MIRACULINS INC.
FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED AUGUST 31, 2008

PREPARED BY MANAGEMENT WITHOUT REVIEW BY THE COMPANY'S AUDITOR

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MIRACULINS INC.

Balance Sheet
(Unaudited - prepared by management)

	August 31, 2008	November 30, 2007
Assets		
Current Assets:		
Cash	$ 184,809	$ 268,415
Accounts receivable	26,000	61,277
Prepaid expenses	34,822	26,904
	245,631	356,596
Property and equipment (Note 5)	96,092	120,877
Patents	48,003	32,979
	$ 389,726	**$ 510,452**
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts Payable and accrued liabilities	$ 99,383	$ 53,306
Shareholders' equity:		
Capital stock (Note 6(b))	5,853,822	5,448,775
Contributed surplus (Note 6(e))	1,128,085	1,121,872
Warrants (Note 6(d))	206,459	31,502
Deficit	(6,898,023)	(6,145,003)
	290,343	457,146
Commitments (Note 7)		
Subsequent Events (Note 12)		
	$ 389,726	**$ 510,452**

The accompanying notes are an integral part of these financial statements

MIRACULINS INC.

Statement of Operations and Deficit
(Unaudited - prepared by management)

	Three months ended August 31, 2008	Three months ended August 31, 2007	Nine months ended August 31, 2008	Nine months ended August 31, 2007
Revenue				
Interest	$ 2,158	$ 3,046	$ 5,501	$ 19,330
Expenses				
Amortization	16,129	9,952	35,905	59,973
General & administration	156,320	142,954	422,099	485,881
Research	96,488	132,955	293,106	565,744
Stock based compensation				
General & administration	-	(6,607)	72	75,196
Research	5,372	-	6,141	11,651
	274,309	279,254	757,323	1,198,445
Other				
Foreign exchange (gain) loss	728	9	1,198	9
Loss for the period	(272,879)	(276,217)	(753,020)	(1,179,124)
Deficit, beginning of period	(6,625,144)	(5,608,141)	(6,145,003)	(4,705,234)
Deficit, end of period	$ (6,898,023)	$ (5,884,358)	$ (6,898,023)	$ (5,884,358)
Basic and diluted loss per share	$ (0.01)	$ (0.02)	$ (0.04)	$ (0.08)

The accompanying notes are an integral part of these financial statements

MIRACULINS INC.

Statement of Cash Flows
(Unaudited - prepared by management)

	Three months ended August 31, 2008	Three months ended August 31, 2007	Nine months ended August 31, 2008	Nine months ended August 31, 2007
Cash provided by (used in):				
Operating activities:				
Loss for the period	$ (272,879)	$ (276,217)	$ (753,020)	$ (1,179,124)
Adjustments for:				
Amortization of property and equipment	10,008	9,898	29,669	28,362
Write-down of patents	6,122	54	6,236	31,611
Non-cash stock based compensation	5,372	(6,607)	6,213	86,846
Change in the following:				
Accounts receivable	(9,365)	(9,478)	35,278	73,397
Prepaid expenses	(15,806)	(3,609)	(7,917)	1,439
Accounts payable and accrued liabilities	(56,778)	11,490	46,073	(32,432)
	(333,326)	(274,469)	(637,468)	(989,901)
Financing activities:				
Issuance of common shares, net of share issue costs	(539)	-	580,005	-
Share subscription advances	-	250,000	-	250,000
Issuance of common shares, net of share issue costs	(539)	250,000	580,005	250,000
Investing activities:				
Purchase of property and equipment	(1,788)	(1,393)	(4,883)	(8,463)
Patent costs	(3,558)	(18,628)	(21,260)	(24,614)
	(5,346)	(20,021)	(26,143)	(33,077)
Increase (decrease) in cash	(339,211)	(44,490)	(83,606)	(772,978)
Cash, beginning of period	524,020	447,850	268,415	1,176,338
Cash, end of period	$ 184,809	$ 403,360	$ 184,809	$ 403,360

The accompanying notes are an integral part of these financial statements

1. Nature and continuation of operations:

Miraculins Inc. (the "Company") has as its sole activity the discovery and development of therapeutics and diagnostics for human disorders. To date, the Company has no products in commercial production or use. Accordingly, the Company is considered to be a development stage enterprise for accounting purposes. Since its date of incorporation on June 27, 1998, through to August 31, 2008, the Company has expended $3,337,376, net of government assistance, for research.

The accompanying unaudited interim financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and on a basis consistent with the Company's annual audited financial statements for the year ended November 30, 2007. These statements should be read in conjunction with the November 30, 2007 audited financial statements.

