MedMira Inc.

Management's Discussion & Analysis
For the year ended July 31, 2013

Forward looking statements

This document contains forward looking statements, such as statements regarding future sales opportunities in various global regions and financing initiatives that are based on current expectations of management. These statements involve uncertainties and risks, including MedMira Inc.'s (MedMira or the Company) ability to obtain and/or access additional financing with acceptable terms, and delays in anticipated product sales. Such forward-looking statements should be given careful consideration and undue reliance should not be placed on these statements.

The preparation of Management's Discussion and Analysis (MD&A) may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Management bases estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. Management believes the accounting policies, outlined in the Significant Accounting Policies section of its consolidated financial statements, describe its more significant judgments and estimates used in the preparation of its consolidated financial statements.

Introduction

The following MD&A for the three months and year ended July 31, 2013 has been prepared to help investors understand the financial performance of MedMira in the broader context of the Company's strategic direction, the risk and opportunities as understood by management, and the key metrics that are relevant to the Company's performance. The Audit Committee of the Board of Directors has reviewed this document and all other publicly reported financial information for integrity, usefulness, reliability, and consistency.

Annual references are to the Company's fiscal years, which end on July 31. All amounts are expressed in Canadian dollars (CAD) unless otherwise noted.

Additional information about MedMira, this document, and the related quarterly financial statements can be viewed on the Company's website at www.medmira.com and are available on SEDAR at www.sedar.com.

About MedMira

MedMira is a biotechnology company engaged in the development and commercialization of rapid diagnostics and technology platforms. The Company is headquartered in Halifax, Nova Scotia, Canada and is listed on the TSX Venture Exchange under the symbol MIR.

MedMira's patented rapid flow-through technology platform is the basis for the Company's current line of rapid diagnostics for infectious diseases. Diagnostic applications based on this technology platform are highly accurate, easy-to-use, and produce instant results – a strong advantage over most other rapid diagnostics on the market today.

MedMira's technology and growing portfolio of diagnostics demonstrate excellence in performance and quality in the highly competitive diagnostics industry. More than $20 million has been invested in perfecting MedMira's core technology, which has proven itself time and time again with its excellent clinical performance and its success in rigorous evaluations and inspections, leading to regulatory approvals in the United States, Canada, European Union, and China, as well as ISO 9001:2008 and ISO 13485:2003 certifications. MedMira's rapid HIV test is the only rapid flow-through HIV test in the world to be approved by all of these major health regulators.

MedMira sells its rapid tests through a worldwide network of medical distributors and strategic business development partners with customers in all sectors of the healthcare industry, including laboratories, hospitals, point-of-care facilities, governments, and public health agencies.

Intellectual property

The Company strives to protect its intellectual property in established and emerging markets around the world as warranted. MedMira's intellectual property portfolio for its rapid flow-through platform and the methodology behind its rapid diagnostics includes the following:

Patent #	*Title*	*Jurisdiction*
8,025,850	Rapid Diagnostic Device, Assay and Multifunctional Buffer	United States
7,531,362	Rapid Diagnostic Device, Assay and Multifunctional Buffer	United States
EP1417489	Rapid Diagnostic Device and Assay	Europe
EP1328811	HCV Mosaic Antigen Composition	Europe
ZL02819646.5	Rapid Diagnostic Device and Assay	China

The Company has 3 pending patents.

The Company's corporate and product brand names are protected by trademarks in the United States and Canada.

Corporate update

During Fiscal Year 2013, MedMira improved its overall operating position by establishing greater financial stability early in the year which enabled many of its planned business development and product commercialization activities to advance on schedule throughout the remaining quarters.

In the first quarter, MedMira completed the final phase of its debt restructuring initiative which began in 2012, making debt settlement arrangements with the Company's debt holders and moving to a position where it was no longer in default on any of its loans. In total this program eliminated $12,856,095 in debt and created a stable financial platform on which the Company continued to operate on for the remainder of 2013.

MedMira continued the expansion of its sales, marketing and business development activities around the globe, taking up initiatives focused in various major, emerging and development markets. These activities were supported by the launch of an evolved brand identity and redesigned corporate website during the second quarter. The Company undertook a re-branding initiative to clearly illustrate its innovative mindset and its core focus on technology and high quality testing solutions. MedMira's new icon identifies with the Company name, the unique vertical flow-through technology that sets it apart, and the advanced multiplex capabilities of its testing solutions that deliver three results on a single platform. Brand building continued during the remainder of the year with full integration into all marketing communications vehicles and the launch of an extranet tool to support the Company's international strategic partner network of collaborators, agents, and distributors.

The Company's major market focus was the United States and the expansion of its product lines and related sales, marketing and business development activities in this market. During the second quarter, MedMira's development and

commercialization work with the US military expanded with the addition of a second rapid test for transfusion transmitted diseases under a consolidated contract. MedMira was awarded a United States Army Medical Research Acquisition Activity (USAMRAA) contract in July 2011 and a second contract in July 2012. To create greater operational efficiencies as the projects move forward in parallel, the work is now combined under a single concerted effort which involves the development and commercialization of two rapid tests – Multiplo Rapid HBc/HIV/HCV Antibody Test (Multiplo HBc/HIV/HCV) and Reveal Rapid Hepatitis B Surface Antigen Test (Reveal HBsAg). The Company continues to build on its portfolio of business within the military sector through sales and marketing initiatives like the Military Health System Research Symposium, which draws an international audience of military healthcare experts and decision makers focused on the unique needs of the military combatant.

