



 *miraculins*

 SAVING LIVES THROUGH EARLY CANCER DIAGNOSIS



*2006*  
ANNUAL RE-

## Corporate Profile

*Miraculins is an emerging biotechnology company*

*committed to making meaningful contributions to the fight against cancer.*

**We are experts dedicated to research & development of cancer diagnostics through biomarker discovery.**

Through our leadership in the discovery and development of biomarker diagnostics, we strive to improve the overall diagnosis and treatment of cancer by enhancing the information available to physicians, and the quality of treatment for cancer patients.

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Miraculins was founded by Dr. Phiet Bui and Dr. Albert Friesen as a result of their collective interest in exploring the macromolecular profiles of bodily fluids as evidence of an individual's state of health. We are a research and development company focused on biomarker discovery using our proprietary B.E.S.T. Platform™ for the screening and identification of target proteins and peptides related to diseases. We are dedicated to the discovery and validation of cancer biomarkers for use in developing diagnostic tools and therapeutic products.

#### OUR PROMISE

Miraculins' president and CEO, Christopher J. Moreau, is joined by an experienced executive management team and a distinguished group of research scientists and support staff who are committed to making meaningful contributions in the fight against cancer.

#### OUR VISION

To save lives through the early detection and diagnosis of cancer.

#### OUR MISSION

We will contribute substantially to the overall diagnosis and treatment of cancer by our leadership in the discovery and development of biomarker diagnostics to improve the information available to physicians and consequently enhance the quality of treatment for cancer patients.

## President's Message

Having recently attended one of the major industry conferences on cancer diagnostics and therapeutics, I was once again reminded that an individual's chances of survival are greatly increased when their illness is discovered in its earliest stages. In the past, one of the key messages emphasized by Miraculins was our focus on improving people's lives. I would like to add to that message by saying that we are also working hard to help save people's lives. Next to prevention, early detection is one of the most important contributing factors in the pursuit of a cure for many types of cancer.

This last year, Miraculins made significant progress in a number of different areas. The year was marked with the successful validation of our prostate cancer diagnostic program and the initiation of the program's final phase of research work. Significant advancements were also made in the purification and identification of two key protein biomarkers that were discovered to be diagnostic for prostate cancer. In an effort to identify our prostate cancer test's best utility, we initiated a major research study in collaboration with CMX Research Inc. The study was designed to determine the test's capacity to work in conjunction with PSA in order to reduce the number of men undergoing unnecessary biopsies. Approximately 200 patients were enrolled in the study and we recently announced the positive results from the first 130 patients.

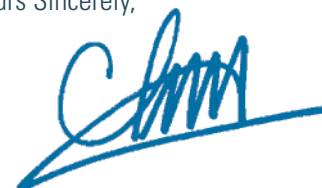
Significant efforts have also been made to advance the research on the intellectual property that was acquired from Europroteome AG. Included in the acquisition were numerous protein biomarkers that were found to be diagnostic for colorectal, pancreatic, gastric and breast cancer. In a major study designed to verify the work conducted by Europroteome, Miraculins was able to acquire new samples from patients that participated in the original Europroteome colorectal cancer study. We were pleased to be able to successfully verify the Europroteome discoveries.

Based on these results, a major validation study was undertaken in collaboration with The Fox Chase Cancer Center in Philadelphia to confirm the robustness of our colorectal diagnostic markers. In this study, serum samples from 200 patients have been acquired and are being assayed using mass spectrometry, our major scientific tool of discovery. New studies are also being planned and samples are currently being acquired to move the gastric, pancreatic and breast cancer tests through the second stage of research work, also known as the validation phase.

The upcoming year should prove to be a decisive one for Miraculins. We are beginning a concerted effort to license our prostate cancer test to a major diagnostics company that will move it through the regulatory process and ultimately handle distribution of the test to the market. While our colorectal diagnostic test is considered our next leading test, we should be in a position in the next year to begin the purification and identification of all of the protein biomarkers that validate from the research planned on the former Europroteome technology.

Having served for approximately one year as the VP of Business Development for Miraculins, I was very pleased to accept the position of President and CEO. I would like to assure all of our shareholders and strategic partners that I am not only excited about the future, but committed to ensure the Company continues to be operated with the highest of standards and values and in doing so, continue to drive and build shareholder value.

Yours Sincerely,



Christopher J. Moreau  
President & CEO

◀ **Christopher J. Moreau**  
— President & CEO





*Miraculins named one of  
Canada's top emerging public companies*

*– December 2005, TSX Venture Exchange*

## 2006 Highlights

### DECEMBER 2005

Named one of Canada's top emerging public companies by the TSX Venture Exchange

### FEBRUARY 2006

Enters into agreement with ETSI-med to obtain samples for colorectal, breast, gastric and pancreatic cancer

### APRIL 2006

Signs agreement with Duke University Medical Centre for further development of prostate cancer diagnostic program

### MAY 2006

Verifies colorectal biomarkers through reliable reproduction of discovery stage results

### JUNE 2006

Collaborates with Fox Chase Cancer Center to validate colorectal cancer biomarkers

### SEPTEMBER 2006

Expands research to include gastric and pancreatic cancer diagnostic programs

### OCTOBER 2006

Successfully develops ELISA based immunoassay test. Test detects primary protein biomarker for prostate cancer diagnostic

### NOVEMBER 2006

Initiates gastric cancer diagnostic validation study

### Recent Developments

### FEBRUARY 2007

Appoints Christopher J. Moreau as president and chief executive officer

### FEBRUARY 2007

Announces positive results of colorectal biomarker validation study

### FEBRUARY 2007

Completes patient enrollment in prostate cancer biomarker study

### MARCH 2007

Announces positive results in pivotal prostate cancer biomarker study

## The Miraculins Advantage

Miraculins uses its proprietary B.E.S.T. Platform™ for the screening and identification of target proteins and peptides related to disease. This technology employs the concurrent analysis of clinical factors and biological data, and relies on a combination of proteomics, mass spectrometric and traditional protein chemistry techniques. Using the B.E.S.T. Platform™, biological samples are carefully analyzed to identify subtle biological differences. The profile of samples taken from healthy individuals is compared to similar samples taken from diseased individuals. Comparison of the relative levels of proteins or protein fragments (peptides) in these protein profiles provides an opportunity for the development of useful diagnostics and therapeutics for the target disorders. Miraculins' B.E.S.T. Platform™ has the capability to produce a significantly more accurate and less invasive diagnostic tool.