The current period's financial statements include the operations of the Company for the three and nine month periods ended August 31, 2008. These financial statements have not been reviewed by the Company's auditor.

The Company's ability to continue as a going concern is dependent on its ability to obtain sufficient funds to conduct its research and development and to successfully commercialize its products. The outcome of these matters cannot be predicted at this time. These financial statements do not reflect adjustments to the carrying values of the assets and liabilities which may be required should the Company be unable to continue as a going concern.

The Company's management is considering all financing alternatives and is immediately seeking to raise additional funds for operations from current stockholders and other potential investors. This disclosure is not an offer to sell, nor a solicitation of an offer to buy the Company's securities. While the Company is striving to achieve the above plans, there is no assurance that such funding will be available or obtained on favourable terms.

The Company's management believes sufficient financial resources exist to fund operations into the first quarter of 2009.

2. Significant accounting policies:

These interim financial statements should be read in conjunction with the Company's audited annual financial statements as at November 30, 2007. All accounting policies are the same as described in note 2 of the Company's audited financial statements for the year ended November 30, 2007, with the exception of the following accounting policies adopted by the Company:

(a) Capital disclosures:

Section 1535 requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any regulatory capital requirements and, if it has not complied, the consequences of such non-compliance. This standard is effective for the Company for interim and annual financial statements beginning on December 1, 2007. These new disclosures are included in note 10.

2. Significant accounting policies (continued):

(b) Financial instruments:

Section 3862, Financial Instruments - Disclosure replaces the disclosure standards of Section 3861. The section requires disclosure, by class of financial instrument, that enables users to evaluate the significance of financial instruments to an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The quantitative disclosures must also include a sensitivity analysis for each type of market risk to which an entity is exposed, showing how net income and other comprehensive income would have been affected by reasonably possible changes in the relevant risk variable.

Section 3863, Financial Instruments - Presentation replaces the presentation standards of Section 3861. The existing requirements on presentation of financial instruments have been carried forward unchanged to Section 3863.

This standard is effective for the Company for interim and annual financial statements beginning on December 1, 2007. These new disclosures are included in notes 4 and 11.

3. Recent accounting pronouncements issued and not yet applied:

(a) Goodwill and intangible assets:

In February 2008, The CICA issued Handbook Section 3064, Goodwill and Intangible Assets effective for interim and annual periods on or after October 1, 2008. Section 3064, which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research & Development Costs, establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The provisions relating to the definition and initial recognition of intangible assets, including internally generated intangible assets, are equivalent to the corresponding provisions of IFRS IAS 38, Intangible Assets. This new standard is effective for the Company's interim and annual financial statements commencing on December 1, 2008. The Company is assessing the impact of the new standard on its financial statements.

(b) Convergence to International Financial Reporting Standards (“IFRS”)

In 2006, Canada’s Accounting Standards Board ratified a strategic plan that will result in Canadian GAAP, as used by public entities, being converged with IFRS over a transitional period currently expected to be about five years. These new standards will be effective for the Company's interim and annual financial statements commencing on or after January 1, 2011. The impact of this transition on the Company’s financial statements has not yet been determined; however, management continues to monitor these regulatory developments.

4. Financial Instrument:

The Company has classified its financial instruments as follows:

		August 31, 2008		November 30, 2007
Financial assets:				
Cash and cash equivalents (Held-for-trading)	$	184,809	$	268,415
Accounts receivable - trade (Loans and receivables)		26,000		61,277
	$	210,809	$	329,692
Financial liabilities:				
Accounts payable and accrued liabilities (Other financial liabilities)	$	99,383	$	53,306

The Company had neither available-for-sale, nor held-to-maturity financial instruments during the nine months ended August 31, 2008 or during the year ended November 30, 2007.

5. Property and equipment:

August 31, 2008		Cost		Accumulated amortization		Net book value
Computer and office equipment	$	21,678	$	12,987	$	8,691
Scientific equipment		85,386		39,933		45,453
Leasehold Improvements		125,644		83,696		41,948
		232,708		136,616		96,092

November 30, 2007		Cost		Accumulated amortization		Net book value
Computer and office equipment	$	18,568	$	10,081	$	8,487
Scientific equipment		83,612		32,016		51,596
Leasehold Improvements		125,644		64,850		60,794
		227,824		106,947		120,877

6. Capital stock:

(a) Authorized:

The Company has authorized share capital of an unlimited number of common voting shares and an unlimited number of class A common voting shares.

