of 12 months from the date the Warrant is issued. There were 1,350,000 warrants issued within the October 2015 Offering. A fair value of $14,669, net of warrant issue costs, was assigned to the warrants upon issuance. Share issue costs total $6,630 related to the October 2015 Offering.

A certain person assisted the Company by introducing a subscriber for the October 2015 Offering and was paid a finder's fee of 10% of the total subscription proceeds received from the subscriber introduced to the Company by that person.

(xi) 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.

10. Capital stock (continued):

(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, 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
Granted	150,000	0.06	2,578,500	0.15
Forfeited, cancelled or expired	(196,500)	(1.40)	(113,000)	(1.00)
Balance, end of period	3,407,500	0.33	3,454,000	0.41
Options exercisable, end of period	3,407,500	$ 0.33	3,420,666	$ 0.39
Weighted average fair value per unit of option granted during the period		$ 0.06		$ 0.11

10. Capital stock (continued):

(c) Options (continued)

Options outstanding at November 30, 2015 consist of the following:

Range of exercise prices	Outstanding number	Weighted average remaining contractual life	Weighted average exercise price	Exercisable number
$0.06 - $0.06	150,000	4.76 years	$0.06	150,000
$0.10 - $0.10	1,500,000	4.00 years	$0.10	1,500,000
$0.22 - $0.22	1,078,500	3.67 years	$0.22	1,078,500
$1.00 - $1.00	570,333	3.65 years	$1.00	570,333
$1.40 - $1.40	42,000	0.00 years	$1.40	42,000
$1.50 - $1.50	33,333	6.74 years	$1.50	33,333
$1.80 - $1.80	33,334	6.74 years	$1.80	33,334
$0.10 - $1.80	3,407,500	4.04 years	$0.33	3,407,500

For the year ended November 30, 2015, compensation expense of $6,600 (2014 - $291,394) 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, 2015	November 30, 2014
Expected option life	5 years	3.2 years
Risk free interest rate	0.77%	1.10%
Dividend yield	nil	nil
Expected volatility	97.06%	97.63%

(d) Warrants

Changes in the number of warrants outstanding during years ended November 30, 2015 and 2014 are as follows and have been restated retrospectively as a result of a share consolidation:

	2015			2014		
	Warrants	Amount	Weighted average exercise price	Warrants	Amount	Weighted average exercise price
Balance, beginning of period	25,989,462	$ 931,108	$ 0.12	2,718,001	$ 561,218	$ 1.25
Granted, pursuant to private placements (note 10(b))	11,761,000	334,525	0.12	25,989,462	931,108	0.12
Granted, pursuant to debt amendment (note 8)	1,000,000	131,000	0.25	-	-	-
Exercised (note 10(b))	(580,000)	(20,360)	(0.14)	-	-	-
Expired	(4,889,462)	(195,318)	(0.17)	(2,718,001)	(561,218)	(1.25)
Balance, end of period	33,281,000	$ 1,180,955	$ 0.12	25,989,462	$ 931,108	$ 0.12
Weighted average remaining contractual life (years)			1.46 years			1.67 years

10. Capital stock (continued):

(d) Warrants (continued)

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

	2015	2014
Expected life	1.0 years	1.0 years
Risk free interest rate	0.44%	1.02%
Dividend yield	nil	nil
Expected volatility	115%	127%

(e) Per share amounts

The weighted average number of common shares outstanding for the years ended November 30, 2015 and 2014 was 43,606,432 and 15,867,694, respectively. The dilution created by options and warrants has not been reflected in the per share amounts as the effect would be anti-dilutive.

11. 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, 2015 and 2014, deferred tax assets and liabilities have not been recognized with respect to the following items:

	2015	2014
Deferred tax assets:		
Non-capital loss carry-forwards	$ 4,114,390	$ 3,534,774
Scientific research and experimental development	565,246	565,246
Share issue costs	37,859	57,611
Intangible assets	323,761	31,797
Property and equipment	49,735	46,741
Other	176,636	176,636
Net unrecognized deferred tax asset	$ 5,267,627	$ 4,412,805

11. 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:

		2015		2014
Canadian federal and provincial income taxes at 27.00% (2014 - 27.00%)	$	(887,325)	$	(516,709)
Stock-based compensation		1,782		78,676
Permanent differences and other items		30,721		44,923
Change in unrecognized temporary differences		854,822		393,110
	$	-	$	-

At November 30, 2015, the Company has the following Canadian non-capital losses available for application in future years expiring as follows:

2016	$	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		2,361,000
2035		2,343,000
	$	15,239,000

- Unutilized scientific research and development expenditures at November 30, 2015 of $2,272,000 (2014 - $2,272,000), with no expiry;
- Scientific research and development tax credits at November 30, 2015 of $470,000 (2014 - $470,000), which can be applied against income taxes otherwise payable, with expiry by 2030.

12. Finance expense

During the years ended November 30, 2015 and 2014 the Company incurred finance expense (income) as follows:

	2015	2014
Interest on secured debt (note 7)	$ 411,787	$ 347,015
Bank charges and other interest	16,666	17,054
Interest income	(185)	(4,393)
	$ 428,268	$ 359,676

During the years ended November 30, 2015 and 2014, the Company paid finance expense as follows:

	2015	2014
Interest paid on secured debt (note 7)	$ -	$ -
Bank charges and other interest paid	16,666	17,055
Interest received	(185)	(4,393)
	$ 16,481	$ 12,662

13. Commitments and contingencies:

(a) Commitments

As at November 30, 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.

