MedMira Inc.

Management's Discussion & Analysis

For the three months ended October 31, 2013 and October 31, 2012

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 at 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 for the year ended July 31, 2013, 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 ended October 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.

This document should be read in conjunction with the audited consolidated financial statements for the year ended July 31, 2013. 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 the first quarter, MedMira received a new investment of $6.105 million from OnSite Lab Holding AG (OnSite Lab), the Company's largest and controlling shareholder. This investment was being used to initiate significant sales and marketing programs, in the United States and global markets, in advance of the launch of new rapid tests anticipated to begin in 2014. These initiatives included the hiring of key personnel with in-depth medical device and biotechnology sales and business development experience, as well as the establishment of regional offices to service strategic markets, customers, and partners. MedMira is initially focusing much of its sales and marketing expansion efforts in the US, where it plans to launch new rapid diagnostics, from both the Reveal and Multiplo ranges, to the market during 2014-15. Additionally, the funds will be used to fully implement automated manufacturing ensuring that MedMira can keep up with rising customer demand for quality rapid diagnostics.

In September 2013, Kevin Jones, Ph.D. joined MedMira as Senior Director, Global Sales & Marketing. Dr. Jones brings over 20 years of significant industry experience to MedMira with demonstrated successes in sales and marketing in medical, diagnostics, and life sciences sectors as well as product research, development and launch; building technology support apparatus; and business strategy. Prior to MedMira he worked with Avery Dennison Medical Solutions, EDP Biotech, Whatman Inc., and British BioCell International in various international roles. At MedMira, Dr. Jones will lead global sales and marketing programs, initially targeting the United States market with a focus on the launch of new products in the Reveal and Multiplo ranges as well as expanding Miriad, a research and development tool, into new market areas.

Additionally, Markus Meile, a MedMira board member, joined the Company on a full-time basis to lead MedMira's international business development initiatives, cultivating and managing relationships with various government agencies,

aid organizations, and NGOs to ensure the Company's rapid diagnostic solutions are a part of the efforts to address global healthcare challenges such as HIV and Hepatitis.

Also during the quarter, the Company participated in the Military Health System Research Symposium (MHSRS) where it discussed and demonstrated clinical trial versions of the products currently being commercialized under the US military contract. The response to these new products was very positive. MHSRS, also provided an opportunity to interface with members of the international military community to talk about MedMira's technology platform and product possibilities.

MedMira's development and commercialization projects with the US military continue to advance on track with all major milestones being met. In the first quarter, MedMira received an additional USD$1.917 million towards the development and commercialization of the Reveal Rapid Hepatitis B Surface Antigen Test and the Multiplo Rapid HBc/HIV/HCV Antibody Test. Specifically, the new funding enables MedMira to conduct additional testing in parallel with the current clinical trials. Testing of additional specimens will provide the clinical data required for MedMira to obtain complementary label claims and intended uses for these two products, expanding their utility in a number of field applications.

Internationally, the Company and its strategic partners continued to engage in a wide range of initiatives supporting sales, marketing, and business development. This work moves at various paces under challenging business conditions and timelines on closing sales remain uncertain.

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 October 31, 2013 condensed interim consolidated financial statements and July 31, 2013 consolidated financial statements.

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

	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
	$	$	$	$	$	$	$	$
Revenue	473	595	327	534	545	272	187	274
Cost of sales	332	343	277	374	377	167	58	63
Gross profit	140	252	50	160	168	105	129	211
Operating expenses	727	659	781	715	641	707	679	685
Other expenses (gains)	252	353	128	(1,629)	(616)	(8,769)	1,062	864
Net earnings (loss) before tax	(839)	(760)	(859)	1,074	143	8,167	(1,612)	(1,338)
Net earnings (loss) per share	(0.001)	(0.002)	(0.002)	0.003	0.001	0.024	(0.006)	(0.006)

First quarter analysis

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

	For the three months ended		
	31-Oct-13	31-Oct-12	Better(worse)
	$	$	$
Product			
Product sales	174,720	201,688	(26,968)
Product cost of sales	(80,989)	(87,435)	6,446
Gross margin on product	93,731	114,253	(20,522)
Services			
Service sales	298,126	342,814	(44,688)
Service cost of sales	(251,424)	(290,028)	38,604
Gross margin on services	46,701	52,786	(6,085)
Operating expenses			
Research and development	(92,304)	(57,769)	(34,535)
Sales and marketing	(131,524)	(121,210)	(10,314)
Other direct costs	(117,291)	(80,790)	(36,501)
General and administrative	(386,266)	(409,114)	22,848
Total operating expenses	(727,383)	(668,883)	(58,500)
Operating loss	**(586,953)**	**(501,844)**	**(85,109)**
Non-operating income (expenses)			
Financing	(252,403)	644,195	(896,598)
Net (loss) income	**(839,356)**	**142,351**	**(981,707)**

