

## **MedMira Inc.**

Condensed Interim Consolidated Financial Statements  
For the nine months ended April 30, 2017 and April 30, 2016  
(Unaudited – Prepared by Management)

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the period ending April 30, 2017

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June 29, 2017

**Management's responsibility for financial reporting**

The accompanying consolidated financial statements of MedMira Inc. (MedMira or the Company) are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements includes amounts and assumptions based on management's best estimates which have been derived with careful judgement.

In fulfilling its responsibilities, management has developed and maintains a system of internal accounting controls. These controls are designed to ensure that the financial records are reliable for preparation of the consolidated financial statements.

The Board of Directors of the Company is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the condensed interim consolidated financial statements and the accompanying management's discussion and analysis. The Board of Directors carries out this responsibility principally through its Audit Committee.

The Audit Committee is a subcommittee of the Board of Directors. It is responsible for oversight of the internal control and financial matters assisting the Company's management and independent auditors to ensure that the integrity of the financial reporting process is maintained.

(signed) *Hermes Chan*  
Chief Executive Officer

(signed) *Markus Meile*  
Chief Financial Officer

**Unaudited consolidated statements of financial position**  
**As at April 30, 2017 and July 31, 2016**

*In Canadian dollars*

|  | <i>Notes</i> | <b>30-Apr-17</b><br>\$    | <b>31-Jul-16</b><br>\$    |
|--|--------------|---------------------------|---------------------------|
| <b>Assets</b>                            |              |                           |                           |
| <i>Current assets</i>                    |              |                           |                           |
| Cash                                     |              | 93,553                    | 46,120                    |
| Trade and other receivables              |              | 104,484                   | 186,394                   |
| Prepaid expenses                         |              | 29,551                    | 52,470                    |
| Current tax assets                       |              | 100,000                   | 100,000                   |
| Inventories                              | 4            | <u>253,971</u>            | <u>293,456</u>            |
| <b>Total current assets</b>              |              | <u><b>581,559</b></u>     | <u><b>678,440</b></u>     |
| <i>Non-current assets</i>                |              |                           |                           |
| Property, plant and equipment            |              | 116,976                   | 191,463                   |
| Intangible assets                        |              | <u>2</u>                  | <u>2</u>                  |
| <b>Total non-current assets</b>          |              | <u><b>116,978</b></u>     | <u><b>191,465</b></u>     |
| <b>Total assets</b>                      |              | <u><b>698,537</b></u>     | <u><b>869,905</b></u>     |
| <b>Liabilities</b>                       |              |                           |                           |
| <i>Current liabilities</i>               |              |                           |                           |
| Current portion of debt                  | 7            | 5,953,400                 | 5,994,445                 |
| Accounts payable and accrued liabilities |              | 2,447,183                 | 2,241,257                 |
| Deferred revenue                         |              | <u>-</u>                  | <u>41,297</u>             |
| <b>Total current liabilities</b>         |              | <u><b>8,400,583</b></u>   | <u><b>8,276,999</b></u>   |
| <i>Non-current liabilities</i>           |              |                           |                           |
| Long term portion of debt                | 7            | 688,124                   | 255,065                   |
| Royalty payable                          |              | <u>48,984</u>             | <u>-</u>                  |
| <b>Total non-current liabilities</b>     |              | <u><b>737,108</b></u>     | <u><b>255,065</b></u>     |
| <b>Total liabilities</b>                 |              | <u><b>9,137,691</b></u>   | <u><b>8,532,064</b></u>   |
| <b>Equity</b>                            |              |                           |                           |
| Share capital                            | 5            | 63,421,802                | 63,421,802                |
| Warrant reserve                          | 5            | 9,966,770                 | 9,966,770                 |
| Stock based compensation reserve         | 5            | 1,353,292                 | 1,337,206                 |
| Equity reserve                           | 9            | 2,375,870                 | 1,065,770                 |
| Accumulated deficit                      |              | <u>(85,556,888)</u>       | <u>(83,453,707)</u>       |
| <b>Total shareholders' deficiency</b>    |              | <u><b>(8,439,154)</b></u> | <u><b>(7,662,159)</b></u> |
| <b>Total liabilities and equity</b>      |              | <u><b>698,537</b></u>     | <u><b>869,905</b></u>     |

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

**Approved on behalf of the Board of Directors**

(signed) *Hermes Chan*, Director

(signed) *Marvyn Robar*, Director

**Unaudited consolidated statements of operations and comprehensive (loss) income**  
**For the nine months ended April 30, 2017 and April 30, 2016**

