MedMira Inc.

Management's Discussion & Analysis

For the three and six month periods ended January 31, 2012

Forward looking statements

This document contains forward looking statements, such as statements regarding future sales opportunities in various global regions and financing initiatives that are based on current expectations of management. These statements involve uncertainties and risks, including the MedMira Inc.'s (MedMira or the Company) ability to obtain and/or access additional financing with acceptable terms, and delays in anticipated product sales. Such forward-looking statements should be given careful consideration and undue reliance should not be placed on these statements.

The preparation of Management's Discussion and Analysis (MD&A) may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Management bases estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. Management believes the accounting policies, outlined in the Significant Accounting Policies section of its consolidated financial statements, affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

Introduction

The following MD&A for the three and six months ended January 31, 2012 has been prepared to help investors understand the financial performance of MedMira in the broader context of the Company's strategic direction, the risk and opportunities as understood by management, and the key metrics that are relevant to the Company's performance. The Audit Committee of the Board of Directors has reviewed this document and all other publicly reported financial information for integrity, usefulness, reliability and consistency.

This document should be read in conjunction with the audited consolidated financial statements for the year ended July 31, 2011, as well as the condensed interim consolidated financial statements and MD&A for the three month period ended October 31, 2011. Annual references are to the Company's fiscal years, which end on July 31. All amounts are expressed in Canadian dollars (CAD) unless otherwise noted.

Additional information about MedMira, this document, and the related quarterly financial statements can be viewed on the Company's website at www.medmira.com and are available on SEDAR at www.sedar.com.

About MedMira

MedMira is a biotechnology company engaged in the development and commercialization of rapid diagnostics and technology platforms. The Company is headquartered in Halifax, Nova Scotia, Canada and is listed on the TSX Venture Exchange (TSX-V) under the symbol MIR.

MedMira's patented rapid flow-through technology platform is the basis for the Company's current line of rapid diagnostics for infectious diseases. Diagnostic applications based on this technology platform are highly accurate, easy-to-use, and produce instant results – a strong advantage over most other rapid diagnostics on the market today.

MedMira's technology and growing portfolio of diagnostics demonstrate excellence in performance and quality in the highly competitive diagnostics industry. More than $20 million has been invested in perfecting MedMira's core technology, which has proven itself time and time again with its excellent clinical performance and its success in rigorous evaluations and inspections, leading to regulatory approvals in the United States, Canada, European Union and China, as

well as ISO 9001:2008 and ISO 13485:2003 certifications. MedMira's rapid HIV test is the only rapid flow-through HIV test in the world to be approved by all of these major health regulators.

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

Intellectual property

The Company strives to protect its intellectual property in established and emerging markets around the world as warranted. MedMira's intellectual property portfolio for its rapid flow-through platform and the methodology behind its rapid diagnostics includes the following:

Patent #	*Title*	*Jurisdiction*
8,025,850	Rapid Diagnostic Device, Assay and Multifunctional Buffer	United States
7,531,362	Rapid Diagnostic Device, Assay and Multifunctional Buffer	United States
EP1417489	Rapid Diagnostic Device and Assay	Europe
EP1328811	HCV Mosaic Antigen Composition	Europe
ZL02819646.5	Rapid Diagnostic Device and Assay	China

The Company has three 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

MedMira's sales and business development initiatives span the globe. Together with its strategic partners, the Company is engaged in a broad range of sales, marketing, and business development activities including market entry and development, public tender bidding, distribution channel development, and contract discussions. Regional sales and business development highlights for the quarter ended January 31, 2012 are provided.

Asia Pacific

The Company's strategic partnership in China with Triplex International Biosciences Co., Ltd. (Triplex) is working well and progress continues in this market. Triplex has delivered steady growth in China for MedMira rapid HIV tests with its large, dedicated sales and business development team. Significant market penetration in the public health sector has been achieved by the Triplex team over the past several months through the award of a number of public health tenders. With traction in the HIV sector, Triplex is now in position to bring other MedMira rapid tests to the China market.

Other markets in the Asia Pacific region continue to develop at various rates. MedMira is working with its strategic partner MultiMED Holdings Inc. (MultiMED) as well as smaller sub-distributors in this region.

Europe

MedMira and its strategic alliances in the United Kingdom continue to work on market building activities aimed at a full-scale launch in the European market in Summer 2012. During the quarter, a speaking engagement was secured for MedMira's CEO, Hermes Chan, at the Royal Society of Medicine's Winter Innovations Summit taking place in February 2012. This event provided an opportunity to introduce MedMira, its technology, and rapid tests to key members of the medical and healthcare community in the United Kingdom.

