medmira

Management's Discussion & Analysis

For the Year Ended July 31, 2010

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This Management's Discussion and Analysis (MD&A) for the year ended July 31, 2010 has been prepared to help investors understand the financial performance of the Company 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.

The following discussion should be read in conjunction with the consolidated financial statements for the year ended July 31, 2010. The preparation of these financial statements may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Management bases estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. Management believes the accounting policies, outlined in the Summary of Significant Accounting Policies section of its consolidated financial statements, affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

This document contains forward looking statements based on current expectations of management that involve certain uncertainties and risks, including those discussed herein. Such forward-looking statements should be given careful consideration and undue reliance should not be placed on these statements.

This document and the related financial statements, and the quarterly MD&A's and financial statements, can also be viewed on the Company's website at www.medmira.com and at www.sedar.com.

About Our Business

Based in Halifax, Nova Scotia, MedMira Inc. (MedMira or the Company) is a publicly traded, Canadian life sciences company focused on the development of rapid diagnostics and technology.

MedMira's patented and proven rapid flow-through technology (RFT) platform is the basis for the Company's current line of rapid diagnostics, which are highly accurate, easy-to-use, and produce immediate results—a strong advantage over most rapid diagnostics on the

market today. The Company's rapid HIV test has achieved gold standard approvals from regulatory agencies around the world including those in Canada, the United States, European Union, and China.

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

Year End Highlights

MedMira's focus on strategic partnerships helped the Company further its globalization and business development efforts over the course of this fiscal year. As in previous years the Company honed in on further cost containment strategies and continued to advance a growing development docket of new applications and diagnostic technologies. Combining these advancements ensures the maintenance of MedMira's route to sustainable growth and increased shareholder value.

Corporate Development

During fiscal year 2010 MedMira focused on building and maintaining strategic partnerships in a broad range of categories in order to grow the business. The Company's strategic partners include business development and marketing partners working in developing and developed regions of the world on MedMira's behalf as well as outsourced manufacturing services partners, research and product development collaborators, and investment partners.

MedMira's primary strategic marketing and business development partner, Vitest AG, made considerable advancements in developing the African market. At the close of the fiscal year, Vitest had successfully initiated market development activities in more than 12 African nations, a first in the history of MedMira, which had previously found market development in this region very challenging.

Most notably, the combined efforts of Vitest, on the ground in Nigeria, and MedMira led to the single largest order of rapid HIV tests to date. Vitest secured an exclusive arrangement with the Nigerian Red Cross and an initial contract for two million MedMira rapid HIV tests to be sold under a private label brand. Vitest believes that this relationship with the Nigerian Red Cross will be a long-term partnership focusing on HIV awareness and programs. Building on this positive market momentum in Nigeria, Vitest will introduce

additional MedMira rapid tests to this market in the next fiscal year.

In addition to the activities in Nigeria, Vitest has representatives working in various parts of Africa, including South Africa, Ghana, and Zimbabwe, on product evaluations, registrations, and general market development initiatives.

Vitest was also instrumental in helping MedMira establish a strategic partnership with UK-based NGO, Advance Aid. The Company's partnership with Advance Aid is primarily focused in Kenya where they have successfully had the MedMira rapid HIV test evaluated by the Kenya AIDS Vaccine Initiative. Advance Aid also sponsored a small pilot program with the Reveal HIV rapid test at VCT clinics in Nairobi, Kenya. The results of these evaluations are now in the hands of Kenya's National AIDS and Sexually Transmitted Infections Control Programme for consideration on the national HIV testing algorithm.

In Europe, the market development is a long-term project. Ensuring key agents and registrations are in place are key to capitalizing on the sales opportunities that exist. Near the end of the fiscal year MedMira's Reveal HIV test was listed on the United Kingdom's National Health Services Supply Chain as one of three rapid HIV tests available through this national organization which manages the procurement and delivery of healthcare products for over 600 hospitals and healthcare organizations.

In the US, MedMira's strategic distribution partners and agent, American Health Partners (AHP), Cardinal Health and VWR International continue to manage the sales and delivery of Reveal G3 Rapid HIV-1 Antibody Test to customers across the US and Canada. During the fiscal year 2010, MedMira launched a new line of products to the research sector in the North American market and plans to take this product line to Europe with Vitest in the coming year. Aimed at medical and life sciences researchers, this new line of products called Miriad includes fully commercialized multiple tests for use in vaccine development, tissue bank screening, and clinical trial screening. Unique to this product line is the Miriad Developer Toolkit, an off-the-shelf tool box of various raw components enabling researchers to build unique and new rapid tests. Reaction to this product line has been very positive to date with keen interest from large, internationally known diagnostics companies.