Beyond the military sector, market research indicates that there are significant applications for the Multiplo HBc/HIV/HCV and Reveal HBsAg testing solutions as HIV and hepatitis infection rates continue to rise in the US and globally. Multiplo and Reveal will be the first FDA-approved rapid tests for Hepatitis B and all three diseases in combination. These testing solutions will have a major impact on public health initiatives like the CDC's education campaign "Know More Hepatitis" aimed at the 3 million Americans infected with Hepatitis C and 1.4 million infected with Hepatitis B. Rapid testing solutions like Multiplo and Reveal enable an increased number of people to be tested, know their status, access treatment, and prevent the further spread of these diseases.

In addition to Multiplo HBc/HIV/HCV and Reveal HBsAg, the Company moved its whole blood rapid HIV test for the for US market toward FDA submission and approval. The addition of MedMira's whole blood rapid HIV test in the US market will enable the Company to meet the growing demand for point-of-care rapid HIV tests spurred by the US Preventative Services Task Force new guidelines calling for the routine HIV screening for everyone aged 15 to 65 years old and all pregnant women. MedMira's whole blood rapid HIV test can be used in physician offices, convenience care clinics, mobile testing vehicles, and large scale public health programs where the vast majority of this screening will take place.

The Company's product lines continue to expand as does the interest in its patented rapid flow-through technology platform. The unique advantages, including multiplex testing capabilities, which this technology brings to clinical users and researchers is unmet by other rapid diagnostic platforms. During the third quarter, Company representatives attended a US FDA public workshop on the advances in multiplex rapid testing. The purpose of this workshop, organized by the American Association of Blood Bankers (AABB), Advanced Medical Technology Association (AdvaMed), America's Blood Centers, Department of Health and Human Services Offices of the Assistant Secretary of Health and the National Heart, Lung and Blood Institute (NIH), was to discuss the research and development as it relates to multiplex tests and the use of these tests in blood donor screening and blood cell antigen typing.

In emerging markets, predominantly China and India, the Company continued to advance various business development initiatives towards continued product sales, collaborations, and distribution partnerships. In India, work continues to establish solid distribution channels to the private healthcare market. During the third quarter, the Company participated in the Hong Kong International Medical Devices and Supplies Fair, which drew over 7,000 visitors from 64 different countries and regions. MedMira's participation in this event was supported by the Canadian Trade Commissioner Service which organized various business development meetings and an event for selected companies, which included MedMira, to meet with members of the media from around the world.

Sales, marketing and business development activities continued in developing markets, particularly Latin America and the Caribbean, where distribution partners in Panama and Colombia continued to gain market traction. Sales of Reveal HIV in Belize increased with further orders through Pan American Health Organization (PAHO) while the Company's distributor in Panama was successful in winning a tender for Multiplo HBV/HIV/HCV. MedMira and its strategic partners continue to pursue business in other developing markets including the Middle East and Africa, however, timelines on the successful conclusion of these activities remain uncertain due to various economic and political influences in these regions.

Business development initiatives with a global focus continued with procurement and industry stakeholder organizations such as the CDC and the World Health Organization (WHO). The Company's Reveal HIV is in the final stages of the WHO prequalification process. During the third quarter, the WHO presented MedMira with a letter of invitation to submit the Multiplo Syphilis/HIV rapid test for prequalification. The WHO, a leader in global health matters, includes the elimination of mother-to-child transmission of both Syphilis and HIV as one of its key focus areas and it recommends that all pregnant women be screened for these diseases. Rapid tests are a key part of this equation and includes the Multiplo Syphilis/HIV dossier was submitted to the WHO during the fourth quarter. Relationships with procurement agencies and NGOs is key to generating product sales in developing markets where healthcare infrastructure is limited or not yet mature enough to conduct thorough evaluations of diagnostic tools for large scale testing needs.

MedMira remains focused on the advancement of its patented rapid flow-through technology. Rapid diagnostics continue to grow as a mainstream healthcare solution for both developed and developing regions of the world. During 2013, the Company conducted in-house research and development work and undertook collaborative research opportunities with various researchers and organizations to further explore the potential applications of its technology and testing solutions. During the second quarter, MedMira was honored with the Canadian Manufacturers and Exporters award for Innovative New Technology (Atlantic Canada/Nunavut) for its development and commercialization work on the new test platform that will capture both antigens and antibodies and provide an earlier HIV diagnosis.

Financial results

Basis of preparation and significant accounting policies

The basis of financial statement preparation and the significant accounting policies of MedMira are described in Notes 2 and 3 of the Company's July 31, 2013 consolidated financial statements.

