medmira

Management's Discussion & Analysis

For the Six Months Ended January 31, 2011

April 1, 2011

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This Management's Discussion and Analysis (MD&A) for the six months ended January 31, 2011 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 and MD&A 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, 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.

This document and the related 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 line of rapid diagnostics, which are highly accurate, easy-to-use, and produce immediate results – a strong advantage over most rapid diagnostics on the market today. 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 rapid HIV test in the world 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

Asia Pacific

In Asia Pacific MedMira works with Triplex International Biosciences Co., Ltd. (Triplex) for sales and distribution as well as outsourced manufacturing. Through its sales division, Triplex has been steadily building market position for MedMira's rapid HIV test, including submitting the test for an in-depth evaluation study by China's Center for Disease Control. The recently released results of this evaluation placed MedMira's rapid test in first position amongst 12 of its primary competitors in this market.

Europe

MedMira's strategic partner Vitest AG continues to pursue individual sales opportunities in Europe as well as seeking a full scale distribution platform for the region. The Company is also examining the product offering for this market and examining ways to further align it with the international product mix and market needs.

Latin America & the Caribbean

MedMira is currently evaluating the opportunity to develop a partnership and potential outsourced manufacturing facility in the region. This type of partnership would open trade barriers that currently exist within the region, making market access easier with a shortened sales cycle.

The Company is also exploring an R&D collaboration in the region with the Miriad research products as a key focus.

Middle East & North Africa

In December 2010, MedMira began a partnership with multiMed Holdings Inc., a US-based sales and marketing entity with a strong distribution platform in the Middle East & North Africa region. To date multiMed has secured the approval of five MedMira rapid tests in Jordan. One of the approved products is MedMira's Multiplo HBV/HIV/HCV Rapid Test which could be a key tool in border testing

programs for guest workers entering the country. While multiMed continues to pursue additional product evaluation, registration, and sales opportunities in the Middle East & North Africa region, its efforts are being hampered by political instability in the region.

North America

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. Customers in North America moved to a monthly purchasing cycle during the quarter and away from their previous bulk inventory purchases.

Sub-Saharan Africa

MedMira strategic partner, Vitest AG, continues to advance the market position for Reveal HIV in South Africa and other regions of Sub-Saharan Africa. Vitest now works with medical distributor AHN Pharma to reach healthcare markets in South Africa. Together with AHN, Vitest has also entered the latest round of public tendering for rapid HIV tests. Results of this tender are expected in the coming months.

Subsequent to the close of Q2 2011, MedMira received notice from Advance Aid, its partner in Kenya, that Reveal HIV has been approved by the Ministry of Health in that country.

While deals continue to progress in Africa, it remains a challenging market with unpredictable timelines.

OPERATIONS

MedMira's operations team is engaged with external experts to develop a comprehensive plan for full automation of the production process. This long-term project is in the initial planning stages and expected implementation times are yet to be determined. Production automation will be important to the future profitability plans of the Company.

FINANCIAL RESULTS

Revenue

The Company recorded revenue from product sales for the six months ended, January 31, 2011 of $365,654 compared to $879,579 during the same period last year. This decrease in product sales is reflective of key North American customers moving to a monthly stocking cycle rather than irregular bulk inventory purchases as was the case in previous quarters. The Company anticipates the North American customers to remain on a monthly stocking cycle.

	Three months ended		Six months ended	
	January 31, 2011	January 31, 2010	January 31, 2011	January 31, 2010
Commercial Diagnostic Tests	187,889	503,777	361,965	879,579
Miriad Research Test Kits	904	—	3,689	—
	188,793	503,777	365,654	879,579

Miriad Research Tests Kits, diagnostics designed for the academic, medical, clinical, and life sciences research sectors, are built on the patented MedMira rapid flow-through technology platform.

	Three months ended		Six months ended	
	January 31, 2011	January 31, 2010	January 31, 2011	January 31, 2010
North America	138,439	484,084	259,327	733,699
Latin America/Caribbean	1,822	1,862	1,822	15,708
Europe	48,532	4,350	103,071	70,873
Asia Pacific	—	—	221	41,529
Other	—	13,481	1,213	17,770
	188,793	503,777	365,654	879,579

GROSS MARGIN

- For the three month period ended January 31, 2011 — $87,811 (47%)
- For the three month period ended January 31, 2010 — $331,556 (66%)

Reduced sales volumes combined with ongoing fixed costs resulted in lower gross margin in this quarter.

