MedMira Inc.

Management's Discussion & Analysis

For the year ended July 31, 2014

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 interim financial statements, affect 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, 2014 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 (TSX-V) under the symbol MIR.

The patented MedMira Rapid Vertical Flow Technology™ platform is the basis for the Company's line of rapid tests. Diagnostic applications based on this distinct technology are highly accurate, easy-to-use, and produce instant results – a strong advantage over most other rapid diagnostics on the market today. These features are enhanced further with the unique competitive advantage of enabling multiplex results on one test device with just one drop of specimen. The Company has created a new generation of rapid tests that are based on its customers' need to provide swift answers without increasing costs.

MedMira's technology and growing portfolio of diagnostic tools demonstrate excellence in performance and quality in the highly competitive diagnostics industry. More than $30 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 (FDA), Canada (Health Canada), the notified body in

the European Union (CE Mark), and China (CFDA – formerly known as SFDA) and in a number of countries in Latin America, Africa, and Asia. The Company is also ISO 9001:2008 and ISO 13485:2003 certified.

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. The Company launched its Miriad™ product line in early 2014 to create new opportunities in the high value technology licensing sector. This business allows the Company to monetize its award winning technology and core capabilities, including R&D, product development, and regulatory proficiency. Miriad provides access to MedMira Rapid Vertical Flow Technology for researchers, developers, and biotech companies on a license basis to facilitate the creation of new rapid tests or the transition of existing tests to this unique platform. Infiltrating new and different core sectors of the diagnostic industry, such as veterinary and environmental, with the Company's technology, enables MedMira to build a higher degree of global awareness, generate new revenue streams, and provide a superior diagnostic platform to the market.

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 Vertical Flow Technology 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
8,287,817	Rapid Diagnostic Device, Assay and Multifunctional Buffer	United States
8,586,375	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
2,493,616	Rapid Diagnostic Device, Assay and Multifunctional Buffer	Canada

The Company has four pending patents in eight markets.

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

Corporate update

MedMira began Fiscal Year 2014 with a $6.105 million investment from OnSite Lab Holding AG (OnSite Lab), the Company's largest and controlling shareholder. This investment fueled increasing sales and marketing activities, including the addition of key personnel, new distribution channels, and enhanced marketing initiatives aimed at key audiences in the United States and the Company's international strategic focus markets.

Kevin Jones, Ph.D. joined MedMira as Senior Director, Global Sales & Marketing, bringing over 20 years of significant industry experience with demonstrated successes in sales and marketing in medical, diagnostics, and life sciences sectors to the Company's senior leadership team. Dr. Jones' primary focus during Fiscal Year 2014 was the expansion of MedMira's

sales and marketing initiatives in strategic focus markets and pre-launch preparation in the United States as the Company readies for new product introductions in 2015.

MedMira participated in the Military Health System Research Symposium, a highly focused military healthcare event in the United States, which has in the past, and will continue to in the future, play a key role in MedMira's sales and marketing efforts for the military sector. At this event, the MedMira team interfaced with key personnel from the United States Department of Defense and members of the international military community, all future customers for the Multiplo™ HBc/HIV/HCV and Reveal® HBsAg tests currently being developed and commercialized by MedMira under contract with the United States military. These development and commercialization projects with the United States military continue to advance on track with all major milestones being met during Fiscal Year 2014. MedMira received an additional USD$1.917 million to conduct supplementary testing, in parallel with the clinical trials in progress. The new funding enabled MedMira to collect clinical data required to obtain complementary label claims, intended uses, and expand the field applications for the products being commercialized under this contract.

The Company continued to advance work on the FDA approval process for Reveal G4, the next generation of its popular HIV test, with new whole blood applications. MedMira's Reveal tests have consistently been a market leader in performance, and Reveal G4, anticipated to be launched in 2015, will ensure MedMira customers can answer the increasing demand for routine HIV screening of all people aged 15-65 and all pregnant women during the normal course of medical care as laid out in the latest testing guidelines in the United States.

MedMira introduced its Miriad RVF Toolkit, a strategic expansion in the research and academic markets to augment its clinical business as well as open new opportunities for licensing the Company's patented technology platform. The Miriad RVF Toolkit capitalizes on the power of Rapid Vertical Flow Technology and enables researchers from a wide variety of fields to easily and quickly build rapid tests, transferring their findings to a proven platform, and speeding the path to commercialization. During the year this product has created a number of new collaborations and consulting business for MedMira.