Product revenue and gross margin

The Company recorded revenue from product sales in the three months ended October 31, 2013 of $174,720 as compared to $201,688 for the same period last year. Gross profit on product sales for the year was $93,731 compared to $114,253 for the same period in 2012.

Services revenue and gross margin

The Company recorded revenue from service sales of $298,126 in the three months ended October 31, 2013 (October 31, 2012 – $342,814) with a related gross margin of $46,701 (October 31, 2012 – $52,786). The Company earned revenue and gross margin on a research contract with the US Army. The higher service sales in 2012 is attributed to a large one-time payment to a contractor, which, when billed to the US Army resulted in higher revenue. Gross margin on services was in line with management's expectations.

Operating expenses

Total operating expenses increased by $58,501 from $668,883 for the three months ended October 31, 2012 to $727,383 for the three months ended October 31, 2013.

- Research and development expense for the three months ended October 31, 2013 was $117,291 compared to $80,790 for the same period in 2012. In 2012, the Company had some of its research expenditures reduced by grants received.
- Sales and marketing expenses for the three months ended October 31, 2013 was $131,524 compared to $121,210 for the same period in 2012.

- Other direct costs for the three months ended October 31, 2013 were $92,304, compared to $57,769 for the same period in 2012. Fewer labour costs were allocated to cost of sales and inventory in the current quarter.
- General and administrative expenses were $386,266 for the three months ended October 31, 2013, compared to $409,114 for the same period in 2012.
- *Non-operating expenses*
- Total other losses were $252,403 in the three months ended October 31, 2013, compared to a gain of $644,195 during the same period in 2012. The majority of the gain in the three months ended October 31, 2012 was due to a gain on the forgiveness of debt of 715,689.

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-Oct-13	31-Oct-12	31-Oct-13	31-Oct-12
	$	$	$	$
North America	110,750	136,384	298,126	342,814
Latin America and the Caribbean	34,792	63,829	-	-
Europe	-	1,475	-	-
Asia Pacific	29,177	-	-	-
Total revenue	**174,720**	**201,688**	**298,126**	**342,814**

Liquidity and capital resources

Cash and working capital

The Company had a cash reserve of $4,555,296 on October 31, 2013, as compared to $20,942 on July 31, 2012. The Company's net working capital position as at October 31, 2013 was a $1.0 million compared to the July 31, 2012 working capital deficit of $4.0 million. The Company has incurred operational losses and negative cash flows on a cumulative basis since inception. For the three months ended October 31, 2013, the Company incurred a net loss from operating activities of approximately $0.6 million and negative cash flows from operations of $0.7 million, compared to a net loss from operations of $0.5 million and negative cash flows from operations of $0.9 million for the same period in 2012.

Operating activities

MedMira generated negative cash flows from operations of $746,825 for the three months ended October 31, 2013, compared to negative cash flows of $853,453 for the three months ended July 31, 2012. Lower payments were made to suppliers and employees.

Financing activities

Cash flows from financing activities were $5,294,025 for the three months ended October 31, 2013, compared to cash outflows of $251,337 for the same period in 2012. The higher cash flow in 2013 was due primarily to cash proceeds from share issuance activity.

Investing activities

Cash outflow from investments was 10,644 for the three months ended October 31, 2013, compared to cash outflows of $15,817 for the same period in 2012.

Debt

As at October 31, 2013, the Company had loans payable with a carrying value of $6.3 million compared to $6.9 million at July 31, 2013. The decrease in the carrying value of loans payable from July 31, 2013 to October 31, 2013 was due to settlement of short term loans with shares. The Company's loans have an average remaining payment term of 5 years. As at October 31, 2013, none of the Company's loans was 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 October 31, 2013 was 514,364,320. 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 October 31, 2013.

The Company had 4,495,000 outstanding stock options on October 31, 2013. The outstanding stock options have a weighted average exercise price of $0.10 per share and a weighted average remaining term of 9 months. The number of outstanding warrants on October 31, 2013 was 318,219,500. The outstanding warrants have a weighted average exercise price of $0.10 per share and a weighted average remaining term of 2.8 years.

