MedMira Inc.

Management's Discussion & Analysis

For the three month period ended October 31, 2011

Introduction

The following Management's Discussion & Analysis (MD&A) for the three months ended October 31, 2011 has been prepared to help investors understand the financial performance of MedMira Inc. (MedMira or 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.

This document should be read in conjunction with the audited financial statements for the year ended July 31, 2011, related notes and MD&A, which were prepared in accordance with Canadian generally acceptable accounting principles (GAAP). Annual references are the to 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 Inc. 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 CDN$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 (FDA), Canada (Health Canada), European Union (CE Mark) and China (SFDA), 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

Sales and Business Development

The Company is undertaking business development activity in all major regions of the world. These initiatives range from initial market development activities with strategic partners, to contract negotiations on large volume deals, to bid preparation and submission for public tender opportunities. Highlights of the activities for the quarter ended October 31, 2011 are provided in the regional breakdown below.

Asia Pacific

The Company's strategic partner, Triplex International Biosciences Co., Ltd. (Triplex), continues to make excellent progress in China, in particular in the public health sector. Triplex has been able to penetrate the highly competitive rapid HIV test market using its strong sales team with in-depth experience in public healthcare tenders. MedMira and Triplex are exploring opportunities to introduce other rapid diagnostics to the market.

Elsewhere in the Asia Pacific region, MedMira and its partners, including MultiMED Holdings Inc. (MultiMED) are undertaking various market development activities including product registrations and evaluations to facilitate market entry.

Europe

The Company continues to make inroads in the challenging European market. Launch plans continue with a targeted focus on point of care and government bulk procurement market segments. In the United Kingdom, market intelligence indicates that the point of care market may fully develop in the near future as diagnostic services move closer to the patient. Under a new healthcare bill, now moving through various levels of government, various healthcare services, including diagnostics, will transition from traditional hospital and laboratory settings to physician offices and community clinics.

Latin America & the Caribbean

MedMira has a number of strategies underway in the Latin America region to better position itself against the firmly entrenched competitors that are competing on price. The Company has also engaged with a new strategic partner with many years of sales experience in this region. This partnership will help in navigating many of the bureaucratic hurdles that MedMira has previously encountered in this market.

Middle East & North Africa

In spite of the ongoing political and economic unrest in this region, MedMira's strategic partner, MultiMED, made significant progress and is in the final stages of completing contracts. The Company anticipates these activities will result in new business in the first half of 2012. Additionally, MedMira is re-evaluating the market strategy in other Middle East territories, with a focus on niche markets including immigration screening programs.

North America

MedMira began development on a plan to market the new Hepatitis B test, that will result from the US Army contract awarded in July 2011, to other market segments in North America including community clinics, physician offices, and public health initiatives. Rapid HIV test sales in North America remained steady during this quarter.

Sub-Saharan Africa

Results of the most recent public tendering for rapid HIV tests in South Africa have been further delayed with no announcements to date. Other market development and sales opportunities continue to move forward in Africa, although it remains a challenging business environment with corruption and unethical business practices. To combat the unpredictable timelines that exist in the public healthcare sector in Africa, MedMira and its partners are exploring niche market segments, including the corporate sector, where rapid HIV testing and health and wellness programs are well established.

Research and Product Development

The Company's primary development platform for diagnostics is its rapid flow-through technology. Rapid diagnostics represent one of the most lucrative segments in the global healthcare industry. In the US, Frost & Sullivan predicts that revenues from the infectious disease diagnostics market will reach $6.4 billion in 2012. As this market segment continues to mature, quality and performance are critical for success.

MedMira's US Army project is progressing on schedule and the Company continues to explore further development and commercialization opportunities in this market segment, both in the US and with other military and defence organizations around the world.

MedMira is involved in a development project that will see the current technology platform evolve to include complimentary diagnostic capabilities. These new platform advances will bring MedMira rapid HIV diagnostics well beyond the capabilities of current commercially available rapid HIV tests.

The Company continues to conducts in-house research and development and collaborates with researchers at universities and institutions to explore, evaluate, and commercialize applications for infectious diseases, human health markers, food safety, and animal health. Additionally, the Company is evolving its line of tools for the life sciences research market based on the Company's patented technology.

