medmira

Management's Discussion & Analysis

For the Three Months Ended October 31, 2010

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This Management's Discussion and Analysis (MD&A) for the three months ended October 31, 2010 has been prepared to help investors understand the financial performance of the Company in the broader context of the Company's strategic direction, the risk and opportunities as understood by management, and the key metrics that are relevant to the Company's performance. The Audit Committee of the Board of Directors has reviewed this document and all other publicly reported financial information for integrity, usefulness, reliability and consistency.

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

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

This document and the related financial statements, and the quarterly MD&As and financial statements, can also be viewed on the Company's website at www.medmira.com and at www.sedar.com. The Company's Annual Information Form is also available on these websites.

ABOUT OUR BUSINESS

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

MedMira's patented rapid flow-through technology platform is the basis for the Company's current line of diagnostics, which are highly accurate, easy-to-use, and produce immediate results – a strong advantage over most rapid diagnostics on the market today. With these characteristics, MedMira's technology and diagnostics are becoming well known for excellence in performance and quality.

All of MedMira's rapid tests utilize a distinctive flow-through testing platform. More than CDN$20 million has been invested over the past 12 years in perfecting this 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 flagship product, its rapid HIV test, is the only test in the world

today to be approved by all of these major health and medical regulators.

MedMira has been granted patents encompassing this test system, which serve to protect the test components and testing procedure that comprise its technology. This allows for the production and marketing of tests without worrying about potential infringement of other international patents.

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

CORPORATE DEVELOPMENT

In the first quarter MedMira continued to pursue many business development and sales opportunities around the globe, with a focus on capitalizing on strategic partnerships in key markets such as Africa, North America, and Asia.

In Africa, MedMira's strategic partner Advance Aid undertook and completed an in-market pilot study involving Kenya's voluntary counselling and testing (VCT) clinics. The very positive results from this study clearly demonstrated the value of Reveal HIV rapid test in the massive screening programs that are now underway in Kenya and other African countries. The project included training counsellors and interviewing both counsellors and clients on their experiences and opinions of Reveal HIV. The study report has been submitted to the Kenya's health regulators for further evaluation.

Elsewhere in Africa, MedMira's strategic business development partner Vitest AG (Vitest) continues to work on finalizing payment terms with the Nigerian Red Cross to ensure the tests are delivered to meet program timelines. In South Africa, Vitest further evaluated local sales agents to carry out sales and marketing activities in both the public and private sectors in preparation for the upcoming public tender process in early 2011.

In Asia, MedMira's strategic partner, Triplex International Biosciences (Triplex), continued to pursue both public and private sector sales opportunities for the Company's rapid HIV test as well as exploration of opportunities to introduce additional MedMira products to the market. In the South East Asia region, MedMira is evaluating potential strategic partners to capitalize on sales, business development, and outsourced manufacturing opportunities in the various countries of the region.

In North America, American Health Distributors (AHD) continued to support the sales and marketing activities of key Reveal G3 distributors including Cardinal Health and VWR International. Sales of Reveal G3 remained steady in the first quarter.

OPERATIONS

During the first quarter MedMira's operations team focused on fulfilling standing product orders and liaising with the Company's outsourced manufactured service partners in Asia. The team also began exploring the possibilities of additional manufacturing hubs to be located in strategic markets, thus streamlining the delivery timelines for customers around the world.

FINANCIAL RESULTS

Revenue

The Company recorded revenue from product sales for the three months ended, October 31, 2010 of $176,861 compared to $375,802 during the same period last year.

	For the three months ended	
	October 31, 2010	**October 31, 2009**
Commercial Diagnostic Tests	174,076	375,802
Miriad Research Tests/Kits*	2,785	—
	176,861	375,802

*Miriad Research Tests/Kits built on the MedMira rapid flow-through technology platform, are quality, reliable and easy-to-use diagnostics designed for the academic, medical, clinical, and life sciences research sectors. MedMira's clinical rapid tests have demonstrated usefulness, flexibility, and success as critical diagnostic tools in a broad range of real world circumstances, environments, and conditions. Miriad now brings these same advantages to the research market.

	For the three months ended	
	October 31, 2010	**October 31, 2009**
North America	120,888	249,615
Central and South America	—	13,846
Europe	54,539	66,523
Asia	221	41,529
Other	1,213	4,289

GROSS MARGIN

- For the three month period, Ended October 31, 2010 - $85,771 (48%)
- For the three month period, Ended October 31, 2009 - $217,448 (58%)

The overall high margin in both periods is a result of the geographic sales mix. As sales outside of North America become a larger percentage of total sales, management expects a decline in Gross Margin.