Fiscal Year 2014 saw MedMira embark on a significant new distribution relationship in the United States with VWR International, LLC, a global solutions provider of laboratory supplies and services with worldwide sales in excess of $4.1 billion in 2012. To kick-off this new relationship, MedMira launched its Reveal G3 Rapid HIV-1 Antibody Test and its Miriad research product line to over 300 VWR sales representatives covering the research, education, and healthcare sectors at the VWR Americas Sales Conference.

Sales, marketing and brand building initiatives in the United States progressively increased throughout the year culminating in two major events for MedMira in June and July 2014 where the primary focus was the Multiplo product line. Multiplexing is a key differentiator and a hallmark of the Company's distinct Rapid Vertical Flow Technology and the Multiplo line. MedMira showcased its Multiplo rapid tests for HIV, syphilis and hepatitis and presented study results to sexually transmitted diseases and HIV experts at the 2014 STD Prevention Conference. Expanding further on the promotion of the Multiplo product line, the Company announced three new tests in advance of the 2014 American Association for Clinical Chemistry (AACC) Annual Meeting & Clinical Lab Expo. The new tests in the product range include Multiplo TP/nTP, which detects both active and historic syphilis infections, Multiplo TP/HIV/nTP, and Multiplo TP/HIV/HCV, which simultaneously detects syphilis, HIV and hepatitis C. These key sales and marketing events were supported by a mix of initiatives that built the Company's advertising profile with key customer segments in medical research, reference labs, teaching hospitals, public health labs and physician offices; public relations outreach which gained coverage for MedMira technology and products in key industry publications such as *Clinical Lab Products, SelectScience, and Advance for Administrators of the Laboratory*; and social media channels including the www.MedMira.com/blog.

Sales and marketing initiatives also expanded in Latin America with key product approvals, new distribution agreements signed, and product shipments. MedMira's Reveal HIV became the first all-inclusive, point-of-care rapid HIV test to be

approved and sold in Mexico. Diagno Medical, MedMira's distribution partner in Mexico received its first shipment of Reveal HIV in April 2014 and began selling to physician offices, community clinics, and mobile outreach centers serving over 30 per cent of Mexico's population that lives in suburban and rural areas. Elsewhere in Latin America, MedMira signed a distribution deal in Venezuela and received approval to market and sell Reveal HIV in Costa Rica. The Company continued to pursue registration and distribution partners in various other countries in Latin America in order to extend its market share in the region.

MedMira continued to win new business in China, another of the Company's strategic focus markets. Fiscal Year 2014 saw the steady gain of market share for the Company's consistently top-ranking rapid HIV test in the competitive and crowded Chinese market. Together with strategic distribution partner, Triplex International Biosciences Co., Ltd., MedMira has sold over 100,000 rapid HIV tests to various provinces in China. Additionally, the Company won follow-up tender business for 200,000 additional rapid HIV tests. Tenders, through which 80 per cent of the rapid HIV tests sold in China each year are procured, has become a key market for MedMira and its partner. A restructured healthcare system, higher quality standards, and demand for high performance products have also supported MedMira's growth in China during 2014 and set the stage for further brand expansion. MedMira launched its Miriad product line, including the Miriad RVF Toolkit, at the China Medical Equipment Fair and is preparing to introduce its Multiplo product line as demand for multiplex testing increases. Further strengthening MedMira's brand profile in China, the Company took home the Hong Kong-Canada Business Achievement Award for Outstanding Business Innovation in April 2014.

Two new members joined to the Company's Board of Directors in May 2014 and one Director retired. Marvyn Robar and Colin MacGillivray were appointed as Directors, with Mr. Robar being elected as MedMira's first non-executive Chairman. Dr. Shou-Ching Tang retired from the Board after 12 years of service. In July 2014, Markus Meile was appointed Chief Financial Officer. Mr. Meile formerly served on the Company's Board of Directors and Audit Committee and stepped down from the Board as he assumed his new duties as MedMira's Chief Financial Officer.

In 2014, MedMira made significant advancements supported by investment from key stakeholders, including the expansion of its sales and marketing activities in strategic focus markets including the United States, China, and Latin America; continuous product development and commercialization work capitalizing on the Company's technology platform; addition of key senior leadership team members to support further growth and development; and the implementation of key corporate and financial systems to ensure the Company has solid base from which to continue to grow.

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, 2014 consolidated financial statements.