Selected quarterly information (in thousands of dollars except per share amounts)

	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
	$	$	$	$	$	$	$	$
Revenue	595	327	534	545	272	187	274	235
Cost of sales	343	277	374	377	167	58	63	88
Gross profit	252	50	160	168	105	129	211	147
Operating expenses	659	781	715	641	707	679	685	684
Other expenses (gains)	353	128	(1,629)	(616)	(8,769)	1,062	864	1,310
Net earnings (loss) before tax	(760)	(859)	1,074	143	8,167	(1,612)	(1,338)	(1,847)
Net earnings (loss) per share	(0.001)	(0.002)	0.003	0.001	0.024	(0.006)	(0.006)	(0.007)

Selected annual information

	For the year ended		
	31-Jul-13	31-Jul-12	31-Jul-11
	$	$	$
Total assets	**1,166,845**	**2,970,239**	**1,492,123**
Current liabilities	4,853,959	11,049,292	20,345,822
Non-current liabilities	5,423,485	629,246	260,000
Shareholders' deficiency	(9,110,600)	(8,708,299)	(19,113,699)
Total liabilities and shareholders' deficiency	**1,166,844**	**2,970,239**	**1,492,123**
Revenue	2,001,464	970,631	909,869
Cost of sales	(1,370,689)	(376,395)	(493,914)
Gross profit	630,775	594,236	415,955
Operating and other income (expenses)	(1,033,076)	2,778,066	(5,345,138)
Net gain (loss) before tax	**(402,301)**	**3,372,304**	**(4,929,183)**
Net gain (loss) per share	(0.001)	0.012	(0.023)

Fourth quarter analysis

The following table compares the results of operations for the three months ended July 31, 2013 to the three months ended July 31, 2012.

	For the three months ended		
	31-Jul-13	31-Jul-12	Better(worse)
	$	$	$
Product			
Product sales	244,289	257,644	(13,354)
Royalties	-	14,995	(14,995)
Product cost of sales	(59,439)	(167,232)	107,793
Gross margin on product	184,850	105,407	79,443
Services			
Service sales	351,826	-	351,826
Service cost of sales	(289,237)	-	(289,237)
Gross margin on services	62,589	-	62,589
Operating expenses			
Research and development	138,295	(5,686)	143,981
Sales and marketing	(88,257)	(109,643)	21,387
Other direct costs	(96,345)	(80,754)	(15,591)
General and administrative	(621,068)	(683,137)	62,068
Total operating expenses	(667,373)	(879,220)	211,847
Operating (expense) income	**(419,936)**	**(773,813)**	**353,877**
Non-operating expenses			
Financing	(338,770)	8,941,193	(9,279,963)
Net loss	**(758,706)**	**8,167,380**	**(8,926,086)**

Product revenue and gross margin

The Company recorded revenue from product sales in the three months ended July 31, 2013 of $244,289 as compared to $257,277 for the same period last year. Gross profit on product sales for the year was $184,850 compared to $105,407 for the same period in 2012. Gross profit increased as a greater portion of product sales were made in North America where the margins are typically higher than in other regions of the world.

Services revenue and gross margin

The Company recorded revenue from service sales of $351,826 in the three months ended July 31, 2013 (July 31, 2012 – $nil) with a related gross margin of $62,589 (July 31, 2012 – $nil). The Company earned revenue and gross margin on a research contract with the US Army. The current year gross margin on services was in line with management's expectations.

Operating expenses

Total operating expenses decreased by $211,847, from $879,220 for the three months ended July 31, 2012 to $667,373 for the year ended July 31, 2013.

- Research and development expenses for the three months ended July 31, 2013 was a gain of $138,295 compared to an expense of $5,686 for the same period in 2012. The gain was the result of provisioning for tax credits associated with research work.
- Sales and marketing expenses for the three months ended July 31, 2013 was $88,257 compared to $109,643 for the

same period in 2012.

- Other direct costs for the three months ended July 31, 2013 were $96,345, compared to $80,754 for the same period in 2012. Fewer labour costs were allocated to cost of sales in the current quarter.
- General and administrative expenses were $621,068 for the three months ended July 31, 2013, compared to $683,137 for the same period in 2012. The three month ended July 31, 2012 had an increase in regulatory and professional fees.

Non-operating expenses

- Total other losses were $338,770 in the three months ended July 31, 2013, compared to a gain of $8,941,193 during the same period in 2012. The majority of the gain in the three months ended July 31, 2012 was due to a gain on the forgiveness of debt of $10,042,826.

Year to date analysis

The following table compares the results of operations for the year ended July 31, 2013 to the year ended July 31, 2012.

	For the year ended		
	31-Jul-13	**31-Jul-12**	**Better(worse)**
	$	**$**	**$**
Product			
Product sales	829,438	938,356	(108,918)
Royalties	35,360	32,275	3,085
Product cost of sales	(435,409)	(376,395)	(59,014)
Gross margin on product	429,389	594,236	(164,847)
Services			
Service sales	1,136,666	-	1,136,666
Service cost of sales	(935,280)	-	(935,280)
Gross margin on services	201,386	-	201,386
Operating expenses			
Research and development	(133,304)	(199,022)	65,718
Sales and marketing	(262,271)	(223,632)	(38,639)
Other direct costs	(299,209)	(329,142)	29,933
General and administrative	(2,101,361)	(2,207,080)	105,719
Total operating expenses	(2,796,145)	(2,958,876)	162,731
Operating (expense) income	**(2,165,370)**	**(2,364,640)**	**199,270**
Non-operating expenses			
Financing	1,763,069	5,736,944	(3,973,875)
Net (loss) income	**(402,301)**	**3,372,304**	**(3,774,605)**

Product revenue and gross margin

The Company recorded revenue from product sales in the year ended July 31, 2013 of $829,438 as compared to $938,355 for the same period last year. Gross profit on product sales for the year was $429,389 compared to $594,235 in the same period in 2012. Decreases in product revenue and gross profit were attributed to decreased sales in Asia Pacific and Latin America. Current year gross profit was in line with management expectations.