*In Canadian dollars*

|  | <i>Notes</i> | <b>for the three months ended</b> |                    | <b>for the nine months ended</b> |                    |
|--|--------------|-----------------------------------|--------------------|----------------------------------|--------------------|
|  |              | <b>30-Apr-17</b>                  | <b>30-Apr-16</b>   | <b>30-Apr-17</b>                 | <b>30-Apr-16</b>   |
|  |              | <b>\$</b>                         | <b>\$</b>          | <b>\$</b>                        |                    |
| <b>Product</b>                         |              |                                   |                    |                                  |                    |
| Product sales                          | 3            | 192,590                           | 230,419            | 598,411                          | 739,389            |
| Product cost of sales                  |              | <u>(76,209)</u>                   | <u>(66,591)</u>    | <u>(228,776)</u>                 | <u>(212,219)</u>   |
| <b>Gross margin on product</b>         |              | <u>116,381</u>                    | <u>163,828</u>     | <u>369,635</u>                   | <u>527,170</u>     |
| <b>Services</b>                        |              |                                   |                    |                                  |                    |
| Service sales                          | 3            | -                                 | -                  | -                                | 2,474,729          |
| Service cost of sales                  |              | <u>-</u>                          | <u>-</u>           | <u>-</u>                         | <u>(2,016,265)</u> |
| <b>Gross margin on services</b>        |              | <u>-</u>                          | <u>-</u>           | <u>-</u>                         | <u>458,464</u>     |
| <b>Operating expenses</b>              |              |                                   |                    |                                  |                    |
| Research and development               | 10           | (154,147)                         | (489,569)          | (262,820)                        | (1,233,982)        |
| Sales and marketing                    |              | (118,570)                         | (165,454)          | (398,268)                        | (543,356)          |
| Other direct costs                     |              | (129,108)                         | (189,501)          | (474,391)                        | (557,514)          |
| General and administrative             |              | <u>(339,783)</u>                  | <u>(360,253)</u>   | <u>(995,737)</u>                 | <u>(1,217,102)</u> |
| <b>Total operating expenses</b>        |              | <u>(741,608)</u>                  | <u>(1,204,777)</u> | <u>(2,131,216)</u>               | <u>(3,551,954)</u> |
| <b>Operating loss</b>                  |              | <u>(625,227)</u>                  | <u>(1,040,949)</u> | <u>(1,761,581)</u>               | <u>(2,566,320)</u> |
| <b>Non-operating income (expenses)</b> |              |                                   |                    |                                  |                    |
| Financing                              |              | <u>(126,541)</u>                  | <u>(173,298)</u>   | <u>(341,600)</u>                 | <u>(530,082)</u>   |
| <b>Net (loss) income</b>               |              | <u>(751,768)</u>                  | <u>(1,214,247)</u> | <u>(2,103,181)</u>               | <u>(3,096,402)</u> |
| Basic (loss) earnings per share        | 6            | (0.00114)                         | (0.00184)          | (0.00319)                        | (0.00470)          |
| Diluted (loss) earnings per share      | 6            | (0.00114)                         | (0.00184)          | (0.00319)                        | (0.00470)          |

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

**Unaudited consolidated statements of changes in equity attributable to equity holders of the Company**
*In Canadian dollars*

| Notes   | Share capital     |                  |                  |                  |                  | Accumulated deficit | Shareholders' deficiency |
|---|-------------------|------------------|------------------|------------------|------------------|---------------------|--------------------------|
|   | Common shares     | Preferred shares | Warrant reserve  | Option reserve   | Equity reserve   |                     |                          |
| <b>Balance at July 31, 2015</b>                 | <b>60,208,678</b> | <b>2,500</b>     | <b>8,202,394</b> | <b>1,311,597</b> | <b>865,770</b>   | <b>(78,295,306)</b> | <b>(7,704,367)</b>       |
| Net and comprehensive income                    | -                 | -                | -                | -                | -                | (3,096,402)         | (3,096,402)              |
| Issuance of common shares and warrants for cash | 3,235,624         | -                | 1,764,376        | -                | -                | -                   | 5,000,000                |
| Share issuance costs                            | (25,000)          | -                | -                | -                | -                | -                   | (25,000)                 |
| Issuance of stock options                       | -                 | -                | -                | 25,609           | -                | -                   | 25,609                   |
| <b>Balance at April 30, 2016</b>                | <b>63,419,302</b> | <b>2,500</b>     | <b>9,966,770</b> | <b>1,337,206</b> | <b>865,770</b>   | <b>(81,391,708)</b> | <b>(5,800,160)</b>       |
| Net and comprehensive loss                      | -                 | -                | -                | -                | -                | (2,061,999)         | (2,061,999)              |
| Issuance of common shares and warrants for cash | -                 | -                | -                | -                | -                | -                   | -                        |
| Issuance of common shares and warrants for debt | -                 | -                | -                | -                | -                | -                   | -                        |
| Share issuance costs                            | -                 | -                | -                | -                | -                | -                   | -                        |
| Issuance of stock options                       | -                 | -                | -                | -                | -                | -                   | -                        |
| Funding under royalty agreement                 | -                 | -                | -                | -                | 200,000          | -                   | 200,000                  |
| <b>Balance at July 31, 2016</b>                 | <b>63,419,302</b> | <b>2,500</b>     | <b>9,966,770</b> | <b>1,337,206</b> | <b>1,065,770</b> | <b>(83,453,707)</b> | <b>(7,662,159)</b>       |
| Net and comprehensive loss                      | -                 | -                | -                | -                | -                | (2,103,181)         | (2,103,181)              |
| Issuance of common shares and warrants for cash | -                 | -                | -                | -                | -                | -                   | -                        |
| Share issuance costs                            | -                 | -                | -                | -                | -                | -                   | -                        |
| Issuance of stock options                       | -                 | -                | -                | 16,086           | -                | -                   | 16,086                   |
| Funding under royalty agreement                 | -                 | -                | -                | -                | 1,310,100        | -                   | 1,310,100                |
| <b>Balance at April 30, 2017</b>                | <b>63,419,302</b> | <b>2,500</b>     | <b>9,966,770</b> | <b>1,353,292</b> | <b>2,375,870</b> | <b>(85,556,888)</b> | <b>(8,439,154)</b>       |