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, 2011 condensed interim consolidated financial statements.

First Quarter Analysis

Operating Revenue and Gross Profit

The Company recorded revenue from product sales in the quarter ended October 31, 2011 of $234,773 as compared to $176,861 for the same period last year. Gross profit for the quarter was $146,479 compared to $85,771 in the same period in 2010. Increases in revenue and gross profit were attributed to increased sales in Asia Pacific recognized in this quarter as well as favourable exchange rates and sales margins. Current year gross profit was in line with management expectations.

Selected Quarterly Information

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

	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010*	Q3 2010*[1]	Q2 2010*
Sales	235	249	296	189	177	30	163	504
Cost of sales	88	155	147	101	91	(90)	98	172
Gross profit	147	94	149	88	86	120	65	332
Operating & other expenses	1,994	1,743	1,046	1,392	1,197	1,504	1,071	1,288
Net loss before tax	(1,847)	(1,649)	(897)	(1,304)	(1,111)	(1,384)	(1,006)	(956)
Net loss per share	(0.007)	(0.007)	(0.004)	(0.01)	(0.01)	(0.01)	(0.01)	(0.004)

* Reported under GAAP, not reviewed for IFRS conformance

[1] In the MD&A for the year ended 2010, the Company reported an adjustment to the third quarter 2010 results. The third quarter amounts reflect a reduction in revenue of $437,787 for product in which title had not passed to the final customer. The revenue originally had been recognized on passing of title to the Company's distribution partner, however, it was subsequently determined that collection would not be reasonably assured until product was sold to an end user. The resulting adjustment is shown below.

	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

Operating Expenses

Total operating expenses increased to $682,759 in the quarter ended October 31, 2011, compared to $535,662 during the same period in 2010.

- Wages and benefits for the quarter ended October 31, 2011 increased to $382,627, compared to $297,050 for the same period in 2010. This was the result of increased labour costs and the issuance of share options to employees during the quarter.

- Research and development expense for the quarter ended October 31, 2011 was $76,751, compared to $74,573 for the same period last year. Actual research expenses in October 31, 2011 for the period were $127,617 which were offset by reimbursements of research costs of $50,866. The comparative increase in research costs was directly attributable to a US military research contract.
- General and administrative (G&A) expenses were $190,916 for the quarter ended October 31, 2011, compared to $154,298 for the same period in 2010. The increase in expenses was attributable to additional spending on regulatory and professional fees.

Other Expenses

Total other expenses, including interest and exchange loss, increased to $1,309,907 in the quarter ended October 31, 2011, compared to $661,614 during the same period in 2010.

- Financing expenses including interest expense increased to $943,000 in the quarter ended October 31, 2011, compared to $716,693 for the same period last year. This increase in expense was due primarily to an increase in interest on MedMira's debt balance.
- Exchange rate loss in the quarter ended October 31, 2011 was $366,903 versus a gain of $55,079 in the same period in 2010. This increase was due primarily to the weakening Canadian dollar relative the MedMira's debt balances in US dollars.

Segmented Information

The Company has determined that it has a single reportable segment and has two product lines— commercial products and research products, which are broken down as follows:

	31-Oct-11	31-Oct-10
	$	$
Commercial diagnostics tests	228,371	174,076
Miriad research test kits	6,402	2,785
Total	234,773	176,861

The geographic breakdown of sales is shown below:

	31-Oct-11	31-Oct-10
	$	$
North America	132,293	120,888
Latin America/Caribbean	2,967	—
Europe	380	54,539
Asia Pacific	99,133	221
Other	—	1,213
Total sales	234,773	176,861

Liquidity and Capital Resources

Cash and Working Capital

The Company had a cash reserve of $32,746 on October 31, 2011, as compared to $1,026,763 on July 31, 2011. The Company's net working capital position as of October 31, 2011 was a deficit of $21 million compared to the July 31, 2011 working capital deficit of $19.2 million. The Company has incurred losses and negative cash flows on a cumulative basis since inception. For the three months ended October 31, 2011, the Company incurred a net loss of approximately $1.8 million and negative cash flows from operations of approximately $363,828, compared to a net loss of $1.1 million and negative cash flows of $532,827 million for the same period in 2010.