Services revenue and gross margin

The Company recorded revenue from services sales for the first time in the year ended July 31, 2013 of $1,136,666 with a related gross margin of $201,386. The Company earned revenue and gross margin on a research contract with the US Army. The current year gross margin on services was in line with management expectations.

Operating expenses

Total operating expenses decreased by $162,731, from $2,958,876 for the year ended July 31, 2012 to $2,796,145 for the year ended July 31, 2013.

- Research and development expenses for the year ended July 31, 2013 were $133,304 compared to $199,022 for the year ended July 31, 2012. Actual research expenses in July 31, 2013 for the year were $1,211,546 (July 31, 2012 – $530,114) which was offset by reimbursements of research costs of $142,962 (July 31, 2012 – $331,092) and allocation of $935,280 to cost of sales (July 31, 2012 – $nil). The comparative increase in research costs was directly attributable to greater activity related to the US military research contracts.
- Sales and marketing expenses for the year ended July 31, 2013 were $262,271 compared to $223,632 for the same period last year as the Company began to expand its sales and marketing efforts in the United States.
- Other direct costs for the year ended July 31, 2013 were $299,209, compared to $329,142 for the same period last year. The decrease was due to increased allocation of labour costs to inventory produced during the year, along with an increased allocation of labour costs to product and services cost of sales.
- General and administrative expenses were $2,101,362 for the year ended July 31, 2013, compared to $2,207,080 for the same period in 2012.

Non-operating expenses

Total other gains were $1,763,069 in the year ended July 31, 2013, compared to a gain of $5,736,944 during the same period in 2012.

- Financing costs including interest expense decreased to $734,604 in the year ended July 31, 2013, compared to $4,239,863 for the same period last year. The decrease was the result of successful renegotiations of the company's debt to lower interest rates in the quarters ended October 31, 2012 and July 31, 2012.
- During the year ended July 31, 2013, management renegotiated some of the outstanding loans which resulted in substantially different terms from the original agreements. These were treated as an extinguishment of the original liability and the recognition of a new liability. These debt arrangements were valued using a rate of approximately 11.8%, representing a reasonable exit price for the liabilities. This resulted in a gain of $2,027,442.
- In the year ended July 31, 2013, the Company completed its debt settlement negotiations. As a result, the company had a one-time gain on the forgiveness of debt of $715,689 (July 31, 2012 – $10,042,826).

Geographic information

The Company organizes and records the sales and distribution of its products based on major geographical territories around the world. The table below provides the three month geographic breakdown of revenue.

	Product revenue		Service revenue	
	For the three months ended		For the three months ended	
	31-Jul-13	31-Jul-12	31-Jul-13	31-Jul-12
	$	$	$	$
North America	223,563	151,888	351,826	-
Latin America and the Caribbean	19,243	53,113	-	-
Europe	1,483	5,528	-	-
Asia Pacific	-	59,703	-	-
Middle East	-	2,040	-	-
Total revenue	**244,289**	**272,272**	**351,826**	**-**

The table below provides the annual geographic breakdown of revenue.

	Product revenue		Service revenue	
	For the year ended		For the year ended	
	31-Jul-13	31-Jul-12	31-Jul-13	31-Jul-12
	$	$	$	$
North America	518,891	588,417	1,136,666	-
Latin America and the Caribbean	92,274	132,830	-	-
Europe	10,039	8,098	-	-
Asia Pacific	240,617	239,246	-	-
Middle East	2,977	2,040	-	-
Total revenue	**864,798**	**970,631**	**1,136,666**	**-**

Liquidity and capital resources

Cash and working capital

The Company had a cash reserve of $20,942 on July 31, 2013, as compared to $2.4 million on July 31, 2012. The Company's net working capital position as of July 31, 2013 was a deficit of $4.0 million compared to the July 31, 2012 working capital deficit of $8.1 million. The Company has incurred operational losses and negative cash flows on a cumulative basis since inception. For the year ended July 31, 2013, the Company incurred a net loss from operating activities of approximately $2.2 million and negative cash flows from operations of $2.1 million, compared to a net loss from operations of $2.4 million and negative cash flows from operations of $2.2 million for the same period in 2012.

Operating activities

MedMira generated negative cash flows from operations of $2.1 million for the year ended July 31, 2013, compared to negative cash flows of $2.2 million for the year ended July 31, 2012. Higher payments to suppliers and employees were offset by higher receipts from customers.