Off balance sheet arrangements

The Company was not party to any off balance sheet arrangements as at October 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 three months ended October 31, 2013, the Company realized a net loss of approximately $0.8 million (October 31, 2012 – net income $0.1 million), consisting of a net loss from operations of $0.6 million (October 31, 2012 – net loss $0.5 million), and other non-operating expenses of $0.3 million (October 31, 2012 – gain of $0.6 million). Negative cash flows from operations were approximately $0.7 million (October 31, 2012 – $0.9 million). As at October 31, 2013, the Company had an accumulated deficit of approximately $71.8 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 $1.8 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 86% (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 at October 31, 2013, 72% of the accounts receivable balance is due from two customers (July 31, 2013—85% due from two customers) and no other customers account for more than 10% of the accounts receivable balances as at October 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 at October 31, 2013. The exchange fluctuations from year to year have accounted for a significant portion of the company's exchange gain and loss. USD sales 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 $4,500.

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 three months ended October 31, 2013:

- Short term loan totalling $523,000 bearing 3% interest was repaid with shares to Onsite Lab Holding AG (Onsite Lab). During the three months ended October 31, 2013, $2,026 in interest was accrued against this loan.
- During the three months ended October 31, 2013, the company completed a $6.105 million equity investment from OnSite Lab. Onsite Lab acquired 122,100,000 equity units at $0.05. Each equity unit consists of one common share and one common share purchase warrant.
- Short term loans totalling $166,894 bearing 3% interest were received from a director. During the three months ended October 31, 2013, $1,154 in interest was accrued against this loans.
- Director fees totalling $8,125 were incurred.

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

- A receivable balance of $8,630 was owed to MedMira by a company which is presided over by a director (July 31, 2013 – $8,630).
- Accounts payable totalling $36,932 was due to directors (July 31, 2013 – $37,244).
- Short term loans totalling $273,867 was due to a director (July 31, 2013 – $107,778).
- A royalty provision was owed to OnSite Lab of $763,306 (July 31, 2013 – $739,817).

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 at October 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 condensed interim consolidated financial statements of MedMira for October 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.

MedMira Inc.

Management's Discussion & Analysis

For the three months ended October 31, 2013 and October 31, 2012

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 at 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 for the year ended July 31, 2013, 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 ended October 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.

This document should be read in conjunction with the audited consolidated financial statements for the year ended July 31, 2013. 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 the first quarter, MedMira received a new investment of $6.105 million from OnSite Lab Holding AG (OnSite Lab), the Company's largest and controlling shareholder. This investment was being used to initiate significant sales and marketing programs, in the United States and global markets, in advance of the launch of new rapid tests anticipated to begin in 2014. These initiatives included the hiring of key personnel with in-depth medical device and biotechnology sales and business development experience, as well as the establishment of regional offices to service strategic markets, customers, and partners. MedMira is initially focusing much of its sales and marketing expansion efforts in the US, where it plans to launch new rapid diagnostics, from both the Reveal and Multiplo ranges, to the market during 2014-15. Additionally, the funds will be used to fully implement automated manufacturing ensuring that MedMira can keep up with rising customer demand for quality rapid diagnostics.

In September 2013, Kevin Jones, Ph.D. joined MedMira as Senior Director, Global Sales & Marketing. Dr. Jones brings over 20 years of significant industry experience to MedMira with demonstrated successes in sales and marketing in medical, diagnostics, and life sciences sectors as well as product research, development and launch; building technology support apparatus; and business strategy. Prior to MedMira he worked with Avery Dennison Medical Solutions, EDP Biotech, Whatman Inc., and British BioCell International in various international roles. At MedMira, Dr. Jones will lead global sales and marketing programs, initially targeting the United States market with a focus on the launch of new products in the Reveal and Multiplo ranges as well as expanding Miriad, a research and development tool, into new market areas.

Additionally, Markus Meile, a MedMira board member, joined the Company on a full-time basis to lead MedMira's international business development initiatives, cultivating and managing relationships with various government agencies,

aid organizations, and NGOs to ensure the Company's rapid diagnostic solutions are a part of the efforts to address global healthcare challenges such as HIV and Hepatitis.