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

**Unaudited consolidated statements of cash flows**  
**For the nine months ended April 30, 2017 and April 30, 2016**  
*In Canadian dollars*

|  | <b>30-Apr-17</b>   | <b>30-Apr-16</b>   |
|--|--------------------|--------------------|
|  | \$                 | \$                 |
| <b>Cash flow from operating activities</b>               |                    |                    |
| Loss for the nine month period                           | (2,103,181)        | (3,096,402)        |
| Adjustments for  |                    |                    |
| Depreciation   | 74,487             | 74,649             |
| Stock based compensation expense                         | 16,086             | 25,609             |
| Accretion expense  | -                  | 277,667            |
|  | <u>(2,012,608)</u> | <u>(2,718,477)</u> |
| Movements in working capital:                            |                    |                    |
| (Increase)/decrease in trade and other receivables       | 81,910             | (527,431)          |
| (Increase)/decrease in inventories                       | 39,485             | (33,965)           |
| (Increase)/decrease in prepaids                          | 22,919             | (52,649)           |
| (Increase)/decrease in current tax assets                | -                  | 149,000            |
| (Increase)/decrease in trade and other payables          | 254,910            | (576,655)          |
| (Increase)/decrease in deferred revenue                  | (41,297)           | 20,134             |
| Net cash generated by operating activities               | <u>(1,654,681)</u> | <u>(3,740,043)</u> |
| <b>Cash flows from investing activities</b>              |                    |                    |
| Payment to acquire property, plant and equipment         | -                  | (27,249)           |
| Net cash from investing activities                       | <u>-</u>           | <u>(27,249)</u>    |
| <b>Cash flow from financing activities</b>               |                    |                    |
| Proceeds from the issuance of common shares              | -                  | 5,000,000          |
| Payments for share issue costs                           | -                  | (25,000)           |
| Funding under royalty agreements                         | 1,310,100          | -                  |
| Proceeds from borrowings                                 | 454,059            | 1,181,928          |
| Repayment of borrowing                                   | (62,045)           | (2,443,715)        |
| Net cash from financing activities                       | <u>1,702,114</u>   | <u>3,713,213</u>   |
| Net increase in cash and cash equivalents                | 47,433             | (54,079)           |
| Cash and cash equivalents at the beginning of the period | <u>46,120</u>      | <u>262,392</u>     |
| Cash at the end of the period                            | <u>93,553</u>      | <u>208,313</u>     |

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

MedMira Inc.

Notes to the unaudited condensed interim consolidated financial statements

For the nine months ended April 30, 2017 and April 30, 2016

In Canadian dollars

## 1. Reporting entity

### Nature of operations

MedMira Inc. (MedMira or the Company) is a biotechnology company headquartered in Canada. The address of the Company's registered office is 155 Chain Lake Drive, Suite 1, Halifax, Nova Scotia, B3S 1B3. MedMira Holding AG owns the majority of MedMira's shares and is the controlling shareholder. MedMira, through its subsidiaries, is engaged in the business of research, development and manufacturing of rapid diagnostics and technologies. The Company invests in research in order to maintain and expand its position in the global diagnostics market. MedMira's research is focused on specific areas of the broader diagnostics market, namely the rapid, point-of-care, and *in vitro* sectors.

## 2. Significant accounting policies

### a. Basis of presentation

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, using the same basis of measurement and presentation and the same accounting policies as described in notes 2 and 3 to the Company's audited consolidated financial statements as at and for the year ended July 31, 2016, except as noted below. The condensed interim consolidated financial statements should be read in conjunction with those audited consolidated financial statements.

The condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries which are shown below.

|                           | Country of incorporation | Ownership interest |               |
|---------------------------|--------------------------|--------------------|---------------|
|                           |                          | April 30, 2017     | July 31, 2016 |
| MedMira Inc.              | Canada                   | 100                | 100           |
| MedMira Laboratories Inc. | Canada                   | 100                | 100           |
| Maple Biosciences Inc.    | Canada                   | 100                | 100           |
| MedMira International AG  | Switzerland              | 100                | 100           |
| MedMira (US) Inc.         | United States of America | 100                | 100           |

The condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries. All financial information is presented in Canadian dollars unless explicitly stated.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on June 29, 2017.