Financing activities

Cash flows from financing activities were $58,493 for the year ended July 31, 2013, compared to $3.6 million for the same period in 2012. The higher cash flow in 2012 was due primarily to cash proceeds from share issuance activity.

Investing activities

Cash outflow from investments increased to $366,986 during the year the ended July 31, 2013, compared to $5,708 for the same period in 2012. The increase in investing cash outflow was the result of investments in facility upgrades.

Debt

As at July 31, 2013, the Company had loans payable with a carrying value of $6.9 million compared to $7.4 million at July 31, 2012. The decrease in the carrying value of loans payable from July 31, 2012 to July 31, 2013 is due to a fair value adjustment to the carrying amount of the loans. The Company's loans have an average payment term of 6 years. As at July 31, 2013, none of the Company's loans were in default.

Further discussion on liquidity and capital resources can be found in this document in the Liquidity Risk section, Risk and Uncertainties section, as well as in the notes for the Company's July 31, 2013 audited consolidated financial statements.

Equity/Shares

The Company is authorized to issue an unlimited number of common shares without par value. The number of issued and outstanding common shares on July 31, 2013 was 392,264,320. The Company is also authorized to issue an unlimited number of Series A preferred shares redeemable at $0.01 per share after March 31, 2010, convertible into an equal number of common shares upon the Company meeting certain milestones. There were 5,000,000 Series A preferred shares issued and outstanding on July 31, 2013.

The Company had 4,530,000 outstanding stock options on July 31, 2013. The outstanding stock options have a weighted average exercise price of $0.10 per share and a weighted average remaining term of 1 year. The number of outstanding warrants on July 31, 2013 was 196,119,500. The outstanding warrants have a weighted average exercise price of $0.10 per share and a weighted average remaining term of 2.45 years.

Off balance sheet arrangements

The Company was not party to any off balance sheet arrangements as of July 31, 2013.

Financial instruments – fair value

The Company recognizes financial instruments based on classification. Depending on the financial instruments' classification, changes in subsequent measurements are recognized in net loss or other comprehensive loss. The Company has implemented the classifications listed below.

Financial assets

- Cash and bank balances: Classified as available for sale and recorded at fair market value. Changes in fair value for the year are recorded in net income or net loss.
- Trade and other receivables: After initial fair value measurement, trade and other receivables are measured at amortized cost using the effective interest method.

Financial liabilities

- Total bank indebtedness and current portion of debt, deferred income, trade and other payables, provision for royalty: After initial fair value measurement, these financial liabilities are measured at amortized cost using the effective interest method.

Management believes the carrying value of accounts receivable, bank indebtedness, and accounts payable and accrued liabilities approximate fair value at the year-end due to their short-term nature.

Fair value estimates are made at a specific point in time based on relevant market information. These estimates involve uncertainties and matters of significant judgement and cannot be determined with precision. Change in assumptions and estimates could significantly affect fair values.

Financial instruments – risk factors

MedMira has exposure to the following risks from its financial instruments: liquidity risk, credit risk, currency risk, and interest rate risk. Senior management monitors risk levels and reviews risk management activities as necessary.

Liquidity risk

The Company manages liquidity by forecasting and monitoring operating cash flows and through the use of revolving credit facilities and share issuances.

The Company has incurred losses and negative cash flows from operations on a cumulative basis since inception. For the year ended July 31, 2013, the Company realized a net loss of approximately $0.4 million (July 31, 2012 – net income $3.4 million), consisting of a net loss from operations of $2.2 million (July 31, 2012 – net loss $2.4 million), a gain on forgiveness of debt of $0.7 million (July 31, 2012 – $10.1 million), a valuation gain on renegotiation of debt of $2.0 million (July 31, 2012 – $nil) and other non-operating losses of $1.0 (July 31, 2012 – $4.5 million). Negative cash flows from operations were approximately $2.1 million (July 31, 2012 – $2.2 million). As at July 31, 2013, the Company had an accumulated deficit of approximately $71.0 million (July 31, 2012 – $70.6 million). In addition to its on-going working capital requirements, the Company must secure sufficient funding for its research and development programs for existing commitments, including its current portion of loans of approximately $2.2 million. These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going-concern.

Management is pursuing other financing alternatives to fund the Company's operations so it can continue as a going-concern. Management plans to secure the necessary financing through new equity and debt arrangements. Nevertheless, there is no assurance that this initiative will be successful.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company mitigates this risk by requiring a 50% down payment on most orders at the time of purchase, and the remaining 50% prior to shipment. The Company derives approximately 62% (July 31, 2012—82%) of its revenue from two (July 31, 2012—two) main customers and, for these customers, assesses the recoverability of each account on a regular basis. As of July 31, 2013, 85% of the accounts receivable balance is due from two customers (July 31, 2012—78% due from three customers) and no other customers account for more than 10% of the accounts receivable balances as at July 31, 2013.

Currency risk

MedMira receives most of its revenues in foreign currencies and incurs expenses in US and Canadian currencies. As a result, the Company is subject to uncertainty as foreign exchange rates fluctuate. The Company's US dollar (USD) denoted debt is approximately US$5,000 plus accrued interest payable of approximately US$255,604 at July 31, 2013. The exchange fluctuations from year to year have accounted for a significant portion of the company's exchange gain and loss. Most sales are in USD, however, they are recorded at the exchange rate prevailing on or near the transaction date and collected in a timely manner.