EXPENSES

General and Administrative

This expense category decreased $189,506 (55%) during the quarter, when compared to last year due to a reduction in professional fees and ongoing cost savings from Fusion'09 facilities consolidation.

Research and Development (R&D)

This expense category increased by 16% to $74,573 when compared to the same period last year. The R&D group continues to work on a number of new products such as combination tests for Malaria, HIV, Syphilis and Tuberculosis for emerging market needs in Africa and other developing countries.

Wages and Benefits

This category remained relatively unchanged compared to the same period last year. It has undergone significant cuts during the past several years because of lay-offs, attrition, salary freezes, and salary and benefit cuts. With the forthcoming anticipated increased sales activity there could be an increase in personnel thus increasing wages and benefits in the upcoming months.

Interest Expense

Interest Expense increased 32% to $716,693 compared to the three months ended October 31, 2009 ($544,166). This of course is a direct reflection of the level of debt and the interest rate. Management continues to place a high priority on the reduction of debt servicing costs through renegotiation of existing agreements.

Foreign Exchange Gain

The three months ending shows a gain of $55,079 due to recent strengthening of the Canadian dollar. The Company has Unearned Revenue and US dollar denoted Debt of approximately $5.3 million dollars.

UNAUDITED QUARTERLY FINANCIAL DATA

The following consolidated quarterly data was drawn from the unaudited interim consolidated financial statements.

	Three Months Ended October 31	
	Q1 2011	Q1 2010
Sales	$ 176.9	$ 375.8
Cost of Goods Sold	91.1	158.4
Gross Margin	85.8	217.4
Gross Margin -%	48.5	57.8
Operating & Other Expenses	1,197.3	1,290.4
Loss per Quarter	1,111.5	1,073.0
Loss per Share	($0.005)	(0.01)

LIQUIDITY AND CAPITAL RESOURCES

At October 31, 2010, the Company had Total Assets of $616,380 compared to total assets of $568,178 at July 31, 2010.

The Company has Current Liabilities of $18,398,401 compared to $16,801,868 at July 31, 2010.

The Company's net working capital position as of October 31, 2010 was a deficit of $17.8 million compared to the July 31, 2010 working capital deficit of $16.3 million.

The Company has incurred losses on a cumulative basis since inception.

As October 31, 2010, the Company has an accumulated deficit of approximately $70.1 million.

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

- its research and development programs;
- promissory notes payable of approximately $6.2 million;
- long-term debt repayments through 2015, of $5.7 million; redemption of convertible debentures

of approximately $1.4 million.

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

Subsequent Financing Transactions

In November 2010, the Company obtained loans of $320,000 and US$150,000 from a shareholder. The loans each bear interest at the rate of 3% per annum and are due on demand.

In December 2010, the Company completed a $1 million equity investment from Andurja AG. Under the terms of the deal Andurja acquired 20,000,000 equity units at $0.05 per unit. Each equity unit consists of one common share and one common share purchase warrant. Each full warrant entitles Andurja to purchase one common share of MedMira at $0.10 per share for a four year period. The common shares and the warrants are subject to a four month hold period that expires four months from the day of share issuance. With the completion of this transaction, Andurja now owns 27.1% of undiluted common shares of MedMira. The December 2010 $1 million equity investment was applied against the November 2010 loans and prior year loans.

INTERNAL CONTROL SYSTEMS

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

During the three months ended October 31, 2010 there were no significant changes to the systems of internal control within the Company.

RISKS AND UNCERTAINTIES

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

- Market acceptance of current and follow on products;
- Reliance on key distributors to market and sell our products;
- Whether and when new products are successfully developed;

- Costs and timing associated with business development activities;
- Progress of research and development activities including clinical trials and regulatory delays;
- Competitive pressures on average selling price;
- Limited suppliers of key manufacturing components;
- The timing and the variability of significant orders;
- Manufacturing capacity, capability, scale-up, inefficiencies and constraints;
- Ability to manage growth as new products are commercialized and manufacturing ramps up;
- Ability to generate positive cash flow from operations;
- Ability to retain and attract key management and other experienced personnel;
- Ability to raise sufficient cash to cover negative cash flows and meet financial commitments as they come due.

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