Operations

The 2010 fiscal year saw the completion of Fusion'09, a project designed to consolidate the Company's two facilities in Halifax, Nova Scotia to achieve improved work flows and general operating efficiencies. Approval from the United States Food and Drug

Administration (FDA) was required for this major facilities amendment. The Operations team led an efficient and successful FDA audit and inspection of the facilities and approval was received in a timely manner enabling the flow of product shipments to resume as scheduled. The Operations team continues to lead MedMira's outsourced manufacturing services partnership strategy. MedMira's partner in China, Triplex International Biosciences (Triplex) is fully operational and compliant with all of MedMira's quality standards. A comprehensive plan for large scale product fulfillment is now in place. The Company is also exploring potential partnerships focused on establishing similar outsourced manufacturing hubs in strategic regions of the world, including Africa and Latin America. These hubs would further streamline the delivery of product to customers and assist local partners in becoming market leaders through economic stimulation, job creation, and the manufacturing of high quality, high demand products.

Research & Development

MedMira's product development team continues to advance the core technology platform and late this year introduced changes to the testing procedure which further improved the ease of use for customers. Also in development is a new dual path testing platform that will enable antigen/antibody flow-through tests on a single cartridge. This is a short-term development project and should be fully commercialized within the next fiscal year. Work continues on the longer term platform development under the working name STEP. This technology platform requires further development time and resources to bring it to full commercialization.

In addition to platform innovation, the product development team is working on a number of new test applications. Fueled by market research and customer feedback, MedMira's product development docket is full. The Company expects to fully commercialize and launch a number of new single and multiple marker rapid tests in the coming year.

The product development team continues its collaborations with researchers around the world and just recently sent a "quad test" for the multi-detection of four disease markers into the field for further study. The team supports MedMira's secondary revenue channels through contract research, product conversion, and consulting services.

Finance

MedMira's management team continues to focus on raising the necessary capital resources to realize on our strategic plan through equity infusions, while at the same time reducing debt and the related interest component. Further financial gains have also been made

through the Company's outsourced manufacturing in Asia, further streamlining the final stages of manufacturing and assembly of products with reduced labour costs. Fusion'09, the consolidation of MedMira's two facilities in Halifax, Nova Scotia brought further workflow and overall operational efficiencies to the Company in the last two quarters of this fiscal year. Sales activities, including support of strategic partners' in-country activities, continues to be a major focus of the Company in growing revenue.

Financial Results

Revenue

The Company recorded revenue from product sales of $1,073,175 as compared to $1,137,645 for the same period last year, a decrease of approximately 6%. The revenue decrease was primarily attributable to the Company's involvement in large complex deals in the international marketplace which have longer associated sales cycles and payment terms and conditions with final customers.

	For the three months ended		For the 12 months ended	
	July 31, 2010	July 31, 2009	July 31, 2010	July 31, 2009
Sales and licensing fees				
Commercial	$29,981	$ 232,598	$ 1,068,544	$ 1,137,645
Research	292	0	4,631	0
	$30,273	$ $232,598	$ 1,073,175	$ 1,137,645

Revenue from sales of products is recognized when title passes to end-users customers, which is generally at the time the products are shipped, and ultimate collection is reasonably assured.

The current year includes a reduction in revenue reported in Q3 of $437,787 for product in which title had not passed to the final customer.

Q3 Adjustment

	Reported	Adjusted	Variance
Revenue	$601,109	$163,322	$437,787
Cost of Sales	153,858	98,063	55,795
Gross Profit	447,251	65,259	381,992

Revenue from license fees is recognized based on the terms of the license agreement and when ultimate collection is reasonably assured. Licenses subject to attaining milestones are recognized as milestones are reached. Non-refundable up front fees are recognized as revenue over the term of the license.

Gross Profit

Gross profit for the year was $735,023 or 68.5% compared to $557,409 or 49% in the prior year. Current gross profit is higher than expected due to a reduction in accrued expenses.

Expenses

General and Administrative expenses were $1,308,504 for the year ended July 31, 2010, up from $1,159,936 for the same period last year. Research and Development (R&D) expense remained relatively constant at $332,364 compared to $317,303 for the same period last year.

Sales and Marketing expenses decreased to $40,459 compared to $67,601 in the same period last year.

Wages & Benefits for the year ended July 31, 2010 remained constant at $1,357,468 versus $1,316,204 in 2009. Salary roll backs previously announced are still in place.

Interest expense for the year ended decreased 3% to $2,395,246 from $2,465,993. Management has placed a high priority on the reduction of debt servicing costs through renegotiation of existing agreements and through the conversion of debt to equity.

Investment and other Income was $45,913 versus $11,274 for the same period last year.

For the year ended July 31, 2009 the Company reported a net loss of $4,418,662 or $0.02 per share as compared to a net loss of $5,263,171 or $0.05 per share for the same period last year.

Foreign Exchange

The Company's US dollar denoted debt is approximately US $4.9 million plus accrued interest payable of approximately US $1.1 million at July 31, 2010. The exchange fluctuations from quarter to quarter account for a significant portion of the company's exchange gain and loss. Sales, for the most part are in US dollars, however, they are recorded at the exchange rate prevailing on or near the transaction date and collected in a timely manner.