The Company also experiences currency exposure resulting from balance sheet fluctuations of US-denominated cash, accounts receivable, accounts payable and US-denominated liabilities.

MedMira mitigates this currency risk by maintaining a balance of USD currency which is used to pay down US-denominated liabilities and replenishes the balance through US-denominated revenues.

A one cent change in the USD/CAD exchange rate would have an estimated impact on revenue of $500.

Interest rate risk

The Company is not exposed to interest rate risk as it borrows funds at fixed rates.

Related party transactions

The following transactions occurred with related parties during the year ended July 31, 2013:

- A short term loan totalling $523,000 bearing 3% interest was received from Onsite Lab Holding AG. During the year $3,460 in interest was accrued against this loan.
- Short term loans totalling $106,973 bearing 3% interest were received from a director. During the year, $805 in interest was accrued against these loans.
- Director fees totalling $16,250 were incurred.
- Consulting fees totalling $82,233 were incurred.

The following balances with related parties were outstanding at July 31, 2013:

- A receivable balance of $8,630 was owed to MedMira by a company which is presided over by a director (July 31, 2012 – $8,630).
- Accounts payable totalling $37,244 was due to directors (July 31, 2012 – $24,181).
- A short term loan totalling $526,460 was due to OnSite Lab Holding AG (July 31, 2012 – $nil).
- A short term loan totalling $107,778 was due to a director (July 31, 2012 – $nil).
- A royalty provision was owed to OnSite Lab Holding AG of $739,817 (July 31, 2012 – $401,443).

Subsequent events

In September 2013, the Company completed a $6.105 million equity investment from OnSite Lab Holding AG (OnSite Lab). Under the terms of the deal, Onsite Lab acquired 122,100,000 equity units at $0.05 per unit. Each equity unit consists of one common share and one common share purchase warrant. Each full warrant entitles Onsite Lab to purchase one common share of MedMira at $0.10 per share for a four year period. The common shares and the warrants are subject to a four month hold period that expires four months from the day of share issuance. With the completion of this transaction, Onsite Lab now owns 68.5% of the undiluted common shares in Medmira.

Internal control systems and disclosure controls

To ensure the integrity and objectivity of the data, management maintains a system of internal controls comprising of written policies, procedures and a program of internal reviews which provides reasonable assurance that transactions are recorded and executed in accordance with its authorization that assets are properly safeguarded and that reliable financial records are maintained.

Management is currently updating existing standardized processes to improve internal controls and reduce compliance costs. The updated controls will help improve timeliness and accuracy of financial records as well as continue to ensure that the Company's assets are properly safeguarded.

Disclosure controls and procedures within MedMira have been designed to provide reasonable assurance that all relevant information is identified to the Disclosure Committee to ensure appropriate and timely decisions are made regarding public disclosure.

Management, under the supervision of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's internal control over financial reporting and based on this evaluation, has concluded that internal control over financial reporting was effective as of July 31, 2013.

Due to inherent limitations, internal control over financial reporting and disclosure controls can provide only reasonable assurances and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Audit Committee of the Board of Directors of MedMira reviewed this MD&A, and the consolidated financial statements of MedMira for July 31, 2013 and MedMira's Board of Directors approved these documents prior to release.

Risk and uncertainties

The Company's base of activity has expanded to manufacturing products for distribution in international markets, making it difficult to accurately predict future operating results. Actual future results may differ significantly in any forward-looking statements. Currently, the Company is not making sufficient sales to be self-sustaining. As a result, the Company's financial condition, business and operations, and intellectual property are exposed to a variety of risk factors. These risks include, but are not limited to, those listed below.

Risks and uncertainties related to the Company's financial condition

Need for additional capital

Cash generated from operations is insufficient to satisfy working capital and capital expenditure requirements, and the Company is operating with a substantial working capital deficit. The Company will need to secure additional financing in the near term in order to continue as a going concern which may include the sale of additional equity or debt securities or obtaining additional credit facilities. In recent quarters, the Company has relied on temporary funding advanced from key investors. There can be no assurance that this source of funding will continue to be available on acceptable terms, and additional capital may not be available on satisfactory terms, or at all. Management is pursuing other financing alternatives to fund the Company's operations so it can continue as a going-concern.

The Company intends to continue to explore opportunities to enter into supply agreements, joint venture relationships, and other special purpose vehicles with third parties from time to time in order to continue to commercialize its patent pending technology and other intellectual property. Such arrangements may include the issuance of equity or debt securities of the Company, subject to compliance with the applicable requirements of the Canadian securities regulatory authorities and the TSX-V.

Any additional equity financing may result in the dilution of shareholders, and debt financing, if available, may include restrictive covenants. MedMira's future liquidity and capital funding requirements will depend on numerous factors including:

- the extent to which new products and products under development are successfully developed, gain market acceptance and become and remain competitive;
- the costs and timing of further expansion of sales, marketing and manufacturing activities and facility needs;
- the timing and results of clinical studies and regulatory actions regarding potential products; and

- the costs and timing associated with business development activities, including potential licensing of technologies patented by others.