### b. Going-concern

The condensed interim consolidated financial statements have been prepared on a going-concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations. However, certain adverse conditions and events cast significant doubt upon the validity of this assumption.

The Company has incurred losses and negative cash flows from operations on a cumulative basis since inception. For the nine months ended April 30, 2017, the Company realized a net loss of approximately \$2.1 million (April 30, 2016 – net loss of \$3.1 million), consisting of a net loss from operations of \$1.8 million (April 30, 2016 – net loss \$2.6 million), and other non-operating expenses of \$0.3 million (April 30, 2016 – loss of \$0.5 million). Negative cash flows from operations were approximately \$1.7 million (April 30, 2016 – \$3.7 million). As at April 30, 2017, the Company had an accumulated deficit of approximately \$85.6 million (July 31, 2016 – \$83.5 million). In addition to its ongoing 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 \$6.0 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.

The Company is subject to risks associated with early stage companies, including but not limited to, dependence on key individuals, competition from substitute services and larger companies, and the requirement for the continued successful development and marketing of its products and services. The Company's ability to continue as a going concern is dependent upon its ability to generate positive cash flow from operations and secure additional financing. These financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going-concern assumption not appropriate. These adjustments could be material.

c. Future changes in accounting policies

The following new standards and amendments have been issued but are not effective for the nine months ended April 30, 2017, and, accordingly, have not been applied in preparing these consolidated financial statements.

*IFRS 9 - Financial Instruments* - A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement has been issued and is effective for annual periods beginning on or after January 1, 2018. The standard contains requirements in the following areas: classification and measurement, impairment, hedge accounting and derecognition. This new standard supersedes all prior versions of IFRS 9.

*IFRS 15 - Revenue from Contracts with Customers*. This standard is effective from fiscal years beginning on or after January 1, 2018 and provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

*IFRS 16 – Leases*. This standard provides a single lease accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17 with the distinction between operating leases and financial leases being retained. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted if IFRS 15 has also been applied.



*IFRS 2 – Share –based payments.* The amendment clarifies how to account for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature and a modification to the terms and conditions that changes the classification of the transactions. The amendment is effective for annual periods beginning on or after January 1, 2018

The Company is currently evaluating the potential impact, if any, of these standards and amendments.

### 3. Revenue

|                      | for the three months ended |                | for the nine months ended |                  |
|----------------------|----------------------------|----------------|---------------------------|------------------|
|                      | 30-Apr-17                  | 30-Apr-16      | 30-Apr-17                 | 30-Apr-16        |
|                      |                            |                | \$                        | \$               |
| Product sales        | 192,590                    | 230,419        | 598,411                   | 739,389          |
| Service revenue      | -                          | -              | -                         | 2,474,729        |
| <b>Total revenue</b> | <u>192,590</u>             | <u>230,419</u> | <u>598,411</u>            | <u>3,214,118</u> |

Service revenue was generated from research work on a contract with the U.S. military. The costs associated with research conducted to earn this revenue have been recognized as a service cost of sales.

The Company organizes and records revenue based on major geographical territories around the world. The table below provides the geographic breakdown of revenue.

|                                 | for the three months ended |                | for the nine months ended |                  |
|---------------------------------|----------------------------|----------------|---------------------------|------------------|
|                                 | 30-Apr-17                  | 30-Apr-16      | 30-Apr-17                 | 30-Apr-16        |
|                                 |                            |                | \$                        | \$               |
| North America                   | 122,615                    | 193,969        | 371,113                   | 3,022,702        |
| Latin America and the Caribbean | 32,428                     | 4,514          | 129,340                   | 128,125          |
| Asia Pacific                    | 29,424                     | 21,901         | 56,752                    | 31,687           |
| Europe                          | 8,123                      | 10,035         | 41,206                    | 31,604           |
| <b>Total revenue</b>            | <u>192,590</u>             | <u>230,419</u> | <u>598,411</u>            | <u>3,214,118</u> |

#### 4. Inventories

As at April 30, 2017, there were no valuation allowances against inventory (July 31, 2016 – \$nil).

During the nine months ended April 30, 2017, inventory valued at \$183,306 was expensed as a cost of goods sold (April 30, 2016 – \$287,075).

|                               | 30-Apr-17      | 31-Jul-16      |
|-------------------------------|----------------|----------------|
|                               | \$             | \$             |
| Raw materials and consumables | 212,650        | 235,934        |
| Work in process               | 31,751         | 47,479         |
| Finished goods                | 9,570          | 10,043         |
| <b>Total inventories</b>      | <b>253,971</b> | <b>293,456</b> |

#### 5. Capital and other components of equity

##### a. Authorized

The Company is authorized to issue an unlimited number of Series A preferred shares, non-voting, non-participating, redeemable at the Company's option at \$0.001 per share after March 31, 2010, convertible into an equal number of common shares upon the Company meeting certain milestones. The preferred shares earn no dividends.