Financial Data

The following consolidated data was drawn from the financial statements for the current and last fiscal year:

(all values expressed in thousands of Canadian dollars except per share amounts)

Fiscal year ending July 31/10	Q1 FY10	Q2 FY10	Q3 FY10	Q4 FY10
Sales	$ 376	$ 504	$ 163	$ 30
Cost of Sales	158	172	98	(90)
Gross Profit	218	332	65	120
Operating & Other Expenses	1,290	1,288	1,071	1,504
Loss per Quarter	(1,072)	(956)	(1,006)	(1,384)
Loss Per Share	$ (0.007)	$ (0.005)	$ (0.005)	$ (0.007)

(all values expressed in thousands of Canadian dollars except per share amounts

Fiscal year ending July 31/09	Q1 FY09	Q2 FY09	Q3 FY09	Q4 FY09
Sales	$ 378	$ 197	$ 329	$ 233
Cost of Sales	140	84	132	224
Gross Profit	238	113	197	9
Operating & Other Expenses	1,987	1,309	1,174	1,350
Loss per Quarter	(1,749)	(1,196)	(977)	(1,341)
Loss Per Share	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.01)

Financing Transactions

During the year ended July 31, 2010, the Company completed the following significant financing transactions:

- Retired $1,485,518 in various debts through the issuance of 23,750,464 common shares;
- Completed the placement of 40,000,000 equity units at $0.05 per unit for proceeds of $2 million with Andurja AG of Switzerland. Each equity unit consists of one common share and one common share purchase warrant;
- A loan of $3,500,000 from the Province of Nova Scotia which was used to pay down the company's operating line of credit ($3,500,000) with the Royal Bank of Canada;
- Received US $500,000 in cash proceeds from promissory notes payable;
- Completed draw downs on the equity line of credit netting $285,000 and issued 5,091,638 shares.

Liquidity and Capital Resources

At July 31, 2010, the Company had total assets of $568,178 compared to total assets of $523,414 at July 31, 2009.

The Company had a bank indebtedness of $62,745 as compared to $3,468,709 on July 31, 2009.

The Company's net working capital position as of July 31, 2010 was a deficit of $16.3 million compared to the July 31, 2009 working capital deficit of $15.1 million.

The Company has incurred losses and negative cash flows on a cumulative basis since inception.

For the year ended July 31, 2010, the Company incurred a net loss of approximately $4.4 million and negative cash flows from operations of approximately $2.6 million.

As at July 31, 2010, the Company has an accumulated deficit of approximately $69.0 million.

In addition to its on-going working capital requirements, the Company must secure sufficient funding for:

- its research and development programs;
- promissory notes payable of approximately $5.5 million;
- long-term debt repayments through 2015, including approximately $5.3 million due in fiscal 2011;
- redemption of convertible debentures of approximately $1.4 million.

These circumstances lend substantial doubt as to the ability of the Company to meet its obligations as they come due.

Subsequent Financing Transactions

Subsequent to July 31, 2010, the Company secured a US$200,000 bridge loan to finance the final stages of material procurement and production assembly for a large volume order.

The Company also obtained short term loans of $320,000 and US $150,000 from a shareholder. These loans enabled the Company to further advance a number of significant business development initiatives and sales opportunities in the global marketplace.

These undertakings, while significant, are not sufficient in and of themselves to enable the Company to fund all aspects of its operations and, accordingly, 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 the issuance of new equity instruments and is pursuing dramatic increases in sales revenue.

Internal Control Systems

To ensure the integrity and objectivity of our 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.

During the year ended July 31, 2010 there were no significant changes to the systems of internal control within the Company.

Risks and Uncertainties

The Company's base of activity has expanded to manufacturing products for distribution in several international markets. As a result, the Company's operations are exposed to a variety of risk factors. The Company's operations and markets have been evolving, making it difficult to accurately predict future operating results. Actual future results may differ significantly in any forward-looking statements. Factors that may cause such differences include, but are not limited to, the following:

- Market acceptance of current and follow on products;
- Reliance in key distributors to market and sell our products;
- Obtaining adequate and timely financing on terms that are acceptable;
- Whether and when new products are successfully developed;
- Costs and timing associated with business development activities;
- Progress of research and development activities including clinical trials and regulatory delays;
- Competitive pressures on average selling price;
- Limited suppliers of key manufacturing components;
- The timing and the variability of significant orders;
- Manufacturing capacity, capability, scale-up, inefficiencies and constraints;

- Ability to manage growth as new products are commercialized and manufacturing ramps up;
- Ability to generate positive cash flow from operations;
- Ability to retain and attract key management and other experienced personnel.

Substantially all of the Company's revenue is in US dollars or Euros, and therefore subject to fluctuations in exchange rates. There is a risk that significant fluctuations in exchange rates may impact on the Company's ability to sell its products and thereby, have a material adverse effect on the Company's results of operations. The Company does not use derivative financial instruments for speculative or trading purposes.