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

Income statement	**Q4 2014**	**Q3 2014**	**Q2 2014**	**Q1 2014**	**Q4 2013**	**Q3 2013**	**Q2 2013**	**Q1 2013**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Revenue	898	639	519	472	595	327	534	545
Cost of sales	677	428	316	332	343	277	374	377
Gross profit	221	211	203	140	252	50	160	168
Operating expenses	1,044	1,213	1,358	727	659	781	715	641
Other expenses (gains)	(462)	216	261	252	353	128	(1,629)	(616)
Net earnings (loss) before tax	(361)	(1,218)	(1,417)	(839)	(760)	(859)	1,074	143
Balance sheet								
	Q4 2014	**Q3 2014**	**Q2 2014**	**Q1 2014**	**Q4 2013**	**Q3 2013**	**Q2 2013**	**Q1 2013**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Current assets	1,484	1,411	3,216	5,392	822	597	1,172	2,169
Non-current assets	358	373	378	336	345	262	102	30
Total assets	1,842	1,784	3,594	5,728	1,167	858	1,273	2,199
Current liabilities	4,286	3,456	3,792	4,354	4,854	3,694	3,040	2,967
Non-current liabilities	4,246	4,842	5,097	5,253	5,423	5,516	5,726	7,798
Total liabilities	8,532	8,298	8,890	9,607	10,277	9,210	8,765	10,765
Total shareholders deficiency	(6,690)	(6,514)	(5,296)	(3,879)	(9,111)	(8,352)	(7,492)	(8,566)
Total liabilities and equity	1,842	1,784	3,594	5,728	1,167	858	1,273	2,199
Net earnings (loss) per share	(0.001)	(0.002)	(0.003)	(0.002)	(0.001)	(0.002)	0.003	0.001

Fourth quarter analysis

The following table compares the results of operations for the three months ended July 31, 2014 to the three months ended July 31, 2013.

	For the three months ended		
	31-Jul-14	31-Jul-13	Better (worse)
	$	$	$
Product			
Product sales	313,825	244,289	69,536
Royalties	10,900	-	10,900
Product cost of sales	(147,553)	(59,439)	(88,114)
Gross margin on product	177,172	184,850	(7,678)
Services			
Service sales	573,255	351,826	221,429
Service cost of sales	(529,115)	(289,237)	(239,878)
Gross margin on services	44,140	62,589	(18,449)
Operating expenses			
Research and development	170,891	138,295	32,596
Sales and marketing	(226,449)	(88,257)	(138,192)
Other direct costs	(188,239)	(96,345)	(91,894)
General and administrative	(800,801)	(621,068)	(179,733)
Total operating expenses	(1,044,598)	(667,375)	(377,223)
Operating (expense) income	(823,286)	(419,936)	(403,350)
Non-operating expenses			
Financing (expense) income	462,648	(338,770)	801,418
Net Loss	(360,638)	(758,706)	398,068

Product revenue and gross margin

The Company recorded revenue from product sales in the quarter ended July 31, 2014 of $324,725 as compared to $244,289 for the same period last year. The increase in revenue was due to higher sales in Latin America and the United States. Gross profit for the quarter was $177,172 compared to $184,850 in the same period in 2013. The decrease in gross profit was due to an increase in product sales in Latin America where margins are typically lower than in the North American markets. The Company's product sales in North America have been steady and no decreases have been recorded. The cost of product sales was $147,553 during the three months ended July 31, 2014 (July 31, 2013– $59,439).

Service revenue and gross margin

The Company recorded revenue from service sales of $573,255 in the three months ended July 31, 2014 (July 31, 2013 - $351,826) with a related gross margin of $44,140 (July 31, 2013 - $ 62,589). The Company earned revenue and gross margin on two research contracts with the United States military. The current year gross margin on services was in line with the management's expectations. The slight decrease in profit margin was due to increased cost on quality assurance from the

end phase of the research projects.

Operating expenses

Total operating expenses increased to $1,044,598 in the quarter ended July 31, 2014, compared to $667,375 during the same period in 2013.

- Research and development recovery for the quarter ended July 31, 2014 were $170,891, compared to $138,295 for the same period last year. The increase in recovery is due to a higher refund related to the scientific research and experimental tax credits the company can claim.
- Sales and marketing expenses for the quarter ended July 31, 2014 was $226,449 compared to $88,257 for the same period last year.
- Other direct costs for the three months ended July 31, 2014 were $188,239 compared to $96,345 for the same period last year. This increase was due to higher costs on the on-going preparation for the FDA and WHO registrations.
- Administrative expenses were $800,801 for the quarter ended July 31, 2014, compared with $621,068 for the same period in 2013. The increase in administrative expense was attributed to mainly higher regulatory and professional fees related to the ongoing FDA and WHO registrations.