Continued operations will be contingent on generating sufficient revenues or raising additional capital or debt financing. There is no assurance that these initiatives will be successful.

Fluctuations in revenue

The Company's quarterly and annual revenues may fluctuate due to several factors, including seasonal variations in demand, competitive pressure on average selling prices, customer order patterns, the rate of acceptance of the Company's products, product delays or production inefficiencies, regulatory uncertainties or delays, costs and timing associated with business development activities, including potential licensing of technologies, international market conditions and variations in the timing and volume of distributor purchases. The healthcare industry traditionally is not impacted by seasonal demand. The impact of one or a combination of several of these factors could have a significant adverse effect on the operations of the Company. In addition, changes in existing collaborative relationships, as well as the establishment of new relationships, product licensing and other financing relationships, could materially impact the Company's financial position and results from operations.

Effects of inflation and foreign currency fluctuations

A significant portion of the Company's revenue and expenses are in U.S. dollars, and therefore subject to fluctuations in exchange rates. There is a risk that significant fluctuations in exchange rates may impact the Company's ability to sell its products and, thereby, have a material adverse impact on the Company's results of operations.

Possible volatility of share price

The stock market has from time to time experienced significant price and volume fluctuations that may be unrelated to the operating performance of the Company. In addition, the market price of the Company's common shares, like the share prices of many publicly traded biotechnology companies, has been highly volatile. Announcement of technology innovations or new commercial products by the Company or its competitors, developments or disputes concerning patent or proprietary rights, publicity regarding actual or potential medical results relating to products under development by the Company or its competitors, regulatory developments in both the United States and foreign countries, public concern as to the safety of biotechnology products and economic and other external factors, as well as period to period fluctuations in financial results may have a significant impact on the market price of the Company's common shares. It is likely that in some future quarter the Company's operating results will be below the expectations of the public market analysts and investors. In such event, the price of the Company's common shares would likely be materially adversely affected.

Risks and uncertainties related to the Company's business and operations

Lack of market acceptance

MedMira's ability to market its diagnostic products will, in part, depend on its or its partners' ability to convince users that these products represent viable and efficacious diagnostic tests. There can be no assurance that MedMira will be successful in this regard.

Competition

The *in vitro* diagnostics market in which the Company participates is highly complex and competitive. It is comprised of both large healthcare companies that have substantially greater financial, scientific, and other resources than MedMira and a variety of international companies producing diagnostic products of varying quality. In the developed regions of the world with strong healthcare infrastructures, the *in vitro* diagnostics market for serious and emerging infectious diseases has been focused on diagnostic tests using instrument based platforms designed for clinical laboratories. Diagnostic products designed for use in non-laboratory settings at the point-of-care or for use in laboratories or public health clinics using non-

instrument based platforms for the screening and diagnosis of infectious diseases are becoming more mainstream in both the developed and developing regions of the world. Competition in this sector of the market is intense and is expected to increase. Many of the companies have substantially greater resources available for development, marketing and distribution of these products than does MedMira.

Significant development effort required

Products currently under development by MedMira require additional development, testing and investment prior to any final commercialization. There can be no assurance that these products or any future products will be successfully developed, prove to be safe and effective in clinical trials, receive applicable regulatory approvals, be capable of being produced in commercial quantities at reasonable costs or be successfully marketed. The long-term success of MedMira must be considered in light of the expenses, difficulties and delays frequently encountered in connection with the development of new technology and the competitive and highly regulated environment in which MedMira operates.

Uncertainties in sales cycles in target markets

MedMira markets and distributes its products to both developed and developing regions of the world. Sales cycles in developed regions of the world are somewhat conventional, however, timing of registrations and other activities surrounding the sale of product into a specific market are unpredictable and highly dependent on third party and government organizations to complete certain processes before a sales transaction can take place. In developing regions of the world where MedMira and its strategic partners are working to close deals, the sales cycle timing is highly uncertain given a number of factors including political and economic turmoil, as well as bureaucratic processes necessary to do business in these regions.

High degree of regulation

MedMira operates in a highly regulated industry and is subject to the authority and approvals of certain regulatory agencies, including Health Canada, the US Food and Drug Administration (FDA), the State Food and Drug Administration (SFDA) in China, the Notified Body in the European Union and applicable health authorities in other countries, with regard to the development, testing, manufacture, marketing and sale of its products. The process of obtaining such approvals can be costly and time consuming, and there can be no assurance that regulatory approvals will be obtained or maintained. Any failure to obtain (or significant delay in obtaining) or maintain Health Canada, FDA, Notified Body or SFDA approvals (or, to a lesser extent, approval of applicable health authorities in other countries) for MedMira's new or existing products could materially adversely affect MedMira's ability to market its products successfully and could therefore have a material adverse effect on the business of MedMira.

Ability to retain and attract key management and other experienced personnel

Since its inception, the Company has been, and continues to be, dependant in its ability to attract and maintain key scientific and commercial personnel upon whom the Company relies for its product innovations and commercialization programs. Loss of key personnel individually or as a group could have significant adverse impact on the Company's immediate and future achievement of operating results.