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.

Effective January 1, 2015 the Company amended the terms of the business and administration services agreement with 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.

Subsequent to November 30, 2015, the Company terminated the GVI contract.

(b) Guarantees

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

13. Commitments and contingencies (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, 2015 (2014 – nil)

The Company is obligated to pay royalties to Canada-Israel Industrial Research and Development Foundation ("CIIRDF") based on any future product revenues, if any, from the exploitation of the preeclampsia technology contemplated in the project funding agreement equal to 2.5 percent up to a maximum of the amounts funded under the agreement. To November 30, 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 (note 6). No royalties were paid to MSH during the year ended November 30, 2015 (2014 – nil).

14. Related party transactions:

(a) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors, President & CEO 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 10 (c)). Compensation paid to key management personnel for the years ended November 30, 2015 and 2014 is as follows:

	2015	2014
Salaries, fees and short-term employee benefits	$ 265,667	$ 295,538
Share-based payments	-	209,476
	$ 265,667	$ 505,014

(b) Key management personnel and shareholder transactions

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

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, 2015, $28,455 (2014 - $40,820), has been recorded in selling, general and administration expenses relating to this consulting agreement.

15. 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.

16. 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, 2015	Fair Value November 30, 2015	Carrying Amount November 30, 2014	Fair Value November 30, 2014
Financial Assets				
Loans and receivable				
Cash	$ 1,997	$ 1,997	$ 1,161,744	$ 1,161,744
Accounts receivable	9,010	9,010	29,627	29,627
Financial Liabilities				
Other financial liabilities				
Accounts payable and accrued liabilities	$ 1,017,766	$ 1,017,766	$ 869,758	$ 869,758
Current portion of secured debt	1,597,560	1,597,560	-	-
Accrued interest on secured debt	467,253	467,253	212,930	212,930
Secured debt	-	-	1,440,497	1,440,497
Other current obligation	-	-	631,000	631,000

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.

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.

16. Financial instruments (continued):

(a) Financial assets and liabilities (continued)

The fair value hierarchy of financial instruments measured at fair value on the Statements of Financial Position as at November 30, 2015 is as follows:

	Level 1	Level 2	Level 3
Financial Liabilities			
Accounts payable and accrued liabilities	-	-	1,017,766
Current portion of secured debt	-	1,597,560	-
Accrued interest on secured debt	-	467,253	-

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

	Level 1	Level 2	Level 3
Financial Liabilities			
Accounts payable and accrued liabilities	-	-	869,758
Other current obligation	-	-	631,000
Accrued interest on secured debt	-	212,930	-
Secured debt	-	1,440,497	-

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, 2015 and 2014, 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.

16. 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, 2015, 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, 2015, 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 secured 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, 2015 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 March 31, 2016 (note 7) and the Company's commitments are due as described in note 13(a).

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.

16. 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, 2014.

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.

17. Expenses by nature:

Expenses incurred for the years ended November 30, 2015 and 2014 are as follows:

		2015		2014
Personnel expenses				
Wages and salaries	$	585,222	$	725,178
Short-term benefits and insurance premiums		11,973		14,758
Share-based payments		6,600		291,394
		603,795		1,031,330
Amortization and impairment loss		1,040,478		1,079,616
Science consumables and contract research		-		(4,014)
Sales and marketing		657,535		249,887
Write-down of inventory		-		161,882
Occupancy		58,829		134,605
Professional fees		279,113		453,822
Administration		203,958		245,311
Total expenses	$	2,843,708	$	3,352,439

18. Subsequent events

(a) Unsecured loan

On December 8, 2015, the Company closed unsecured loans with two private lenders totaling $83,778. The promissory note evidencing the first loan of $56,000 was issued at a discount for proceeds of $50,400. The promissory note evidencing the second loan of $27,778 was issued at a discount for proceeds of $25,000. Both of the loans mature on March 31, 2016, are unsecured and bear interest at a rate of 20% per annum payable at the maturity of the loans. As additional consideration for the loans, the Company issued an aggregate of 670,224 warrants to purchase common shares of the Company at a purchase price of $0.05 per common share for a period of twelve months from the date of loan.

(b) Secured loan

On February 17, 2016, the Company closed a secured loan for $100,000, with a company with an officer who is also an officer of the Company. The loan matures the earlier of i) one year from the closing date, ii) sixty days after the lender demands repayment, which the lender has the right to demand after May 16, 2016; or iii) upon the completion of any equity or debt financings or a combination of equity or debt financings that total $100,000. The loan bears interest at a rate of 12% per annum. The loan is secured by a first ranking charge on all assets of the Company. The Company's secured lenders executed a subordination agreement in favour of the lender.

(c) Consolidation of shares

On March 23, 2016, the Company obtained shareholder approval for the consolidation of its outstanding share capital on the basis of one post-consolidation share for up to twenty-five pre-consolidation shares. The consolidation of the Company's outstanding share capital is subject to approval by the TSX Venture Exchange.