Operating Activities

MedMira generated negative cash flows from operations of $363,828 for the three months ended October 31, 2011, compared to negative cash flows of $532,827 million for the three months ended October 31, 2010. The increase in cash flow from operations was caused by an increase in trade accounts payable in the current period.

Financing Activities

Cash flows from financing activities were negative $663,463 for the three months ended October 31, 2011, compared to positive $634,062 for the year ended October 31, 2010. The financing cash flow was primarily the result of using cash to settle debt and interest charges.

Investing Activities

Cash flow from investments included purchase of equipment for the three months ended October 31, 2011 of $3,343, compared to $nil for the same period in 2010.

Debt

As at October 31, 2011, the Company had promissory notes of $7.4 million, convertible debentures of $1.4 million and long-term debt of $5.7 million, compared to $7.5 million, $1.4 million, and $5.7 million respectively at July 31, 2011. These promissory notes, convertible debentures, and long-term debts are all classified as current liabilities as all are in default or are payable within one year. The interest on some of these debts is above market and the Company is unable to settle the debts given its current financial resources.

Further discussions on liquidity and capital resources can be found in the Liquidity Risk section of this document, under Need for Additional Capital in the Risk and Uncertainties section in this document and in Notes 1 and 14 of the Company's July 31, 2011 consolidated financial statements.

Equity/Shares

The Company is authorized to issue an unlimited number of common shares without nominal par value. The number of issued and outstanding common shares on October 31, 2011 was 252,264,320. The Company is also authorized to issue an unlimited number of Series A preferred shares redeemable at $0.01 per share after March 31, 2010, convertible into an equal number of common shares upon the Company meeting certain milestones. There were 5,000,000 Series A preferred shares issued and outstanding on October 31, 2011.

The Company had 6,835,000 outstanding stock options on October 31, 2011. The outstanding stock options have a weighted average exercise price of $0.12 per share and a weighted average remaining term of 2.18 years. The number of outstanding warrants on July 31, 2011 was 96,119,500. The outstanding warrants have a weighted average exercise price of $0.10 per share and a weighted average remaining term of 2.35 years.

Off Balance Sheet Arrangements

The Company was not party to any off balance sheet arrangements as of October 31, 2011.

Financial Instruments

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

- Cash and cash equivalents including bank indebtedness is classified as Held-for-Trading and recorded at fair market value. Changes in fair value for the year are recorded in net loss;
- Accounts receivable are classified as Loans and Receivables. After initial fair value measurement, accounts receivable are measured at amortized cost using the effective interest method; and
- Accounts payable and accrued liabilities, promissory notes payable, convertible debt and long-term debt are classified as Financial Liabilities. After initial fair value measurement, these are measured at amortized cost using the effective interest method.

Risk Management

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

Credit Risk

The Company derives approximately 85% (2011—86%) of its revenue from two (July 31, 2011—two) main customers and, for these customers, assesses the recoverability of each account on a regular basis. As of October 31, 2011, 63% of the accounts receivable balance is due from three customers (July 31, 2011—66% due from three customers) and no other customers account for more than 10% of the accounts receivable balances as at July 31, 2011.

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 on a cumulative basis since inception. For the three months ended October 31, 2011, the Company incurred a net loss of approximately $1.8 million (2010—$1.1 million) and negative cash flows from operations of approximately $0.4 million (2010—$0.5 million). As at October 31, 2011, the Company had an accumulated deficit of approximately $75.8 million (July 31, 2011—$73.9 million). In addition to its ongoing working capital requirements, the Company must secure sufficient funding for its R&D programs and for existing commitments, including its promissory notes payable of approximately $7.4 million, long-term debt repayments of approximately $5.7 million, and redemption of convertible debentures of approximately $1.4 million, all due in fiscal 2012. 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.

To date the Company has relied on temporary funding advanced by key investors and allocation of limited resources through the management of payables. 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 and is pursuing dramatic increases in sales revenue. Nevertheless, there is no assurance that this initiative will prove successful.