The Company is authorized to issue an unlimited number of voting common shares without nominal or par value.

##### b. Share capital issued

|                                  | Number of          |                     | Value of               |                           |                              |
|----------------------------------|--------------------|---------------------|------------------------|---------------------------|------------------------------|
|                                  | Common<br>shares   | Preferred<br>shares | Common<br>shares<br>\$ | Preferred<br>shares<br>\$ | Total share<br>capital<br>\$ |
| <b>Balance at July 31, 2016</b>  | <b>658,364,320</b> | <b>5,000,000</b>    | <b>63,419,302</b>      | <b>2,500</b>              | <b>63,421,802</b>            |
| Issued for cash                  | -                  | -                   | -                      | -                         | -                            |
| Share issuance costs             | -                  | -                   | -                      | -                         | -                            |
| <b>Balance at April 30, 2017</b> | <b>658,364,320</b> | <b>5,000,000</b>    | <b>63,419,302</b>      | <b>2,500</b>              | <b>63,421,802</b>            |

The total common shares issued and outstanding include 4,064,464 common shares held in escrow scheduled to be released when the Company obtains positive operating cash flow.

The Series A preferred shares had a stated capital of \$2,500 at April 30, 2017 (July 31, 2016 – \$2,500).

MedMira Inc.

Notes to the unaudited condensed interim consolidated financial statements

For the nine months ended April 30, 2017 and April 30, 2016

In Canadian dollars

c. Warrants

|                                  | Number of<br>warrants | Warrant<br>reserve<br>\$ |
|----------------------------------|-----------------------|--------------------------|
| <b>Balance at July 31, 2016</b>  | <b>266,100,000</b>    | <b>9,966,770</b>         |
| <b>Balance at April 30, 2017</b> | <b>266,100,000</b>    | <b>9,966,770</b>         |

The total warrants outstanding at April 30, 2017 are shown below.

| Issued             | Number             | Exercise price<br>\$ | Expiry date        |
|--------------------|--------------------|----------------------|--------------------|
| September 30, 2013 | 122,100,000        | 0.10                 | September 30, 2017 |
| October 2, 2014    | 22,000,000         | 0.10                 | October 2, 2018    |
| March 27, 2015     | 22,000,000         | 0.10                 | March 27, 2019     |
| September 8, 2015  | <u>100,000,000</u> | 0.10                 | September 8, 2019  |
|                    | 266,100,000        |                      |                    |

d. Stock based compensation

The Company has established a stock option plan for its employees, officers, and directors. All options vest immediately upon issue and the Company is authorized to issue a maximum of 13,000,000 options annually upon approval by shareholders. Options that have been issued and remain outstanding are exercisable into an equivalent of 2,594,792 common shares (July 31, 2016 – 2,094,792) at an exercise price of \$0.10. The options expire between April 12, 2018 and January 29, 2020. All options outstanding at April 30, 2017 were exercisable.

|   | Number           | Weighted average<br>exercise price<br>\$ | Equity Reserve<br>\$ |
|---|------------------|--|----------------------|
| <b>Options Outstanding July 31, 2016</b>  | <b>2,094,792</b> | <b>0.10</b>                              | <b>1,337,206</b>     |
| Options expired/forfeit                   | (675,000)        | (0.10)                                   | -                    |
| Options granted                           | 1,175,000        | 0.10                                     | 16,086               |
| <b>Options outstanding April 30, 2017</b> | <u>2,594,792</u> |  | <u>1,353,292</u>     |

The following table summarizes information about options outstanding and exercisable at April 30, 2017.

| Range of exercise prices | Number outstanding and exercisable | Weighted average exercise price per share | Weighted average remaining contractual life (years) |
|--------------------------|------------------------------------|---|---|
| 0.10                     | 2,594,792                          | 0.10                                      | 1.99  |

## 6. Earnings (loss) per share

|   | For the three months ended |             | For the nine months ended |             |
|---|----------------------------|-------------|---------------------------|-------------|
|   | 30-Apr-17                  | 30-Apr-16   | 30-Apr-17                 | 30-Apr-16   |
|   |                            |             | \$                        | \$          |
| Net income (loss) attributable to common shareholders | (751,768)                  | (1,214,247) | (2,103,181)               | (3,096,402) |
| Issued common shares                                  | 658,364,320                | 658,364,320 | 658,364,320               | 658,364,320 |
| Weighted average number of common shares              | 658,364,320                | 658,364,320 | 658,364,320               | 658,364,320 |
| Basic earnings (loss) per share                       | (0.00114)                  | (0.00184)   | (0.00319)                 | (0.00470)   |
| Diluted earnings (loss) per share                     | (0.00114)                  | (0.00184)   | (0.00319)                 | (0.00470)   |

Basic and diluted (loss) earnings per share are the same for the three months ended April 30, 2017 and April 30, 2016 as the exercise of potentially dilutive instruments would be anti-dilutive.