Non-operating income and expenses

- The gain in financing expenses was due to the re-measurement of the royalty provision and the long term debt. The Company gained $462,648 in comparison to the loss of $338,770 in the same period last year.

Year to date analysis

The following table compares the results of operations for the year ended July 31, 2014 to the year ended July 31, 2013.

	For the year ended		
	31-Jul-14	**31-Jul-13**	**Better(worse)**
	$	**$**	**$**
Product			
Product sales	843,568	829,438	14,130
Royalties	10,900	35,360	(24,460)
Product cost of sales	(436,406)	(435,409)	(997)
Gross margin on product	418,062	429,389	(11,327)
Services			
Service sales	1,673,711	1,136,666	537,045
Service cost of sales	(1,316,978)	(935,280)	(381,698)
Gross margin on services	356,733	201,386	155,347
Operating expenses			
Research and development	(294,425)	(133,304)	(161,121)
Sales and marketing	(1,086,328)	(262,271)	(824,057)
Other direct costs	(609,513)	(299,209)	(310,304)
General and administrative	(2,353,152)	(2,101,361)	(251,791)
Total operating expenses	(4,343,418)	(2,796,145)	(1,547,273)
Operating (expense) income	(3,568,623)	(2,165,370)	(1,403,253)
Non-operating expenses			
Financing (expense) income	(266,716)	1,763,069	(2,029,785)
Net Loss	(3,835,339)	(402,301)	(3,433,038)

Product revenue and gross margin

The Company recorded revenue from product sales in the year ended July 31, 2014 of $854,468 as compared to $864,798 for the same period last year. Gross profit on product sales for the year was $418,062 compared to $429,389 in the same period last year. The slight decrease in gross profit margin was due to higher sales in low margin markets whereas product sales in higher margin markets have been stable and unchanged. Current year gross profit was in line with management expectations.

Service revenue and gross margin

The Company recorded revenue from service sales in the year ended July 31, 2014 of $1,673,711 as compared to $1,136,666 for the same period last year. The Company earned revenue and gross margin on two research contracts with the United States military. The current year margin on services was in line with management expectations.

Operating expenses

Total operating expenses increased by $1,547,272, from $2,796,145 for the year ended July 31, 2013 to $4,343,417 for the year ended July 31, 2014.

- Research and development expenses for the year ended July 31, 2014 were $294,425 compared to $133,304 for the year ended July 31, 2013. Actual research expenses in July 31, 2014 for the year were $1,910,445 (July 31, 2013 – $1,211,546), which was offset by reimbursements of research costs of $299,042 (July 31, 2013 – $142,962) and allocation of $1,316,978 to cost of sales (July 31, 2013 – $935,280). The comparative increase in research costs was directly attributable to greater activity related to the United States military contracts and new product developments.
- Sales and marketing expenses for the year ended July 31, 2014 were $1,086,328 compared to $262,271 for the same period last year as the Company launched its Miriad product line (February 2014). In addition, preparations have been undertaken for new product launches in 2015. The expansion of the Sales and Marketing department has been in line with the management's vision to re-focus its resources on its sales activities.
- Other direct costs for the year ended July 31, 2014 were $609,513, compared to $299,209 for the same period last year. This increase was due to higher costs on the ongoing preparation for the FDA and WHO registrations.
- General and administrative expenses were $2,353,152 for the year ended July 31, 2014, compared to $2,101,361 for the same period in 2013. The increase in administrative expense was attributed to increased regulatory and professional fees related to the ongoing FDA and WHO registrations.

Non-operating income and expenses

Total other losses were $266,716 in the year ended July 31, 2014, compared to a gain of $1,763,069 during the same period in 2013.

- Financing expenses, including interest expense, were $266,716 for the year ended July 31, 2014 versus a gain of $1,763,069 in the same period last year. The gain in the previous year was due to re-negotiation on lower interest rates which created a book gain for the Company. The current finance expenses are in line with management's expectations.
- The Company decreased its current liabilities by $568,045 from $4,853,960 for the year ended July 31, 2013 to $4,285,915 for the year ended July 31, 2014.
- An additional decrease in non-current liabilities from $1,177,407 in the year ended July 31, 2013 to $4,246,078 in the year ended July 31, 2014 has been achieved through debt repayments.