Currency Risk

MedMira receives revenues and incurs expenses in US and Canadian currencies, and as a result, is subject to uncertainty as foreign exchange rates fluctuate. The Company's US dollar (USD) denoted debt is approximately US $6.2 million plus accrued interest payable of approximately US $2.9 million at October 31, 2011. The exchange fluctuations from quarter to quarter account for a significant portion of the company's exchange gain and loss. Sales are for the most part in USD, however, they are recorded at the exchange rate prevailing on or near the transaction date and collected in a timely manner.

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

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

A one cent change in the USD/CAD exchange rate would have an estimated impact on net income of $9,700. For the US-denominated promissory notes, a fluctuation of one cent in the USD/CAD exchange rate would have an impact on net income of approximately $98,000.

Fair Value

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.

Related Party Transactions

The Company retained a balance in accounts receivable at October 31, 2011 of $10,521 (October 31, 2010 – $10,286) with a company presided over by a Director of MedMira Inc. The Company also recorded interest of $756,706 (October 31, 2010 – 543,223) and retained a balance in accounts payable at October 31, 2011 of $2,407,504 (October 31, 2010 – 1,704,712) related to debt held by a Director and significant shareholders.

Changes in Accounting Standards

Transition to IFRS

In 2008, the Canadian Accounting Standards Board announced that accounting standards in Canada are to converge with IFRS and companies will begin reporting, with comparative data, under IFRS for fiscal years beginning on or after January 1, 2011. The Company adopted IFRS effective August 1, 2011 and has prepared its opening balance sheet at that date. Prior to the adoption of IFRS, the Company prepared its financial statements in accordance with previous Canadian GAAP. The Company's consolidated financial statements for the year ended July 31, 2012 will be the first annual financial statements that comply with IFRS. The Company's first quarter 2012 unaudited interim condensed consolidated financial statements have been prepared in accordance with IFRS, as well as all comparative financial information presented in this MD&A, consistent with retrospective application.

While IFRS is based on a conceptual framework similar to GAAP, there are significant differences with respect to recognition, measurement and disclosure. The adoption of IFRS did not have an impact on the Company's reported net cash flows; however it had a material impact on the Company's consolidated balance sheets, which is now referred to as

the statements of financial position under IFRS, and statements of loss and comprehensive loss. The Company prepared an opening statement of financial position, along with the accounting policies under IFRS, and presented them to the Audit Committee for review. The Company's external auditor reviewed the accounting policies under IFRS, the opening statement of financial position and the disclosures under IFRS; however, all amounts will be considered unaudited, as the Company has not yet prepared a complete set of financial statements and notes disclosures under IFRS.

Below is a summary of key differences between GAAP and IFRS that have affected the Company.

Statement of Financial Position Impact

The following table provides the GAAP consolidated statement of financial position as at August 1, 2010 and July 31, 2011 and including adjustments required for IFRS.

	01-Aug-10			31-Jul-11		
	Previous Canadian GAAP	Effect of transition to IFRS	IFRS	Previous Canadian GAAP	Effect of transition to IFRS	IFRS
Assets	$	$	$	$	$	$
Total assets	568,178	—	568,178	1,492,123	—	1,492,123
Liabilities						
Current liabilities						
Bank indebtedness	62,745	—	62,745	—	—	—
Accounts payable and accrued liabilities	3,887,097	—	3,887,097	5,048,216	—	5,048,216
Provision for royalty payable	—	—	—	326,020	—	326,020
Unearned revenue	591,108	—	591,108	643,976	—	643,976
Current portion of debt	12,260,918	430,328	12,691,246	14,653,630	—	14,653,630
Total current liabilities	16,801,868	430,328	17,232,196	20,671,842	—	20,671,842
Non-current liabilities						
Long-term debt	430,328	(430,328)	—	—	—	—
Total non-current liabilities	430,328	(430,328)	—	—	—	—
Total liabilities	17,232,196	—	17,232,196	20,671,842	—	20,671,842
Equity						
Share capital	50,681,078	—	50,681,078	52,934,661	—	52,934,661
Contributed surplus	1,656,124	—	1,656,124	1,845,043	—	1,845,043
Accumulated other comprehensive income	—	—	—	(33,795)	—	(33,795)
Retained deficit	(69,001,220)	—	(69,001,220)	(73,925,628)	—	(73,925,628)
Total equity	(16,664,018)	—	(16,664,018)	(19,179,719)	—	(19,179,719)
Total liabilities and equity	568,178	—	568,178	1,492,123	—	1,492,123