### RESEARCH & DEVELOPMENT STAGES – BIOMARKER DISCOVERY



#### DISCOVERY

- Disease indication and test utility are selected
- Research study is initiated; samples are collected and analyzed
- Discovery of biomarker candidates with varying levels of expression within normal and diseased states
- Initial sensitivity and specificity (diagnostic test performance) of panel of individual biomarkers is established
- Patent applications are filed

#### VALIDATION

- Collection of additional samples provides a naive sample set for analysis
- Consistent expression of biomarker candidates is confirmed
- Sensitivity and specificity is verified

#### PROTEIN IDENTIFICATION

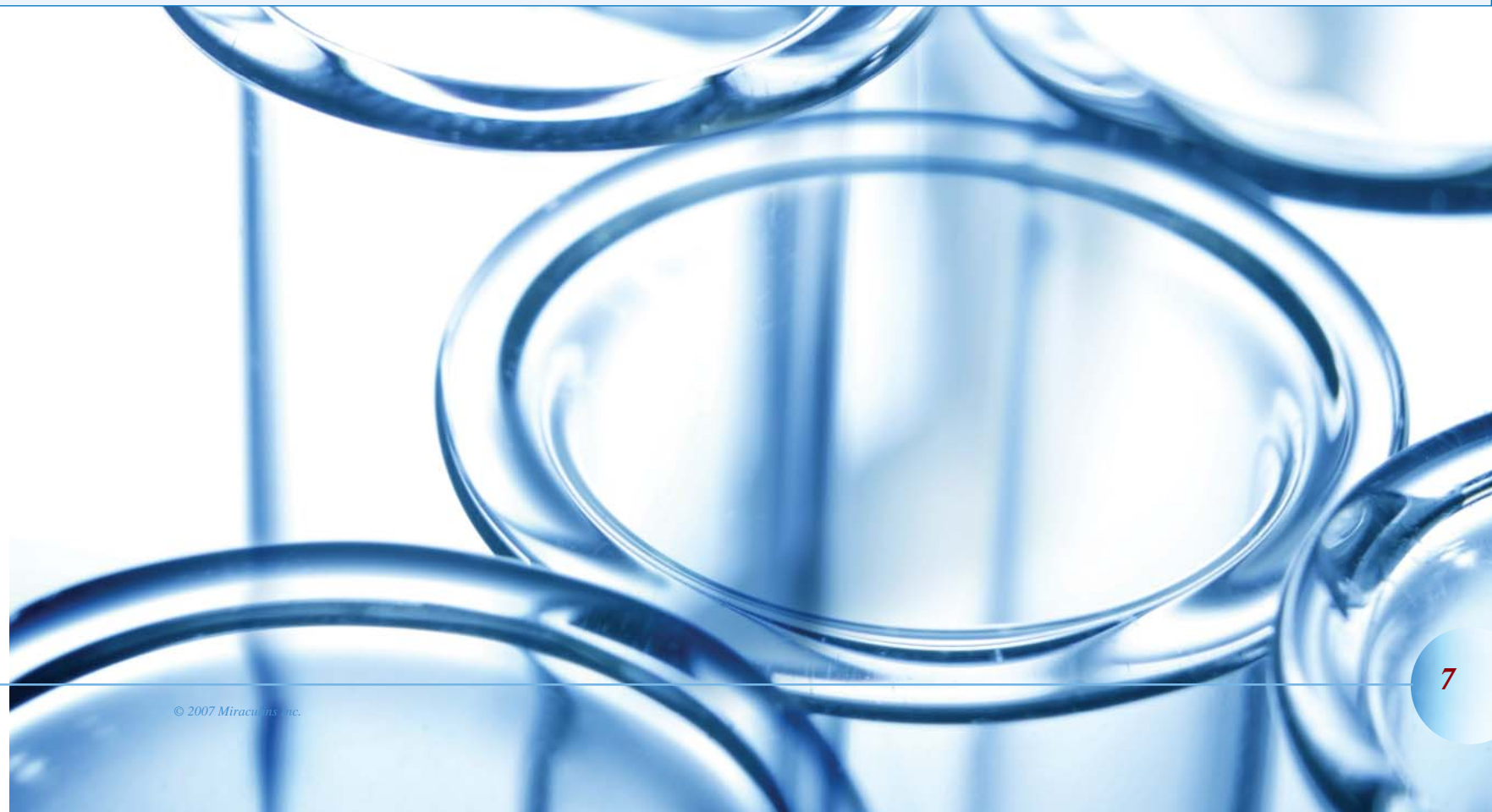
- Target proteins are purified
- Protein biomarkers are identified using multiple, complementary approaches

#### IMMUNOASSAY DEVELOPMENT

- ELISA-based test format that will meet clinical laboratory testing standards is developed
- Sensitivity and specificity of the diagnostic test is refined and finalized

#### COMMERCIALIZATION

- Partnerships are developed to manufacture and commercialize the product





*Every day, approximately 1,500 people die in the United States due to cancer and about 3,400 people are diagnosed with the disease.*

*◀ The single most important step to curing cancer is to catch it early.*



For many common cancers, when the disease is caught early, nine out of 10 patients can be saved. Unfortunately, tens of thousands of people each year are diagnosed with advanced cancer, and all too often they face painful treatments and poor rates of survival. Not only will the development of sensitive early detection tests for cancer save tens of thousands of lives each year, it will do so at a fraction of the cost it takes to develop and test new drugs for advanced cancer.

**PRODUCT PIPELINE**

A stable, productive development pipeline is essential to providing a continuous flow of successful products to the marketplace. Miraculins has a robust product development pipeline with five separate cancer diagnostic programs currently underway. We are focused on the discovery and commercial development of promising biomarker candidates.

Our target programs are chosen based on our expertise in proteomic biomarker discovery, the potential for our diagnostic tests to provide significant benefits to patients and healthcare providers and to meet current unmet medical needs, and the strong markets for these products.

**STRONG MARKETS**

- Potential worldwide diagnostic market = **US \$30 Billion**
- US diagnostic market = **US \$11 Billion**
- US Molecular diagnostic market = **US 2.5 Billion**
- Projected growth, molecular diagnostics = **15% per annum**

**EARLY DETECTION OF CANCER SAVES LIVES**

Miraculins' cancer diagnostic programs are designed to assist with the early detection of cancer, thereby reducing suffering, saving lives and cutting healthcare costs. The Company currently has five programs under development in the areas of prostate, colorectal, pancreatic, gastric and breast cancer.