Also during the quarter, the Company participated in the Military Health System Research Symposium (MHSRS) where it discussed and demonstrated clinical trial versions of the products currently being commercialized under the US military contract. The response to these new products was very positive. MHSRS, also provided an opportunity to interface with members of the international military community to talk about MedMira's technology platform and product possibilities.

MedMira's development and commercialization projects with the US military continue to advance on track with all major milestones being met. In the first quarter, MedMira received an additional USD$1.917 million towards the development and commercialization of the Reveal Rapid Hepatitis B Surface Antigen Test and the Multiplo Rapid HBc/HIV/HCV Antibody Test. Specifically, the new funding enables MedMira to conduct additional testing in parallel with the current clinical trials. Testing of additional specimens will provide the clinical data required for MedMira to obtain complementary label claims and intended uses for these two products, expanding their utility in a number of field applications.

Internationally, the Company and its strategic partners continued to engage in a wide range of initiatives supporting sales, marketing, and business development. This work moves at various paces under challenging business conditions and timelines on closing sales remain uncertain.

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 October 31, 2013 condensed interim consolidated financial statements and July 31, 2013 consolidated financial statements.

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

	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
	$	$	$	$	$	$	$	$
Revenue	473	595	327	534	545	272	187	274
Cost of sales	332	343	277	374	377	167	58	63
Gross profit	140	252	50	160	168	105	129	211
Operating expenses	727	659	781	715	641	707	679	685
Other expenses (gains)	252	353	128	(1,629)	(616)	(8,769)	1,062	864
Net earnings (loss) before tax	(839)	(760)	(859)	1,074	143	8,167	(1,612)	(1,338)
Net earnings (loss) per share	(0.001)	(0.002)	(0.002)	0.003	0.001	0.024	(0.006)	(0.006)

First quarter analysis

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

	For the three months ended		
	31-Oct-13	31-Oct-12	Better(worse)
	$	$	$
Product			
Product sales	174,720	201,688	(26,968)
Product cost of sales	(80,989)	(87,435)	6,446
Gross margin on product	93,731	114,253	(20,522)
Services			
Service sales	298,126	342,814	(44,688)
Service cost of sales	(251,424)	(290,028)	38,604
Gross margin on services	46,701	52,786	(6,085)
Operating expenses			
Research and development	(92,304)	(57,769)	(34,535)
Sales and marketing	(131,524)	(121,210)	(10,314)
Other direct costs	(117,291)	(80,790)	(36,501)
General and administrative	(386,266)	(409,114)	22,848
Total operating expenses	(727,383)	(668,883)	(58,500)
Operating loss	**(586,953)**	**(501,844)**	**(85,109)**
Non-operating income (expenses)			
Financing	(252,403)	644,195	(896,598)
Net (loss) income	**(839,356)**	**142,351**	**(981,707)**

Product revenue and gross margin

The Company recorded revenue from product sales in the three months ended October 31, 2013 of $174,720 as compared to $201,688 for the same period last year. Gross profit on product sales for the year was $93,731 compared to $114,253 for the same period in 2012.

Services revenue and gross margin

The Company recorded revenue from service sales of $298,126 in the three months ended October 31, 2013 (October 31, 2012 – $342,814) with a related gross margin of $46,701 (October 31, 2012 – $52,786). The Company earned revenue and gross margin on a research contract with the US Army. The higher service sales in 2012 is attributed to a large one-time payment to a contractor, which, when billed to the US Army resulted in higher revenue. Gross margin on services was in line with management's expectations.

Operating expenses

Total operating expenses increased by $58,501 from $668,883 for the three months ended October 31, 2012 to $727,383 for the three months ended October 31, 2013.

- Research and development expense for the three months ended October 31, 2013 was $117,291 compared to $80,790 for the same period in 2012. In 2012, the Company had some of its research expenditures reduced by grants received.
- Sales and marketing expenses for the three months ended October 31, 2013 was $131,524 compared to $121,210 for the same period in 2012.

- Other direct costs for the three months ended October 31, 2013 were $92,304, compared to $57,769 for the same period in 2012. Fewer labour costs were allocated to cost of sales and inventory in the current quarter.
- General and administrative expenses were $386,266 for the three months ended October 31, 2013, compared to $409,114 for the same period in 2012.
- *Non-operating expenses*
- Total other losses were $252,403 in the three months ended October 31, 2013, compared to a gain of $644,195 during the same period in 2012. The majority of the gain in the three months ended October 31, 2012 was due to a gain on the forgiveness of debt of 715,689.