Latin America & the Caribbean

The Company's market development activity continues with various strategic partners in countries within the Latin American region. This market remains challenging with strong competitors and intense price sensitivities. However, there are pockets of opportunity that exist within Latin America including the corporate social responsibility channel within certain industry sectors such as mining that MedMira is exploring with its strategic partners.

Middle East & North Africa

The Company's strategic partner in the Middle East & North African region, MultiMED, continues to push forward in negotiating a significant deal. While timelines have been slower than expected, the Company anticipates these activities may result in new business in the first half of 2012. MedMira and MultiMED are also working on various other business development opportunities in the region.

North America

Rapid HIV test sales in North America remained steady during this quarter. Plans are in progress for the Company to showcase its rapid HIV test at the upcoming international AIDS conference – AIDS 2012 in Washington, DC in July 2012. This biennial global gathering of HIV/AIDS leaders from around the world is taking place in the United States for the first time in 22 years and provides MedMira an opportunity to interact with key people from international organizations, governments, and healthcare agencies.

Sub-Saharan Africa

As reported last quarter, the outcome of the latest public tender for rapid HIV tests in South Africa continues to be delayed with no indication of when, or if, the results will be announced. Despite this setback, MedMira and its local African partners are moving forward on new market development and sales opportunities in this ever-challenging market.

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.

One of MedMira's primary development projects, the US Army contract, is moving forward on schedule and the Company received its first on-site visit from military personnel this quarter. MedMira also kicked-off a development project on a new platform that will bring further advances to current product capabilities.

The Company continues to conduct 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 January 31, 2012 condensed interim consolidated financial statements.

Selected quarterly information

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

	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010*	Q3 2010*[1]
	$	$	$	$	$	$	$	$
Revenue	274	235	249	296	189	177	30	163
Cost of sales	63	88	155	147	101	91	(90)	98
Gross profit	211	147	94	149	88	86	120	65
Operating expenses	684	683	492	535	711	536	781	694
Other expenses	864	1,310	1,234	495	681	662	723	377
Net loss before tax	(1,338)	(1,846)	(1,632)	(881)	(1,304)	(1,111)	(1,384)	(1,006)
Net loss per share	(0.005)	(0.007)	(0.007)	(0.004)	(0.006)	(0.005)	(0.01)	(0.01)

* 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.

Q3 2010	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

Second quarter analysis

Operating revenue and gross profit

The Company recorded revenue from product sales in the quarter ended January 31, 2012 of $274,188 as compared to $188,793 for the same period last year. Gross profit for the quarter was $210,956 compared to $87,812 in the same period in 2011. Increases in revenue and gross profit are attributed to royalties from product sales in Asia Pacific and stronger sales in North America and Latin America in the second quarter.

Operating expenses

Total operating expenses decreased to $684,569 in the quarter ended January 31, 2012, compared to $710,842 during the same period in 2011.

- Wages and benefits for the quarter ended January 31, 2012 remained constant at $399,704, compared to $404,737 for the same period in 2011.
- Research and development expenses for the quarter ended January 31, 2012 was $45,407, compared to $101,662 for the same period last year. Actual research expenses for the period were $119,171, offset by reimbursements of research costs of $73,764. The comparative increase in research expenses before reimbursements is directly attributable to a US military research contract.
- Administrative expenses were $230,877 for the quarter ended January 31, 2012, compared to $201,887 for the same period in 2011. The increase was the result of higher regulatory and professional fees during the quarter.

Other expenses

Other expenses, including interest and exchange loss, increased to $864,436 in the quarter ended January 31, 2012, compared to $681,405 during the same period in 2011.

- Financing expenses including interest expense remained constant at $805,054 in the quarter ended January 31, 2012, compared to $806,779 for the same period last year.
- Exchange rate loss in the quarter ended January 31, 2012 was $59,382 versus a gain of $122,826 in the same period in 2011. This loss was due primarily to the weakening Canadian dollar related to the Company's debt balances in US dollars.

Year to date analysis

Operating revenue and gross profit

The Company recorded revenue from product sales in the six months ended January 31, 2012 of $508,961 as compared to $365,654 for the same period last year. Gross profit for the six months was $357,435 compared to $173,583 in the same period in 2011. Increases in revenue and gross profit are attributed to royalties and product sales in Asia Pacific, and stronger sales in North America and Latin America in the second quarter.