The long-term debt recognized under Canadian GAAP was booked as non-current as renegotiated terms had been approved before August 23, 2010. Under IFRS, renegotiated terms must be approved prior to the balance sheet date of

July 31, 2010. As a result, the Company has reclassified the long-term debt of $430,328 from long-term debt to current portion of long-term debt.

Statement of Loss and Comprehensive Loss Impact

There was no significant impact on the Statement of Loss and Comprehensive Loss for the three months ended October 31, 2010.

Statement of Cash Flows

There was little impact on the Statement of Cash Flows as the result of the transition to IFRS. Under IFRS bank indebtedness has been included a part of cash and cash equivalents, this has resulted in a decrease in opening cash and cash equivalents of $62,745. In addition IFRS allows payments of interest on debt to be treated as a finance cash flow with a resulting decrease in cash from from financing and increase in operating cash flows of $27,990.

Statement of Cash Flow Presentation

The Company has begun to use the direct method of presentation of cash flow. Previously the Company had used the indirect approach which begins with net income and adjusts for non-cash items, then adjusts for changes in balance sheet items. Under the direct approach cash flows are isolated directly by the type of cash flow. The result is a more concise cash flow that provides truly relevant information to investors.

Internal Control Systems and Disclosure Controls

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

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

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

Management, under the supervision of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's internal control over financial reporting and based on this evaluation, has concluded that internal control over financial reporting was effective as of July 31, 2011.

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

The Audit Committee of the Board of Directors of MedMira reviewed this MD&A, and the consolidated financial statements of MedMira for July 31, 2011 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. As a result, the Company's financial condition, business and operations, and intellectual property 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:

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 may be required to sell additional equity or debt securities or obtain 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 facilities 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 on the Company's ability to sell its products and, thereby, have a material adverse impact on the Company's results of operations.

Possible Volatility of Share Price

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

Risks and Uncertainties Related to the Company's Business and Operations

Market Acceptance of Current and New Products

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

Competition

The *in vitro* diagnostics market in which the Company participates is highly complex and competitive. It is comprised of both large healthcare companies that have substantially greater financial, scientific, and other resources than MedMira and a variety of international companies producing diagnostic products of varying quality. In the developed regions of the world with strong healthcare infrastructures, the *in vitro* diagnostics market for serious and emerging infectious diseases such as HIV and Hepatitis C has been focused on diagnostic tests using instrument based platforms designed for clinical laboratories. Diagnostic products designed for use in non-laboratory settings at the point-of-care or for use in laboratories or public health clinics using non-instrument based platforms for the screening and diagnosis of infectious diseases are becoming more mainstream in both the developed and developing regions of the world. Competition in this sector of the market is intense and is expected to increase. Many of the companies have substantially greater resources available for development, marketing and distribution of these products than does MedMira.

Significant Development Effort Required

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

Uncertainties Sales Cycles in Targeted Regions

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

High Degree of Regulation

MedMira operates in a highly regulated industry and is subject to the authority and approvals of certain regulatory agencies, including Health Canada, the FDA in the USA, the 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 effect 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

Commercialization of the Company's products is expensive and time consuming. In the USA, an exclusive distribution relationship has been established with American Health Diagnostics to market and sell the Company's products. The Company will rely on the joint sales efforts of its exclusive US distributor and their sub-distributors Cardinal Health, a Fortune 100 company, and VWR International to distribute MedMira's *Reveal*™ G3 Rapid HIV-1 Antibody Test product line.

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, including Vitest AG, Advance Aid, and MultiMED, all covering various regions and sectors of Sub-Saharan Africa and North Africa.

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

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, Capability, Scale-Up, Manufacturing for New Products, Capacity, Inefficiencies and Constraints

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 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 Health Care 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 U.S., 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.

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 the Company's 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 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.