PRODUCT	DISCOVERY	VALIDATION	PROTEIN IDENTIFICATION	ASSAY DEVELOPMENT	COMMERCIALIZATION
<b>Prostate Cancer Diagnostic Urine</b>	➔				
<b>Colorectal Cancer Diagnostic Serum</b>	➔				
<b>Pancreatic Cancer Diagnostic Serum</b>	➔				
<b>Gastric Cancer Diagnostic Serum</b>	➔				
<b>Breast Cancer Diagnostic Serum</b>	➔				



## Management's Discussion and Analysis & Financial Statements

*The following management's discussion and analysis ("MD&A") should be read in conjunction with the audited financial statements for the year ended November 30, 2006, and related notes, which are prepared in accordance with Canadian generally accepted accounting principles taking into account material events up to March 29, 2007. All amounts are expressed in Canadian Dollars unless otherwise noted. Annual references are to the company's fiscal years, which end on November 30. Additional information regarding the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.miraculins.com](http://www.miraculins.com).*

### OVERVIEW

Miraculins Inc. (the "Company") is dedicated to the discovery and validation of cancer biomarkers, for use in developing diagnostic tools and therapeutic products. Miraculins' products and technology are currently in the early to mid research stage. The Company does not, and may never have, a commercially viable product approved for marketing. To date, the Company has not generated any revenue from sales.

Experts agree that the treatment of many types of cancer would benefit from improved tools in the areas of early detection, disease staging and monitoring. The medical community is in need of minimally invasive diagnostics that offer a quick and accurate window into a patient's health. The standard of care for several types of cancer could be dramatically improved by reducing the prevalence of invasive diagnostic procedures such as biopsies and their associated risks and costs.

The Company is using its proprietary B.E.S.T. Platform™ to discover and identify biomarkers (proteins and peptides) in body fluids that are expressed abnormally in patients who have certain diseases. Analysis of the relative levels of these markers provides a window of opportunity for the development of useful diagnostics and therapeutics for target disorders.

### CRITICAL ACCOUNTING ESTIMATES AND CHANGES IN ACCOUNTING POLICIES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles ("Canadian GAAP") requires the Company to select from possible alternative accounting principles and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date, and reported costs and expenditures during the reporting period. Management believes that the estimates and assumptions upon which the Company relies are reasonable based upon information available at the time these estimates and assumptions are made. Estimates and assumptions may be revised as new information is acquired, and are subject to change. Areas of significant estimates include research costs and stock-based compensation.

## RESEARCH COSTS

All costs of research activities are expensed in the period in which they are incurred. Development costs are charged as an expense in the period incurred unless a development project meets stringent criteria for cost deferral and amortization. The Company assesses whether these costs have met the relevant criteria for deferral and amortization at each reporting date. No development costs have been deferred to date.

## INTANGIBLE ASSETS

Costs incurred in obtaining patents are capitalized and amortized upon issuance on a straight-line basis over the remaining legal life of the respective patents, being approximately twenty years, or its economic life, if shorter. The cost of servicing the Company's patents is expensed as incurred. On a regular basis, management reviews the valuation of intangible assets taking into consideration any events and circumstances which may impair their recoverable value including expected cash flows, the potential benefit the Company expects to derive from the costs incurred to date and ongoing development plans. During fiscal 2006, the Company filed several new patents related to the intellectual property acquired from Europroteome AG in 2005 and its ongoing research. Furthermore, the Company engaged in a detailed review of its patent portfolio. As a result of this review and the new patent filings, it was determined that a number of non-critical patents or patent applications could prudently be withdrawn from the applicable patent office. This resulted in a significant write-down of intellectual property during the period.

## STOCK-BASED COMPENSATION

The Company has a stock option plan for its directors, management, consultants, and employees.

Compensation expense is recorded for stock options issued to employees and non employees using the fair value method. The Company must calculate the fair value of stock options issued and amortize the fair value to stock-based compensation expense over the vesting period, and adjust the amortization for stock option forfeitures and cancellations. The Company uses the Black-Scholes model to calculate the fair value of stock options issued which requires that certain assumptions including the expected life of the option and expected volatility of the stock be estimated at the time the options are issued. The Company amortizes the fair value using the accelerated method over the vesting period of the options. The factors included in the Black-Scholes model are reasonably likely to change from period to period due to changes in the Company's stock price and external factors, as further stock options are issued and as adjustments are made to previous calculations for unvested stock option forfeitures and cancellations.

The stock-based compensation recorded by the Company is a critical accounting estimate because of the value of the compensation recorded, the volume of the Company's stock option activity, and the many assumptions that are required to be made to calculate the compensation expense. The Black-Scholes model is not the only permitted model to calculate the fair value of stock options. A different model, such as the binomial model, as well as any changes to the assumptions made may result in a different stock-based compensation expense calculation. The Company recorded stock-based compensation expense in fiscal 2006 of \$198,305 (2005 - \$581,318).

## CHANGES IN ACCOUNTING POLICIES

There were no changes in Accounting Policies during the period.

## SELECTED ANNUAL FINANCIAL INFORMATION

The following is selected financial information about the Company, for its 2006, 2005 and 2004 fiscal years:

	2006	2005	2004
Revenue	\$ 84,034	\$ 99,605	\$ 41,197
Research expenses	(877,087)	(652,327)	(326,213)
General and administrative expenses	(688,662)	(1,006,637)	(460,336)
Loss for the year	(1,773,115)	(1,586,342)	(749,864)
Loss per share	(0.12)	(0.11)	(0.07)
Total assets	1,526,628	3,040,490	3,441,778
Total liabilities	118,541	108,853	41,517
Deficit	(4,705,233)	(2,932,118)	(1,345,776)
Total capital stock and contributed surplus	6,113,320	5,863,755	4,746,037

## QUARTERLY FINANCIAL INFORMATION FOR 2006 AND 2005

The selected financial information provided below is derived from our unaudited quarterly financial statements for each of the last eight quarters:

	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005
Revenue	\$ 14,014	\$ 18,340	\$ 22,038	\$ 29,642	\$ 26,273	\$ 20,783	\$ 23,288	\$ 29,261
Loss for the period	(661,120)	(282,420)	(417,849)	(411,726)	(585,435)	(430,263)	(315,292)	(255,352)
Loss per share	(0.04)	(0.02)	(0.03)	(0.03)	(0.04)	(0.03)	(0.02)	(0.02)

The Company's quarterly losses in 2006 relate primarily to the expansion of research programs and increasing general and administrative expenses such as professional fees, investor relations and stock-based compensation. The increasing quarterly losses in fiscal 2005 are mainly due to the expansion of the Company's research programs. Specifically, expenses increased due to an increase in payroll, contract research, consumables, rent and recording stock-based compensation related to options granted to investor relations firms, consultants,

employees and directors. The operations of the Company are not subject to any material seasonality or cyclicity factors.