Geographic information

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

	Product and service revenue		Product and service revenue	
	For the three months ended		For the year ended	
	31-Jul-14	31-Jul-13	31-Jul-14	31-Jul-13
	$	$	$	$
North America	748,373	575,389	2,206,708	1,655,557
Latin America and the Caribbean	60,344	19,243	142,225	92,274
Europe	13,996	1,483	19,045	10,039
Asia Pacific	75,267	-	160,201	240,617
Middle East	-	-	-	2,977
Total revenue	**897,980**	**596,115**	**2,528,179**	**2,001,464**

Liquidity and capital resources

Cash and working capital

The Company had a cash reserve of $162,458 on July 31, 2014, as compared to $20,942 on July 31, 2013. The Company's net working capital position as of July 31, 2014 was a deficit of $2.8 million compared to the July 31, 2013 working capital deficit of $4.0 million. The Company has incurred losses and negative cash flows on a cumulative basis since inception. For the year ended July 31, 2014, the Company incurred a net loss from operating activities of approximately $3.6 million and negative cash flow of $4.5 million, compared to a net loss from operations of $2.2 million and negative cash flow from operations of $2.1 million for the same period in 2013. In October 2014, subsequent to year-end, the Company successfully raised an additional investment of $1.1 million to fund the required operating activities.

Operating activities

MedMira generated negative cash flows from operations of $4.5 million for the year ended July 31, 2014, compared to negative cash flows of $2.1 million for the year ended July 31, 2013. The change in cash flow from operations was due to greater payments made to suppliers in the current period compared to last year.

Financing activities

Net cash inflows from financing activities was $4,821,494 for the year ended July 31, 2014, compared to $58,493 for the same period in 2013. The higher cash inflow in 2014 was the due to the $6.1 million investment from OnSite Lab.

Investing activities

Cash outflow from investments decreased to $96,288 during the year ended July 31, 2014, compared to $366,986 for the same period in 2013. The decrease in investing cash outflow was the result of investments in facility upgrades completed in 2013.

Debt

As at July 31, 2014, the Company had loans payable with a carrying value of $6.2 million compared to $6.9 million at July 31, 2013. The decrease in the carrying value of loans payable from July 31, 2013 to July 31, 2014 is due to a fair value adjustment to the carrying amount of the loans and the repayment of principal. The Company's loans have an average payment term of 6 years.

Further discussions on liquidity and capital resources can be found in the Liquidity Risk section of this document, under Need for Additional Capital in the Risk and Uncertainties section in this document and in Notes 2 and 11 of the Company's July 31, 2014 condensed interim consolidated financial statements.

Equity/Shares

The Company is authorized to issue an unlimited number of common shares without nominal par value. During fiscal year 2014 the company issued 122,100,000 common shares. The number of issued and outstanding common shares on July 31, 2014 was 514,364,320. The Company is also authorized to issue an unlimited number of Series A preferred shares redeemable at $0.001 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, 2014.

The Company had 5,990,000 outstanding stock options on July 31, 2014. 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, 2014 was 312,100,000. The outstanding warrants have a weighted average exercise price of $0.10 per share.

Off balance sheet arrangements

The Company was not party to any off balance sheet arrangements as of July 31, 2014.

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 following classifications:

Financial assets

- Cash and bank balances: Classified as loans and receivables and recorded at amortized cost using the effective interest method.
- 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 long-term debt, accounts payable and accrued liabilities: 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, 2014, the Company realized a net loss of approximately $3.8 million (July 31, 2013 – net loss $0.4 million), consisting of a net loss from operations of $3.6 million (July 31, 2013 – $2.2 million), a valuation gain on re-measurement of royalty provision of $0.5 million (July 31, 2013 – $nil) and other non-operating losses of $0.7 million (July 31, 2013 – gain of $1.8 million). Negative cash flows from operations were approximately $4.5 million (July 31, 2013 – $2.1 million). As at July 31, 2014, the Company had an accumulated deficit of approximately $74.8 million (July 31, 2013 – $71.0 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 a 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 85% (July 31, 2013—62%) of its revenue from two (July 31, 2013—two) main customers and, for these customers, assesses the recoverability of each account on a regular basis. As of July 31, 2014, 92% of the accounts receivable balance is due from three customers (July 31, 2014—85% due from two customers) and no other customers account for more than 10% of the accounts receivable balances as at July 31, 2014.