Operating expenses

Total operating expenses increased to $1,368,328 in the six months ended January 31, 2012, compared to $1,246,504 during the same period in 2011.

- Wages and benefits for the six months ended January 31, 2012 increased to $782,331, compared to $701,787 for the same period in 2011. The increase was due to higher labor costs and the issuance of share options to employees during the first quarter.
- Research and development expense for the six months ended January 31, 2012 was $122,158, compared to $176,235 for the same period last year. Actual research expenses for the period were $246,788, offset by reimbursements of research costs of $124,630. The comparative increase in research expenses before reimbursements is directly attributable to a US military research contract.
- Administrative expenses were $422,793 for the six months ended January 31, 2012, compared to $356,185 for the same period in 2011. The increase was the result of higher regulatory and professional fees during the quarter.

Other expenses

- Other expenses, including interest and exchange loss, increased to $2,174,343 in the six months ended January 31, 2012, compared to $1,343,019 during the same period in 2011.

- Financing expenses including interest expense increased to $1,748,058 in the six months ended January 31, 2012, compared to $1,523,472 for the same period last year. This was the result if an increased interest on the Company's debt in the first quarter of fiscal year 2012.
- Exchange rate loss in the six months ended January 31, 2012 was $426,285 versus a gain of $177,905 in the same period in 2011. This increase was due primarily to the weakening Canadian dollar related to the Company's debt balances in US dollars.

Segmented information

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

	For three months ended		For six months ended	
	31-Jan-12	**31-Jan-11**	**31-Jan-12**	**31-Jan-11**
	$	**$**	**$**	**$**
North America	184,892	138,439	317,186	259,327
Latin America/Caribbean	72,016	1,822	74,983	1,822
Europe	—	48,532	380	103,071
Asia Pacific	17,280	—	116,413	221
Other	—	—	—	1,213
Total revenue	274,188	188,793	508,962	365,654

Liquidity and capital resources

Cash and working capital

The Company had a cash reserve of $32,665 on January 31, 2012, as compared to $1,026,763 on July 31, 2011. The Company's net working capital position as of January 31, 2012 was a deficit of $21.3 million compared to the July 31, 2011 working capital deficit of $19.9 million. The Company has incurred losses and negative cash flow on a cumulative basis since inception. For the three months ended January 31, 2012, the Company incurred a net loss of approximately $1.3 million and negative cash flow from operations of approximately $489,271, compared to a net loss of $1.3 million and negative cash flow of $297,342 million for the same period in 2011. Management is pursuing other financing alternatives to fund the Company's operations so it can continue as a going concern. Nevertheless, there is no assurance that this initiative will be successful.

Operating activities

MedMira generated negative cash flow from operations of $489,271 for the three months ended January 31, 2012, compared to negative cash flow of $297,342 for the three months ended January 31, 2011. The increase in cash flow from operations was caused by a decrease in trade accounts payable in the current period.

Financing activities

Cash flow from financing activities was $498,346 for the three months ended January 31, 2012, compared to $183,772 for the three months ended January 31, 2011. The increase in cash flow from financing was the result of issuance of new equity in the second quarter of fiscal year 2012.

Investing activities

Cash flow from investments remained unchanged at $0 in the three months ended January 31, 2012, compared to the three months ended January 31, 2011.

Debt

As at January 31, 2012, the Company had promissory notes of $10.0 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 January 31, 2012 condensed interim consolidated financial statements.

Equity/Shares

The Company is authorized to issue an unlimited number of common shares without nominal par value. During the six months ended January 31, 2012, 20,000,000 common shares were issued for cash and debt repayment. The number of issued and outstanding common shares on January 31, 2012 was 272,264,320. 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 January 31, 2012.

The Company had 6,690,000 outstanding stock options on January 31, 2012. The outstanding stock options have a weighted average exercise price of $0.12 per share and a weighted average remaining term of 1.97 years. During the six months ended January 31, 2012, 20,000,000 stock purchase warrants were issued in conjunction with shares issued for cash and debt repayment. The number of outstanding warrants on January 31, 2012 was 116,119,500. The outstanding warrants have a weighted average exercise price of $0.10 per share and a weighted average remaining term of 2.43 years.

Off balance sheet arrangements

The Company was not party to any off balance sheet arrangements as of January 31, 2012.

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 83% (July 31, 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 January 31, 2012, 61% 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.

Liquidity risk

The Company manages liquidity by forecasting and monitoring operating cash flow and through the use of revolving credit facilities and share issuances.