## FOURTH QUARTER

The increased loss in the fourth quarter of fiscal 2006 as compared to the third quarter of fiscal 2006 and to the fourth quarter of fiscal 2005 is mainly driven by the recognition of stock-based compensation and the write-off of several patents.

## RESULTS OF OPERATIONS

### Research

The Company is a development stage enterprise that dedicates a significant portion of its financial resources to research activities. Research expenditures include costs associated with the Company's research programs, the major portion of which are salaries paid to research staff, equipment rental, consumables, and consulting.

*The changes in research expenditures for the fiscal years ended November 30, 2006 and November 30, 2005 are reflected in the following table:*

YEAR ENDED	2006	2005	INCREASE (DECREASE)
Research	\$877,087	\$652,327	\$224,760

As expected, research expenditures were higher in fiscal 2006 as compared to fiscal 2005. This increase in spending was the result of the expansion of research programs, higher research salaries, an increase in contract research, consumables, and equipment rent.

The Company presently has active research programs in the areas of prostate, colorectal, breast, pancreatic, and gastric cancer. These research programs include diagnostic patents and related data that were acquired from Europroteome AG. The Company is advancing a number of research programs concurrently in order to maximize the opportunity for identifying and validating commercially viable protein biomarkers.

### PROSTATE CANCER PROGRAM

There are greater than 240,000 new diagnoses of prostate cancer in North America each year. The current screening standard for prostate cancer, PSA, is ineffective at reliably distinguishing between non-life threatening prostate conditions and critical prostate cancer. In spite of this fact, there are greater than 25 million PSA tests performed annually in the United States alone, resulting in approximately one million prostate biopsy procedures. According to information published by the National Cancer Institute, an estimated 75% of these procedures are unnecessary and could be avoided if a superior alternative to the PSA test was available.

Miraculins presented results from its Prostate Cancer Study at a major conference on molecular targets and cancer diagnostics in the fall of 2005. In the Company's discovery work conducted on urine samples from 184 human volunteers, Miraculins was able to attain sensitivity and specificity results of greater than 90%

respectively using various diagnostic algorithms encompassing a panel of biomarkers.

Miraculins has successfully completed the validation phase for its prostate cancer diagnostic. In a naïve study of 200 patient urine samples, Miraculins was able to validate three biomarkers that were highlighted in the previous discovery phase study. Miraculins is currently in the process of purifying and identifying the proteins as well as securing additional intellectual property protection.

In the fourth quarter of 2006 Miraculins entered into an agreement with CMX Research Inc. of Oakville, Ontario, a site management organization (SMO) conducting pharmaceutical, biotech and medical device research at 32 locations across Canada. Patient enrollment began in November 2006 with a target recruitment of 200 pre-prostate biopsy patients from more than 15 sites across Ontario, Quebec, British Columbia and Manitoba.

Patients for the Miraculins study are being recruited from urological clinics after they had been scheduled for a prostate biopsy. Based on current best clinical care practices, these biopsies were scheduled as a result of an elevated PSA test score and an abnormal digital rectal exam (DRE). Urine samples are being collected from patients prior to biopsy and will be analyzed by the Company using the biomarkers discovered and validated in previous studies. Pathology reports are being obtained from the patient's biopsies, enabling the Company to categorize participants as being healthy, having prostate cancer or other non-cancerous conditions.

The goal of the study is to show that the Miraculins biomarker diagnostic test, when combined sequentially with the PSA test and best clinical care practices for prostate cancer, will provide a commercially viable reduction in the number of men who are required to undergo prostate biopsies. Miraculins recently announced the completion of patient enrollment for the study.

### COLORECTAL CANCER PROGRAM

There are over 150,000 new diagnoses of colorectal cancer in North America each year. Although regular screening is strongly advised, the diagnostic tools for colorectal cancer are invasive and costly, and thus underused. Miraculins has acquired intellectual property related to several biomarkers indicated for colorectal cancer and is presently executing a research program to validate the ability of these markers to diagnose this disease.

Utilizing patient samples obtained from the European Tumor Sample Institute gGmbH, Miraculins was able to verify the utility of its colorectal biomarkers for diagnosing colorectal cancer. By using these biomarkers with Miraculins' B.E.S.T. Platform™, the Company was able to correctly identify cancer positives and those without cancer with a sensitivity and specificity of greater than 80% and 80%, respectively.

Based on the success of the verification process, Miraculins entered into a collaboration agreement with the Fox Chase Cancer Center for the validation phase of its research work. Results of the validation study were announced on February 5th, 2007. Using a panel of its markers the Company was able to correctly distinguish samples that were positive for cancer, from those without cancer with a sensitivity and specificity of 90% and 40% respectively.

The results of this study are considered significant because in its present format the test is 100% more sensitive than the fecal occult blood test (FOBT), the current preliminary screening standard for colorectal cancer. It is believed that the biomarkers could ultimately provide a simple blood test screen for the early detection of colorectal cancer.

Efforts are underway to identify the proteins that form the panel through a number of complimentary protein purification methods.

### BREAST CANCER PROGRAM

There are more than 250,000 new breast cancer diagnoses in North America each year, making it the most prevalent non-skin cancer among women. Women in the United States have an estimated 1 in 7 chance of developing invasive breast cancer during their lifetime. A breast cancer tumour can exist for six to ten years before being detected by mammography, the current standard for diagnosing breast cancer. Of further concern, mammography is less effective in younger women, the group in which breast cancer survival rates are the lowest. However, when breast cancer is detected early, the five-year survival rate exceeds 95%.

Miraculins has recently announced that it will be conducting a validation study on its breast cancer diagnostic technology and samples are in the process of being collected.

### PANCREATIC CANCER PROGRAM

There are over 33,000 new cases of pancreatic cancer diagnosed each year in the United States with over 32,000 deaths resulting. Current diagnostic methods are limited to MRI, CT or CAT scan, ultrasound, barium x-ray or biopsy. There is an unmet need for a simple assay that would help to diagnose this disease in its earliest and most treatable stages. Miraculins has recently announced that it will be conducting a validation study on its pancreatic cancer diagnostic technology.