(b) Shares issued and outstanding:

Shares issued and outstanding are as follows:

	Number of Shares	Amount
Balance, November 30, 2006	15,173,500	$ 5,086,228
Issued for cash, net of issue costs of $37,566 (1)	1,222,858	362,547
Balance, November 30, 2007	16,396,358	5,448,775
Issued for cash, net of issue costs of $56,670 (2)	4,167,098	405,047
Balance, August 31, 2008	20,563,456	$ 5,853,822

(1) On September 5, 2007, the Company closed a private placement offering (the “2007 Offering”) of 1,222,858 units (the "Units") at a price of $0.35 per Unit, for aggregate gross proceeds to the Company of $428,000. Each Unit is comprised of one common share (a "Share") and one half of one Share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder to purchase one Share at a price of $0.65 at any time within twelve months from the date of issuance of the Warrant. These warrants expired on September 5, 2008. The fair value assigned to the warrants upon issuance was $27,887.

Certain individuals and companies assisted the Company by introducing potential subscribers to the 2007 Offering and received a finder’s fee of eight percent of the total subscription proceeds received from subscribers introduced to the Company by each particular individual and company. In addition, these individuals and companies were issued 79,253 compensation warrants ("Compensation Warrant"), equivalent to seven percent of the Units subscribed for by subscribers introduced to the Company by each particular individual and company. Each Compensation Warrant entitles the holder to purchase one Share at a price of $0.65 within one year of the closing date of the 2007 Offering. The Compensation Warrants expired on September 5, 2008.

Included in share issue costs is $3,615 of non-cash compensation recognized from warrants issued related to the 2007 Offering.

(2) On May 8, 2008, the Company closed a private placement offering (the “2008 Offering”) of 4,167,098 units (the "Units") at a price of $0.15 per Unit, for aggregate gross proceeds to the Company of $625,065. Each Unit is comprised of one common share (a "Share") and one half of one Share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder to purchase one Share at a price of $0.25 at any time within twelve months from the date of issuance of the Warrant. These warrants will expire on May 8, 2009. The fair value assigned to the warrants upon issuance is $163,348.

6. Capital stock (continued):

(b) Shares issued and outstanding (continued):

Certain individuals and companies assisted the Company by introducing potential subscribers to the 2008 Offering and received a finder's fee of eight percent of the total subscription proceeds received from subscribers introduced to the Company by each particular individual and company. In addition, these individuals and companies were issued 112,667 compensation warrants ("Compensation Warrant"), equivalent to four percent of the Units subscribed for by subscribers introduced to the Company by each particular individual and company. Each Compensation Warrant entitles the holder to purchase one Share at a price of $0.16 within one year of the closing date of the 2008 Offering. The Compensation Warrants will expire on May 8, 2009.

Included in share issue costs is $11,609 of non-cash compensation recognized from warrants issued related to the 2008 Offering.

(c) Options:

The Company has a stock option plan which is administered by the Board of Directors of the Company with stock options granted to directors, management, employees, management company employees and consultants as a form of compensation. The number of common shares reserved for issuance under the stock option plan is limited to a maximum of 10% of the issued and outstanding common shares of the Company at any one time.

Changes in the number of options outstanding during the nine months ended August 31, 2008 are as follows:

	2008		2007	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Balance, beginning of period	942,500	$ 1.01	905,000	$ 1.33
Granted	150,000	0.13	270,000	0.51
Forfeited, cancelled or expired	(145,000)	0.93	(92,500)	1.54
Balance, end of period	947,500	0.88	1,082,500	1.11
Options exercisable, end of period	847,500		1,072,500	
Weighted average fair value per unit of option granted during the period		$ 0.10		$ 0.30

During the nine months ended August 31, 2008, 150,000 stock options with a strike price ranging from $0.10 to $0.20 were granted to a consultant of the Company.

Subsequent to August 31, 2008, 22,500 stock options were forfeited.

6. Capital stock (continued):

(c) Options (continued):

Options outstanding at August 31, 2008 consist of the following:

Range of exercise prices	Outstanding number	Weighted average remaining contractual life	Weighted average exercise price	Exercisable number
$0.10 - $2.20	947,500	2.76 years	$0.88	847,500

For the three months ended August 31, 2008, compensation expense of $5,372 (2007 - $(6,607)) was recorded to recognize options granted, as well as changes in fair value of options previously granted, but not fully vested. The compensation expense was determined based on the fair value of the options at the date of measurement using the Black-Scholes option pricing model with the following weighted average assumptions:

	2008	**2007**
Expected option life	5.0 years	5.0 years
Risk free interest rate	3.02%	4.38%
Dividend yield	nil	nil
Expected volatility	96.70%	71.40%

The cost of stock based payments to non-employees that are fully vested and non-forfeitable at the measurement date is measured and recognized at that date. For awards that vest at the end of a vesting period, compensation cost is recognized on a straight-line basis over the period of service. The Company recognizes the effect of forfeitures on unvested options as they occur.