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 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 promissory notes.

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.

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, 2014:

- A short-term loan totalling $478,920 bearing 5% interest was received from Onsite Lab. During the year, $1,998 in interest was accrued against this loan (2013 - $523,000 and $3,460 in interest).
- Short-term loans totalling $119,730 bearing 5% interest were received from a director. During the year, $5,892 in interest was accrued against these loans (2013 - $106,973 and $805 in interest).
- Director fees totalling $24,367 were incurred (2013 - $16,250).
- Consulting fees totalling $26,138 were incurred (2013 - $82,233).

  The following balances with related parties were outstanding at July 31, 2014:

  - Accounts payable totalling $8,292 was due to directors (2013 – $37,244).
  - A short-term loan totalling $480,918 was due to OnSite Lab Holding AG (2013 – $526,460).
  - A short-term loan totalling $125,622 was due to a director (2013 – $107,778).
  - A royalty provision was owed to OnSite Lab Holding AG of $260,000 (2013 – $739,817).

Summary Compensation Table – Officers

Name and Principal Position	Period	Paid Compensation ($)	Accrued Compensation ($)	Share- and Option-based Awards* ($)	All other compensation ($)[2]	Total Compensation ($)
Hermes Chan CEO	Fiscal 2014	188,000	-	-	52,769[1]	240,769
Sing Chan COO	Fiscal 2014	132,000	-	-	36,501[2]	168,501
Daniel Frid Former CFO	Fiscal 2014	124,200[3]	-	-	-	124,200
Jelle Kuypers Former CFO	Fiscal 2014	168,800	-	34,665	-	203,465

Note:

1) Hermes Chan, back pay of $52,769
2) Sing Chan, back pay of $36,501
3) Daniel Frid received $70,200 in severance compensation

*The Company makes certain estimates and assumptions when calculating the fair value of option-based awards. The Company uses an option-pricing model which includes significant assumptions including estimates of the expected volatility, expected life, expected dividend rate and expected risk-free rate of return. Changes in these assumptions may result in a material change to the amounts recorded for the issuance of stock options.

Summary Compensation Table – Directors

Name Designation Position(s)	Period	Paid Compensation ($)	Accrued Compensation ($)	Share- and Option-based Awards ($)*	All other compensation ($)	Total Compensation ($)
Hermes Chan Director	Fiscal 2014	-	-	40,838	-	40,838
Romano Robusto Director/Audit Committee Chair Member of Nomination and Compensation Committee	Fiscal 2014	3,750	5,276	33,038		42,064
Markus Meile Former Director Director Business Development	Fiscal 2014	31,618	43,507	30,052	-	30,052
Michael Sidler Director	Fiscal 2014	-		12,133		12,133
Marvyn Robar Director/Chairman of the Board/Member of Audit and Nomination & Compensation Committee	Fiscal 2014	-	2,945	-	-	2,945
Colin MacGillivray Director/Nomination & Compensation Committee Chair/Member of Audit Committee	Fiscal 2014	-	2,411	-	-	2,411
Dr. Shou Ching-Tang Former Director	Fiscal 2014	3,110	3,438	28,318	-	34,866

*The Company makes certain estimates and assumptions when calculating the fair value of option-based awards. The Company uses an option-pricing model which includes significant assumptions including estimates of the expected volatility, expected life, expected dividend rate and expected risk-free rate of return. Changes in these assumptions may result in a material change to the amounts recorded for the issuance of stock options.

Subsequent events

In October 2014, the Company completed a $1.1 million equity investment from a new, arm's length investor from Asia. Under the terms of the deal, the investor acquired 22,000,000 equity units at $0.05 per unit. Each equity unit consists of one common share and one common share purchase warrant and is subject to a four month hold period which expires on January 31, 2015. Each full warrant entitles the investor to purchase one common share of MedMira at $0.10 per share exercisable over four years.

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, 2014.

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 interim financial statements 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, the following:

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's 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 U.S. 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 such as HIV and Hepatitis C 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 FDA, the CFDA, CE Mark 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 CFDA 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, dependent 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.

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, CE, CFDA 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 attempts 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 United States, Canada, China, and other foreign countries relating to various aspects of its rapid diagnostic platform, processes, reagents, and equipment. Although it is management's belief 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.