Samples for the validation study have been collected and are being prepared for analysis using the Company's discovery platform.

### GASTRIC CANCER PROGRAM

There are over 22,000 new cases of gastric cancer diagnosed each year in the United States. Current diagnostic methods include gastroscopy, barium x-rays, endoscopic ultrasound, and endoscopic biopsy; all of which are invasive and therefore suffer from low compliance. The market for a diagnostic in this cancer area is predominantly based on providing a general screen for the disease targeted at patients who have either a pre-disposition to this cancer or are in a high risk group. Miraculins has recently announced that it will be conducting a validation study on its gastric cancer diagnostic technology.

Samples for the validation study have been collected and are being prepared for analysis using the Company's discovery platform.

### OTHER OPPORTUNITIES

The Company continues to evaluate opportunities to expand its focus and initiate studies in other disease conditions. In addition to its active research programs, Miraculins has a number of complimentary patents in additional cancer areas and is in the process of planning specific research programs that will verify the utility of the biomarkers that have been acquired.

On November 16th, 2006, Miraculins announced its intention to make an unsolicited offer to acquire all of the outstanding shares of IBEX Technologies Inc., a Montreal-based biotechnology company focused on the development of diagnostics for the management of cancer and arthritis. The offer followed a direct approach by Miraculins to the management and board of IBEX.

After additional due diligence was conducted it was decided that it was not in the best interests of the Company and its shareholders to pursue an offer and on December 13th, 2006, Miraculins announced that it did not intend to formalize its offer to combine with IBEX Technologies Inc.

### GENERAL AND ADMINISTRATIVE

General and administrative expenses include those costs not directly related to research activities. This includes expenses associated with management services, and professional fees such as legal, audit and investor and public relations activities.

*The changes in general and administrative expenditures for the fiscal years ended November 30, 2006 and November 30, 2005 are reflected in the following table:*

YEAR ENDED	2006	2005	INCREASE (DECREASE)
General and Administrative	\$688,662	\$1,006,637	(\$317,975)

The overall decrease in costs during the fiscal year ended November 30, 2006 as compared to the same period in fiscal 2005 is mainly the result of a reduction in stock-based compensation, and consulting fees.

### INTEREST INCOME

*The change in interest income for the fiscal year ended November 30, 2006 and November 30, 2005 are reflected in the following table:*

YEAR ENDED	2006	2005	INCREASE (DECREASE)
Interest Income	\$84,034	\$99,605	(\$15,571)

Interest income in fiscal 2006 is lower than fiscal 2005 due to a lower average cash balance. The Company anticipates that investment income will continue to fluctuate in relation to cash and short term investment balances and interest yields.

### RESULTS

*The loss for fiscal years ended November 30, 2006 and November 30, 2005 is reflected in the following table:*

YEAR ENDED	2006	2005	INCREASE (DECREASE)
Loss	\$1,773,115	\$1,586,342	\$186,773
Loss per share	0.12	0.11	0.01

As discussed above, the loss resulted mainly from the recognition of stock-based compensation, an increase in administrative fees, investor relations activities, professional fees and from the expansion of the Company's research programs. The Company expects to incur a loss next year as it continues its research programs.

### LIQUIDITY AND CAPITAL RESOURCES

Since inception, the Company has financed its operations from public and private sales of equity, the exercise of warrants and stock options, interest income on funds available for investment and government grants and tax credits. As at November 30, 2006, the Company had cash and cash equivalents totaling \$1,176,338 compared with \$2,570,893 at the previous year-end.

#### Cash used in operating activities

Cash used in operating activities totaled \$1,284,911 in 2006, compared to \$938,351 in the previous year as the Company's research programs were expanded in 2006.

#### Cash used in investing activities

Cash used in investing activities in fiscal 2006 totaled \$160,904 compared to \$321,378 in fiscal 2005. The decrease of \$160,474 was primarily due to a decrease in the acquisition of property and equipment and a decrease in patent costs.

#### Cash from financing activities

Cash provided from financing activities in fiscal 2006 totaled \$51,260 from the exercise of stock options. In the previous fiscal year, cash provided from financing activities totaled \$536,400, from the issuance of common shares and the exercise of warrants.

The total number of common shares issued and outstanding at November 30, 2006 was 15,173,500 as compared to 14,921,500 at November 30, 2005. As at March 29, 2007, the Company had 15,173,500 common shares outstanding and 955,000 stock options outstanding.

## CONTRACTUAL OBLIGATIONS

The Company leases its premises and equipment under various operating leases. The Company has the following cash resource requirements:

	PAYMENTS DUE BY PERIOD				
	Total Commitments	Within 1 year	2-3 years	4-5 years	After 5 years
Operating Leases	\$ 256,417	\$ 126,625	\$ 118,750	\$ 11,042	\$ -

## OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

## FINANCIAL INSTRUMENTS

The fair values of cash and cash equivalents, accounts receivable, research advance and accounts payable and accrued liabilities approximate their carrying values due to their short term to maturity. The Company has not entered into any futures or forward contracts or other derivative instruments as at November 30, 2006.

## CONTROLS

### *Effectiveness of disclosure controls and procedures*

Management has established and maintained disclosure controls and procedures for the Company in order to provide reasonable assurance that material information relating to the Company is made known to management in a timely manner and that information required to be disclosed by the Company is reported within time periods prescribed by applicable securities legislation. There has been no change in the Company's disclosure controls and procedures or in the Company's internal control over financial reporting that occurred during the most recently completed quarter that has materially affected, or is reasonably likely to materially affect, the Company's disclosure controls and procedures or internal control over financial reporting.

The President and Chief Financial Officer of the Company have evaluated the effectiveness of the Company's disclosure controls and procedures in place as at November 30, 2006. Based on this evaluation, it was determined that certain weaknesses existed in internal controls over financial reporting. In addition, the Company has not yet completed its review and evaluation of the design of internal control over financial reporting. The Company expects to complete its assessment in Fiscal 2007. As is indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring which exists. The Company is taking steps to augment and improve the design of procedure and controls impacting these areas of weakness over internal control over financial reporting.

## RELATED PARTY TRANSACTIONS

During the year ended November 30, 2006, the Company paid a company controlled by a director, a total of \$349,358 (2005 - \$312,208) for office rent, equipment rental and consulting fees. Of this amount, \$249,025 (2005- \$235,402) is included in general and administrative expenses and \$100,333 (2005 - \$76,806) is included in research expenses.