Limited sales and marketing resources and reliance on key distributors to market and sell the Company's product

Any revenues received by the Company will be dependent on the efforts of third parties and there can be no assurance that such efforts will be successful. Failure to establish sustainable and successful sales and marketing programs with effective distributor support programs may have a material adverse effect on the Company.

Commercialization of the Company's products is expensive and time consuming. In the United States, a relationship has been established with My Care Solution to support the logistics and distribution of the Company's products. The Company

will rely on the joint efforts of My Care Solution and distributors Cardinal Health, a Fortune 100 company, and VWR International to distribute MedMira's *Reveal*™ G3 Rapid HIV-1 Antibody Test product line.

Outside the United States, the Company pursues collaborative arrangements with established pharmaceutical and distribution companies for marketing, distribution, and sale of its products.

In China, MedMira has formed a strategic partnership with Triplex to market and distribute the Company's rapid HIV test within the assigned territory. This strategic partnership also encompasses the assembly and packaging of final product components.

In Africa, MedMira works with a number of strategic partners covering various regions and sectors of Sub-Saharan Africa, North Africa, and the Middle East.

If any of the Company's distribution agreements are terminated and the Company is unable to enter into alternative agreements, or if the Company elects to distribute new products directly, additional investment in sales and marketing resources would be required which would increase future selling, general and administrative expenses. The Company has limited experience in direct sales, marketing and distribution of its products. A failure of the Company to successfully market its products would have a material and adverse effect on the Company.

Manufacturing capabilities and scale-up

The Company must manufacture its products in compliance with regulatory requirements, in sufficient quantities and on a timely basis, while maintaining product quality and acceptable manufacturing costs. If it is unable to manufacture or contract for such capabilities on acceptable terms for its products under development, MedMira's plans for commercialization could be materially adversely affected.

MedMira's manufacturing facilities are, or will be, subject to periodic regulatory inspections by the FDA, Notified Body, SFDA and other regulatory agencies and these facilities are subject to Quality System Regulations requirements of the FDA and other standards organizations. MedMira may not satisfy such regulatory or standards requirements, and any failure to do so would have a material adverse effect on the Company.

In addition, production and scale-up of manufacturing for new products may require the development and implementation of new manufacturing technologies and expertise. Manufacturing and quality control problems may arise as the Company attempt to scale-up manufacturing and such scale-up may not be achieved in a timely manner or at commercially reasonable cost, or at all.

Rapidly changing technology

The *in vitro* diagnostic testing field as a whole is characterized by rapidly advancing technology that could render MedMira's products obsolete at any time and thereby adversely affect the financial condition and future prospects of the Company.

Uncertainties regarding healthcare reimbursement and reform

The future revenues and profitability of diagnostic companies as well as the availability of capital may be affected by the continuing efforts of government and third party payers to contain or reduce costs of healthcare through various means. For example, in certain foreign markets, pricing or profitability is subject to government control. In the US, there has been, and the Company expects that there will continue to be, a number of federal and state proposals to implement similar government controls. While the Company cannot predict whether any such legislative or regulatory proposals will be adopted, the announcement or adoption of such proposals could have a material adverse effect on the Company's results of operations.

Product liability

MedMira may be subject to claims of personal injury and could become liable to clinical laboratories, hospitals and patients for injuries resulting from the use of its products. MedMira could suffer financial loss due to defects in its products and such financial loss together with litigation expenses could have a material adverse effect on its operations. MedMira has obtained product liability insurance to protect against possible losses of this nature. However, no assurance can be given that such insurance will be adequate to cover all claims or that MedMira will be able to maintain such insurance at a reasonable cost.

Risks and uncertainties related to the Company's intellectual property

No assurance of patent protection

MedMira has filed patent applications in the US, Canada, China, and other foreign countries relating to various aspects of its rapid diagnostic platform, processes, reagents, and equipment. Although MedMira's management believes that the patents for which the Company applied may be issued, there can be no such assurance, nor can MedMira assure that competitors will not develop functionally similar or superior diagnostic testing devices. Moreover, there is a question as to the extent to which biotechnology discoveries and related products and processes can effectively be protected by patents. The law regarding the breadth or scope of biotechnology patents is new and evolving. No assurance can be given that, if a patent issued to MedMira is challenged, it will be held valid and enforceable or will be found to have a scope sufficiently broad to cover competitors' products or processes. The cost of enforcing MedMira's patent right, if any, in lawsuits that it may bring against infringers may be significant and could limit MedMira's operations.

Possible patent infringement

The extent to which biotechnology discoveries and related products and processes can be effectively protected by patents and be enforceable is uncertain and subject to interpretation by the courts. The technologies, products, and processes of MedMira may be subject to claims of infringement on the patents of others and, if such claims are successful, could result in the requirement to access such technology by license agreement. There can be no assurance that such licenses would be available on commercially acceptable terms. If MedMira is required to acquire rights to valid and enforceable patents but cannot do so at reasonable cost, MedMira's ability to manufacture or market its products would be materially adversely affected. The cost of MedMira's defence against infringement charges by other patent holders may be significant and could limit MedMira's operations.