(d) Warrants:

Changes in the number of warrants outstanding during the nine months ended August 31, 2008 are as follows:

			2008			**2007**
	Warrants	Amount	Weighted average exercise price	Warrants	Amount	Weighted average exercise price
Balance, beginning of period	690,682	$ 31,502	$ 0.65	-	$ -	$ -
Granted, pursuant to private placement (Note 6(b))	2,083,548	163,348	0.25	-	-	-
Granted (Note 6(b))	112,667	11,609	0.16	-	-	-
Balance, end of period	2,886,897	$ 206,459	0.34	-	$ -	-
Weighted average remaining contractual life (years)			0.52 years			- years

6. Capital stock (continued):

(d) Warrants (continued):

On September 5, 2007, the Company granted 611,429 Warrants together with common shares under the 2007 Offering (Note 6(b)), entitling the holders to purchase one common share at a price of $0.65 for a period of one year commencing from the closing of the 2007 Offering. Net proceeds were allocated to common shares and warrants based on their relative fair values using the Black-Scholes model. These warrants will expire on September 5, 2008.

Certain individuals and companies who assisted the Company by introducing potential subscribers to the 2007 Offering were granted 79,253 Compensation Warrants relating to the 2007 Offering (Note 6(b)), entitling the holders to purchase one common share at a price of $0.65 for a period of one year commencing from the closing of the 2007 Offering. Non-cash share issue costs of $3,615 were recorded in the year ended November 30, 2007 to reflect the value of these warrants. These warrants expired on September 5, 2008.

On May 8, 2008, the Company granted 2,083,548 Warrants together with common shares under the 2008 Offering (Note 6(b)), entitling the holders to purchase one common share at a price of $0.25 for a period of one year commencing from the closing of the 2008 Offering. Net proceeds were allocated to common shares and warrants based on their relative fair values using the Black-Scholes model. These warrants will expire on May 8, 2009

Certain individuals and companies who assisted the Company by introducing potential subscribers to the 2008 Offering were granted 112,667 Compensation Warrants relating to the 2008 Offering (Note 6(b)), entitling the holders to purchase one common share at a price of $0.16 for a period of one year commencing from the closing of the 2008 Offering. Non-cash share issue costs of $11,609 were recorded in the period ended August 31, 2008 to reflect the value of these warrants. These warrants will expire on May 8, 2009.

The fair value of warrants was determined at the date of measurement using the Black-Scholes option pricing model with the following weighted average assumptions:

	2008	**2007**
Expected life	1.0 year	nil
Risk free interest rate	2.80%	nil
Dividend yield	nil	nil
Expected volatility	118.32%	nil

(e) Contributed surplus:

Changes in contributed surplus are as follows:

	2008	**2007**
Balance, beginning of period	$ 1,121,872	$ 1,027,092
Options granted, net of forfeitures	6,213	86,847
Balance, end of period	$ 1,128,085	$ 1,113,939

(f) Escrowed shares:

The Company's issued share capital includes 420,000 (November 30, 2007 - 840,000) shares which remained in escrow and were released for trading in one final installment of 420,000. The initial release of shares from escrow was September 10, 2002 and all shares were released as of September 10, 2008.

(g) Per share amounts:

The weighted average number of common shares outstanding for the nine months ended August 31, 2008 and 2007 was 18,004,466 and 15,173,500, respectively. The dilution created by options and warrants has not been reflected in the per share amounts as the effect would be anti-dilutive.

7. Commitments:

The Company leases its laboratory space and equipment under various operating leases. The minimum annual rental payments to the end of the lease term are as follows:

2008	$	36,643
2009		71,570
2010		25,737
2011		10,320
2012		10,320
Thereafter		6,880
	$	161,470

The annual lease payments are exclusive of maintenance, property taxes, insurance and other operating costs. The premises and equipment are leased from a company controlled by a director.

The Company has a business and administration services agreement with Genesys Venture Inc. The Company is committed to pay $16,667 per month or $200,000 per annum. The agreement shall be automatically renewed for succeeding terms of one year on terms to be mutually agreed upon by the parties.