The Company has incurred losses and negative cash flow on a cumulative basis since inception. For the three months ended January 31, 2012, the Company incurred a net loss of approximately $1.3 million (January 31, 2011 - $1.3 million) and negative cash flow from operations of approximately $0.5 million (January 31, 2011 - $0.3 million). As at January 31, 2012, the Company had an accumulated deficit of approximately $77.1 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 $10.0 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 increases in sales revenue. Nevertheless, there is no assurance that these initiatives 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) denominated debt is approximately US $9.1 million plus accrued interest payable of approximately US $0.4 million at January 31, 2012. The exchange fluctuations from quarter to quarter account for a significant portion of the company's exchange gain and loss. Sales are primarily in USD, however, the transactions are recorded at the exchange rate prevailing on or near the transaction date and collections are made in a timely manner.

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

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

A one cent change in the USD/CAD exchange rate would have an estimated impact on net income of $10,000. For the USD denominated promissory notes, a fluctuation of one cent in the USD/CAD exchange rate would have an impact on net income of approximately $100,000.

Fair value

Management believes the carrying value of accounts receivable, bank indebtedness, and accounts payable and accrued liabilities approximate fair value at period-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 received a $1 million equity investment from a significant shareholder during the three month period ended January 31, 2012. The Company retained a balance in accounts receivable at January 31, 2012 of $10,521 (January 31, 2011 - $10,286) with a company presided over by a director of MedMira Inc. The Company also recorded interest of $884,407 (January 31, 2011 - 575,013) and retained a balance in accounts payable at January 31, 2012 of $377,595 (January 31, 2011 - $255,319) related to debt held by a director and significant shareholders. The Company has a royalty provision at January 31, 2012 of $326,000 (January 31, 2011 - nil) associated with a royalty obligation to a significant shareholder.

Changes in accounting standards

Transition to International Financial Reporting Standards (IFRS)

Explanation of 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 generally accepted accounting principles (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 second 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 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 are considered unaudited, as the Company has not yet prepared a complete audited set of financial statements and notes disclosures under IFRS.

The following sections, describe the 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 GAAP $	Effect of transition to IFRS $	IFRS $	Previous 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	—	—	—
Current portion of debt	12,260,918	430,328	12,691,246	14,653,630	—	14,653,630
Trade and other payables	3,887,097	—	3,887,097	5,048,216	—	5,048,216
Deferred income	591,108	—	591,108	643,976	—	643,976
Total current liabilities	16,801,868	430,328	17,232,196	20,345,822	—	20,345,822
Non-current liabilities						
Provision for royalty payable	—	—	—	260,000	—	260,000
Long-term debt	430,328	(430,328)	—	—	—	—
Total non-current liabilities	430,328	(430,328)	—	—	—	—
Total liabilities	17,232,196	—	17,232,196	20,605,822	—	20,605,822
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
Retained deficit	(69,001,220)	—	(69,001,220)	(73,893,403)	—	(73,893,403)
Total shareholders' deficiency	(16,664,018)	—	(16,664,018)	(19,113,699)	—	(19,113,699)
Total liabilities and equity	568,178	—	568,178	1,492,123	—	1,492,123

The long-term debt recognized under 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, July 31, 2010 in this case. 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 material impact on the Statement of Loss and Comprehensive Loss for the six months ended January 31, 2012.

Statement of cash flow

There was little impact on the Statement of Cash Flow 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 financing and increase in operating cash flow 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 flow are isolated directly by the type of cash flow. The result is a more concise cash flow that provides 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 January 31, 2012.

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 January 31, 2012 and MedMira's Board of Directors approved these documents prior to release.

Risk and uncertainties

The Company's base of activity has expanded to manufacturing products for distribution in international markets, making it difficult to accurately predict future operating results. Actual future results may differ significantly in any forward-looking statements. Currently, the Company is not making sufficient sales to be self-sustaining. As a result, the Company's financial condition, business and operations, and intellectual property are exposed to a variety of risk factors. These risks include, but are not limited to, the following:

Risks and uncertainties related to the Company's financial condition

Need for additional capital

Cash generated from operations is insufficient to satisfy working capital and capital expenditure requirements, and the Company is operating with a substantial working capital deficit. The Company will need to secure additional financing in the near term in order to continue as a going concern which may include the sale of additional equity or debt securities or

obtaining additional credit facilities. In recent quarters, the Company has relied on temporary funding advanced from key investors. There can be no assurance that this source of funding will continue to be available on acceptable terms, and additional capital may not be available on satisfactory terms, or at all. Management is pursuing other financing alternatives to fund the Company's operations so it can continue as a going-concern.