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

## OUTLOOK

The strategic direction of the Company is centered on discovering and validating cancer biomarkers for use in developing diagnostic tools and therapeutic products. In order to advance these research programs, Miraculins expects to continue incurring operating losses. Based on current projections and strategic plans, it is expected that total expenses will increase in fiscal 2007 compared to fiscal 2006. This increase in expenditures is expected to result from the continued growth of our present research activities and the corresponding growth of our work force and knowledge base.

The Company believes it has sufficient resources to fund operations into fiscal 2007. However, funding requirements may change as a result of numerous factors including progress of the Company's research, commercialization arrangements with partners, and changes or expansions to the Company's research programs. As such, the Company may consider raising additional capital during fiscal 2007 to fund operations over the long term. In addition, the Company will be approaching various potential partners to pursue alliances with regards to its prostate cancer program, which may provide additional funding for research.

The Company may decide to accelerate, terminate or reduce its focus in certain research areas, or commence research in new areas as a result of the Company's research progress and the availability of financial resources. These decisions are made with the goals of managing the Company's cash resources and optimizing the Company's opportunities. Management is not presently aware of any factors that would change its strategy over the next year.

## RISKS AND UNCERTAINTY

The Company's products and technology are currently in the research stage. The Company does not, and may never have, a commercially viable product approved for marketing. To date, the Company has not generated any revenue from sales.

The timing of revenue generation is uncertain. The Company's business, financial condition and results of operations will depend on its ability to obtain additional funding through the capital markets, which may not be available under favourable terms, if at all. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company.

Other potential risk factors facing the Company include: the performance of key personnel, competition from other companies, and the ability to obtain patent protection and regulatory approvals.

This "Management's Discussion and Analysis of Financial Condition and Operations" contains forward-looking statements which may not be based on historical fact, including without limitation statements containing the words "believes," "may," "plan," "will," "estimate," "continue," "anticipates," "intends," "expects," and similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, among others, the Company's stage of development, lack of product revenues, additional capital requirements, risks associated with the completion of clinical trials and obtaining regulatory approval to market the Company's products, the ability to protect its intellectual property and dependence upon collaborative partners. These factors should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements are made as of the date hereof, and the Company disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

## AUDITORS' REPORT

### To the Shareholders of Miraculins Inc.

We have audited the balance sheets of Miraculins Inc. as at November 30, 2006 and 2005 and the statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at November 30, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Signed "KPMG LLP"

Chartered Accountants

Winnipeg, Canada

February 1, 2007

KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

## BALANCE SHEETS - November 30, 2006 and 2005

	2006	2005
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,176,338	\$ 2,570,893
Accounts receivable	132,544	135,843
Prepaid expenses	34,273	19,785
	<u>1,343,155</u>	<u>2,726,521</u>
Property and equipment (note 3)	150,128	145,469
Patents	33,345	168,500
	<u>\$ 1,526,628</u>	<u>\$ 3,040,490</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 118,541	\$ 108,853
Shareholders' equity:		
Capital stock (note 4)	5,086,228	5,034,134
Contributed surplus (note 4)	1,027,092	829,621
Deficit	(4,705,233)	(2,932,118)
	<u>1,408,087</u>	<u>2,931,637</u>
Commitments (note 6)		
Subsequent event (note 4)		
	<u>\$ 1,526,628</u>	<u>\$ 3,040,490</u>

See accompanying notes to financial statements.

On behalf of the Board:

Director



Director



**STATEMENTS OF OPERATIONS AND DEFICIT** - Years ended November 30, 2006 and 2005

	2006	2005
Revenue:		
Interest	\$ 84,034	\$ 99,605
Expenses:		
Amortization	37,522	22,879
Write-down of patents	253,878	4,104
General and administration	519,824	469,206
General and administration - stock-based compensation	168,838	537,431
Research (note 8)	847,620	608,440
Research - stock-based compensation	29,467	43,887
	<u>1,857,149</u>	<u>1,685,947</u>
Loss for the year	(1,773,115)	(1,586,342)
Deficit, beginning of year	(2,932,118)	(1,345,776)
Deficit, end of year	\$ (4,705,233)	\$ (2,932,118)
Basic and diluted loss per share	\$ (0.12)	\$ (0.11)

See accompanying notes to financial statements.

**STATEMENTS OF CASH FLOWS** - Years ended November 30, 2006 and 2005

	2006	2005
Cash provided by (used in):		
Operating activities:		
Loss for the year	\$ (1,773,115)	\$ (1,586,342)
Adjustments for:		
Amortization of property and equipment	37,522	22,879
Write-down of patents	253,878	4,104
Non-cash compensation recognized from stock options	198,305	581,318
Change in the following:		
Accounts receivable	3,299	(47,573)
Prepaid expenses	(14,488)	19,927
Accounts payable and accrued liabilities	9,688	67,336
	<u>(1,284,911)</u>	<u>(938,351)</u>
Financing activities:		
Issuance of common shares, net of share issue costs	51,260	536,400
Investing activities:		
Purchase of property and equipment	(42,181)	(156,517)
Patent costs	(118,723)	(164,861)
	<u>(160,904)</u>	<u>(321,378)</u>
Decrease in cash	(1,394,555)	(723,329)
Cash, beginning of year	2,570,893	3,294,222
Cash, end of year	\$ 1,176,338	\$ 2,570,893

See accompanying notes to financial statements.

**1. Nature of operations:**

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 currently in commercial production or use. Accordingly, the company is considered to be a development stage enterprise for accounting purposes. Since June 27, 1998, the date of incorporation of Miraculins Inc., through to November 30, 2006, the company has expended \$2,198,108 for research.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The company has experienced operating losses and cash outflows from operations since incorporation.

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.

**2. Significant accounting policies:**

(a) **Cash and cash equivalents:**

Cash and cash equivalents include cash on hand and balances with banks as well as highly liquid short-term investments. The company considers all highly liquid short-term investments with terms to maturity when acquired of three months or less to be cash equivalents.

(b) **Property and equipment:**

Property and equipment are stated at cost. Amortization is recorded over the estimated useful lives of the assets at the following rates:

Asset	Basis	Rate
Computer equipment	Straight-line	30%
Scientific equipment	Diminishing balance	20%
Office equipment	Diminishing balance	20%
Leasehold improvements	Straight-line	20%

(c) **Patents:**

Costs incurred in obtaining patents are capitalized and amortized on a straight-line basis over the legal life of the respective patents, being approximately twenty years, or its economic life, if shorter. The cost of servicing the company's patents is expensed as incurred. No amortization has been recorded to date.