On November 30, 2007, the Company entered into an agreement with Diagnos Inc. to provide services towards the development of the Company's cancer diagnostic discovery programs. The Company will pay Diagnos a consulting fee to a maximum of $30,000, 50% of which will be paid in cash and 50% of which will be paid in common shares of the Company once the work is completed. Should Diagnos develop an algorithm for a diagnostic test that is used by Miraculins, Diagnos will receive a percentage royalty of the actual gross commercial sales received by Miraculins per test, and in addition, Diagnos will also be granted 50,000 options, subject to regulatory approval. The exercise price of the options will be at the closing market price of Miraculins' shares on the date of grant. To August 31, 2008, the Company had accrued $30,000 related to this contract.

8. Related party transactions:

During the nine months ended August 31, 2008, the Company paid Genesys Venture Inc., a company controlled by a director, a total of $215,511 (2007 - $261,556) respectively, for laboratory lease, equipment rental and consulting fees in accordance with the above noted contractual obligations. Of this amount, $150,000 (2007 - $150,000) is included in general and administration expenses and $65,511 (2007 - $111,556) is included in research expenses.

As of August 31, 2008, included in accounts payable and accrued liabilities is $1,280 (2007 - $9,299) owed to Genesys Venture Inc. The Company has provided a non-interest bearing advance of $13,400 to Genesys Venture Inc. used for payroll processing, which is included in prepaid expenses.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. Government assistance:

During the nine months ended August 31, 2008, the Company received $1,085 (2007 - $22,500) in government assistance for the purpose of research. The funding has been recorded against the related research expenditures.

10. Capital risk management:

The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern in order to pursue the development of its products and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable level; and
- To provide an adequate return to shareholders commensurate with the level of risk associated with a development stage biotechnology company.

The capital structure of the Company consists of equity comprising issued capital, contributed surplus, and warrants.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues, granting of stock options, the issue of debt or by undertaking other activities as deemed appropriate under the specific circumstances. The Company’s overall strategy with respect to capital risk management remains unchanged from the year ended November 30, 2007.

The Company is not subject to externally imposed capital requirements. In order to maximize ongoing research and development of its products, the Company does not pay out dividends.

11. Financial risk management:

The Company has exposure to credit risk, liquidity risk and market risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The audit committee of the board is responsible to review the Company's risk management policies.

(a) Credit Risk:

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's accounts receivables. The carrying amount of financial assets represents the maximum credit exposure.

Financial instruments that potentially expose the Company to significant concentrations of credit risk consist principally of cash and short-term investments. The Company has investment policies to mitigate against the deterioration of principal and to enhance the Company's ability to meet its liquidity needs. Cash and cash equivalents are on deposit with a credit union and guaranteed by the Credit Union Deposit Guarantee Corporation of Manitoba.

(b) Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due and to fund future operations. The Company manages its liquidity risk by forecasting its cash needs on a regular basis and seeking additional financing based on those forecasts.

As at August 31, 2008, the Company had financial assets held for trading of $184,809 (November 30, 2007 - $268,415), loans and receivables of $26,000 (November 30, 2007 - $61,277) and financial liabilities of $99,383 (November 30, 2007 - $53,306). All of the Company's financial liabilities have contracted maturities of less than one year.

(c) Market Risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its financial instruments.

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates primarily within Canada although a portion of its expenses are incurred in United States dollars ("US dollar"). The Company has not entered into foreign exchange derivative contracts. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position or cash flows.

As at August 31, 2008, the Company is exposed to currency risk through its cash and cash equivalents and accounts payable denominated in US dollars and as follows:

	August 31, 2008	November 30, 2007
Cash and cash equivalents	$ 11,033	$ -
Accounts payable	(2,388)	(11,928)
Net	$ 8,645	$ (11,928)

11. Financial risk management (continued):

(c) Market Risk:

Based on the above net exposures as at August 31, 2008, and assuming that all other variables remain constant, a 5% appreciation or deterioration of the Canadian dollar against the US dollar would not be significant.

The Company is subject to interest rate risk on its cash and cash equivalents. The Company believes that interest rate risk is low as the Company does not hold any term deposits and interest earned on cash equivalents is variable. A change of 1% in interest rates over the three months ended August 31, 2008 would not have been significant.

12. Subsequent Events:

On September 23, 2008, the Company granted 500,000 stock options to an officer of the with an exercise price of $0.15.

On October 15, 2008, the Company entered into a licence agreement with Mount Sinai Hospital ("MSH") in which the Company will issue to MSH 310,000 common shares from treasury, subject to a standard four-month and one day resale restriction, as an upfront payment in consideration of the rights granted and MSH's investment in the technology to date. Miraculins will make additional commercial and developmental milestone payments as the technology is advanced to the marketplace, and commencing on the third anniversary of the signing of the agreement, an annual maintenance fee is payable. Beginning with first commercial sale, Miraculins will pay MSH an annual minimum and running royalty on sales.

13. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current period.