The Company intends to continue to explore opportunities to enter into supply agreements, joint venture relationships, and other special purpose vehicles with third parties from time to time in order to continue to commercialize its patent pending technology and other intellectual property. Such arrangements may include the issuance of equity or debt securities of the Company, subject to compliance with the applicable requirements of the Canadian securities regulatory authorities and the TSX-V.

Any additional equity financing may result in the dilution of shareholders, and debt financing, if available, may include restrictive covenants or other terms that may negatively affect MedMira's business. 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 the Company's ability to sell its products and, thereby, have a material adverse impact on the Company's results of operations.

Possible volatility of share price

The stock market has from time to time experienced significant price and volume fluctuations that may be unrelated to the operating performance of the Company. In addition, the market price of the Company's common shares, like the share prices of many publicly traded biotechnology companies, has been highly volatile. Announcement of technology innovations or new commercial products by the Company or its competitors, developments or disputes concerning patent or proprietary rights, publicity regarding actual or potential medical results relating to products under development by

the Company or its competitors, regulatory developments in both the U.S. and foreign countries, public concern as to the safety of biotechnology products and economic and other external factors, as well as period to period fluctuations in financial results may have a significant impact on the market price of the Company's common shares. It is likely that in some future quarter the Company's operating results will be below the expectations of the public market analysts and investors. In such event, the price of the Company's common shares would likely be materially adversely affected.

Risks and uncertainties related to the Company's business and operations

Lack of market acceptance

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

Competition

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

Significant development effort required

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

Uncertainties in sales cycles in target markets

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

High degree of regulation

MedMira operates in a highly regulated industry and is subject to the authority and approvals of certain regulatory agencies, including Health Canada, the US Food and Drug Administration (FDA), the State Food and Drug Administration (SFDA) in China, the Notified Body in the European Union and applicable health authorities in other countries, with regard to the development, testing, manufacture, marketing and sale of its products. The process of obtaining such approvals

can be costly and time consuming, and there can be no assurance that regulatory approvals will be obtained or maintained. Any failure to obtain (or significant delay in obtaining) or maintain Health Canada, FDA, Notified Body or SFDA approvals (or, to a lesser extent, approval of applicable health authorities in other countries) for MedMira's new or existing products could materially adversely 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

Any revenues received by the Company will be dependent on the efforts of third parties and there can be no assurance that such efforts will be successful. Failure to establish sustainable and successful sales and marketing programs with effective distributor support programs may have a material adverse effect on the Company.

Commercialization of the Company's products is expensive and time consuming. In the 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.

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

In China, MedMira has formed a strategic partnership with Triplex to market and distribute the Company's rapid HIV test within the assigned territory. This strategic partnership also encompasses the assembly and packaging of final product components.

In Africa, MedMira works with a number of strategic partners, including Vitest AG, Advance Aid, and MultiMED, all covering various regions and sectors of Sub-Saharan Africa and North Africa.

If any of the Company's distribution agreements are terminated and the Company is unable to enter into alternative agreements, or if the Company elects to distribute new products directly, additional investment in sales and marketing resources would be required which would increase future selling, general and administrative expenses. The Company has limited experience in direct sales, marketing and distribution of its products. A failure of the Company to successfully market its products would have a material and adverse effect on the Company.

Manufacturing capabilities and scale-up

The Company must manufacture its products in compliance with regulatory requirements, in sufficient quantities and on a timely basis, while maintaining product quality and acceptable manufacturing costs. If it is unable to manufacture or contract for such capabilities on acceptable terms for its products under development, MedMira's plans for commercialization could be materially adversely affected.

MedMira's manufacturing facilities are, or will be, subject to periodic regulatory inspections by the FDA, Notified Body, SFDA and other regulatory agencies and these facilities are subject to Quality System Regulations requirements of the FDA and other standards organizations. MedMira may not satisfy such regulatory or standards requirements, and any failure to do so would have a material adverse effect on the Company.

In addition, production and scale-up of manufacturing for new products may require the development and implementation of new manufacturing technologies and expertise. Manufacturing and quality control problems may arise as the Company attempt to scale-up manufacturing and such scale-up may not be achieved in a timely manner or at commercially reasonable cost, or at all.

Rapidly changing technology

The in vitro diagnostic testing field as a whole is characterized by rapidly advancing technology that could render MedMira's products obsolete at any time and thereby adversely affect the financial condition and future prospects of the Company.

Uncertainties regarding 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.