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-Oct-13	31-Oct-12	31-Oct-13	31-Oct-12
	$	$	$	$
North America	110,750	136,384	298,126	342,814
Latin America and the Caribbean	34,792	63,829	-	-
Europe	-	1,475	-	-
Asia Pacific	29,177	-	-	-
Total revenue	**174,720**	**201,688**	**298,126**	**342,814**

Liquidity and capital resources

Cash and working capital

The Company had a cash reserve of $4,555,296 on October 31, 2013, as compared to $20,942 on July 31, 2012. The Company's net working capital position as at October 31, 2013 was a $1.0 million compared to the July 31, 2012 working capital deficit of $4.0 million. The Company has incurred operational losses and negative cash flows on a cumulative basis since inception. For the three months ended October 31, 2013, the Company incurred a net loss from operating activities of approximately $0.6 million and negative cash flows from operations of $0.7 million, compared to a net loss from operations of $0.5 million and negative cash flows from operations of $0.9 million for the same period in 2012.

Operating activities

MedMira generated negative cash flows from operations of $746,825 for the three months ended October 31, 2013, compared to negative cash flows of $853,453 for the three months ended July 31, 2012. Lower payments were made to suppliers and employees.

Financing activities

Cash flows from financing activities were $5,294,025 for the three months ended October 31, 2013, compared to cash outflows of $251,337 for the same period in 2012. The higher cash flow in 2013 was due primarily to cash proceeds from share issuance activity.

Investing activities

Cash outflow from investments was 10,644 for the three months ended October 31, 2013, compared to cash outflows of $15,817 for the same period in 2012.

Debt

As at October 31, 2013, the Company had loans payable with a carrying value of $6.3 million compared to $6.9 million at July 31, 2013. The decrease in the carrying value of loans payable from July 31, 2013 to October 31, 2013 was due to settlement of short term loans with shares. The Company's loans have an average remaining payment term of 5 years. As at October 31, 2013, none of the Company's loans was 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 October 31, 2013 was 514,364,320. 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 October 31, 2013.

The Company had 4,495,000 outstanding stock options on October 31, 2013. The outstanding stock options have a weighted average exercise price of $0.10 per share and a weighted average remaining term of 9 months. The number of outstanding warrants on October 31, 2013 was 318,219,500. The outstanding warrants have a weighted average exercise price of $0.10 per share and a weighted average remaining term of 2.8 years.

Off balance sheet arrangements

The Company was not party to any off balance sheet arrangements as at October 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 three months ended October 31, 2013, the Company realized a net loss of approximately $0.8 million (October 31, 2012 – net income $0.1 million), consisting of a net loss from operations of $0.6 million (October 31, 2012 – net loss $0.5 million), and other non-operating expenses of $0.3 million (October 31, 2012 – gain of $0.6 million). Negative cash flows from operations were approximately $0.7 million (October 31, 2012 – $0.9 million). As at October 31, 2013, the Company had an accumulated deficit of approximately $71.8 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 $1.8 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 86% (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 at October 31, 2013, 72% of the accounts receivable balance is due from two customers (July 31, 2013—85% due from two customers) and no other customers account for more than 10% of the accounts receivable balances as at October 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 at October 31, 2013. The exchange fluctuations from year to year have accounted for a significant portion of the company's exchange gain and loss. USD sales 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 $4,500.

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 three months ended October 31, 2013:

- Short term loan totalling $523,000 bearing 3% interest was repaid with shares to Onsite Lab Holding AG (Onsite Lab). During the three months ended October 31, 2013, $2,026 in interest was accrued against this loan.
- During the three months ended October 31, 2013, the company completed a $6.105 million equity investment from OnSite Lab. Onsite Lab acquired 122,100,000 equity units at $0.05. Each equity unit consists of one common share and one common share purchase warrant.
- Short term loans totalling $166,894 bearing 3% interest were received from a director. During the three months ended October 31, 2013, $1,154 in interest was accrued against this loans.
- Director fees totalling $8,125 were incurred.

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

- A receivable balance of $8,630 was owed to MedMira by a company which is presided over by a director (July 31, 2013 – $8,630).
- Accounts payable totalling $36,932 was due to directors (July 31, 2013 – $37,244).
- Short term loans totalling $273,867 was due to a director (July 31, 2013 – $107,778).
- A royalty provision was owed to OnSite Lab of $763,306 (July 31, 2013 – $739,817).

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 at October 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 condensed interim consolidated financial statements of MedMira for October 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.