## 7. Loans and borrowings

|                                      | 30-Apr-17        |                  | 31-Jul-16        |                  |
|--------------------------------------|------------------|------------------|------------------|------------------|
|                                      | Carrying value   | Contract value   | Carrying value   | Contract value   |
|                                      | \$               | \$               | \$               | \$               |
| Loan 1                               | 1,054,167        | 1,054,167        | 1,054,167        | 1,054,167        |
| Loan 2                               | 1,300,000        | 1,300,000        | 1,300,000        | 1,300,000        |
| Loan 3                               | -                | -                | 3,000            | 3,000            |
| Loan 4                               | -                | -                | 3,495            | 3,495            |
| Loan 5                               | 13,500           | 13,500           | 13,500           | 13,500           |
| Loan 6                               | 253,064          | 242,427          | 241,565          | 241,565          |
| Loan 7                               | -                | 15,000           | -                | -                |
| Loan 8                               | 9,000            | 15,000           | -                | -                |
| Loan 9                               | 412,560          | 412,560          | -                | -                |
| ACOA loans                           | 485,843          | 490,898          | 520,393          | 520,393          |
| Nova Scotia Government loan 1        | 3,016,000        | 3,016,000        | 3,016,000        | 3,016,000        |
| Nova Scotia Government loan 2        | 97,390           | 97,390           | 97,390           | 97,390           |
| <b>Total loan principal</b>          | <b>6,641,524</b> | <b>6,656,942</b> | <b>6,249,510</b> | <b>6,249,510</b> |
| Long term portion of principal       | 688,124          |                  | 255,065          |                  |
| Current portion payable of principal | 5,953,400        |                  | 5,994,445        |                  |

### Loan 1

Loan established October 31, 2012, bearing 5% interest with monthly interest only payments until November 30, 2013, followed by equal monthly principal payments and accrued interest for five additional years ending November 30, 2018. The loan is secured by interest on intellectual property and on the step-up technology. The loan was in default due to non payment of interest and principal payments as of April 30, 2017 and thus has been classified as a current liability.

### Loan 2

Loan established July 31, 2012, bearing 5% interest with monthly interest only payments until July 31, 2013, followed by equal monthly principal payments for five additional years ending July 31, 2018. During fiscal 2016 the loan was renegotiated. Monthly interest payments are due until April 30, 2016, followed by equal monthly principal payments and accrued interest for four additional years ending July 31, 2020. The loan is in default due to non payment of interest and principal payments as of April 30, 2017 and thus has been classified as a current liability.

### Loan 3

Loan established July 31, 2012, bearing 5% interest with monthly principal payments of \$1,000, and accrued monthly interest ending September 30, 2016. The loan was fully repaid during the nine months ended April 30, 2017.

*Loan 4*

Loan established February 11, 2016, bearing 5% interest. The loan was fully repaid during the nine months ended April 30, 2017.

*Loan 5*

Loan established June 10, 2016, bearing 5% interest. The loan is fully payable on or before August 31, 2018. The loan was not in default at April 30, 2017.

*Loan 6*

Loan established July 31, 2016, bearing 5% interest. During the nine months ended April 30, 2017 the repayment date of the loan was extended to October 1, 2018. The loan was not in default at April 30, 2017.

*Loan 7*

Loan established August 2, 2016, bearing 5% interest. The loan was fully repaid during the nine months ended April 30, 2017.

*Loan 8*

Loan established August 11, 2016, bearing 5% interest. The loan is fully payable on or before August 31, 2018. The loan was not in default at April 30, 2017.

*Loan 9*

Loan established March 31, 2017, bearing 5% interest. The loan is fully payable on or before September 1, 2018. The loan was not in default on April 30, 2017.

*Atlantic Canada Opportunities Agency (ACOA) loan*

Loans were negotiated on October 31, 2012, bearing no interest with monthly principal repayments of \$3,747 until July 31, 2013, followed by equal monthly principal payments of \$24,234 for five additional years ending July 31, 2018. The loan was renegotiated in July 2014, bearing no interest with a monthly principal payment of \$24,234 in August 2014 followed by 40 monthly payment of \$27,800 starting on February 1, 2015 and one monthly payment of \$26,975 at the end of the loan. The loan is secured by all present and after acquired personal property, excepting consumer goods. The loans were in default due to non payment of principal at April 30, 2017 and thus have been classified as a current liability.