(d) **Impairment of long-lived assets:**

On a regular basis, management reviews the valuation of long-lived assets, which includes property and equipment and patent costs, taking into consideration any events and circumstances which may impact recoverable value. Management has reviewed the carrying value of the long-lived assets and determined no impairment currently exists.

**2. Significant accounting policies** (continued):

(e) **Stock-based compensation:**

The company has a stock option plan [note 4 (c)] for its directors, management, employees, management company employees and consultants. The company uses the fair value based method to account for all stock-based compensation and other stock-based payments. The fair value is estimated at measurement date using the Black-Scholes option pricing model. For all options granted to directors, management, employees, management company employees and consultants under the company's stock option plan, compensation expense is recognized over the period(s) in which the related services were rendered.

(f) **Research and development:**

All costs of research activities are expensed in the period in which they are incurred. Development costs are charged as an expense in the period incurred unless the company believes a development project meets stringent criteria for deferral and amortization. No development costs have been deferred to date.

(g) **Investment tax credits:**

Investment tax credits relating to scientific research and experimental development are recorded as either a reduction of the applicable capital assets or credited in the statement of operations depending on the nature of the expenditures which gave rise to the credits. The investment tax credit is recorded in the period that the credit has been approved by Canada Revenue Agency.

(h) **Income taxes:**

The company uses the asset and liability method to provide for income taxes in the financial statements. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. When realization of future income tax assets does not meet the more likely than not criterion then a valuation allowance is provided for the difference.

(i) **Per share amounts:**

Per share amounts are computed using the weighted average number of shares outstanding during the period including contingently issuable shares where the contingency has been resolved. The diluted per share amounts are calculated based on the weighted average number of common shares outstanding during the period, plus the effect of dilutive common share equivalents such as options and warrants. This method requires that diluted per share amounts be calculated using the treasury stock method, as if all the common share equivalents where the average market price for the period exceeds the exercise price had been exercised at the beginning of the reporting period, or at the date of issue, if later, as the case may be, and that the funds obtained thereby were used to purchase common shares of the company at the average trading price of the common shares during the period.

(j) **Use of estimates:**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

**NOTES TO FINANCIAL STATEMENTS (continued)** - Years ended November 30, 2006 and 2005

**3. Property and equipment:**

2006	Cost	Accumulated amortization	Net book value
Computer and office equipment	\$ 16,552	\$ 8,006	\$ 8,546
Scientific equipment	76,543	20,884	55,659
Leasehold improvements	125,644	39,721	85,923
	\$ 218,739	\$ 68,611	\$ 150,128

2005	Cost	Accumulated amortization	Net book value
Computer and office equipment	\$ 9,421	\$ 4,420	\$ 5,001
Scientific equipment	45,205	11,427	33,778
Leasehold improvements	121,932	15,242	106,690
	\$ 176,558	\$ 31,089	\$ 145,469

**4. 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 are as follows:

	Number of shares	Amount
Balance, November 30, 2004	14,333,000	\$ 4,246,402
Exercise of warrants	583,500	782,496
Exercise of stock options	5,000	5,236
Balance, November 30, 2005	14,921,500	5,034,134
Exercise of stock options	252,000	52,094
Balance, November 30, 2006	15,173,500	\$ 5,086,228

**NOTES TO FINANCIAL STATEMENTS (continued)** - Years ended November 30, 2006 and 2005

**4. Capital stock (continued):**

(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 of stock options is limited to a maximum of 10 percent of the issued and outstanding shares of the company at any one time.

A summary of the company's stock option plan is as follows:

	2006		2005	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Balance, beginning of year	1,099,000	\$ 1.27	627,000	\$ 0.78
Granted	360,000	1.26	480,000	1.91
Exercised	(252,000)	0.20	(5,000)	0.63
Forfeited, cancelled or expired	(302,000)	1.96	(3,000)	1.20
Balance, end of year	905,000	\$ 1.34	1,099,000	\$ 1.27
Options exercisable, end of year	835,000		949,000	
Weighted average fair value per unit of options granted during the year	\$ 0.77		\$ 1.19	

During fiscal 2006, 285,000 stock options with a strike price ranging from \$0.95 to \$1.40 per common share were granted to certain officers, employees and management company employees and 75,000 stock options with a strike price of \$1.69 per common share were granted to an investor relations firm.

During the same period, certain directors exercised 250,000 stock options at \$0.20 per share for proceeds of \$50,000 and a management company employee exercised 2,000 stock options at \$0.63 for proceeds of \$1,260. In addition, 302,000 stock options previously granted were terminated. Subsequent to November 30, 2006, 80,000 stock options were terminated.

Options outstanding at November 30, 2006 consist of the following:

Range of exercise prices	Number outstanding	Weighted average remaining contractual life	Options outstanding weighted average exercise price	Number exercisable
\$ 0.63 – 2.20	905,000	3.43 years	\$ 1.34	835,000

**NOTES TO FINANCIAL STATEMENTS (continued) - Years ended November 30, 2006 and 2005**

**4. Capital stock (continued):**

(c) **Options (continued):**

The compensation expense related to stock options granted under the stock option plan during fiscal 2006 to employees, management company employees and consultants aggregated \$198,305 (2005 - \$581,318). 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:

	2006	2005
Expected option life	5 years	5 years
Risk-free interest rate	3.79%	3.22%
Dividend yield	—	—
Expected volatility	71.00%	71.00%

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 the vesting period, compensation cost is recognized on a straight-line basis over the period of service.

Subsequent to year end, on February 1, 2007, the company granted 130,000 stock options to an officer of the company at a strike price of \$0.53 per unit.

(d) **Warrants:**

	2006		2005	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Balance, beginning of year	—	\$ —	606,000	\$ 0.94
Granted	—	—	—	—
Exercised	—	—	(583,500)	0.91
Cancelled or expired	—	—	(22,500)	1.50
Balance, end of year	—	\$ —	—	\$ —
Weighted average remaining contractual life (years)	—		—	

**NOTES TO FINANCIAL STATEMENTS (continued) - Years ended November 30, 2006 and 2005**

**4. Capital stock (continued):**

In fiscal 2005, 370,000 warrants relating to the private placement offering of March 26, 2004 were exercised for proceeds of \$222,000, representing all of the remaining outstanding warrants related to this private placement.