EXPENSES

General and Administrative

This expense category decreased $170,989 (46%) from $372,876 for the quarter ended January 31, 2010, to $201,887 for the quarter ended January 31, 2011. This decrease was due to a reduction in professional fees and ongoing cost savings from facilities consolidation.

Research and Development (R&D)

This expense category decreased by $23,346 (19%) from $125,008 for the quarter ended January 31, 2010, to $101,662 for the quarter ended January 31, 2011. This decrease was due to reduced funds available for R&D, however the R&D group continues to work on a number of new products.

Wages and Benefits

This expense category increased $63,548 (19%) from $341,189 for the quarter ended January 31, 2010, to $404,737 for the quarter ended January 31, 2011 due to a decrease in allocation of this expense to cost of goods sold.

Interest Expense

This expense category increased $330,986 (70%) from $475,793 for the quarter ended January 31, 2010, to $806,779 for the quarter ended January 31, 2011. It is a direct reflection of the current level of debt and the related increased interest and penalty expenses. Management will place a high priority on the reduction of debt servicing costs through renegotiation of existing agreements.

Foreign Exchange Gain

The three months ended January 31, 2011 shows a gain of $122,826 due to recent strengthening of the Canadian dollar. The Company has unearned revenue and US dollar denoted debt of approximately $7.7 million dollars.

UNAUDITED QUARTERLY FINANCIAL DATA

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

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

	Q2 2011	Q1 2011	Q4 2010	Q3 2010*	Q2 2010	Q1 2010	Q4 2009	Q3 2009
Sales	189	177	30	163	504	376	233	329
Cost of Goods Sold	101	91	(90)	98	172	158	224	132
Gross Margin	88	86	120	65	332	218	9	197
Operating & Other Expenses	1,392	1,197	1,504	1,071	1,288	1,290	1,350	1,174
Gain/(Loss) per Quarter	(1,304)	(1,112)	(1,384)	(1,006)	(956)	(1,072)	(1,341)	(977)
Gain/(Loss) per Share	(0.01)	(0.01)	(0.01)	(0.01)	(0.004)	(0.01)	(0.01)	(0.01)

*Amounts reflect a reduction in revenue previously reported in Q3 2010 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.

Q3 Adjustment

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

This adjustment was first noted in the Company's MD&A for the year ended July 31, 2010.

LIQUIDITY AND CAPITAL RESOURCES

At January 31, 2011, the Company had total assets of $570,187 compared to total assets of $568,178 at July 31, 2010. The Company had current liabilities of $18,662,393 compared to $16,801,868 at July 31, 2010. The Company's net working capital position as of January 31, 2011 was a deficit of $18.1 million compared to the July 31, 2010 working capital deficit of $16.3 million. These changes were due to accrued interest and long term items became current.

The Company has incurred losses on a cumulative basis since inception. As of January 31, 2011, the Company has an accumulated deficit of approximately $71.4 million.

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

- Its production, overhead, and research and development programs;
- promissory notes payable of approximately $7.4 million;
- long-term debt repayments through 2015, of $5.7 million; redemption of convertible debentures of approximately $1.4 million.

To date the Company has relied on temporary funding advanced by key investors and allocation of limited resources through the management of payables. The Company is pursuing additional funding resources through product sales, partnerships, and new investors.

These circumstances lend substantial doubt as to the ability of the Company to meet its obligations as they come due. There can be no assurances that funding will be available on acceptable terms or at all.

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 six months ended January 31, 2011, 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:

- Ability to raise sufficient cash to cover negative cash flows and meet financial commitments as they come due;
- Ability to generate positive cash flow from operations;

- Reliance on key distributors to market and sell our products;
- The timing and the variability of significant orders;
- Market acceptance of current and follow on products;
- Costs and timing associated with business development activities;
- Whether and when new products are successfully developed;
- Progress of research and development activities including clinical trials and regulatory delays;
- Target markets in politically volatile regions of the world where key customers are governments;
- Competitive pressures on average selling price;
- Limited suppliers of key manufacturing components;
- Manufacturing capacity, capability, scale-up, inefficiencies and constraints;
- Ability to manage growth as new products are commercialized and manufacturing ramps up;
- Ability to retain and attract key management and other experienced personnel.

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