*Nova Scotia Government loan 1*

The loan was negotiated in August 2015, bearing interest based on the Province of Nova Scotia's five year cost of funds plus five hundred basis points. Monthly interest payments are due until August 31, 2018. Starting on September 1, 2016, thirteen monthly principal payments of \$120,000 are due followed by ten monthly principal payments of \$135,000 starting on October 1, 2017 and one monthly principal payment of \$106,000 on August 1, 2018. The loan is secured by first interest on intellectual property and on the Maple bio sensor technology. The loan was in default due to non payment of interest and principal at April 30, 2017 and thus has been classified as a current liability.

*Nova Scotia Government loan 2*

Loan established September 14, 2012, bearing no interest with the balance due by August 31, 2018. The loan is secured by first interest on intellectual property and on the Maple BioSciences Inc. sensor technology. The loan was in default due to non payment of interest and principal at April 30, 2017 and thus has been classified as a current liability.

**8. Financial instruments**

## a. Foreign currency risk

Most of the Company's sales are made in foreign currencies. The Company's U.S. dollar foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are shown in the table below.

|  | 30-Apr-17 | 31-Jul-16 |
|--|-----------|-----------|
|  | US\$      | US\$      |
| Cash and cash equivalents                | 12,659    | 24,148    |
| Trade and other receivables              | 66,567    | 128,424   |
| Prepaid expense                          | -         | 5,949     |
| Accounts payable and accrued liabilities | 682,398   | 943,411   |

A one cent change in the U.S. dollar exchange rate would result in approximately a \$7,616 (July 31, 2016 – \$11,020) impact on the balance sheet and consolidated statement of income.

## b. Liquidity risk

Liquidity risk represents the possibility that the Company may not be able to gather sufficient cash resources, when required and under reasonable conditions, to meet its financial obligations. As at April 30, 2017, the Company does not have sufficient cash to meet all of its continual liabilities.

The Company also continues to have an ongoing need for substantial capital resources to research and develop, commercialize and manufacture its products and technologies. The Company is not yet generating a sufficient ongoing revenue stream, nor can it be certain that it will receive significant revenue before additional cash is required. As a result, there can be no guarantee that the Company will have sufficient capital to fund its ongoing operations, develop or commercialize its products without future financing.

The Company's contractual maturities for its financial liabilities are outlined in the table below.

MedMira Inc.

Notes to the unaudited condensed interim consolidated financial statements

For the nine months ended April 30, 2017 and April 30, 2016

In Canadian dollars

For the period ended April 30, 2017

|  | Total<br>\$      | Less than 1 year<br>\$ | 1 to 3 years<br>\$ | 4 to 5 years<br>\$ | After 5 years<br>\$ |
|--|------------------|------------------------|--------------------|--------------------|---------------------|
| Loans                                    | 6,641,524        | 5,953,400              | 688,124            | -                  | -                   |
| Accounts payable and accrued liabilities | 2,447,183        | 2,447,183              | -                  | -                  | -                   |
| Royalty payable                          | 48,984           | -                      | 48,984             | -                  | -                   |
| <b>Total debt</b>                        | <b>9,137,691</b> | <b>8,400,583</b>       | <b>737,108</b>     | -                  | -                   |

For the year ended July 31, 2016

|  | Total<br>\$        | Less than 1 year<br>\$ | 1 to 3 years<br>\$ | 4 to 5 years<br>\$ | After 5 years<br>\$ |
|--|--------------------|------------------------|--------------------|--------------------|---------------------|
| Loans                                    | 6,249,510          | 5,994,445              | 255,065            | -                  | -                   |
| Accounts payable and accrued liabilities | 2,241,257          | 2,241,257              | -                  | -                  | -                   |
| <b>Total debt</b>                        | <b>8,490,767</b> # | <b>8,235,702</b> #     | <b>255,065</b>     | -                  | -                   |

The payments noted above do not include interest payments.

## 9. Royalty provision

During March 2015, the Company entered into a royalty agreement with MedMira Holding AG whereby MedMira Holding AG would receive a 10% royalty on all future US sales of the Reveal G4 product for a five year period commencing on the day of the first full payment of at least CAD \$100,000 worth of product. In exchange, MedMira Holding AG provided the Company with \$270,000 to fund costs required to complete product development and obtain US Food and Drug Administration (FDA) pre-market approval. At the inception of the arrangement, the Company's best estimate of the fair value of the provision was zero and as MedMira Holding AG is the controlling shareholder of the Company, the \$270,000 was recorded in equity. As at April 30, 2017, the Company's best estimate of the fair value of the provision was \$48,984 (2016 - \$31,991), which is recorded in long term payable as the amount is due when the company reaches break even which is expected in fiscal 2019 and the change in fair value of the provision recorded in finance cost.

During July 2016, the Company entered into a royalty agreement with MedMira Holding AG whereby MedMira Holding AG would receive a 10% royalty on all future sales of HCV portion of the approved Multiplo HIV/HCV commencing on the day of the first full delivery and payment of CAD \$10,000 worth of product. In exchange, MedMira Holding AG provided the Company with \$200,000 to fund costs required to complete product development and obtain FDA pre-market approval. At the inception of the arrangement, the Company's best estimate of the fair value of the provision was zero and as MedMira Holding AG is the controlling shareholder of the Company, the \$200,000 was recorded in equity. As at April 30, 2017 the Company's best estimate of the fair value of the provision was zero.