In fiscal 2005, 177,500 warrants relating to the private placement offering of July 27, 2004 were exercised for proceeds of \$266,250. In July 2005, 36,000 broker warrants relating to the private placement offering of July 27, 2004 were exercised for proceeds of \$45,000.

(e) **Contributed surplus:**

Changes in contributed surplus are as follows:

	Amount
Balance, November 30, 2004	\$ 499,635
Options granted	581,318
Options exercised	(2,086)
Warrants exercised	(249,246)
Balance, November 30, 2005	829,621
Options granted	198,305
Options exercised	(834)
Balance, November 30, 2006	\$ 1,027,092

(f) **Escrowed shares:**

The company's issued share capital includes 1,680,000 shares (2005 - 2,520,000) which are currently held in escrow and will be released for trading in twelve instalments, releasable every six months in amounts ranging from 361,500 to 571,500 shares. The initial release of shares was September 10, 2002 and all shares will be released by September 10, 2008.

(g) **Per share amounts:**

The weighted average number of common shares outstanding for the years ended November 30, 2006 and November 30, 2005 were 15,143,615 and 14,811,193 respectively. The dilution created by options has not been reflected in the per share amounts as the effect would be anti-dilutive.

**NOTES TO FINANCIAL STATEMENTS** (continued) - Years ended November 30, 2006 and 2005

**5. Income taxes:**

Significant components of the company's future tax assets are as follows:

	2006	2005
Future tax assets:		
Non-capital loss carry-forwards	\$ 1,055,238	\$ 756,514
Scientific research and experimental development	111,054	77,054
Share issue cost	32,998	59,747
Property and equipment	16,264	5,568
Patents	85,133	1,523
Other	1,713	1,926
	1,302,400	902,332
Less valuation allowance	(1,302,400)	(902,332)
	\$ -	\$ -

The reconciliation of the Canadian statutory rate to the income tax provision is as follows:

	2006	2005
Canadian federal and provincial income taxes at 36.66% (2005 - 37.1%)	\$ (650,024)	\$ (588,533)
Change in rates	99,719	9,700
Rate difference between current and future taxes	57,549	-
Add permanent differences	92,688	242,009
	(400,068)	(336,824)
Less valuation allowance	400,068	336,824
	\$ -	\$ -

At November 30, 2006, the company has the following available for application in future years:

- unutilized Canadian non-capital loss carried forward balances for income tax purposes of \$3,198,000 (2005 - \$2,039,000), with expiry dates ranging from 2007 to 2026
- unutilized scientific research and development expenditures of \$337,000 (2005 - \$208,000) with no expiry
- scientific research and development investment tax credits of \$122,000 (2005 - \$61,000) which can be applied against income taxes otherwise payable, with expiry by 2014.

**NOTES TO FINANCIAL STATEMENTS** (continued) - Years ended November 30, 2006 and 2005

**6. Commitments:**

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

2007	\$ 126,625
2008	85,625
2009	33,125
2010	11,042

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 research agreement with the University of Manitoba expiring in March 2007. This agreement allows the company to use certain equipment owned by the University of Manitoba based on usage with no minimum amount. There were no payments made regarding this agreement in fiscal 2006 (2005 - nil).

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 February 10, 2006, the company entered into a consulting services agreement with an officer of the company. The company is committed to pay \$50,000 per annum, payable on a quarterly basis. In addition, the consultant was issued 40,000 share purchase options at an exercise price of \$1.40 per common share with all options vesting on the date of grant. Subsequent to year end on January 31, 2007, the company terminated this consulting services agreement and agreed to pay a severance charge of \$15,000 to be paid in twelve equal monthly instalments.

**7. Related party transactions:**

During the year ended November 30, 2006, the company paid Genesys Venture Inc., a company controlled by a director, a total of \$349,358 (2005 - \$312,208) for office rent, equipment rental and consulting fees. Of this amount, \$249,025 (2005 - \$235,402) is included in general and administration expenses and \$100,333 (2005 - \$76,806) is included in research expenses.

At November 30, 2006, included in accounts payable and accrued liabilities is \$15,968 (2005 - nil) owed to Genesys Venture Inc.

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.

## NOTES TO FINANCIAL STATEMENTS *(continued)* - Years ended November 30, 2006 and 2005

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### 8. Government assistance:

During the year ended November 30, 2006, the company received \$25,322 (2005 - \$12,146) in government assistance for the purposes of research. The funding has been recorded against the related research expenditures.

### 9. Financial instruments:

The fair values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their carrying values due to their short-term to maturity.

### 10. Future changes in accounting policies:

The CICA has issued two new accounting standards that will be adopted by the company in the fiscal year commencing December 1, 2006.

#### (a) Financial instruments - recognition and measurement:

Section 3855, Financial Instruments - Recognition and Measurement, establishes standards for the recognition and measurement of financial assets, financial liabilities and non-financial derivatives. Financial instruments will ordinarily be measured at fair value on initial recognition. Subsequent measurement is determined by the classification of the financial instrument as held to maturity, loans and receivables, held for trading or available for sale.

#### (b) Comprehensive income:

Section 1530, Comprehensive Income, requires presentation of comprehensive income in a separate statement. Components of the new statement include unrealized gains and losses related to financial assets classified under Section 3855 as available for sale, and changes in the fair value of certain hedging instruments.

The company is in the process of assessing the full impact of the standards on the consolidated financial statements. Any adjustment required as a result of this assessment will be recognized by restating opening deficit at December 1, 2006.

### 11. Comparative figures:

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

**EXECUTIVE MANAGEMENT**

**Christopher J. Moreau**

President and Chief Executive Officer

**Phiet Bui, PhD**

Chief Scientific Officer

**April Manness, CGA**

Chief Financial Officer

**Marcus Enns**

Vice President, Corporate Affairs

**L. Michael Coutts**

Director, Business Development

**BOARD OF DIRECTORS**

**Albert D. Friesen, PhD**

Chairman & Co-Founder Miraculins Inc.  
President and Chief Executive Officer, Medicare Inc.

**Phiet Bui, PhD**

Co-Founder and Chief Scientific Officer, Miraculins Inc.

**Peter de Visser, CA**

Founding Partner, De Visser Gray Chartered Accountants

**Ted Paetkau**

President, Concord Projects Ltd.

**James Charlton, PhD**

Former President, Miraculins Inc.

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