During October 2016, the Company entered into a royalty agreement with Ritec AG whereby Ritec AG would receive a 12.5% royalty on all future sales of the approved Reveal G4 CLIA product commencing on the day of the first full delivery and payment of CAD \$10,000 worth of product. In exchange, Ritec AG will provide the company with CHF 1,000,000 to fund costs required to complete the product development, clinical trials and obtain FDA approval. . At the inception of the arrangement, the Company's best estimate of the fair value of the provision was zero and as Ritec AG is owned by a shareholder of MedMira Holding AG who is the controlling shareholder of the Company, the \$1,310,100 was recorded in equity. At April 30, 2017, the Company's best estimate of the fair value of the provision was zero.



## 10. Related parties

The following transactions were recorded with related parties during the nine months ended April 30, 2017

- Director fees totalling \$15,000 were incurred (July 31, 2016 - \$14,166).
- Long term loans totalling \$30,000 were received from the Chief Operating Officer (July 31, 2016 - \$0).
- A royalty agreement was entered into with Ritec AG valued at \$1,310,100 (July 31, 2016 - \$0).
- Loans valued at CHF 300,000 was received from Ritec AG (July 31, 2016 - \$0)

The following balances with related parties were outstanding at April 30, 2017:

- A long term loan totalling \$253,064 was due to the Chief Financial Officer (July 31, 2016 – \$241,565).
- Accounts payable totalling \$94,2485 was due to two officers (July 31, 2016 - \$26,901).
- A royalty provision was owed to MedMira Holding AG of \$48,984 (July 31, 2016 – \$31,991).
- A long term loan totalling \$9,000 was due to the Chief Operating Officer (July 31, 2016 - \$0)
- Accounts payable totalling \$15,458 was due to directors (July 31, 2016 - \$10,000)
- Long term loans totalling CHF 300,000 was due to Ritec AG (July 31, 2016 - \$0)

## 11. Research and development

The Company receives government grants to offset the cost of developing certain products. These grants are recognized as a credit against the research expense in the period the expense is incurred. There are no unfulfilled conditions regarding the grants.

In addition to grants, the Company receives revenue related to a contract with the US military. Research expenses related to the US military contract are recognized in service cost of sales when the revenue is earned. During the nine months ended April 30, 2017, none of the research costs incurred were recognized in service cost of sales (April 30, 2016 – \$2,016,265).

The following table provides a summary of aggregate research costs and reimbursements.

|   | for the three months ended |                | for the nine months ended |                  |
|---|----------------------------|----------------|---------------------------|------------------|
|   | 30-Apr-17                  | 30-Apr-16      | 30-Apr-17                 | 30-Apr-16        |
|   | \$                         | \$             | \$                        | \$               |
| Research and development (R&D) expenses     | 154,147                    | 489,569        | 262,820                   | 3,250,247        |
| Less: R&D allocated to cost of sales        | -                          | -              | -                         | 2,016,265        |
| <b>Net research and development expense</b> | <b>154,147</b>             | <b>489,569</b> | <b>262,820</b>            | <b>1,233,982</b> |

**12. Expenses by nature**

The following table provides the Company's expenses listed by the nature of the expense.

|                         | for the three months ended |                    | for the six months ended |                    |
|-------------------------|----------------------------|--------------------|--------------------------|--------------------|
|                         | 30-Apr-17                  | 30-Apr-16          | 30-Apr-17                | 30-Apr-16          |
|                         | \$                         | \$                 | \$                       | \$                 |
| Investment income       | -                          | (345)              | -                        | 20                 |
| Change in inventory     | (54,579)                   | (48,352)           | (175,830)                | (162,395)          |
| Employee benefits       | (467,525)                  | (553,335)          | (1,519,482)              | (1,716,664)        |
| Depreciation            | (24,637)                   | (25,308)           | (74,179)                 | (74,649)           |
| Distribution            | (18,748)                   | (24,863)           | (56,926)                 | (74,469)           |
| Facility                | (100,305)                  | (115,338)          | (279,733)                | (320,520)          |
| Professional services   | 9,123                      | (292,764)          | (104,178)                | (2,544,073)        |
| Lab supplies            | (31,022)                   | (59,868)           | (61,013)                 | (163,540)          |
| Other expenses          | (61,209)                   | (123,437)          | (1,515)                  | (635,508)          |
| Exchange gains (losses) | (68,913)                   | (28,105)           | (87,134)                 | (88,622)           |
| Finance costs           | (126,543)                  | (172,951)          | (341,602)                | (530,100)          |
|                         | <b>(944,358)</b>           | <b>(1,444,666)</b> | <b>(2,701,592)</b>       | <b>(6,310,520)</b> |