



**MIRACULINS INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2007 AND 2006**

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AUDITORS' REPORT

To the Shareholders of Miraculins Inc.

We have audited the balance sheets of Miraculins Inc. as at November 30, 2007 and 2006 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, 2007 and 2006 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

March 20, 2008

MIRACULINS INC.



Balance Sheet

November 30, 2007 and 2006

	2007	2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 268,415	\$ 1,176,338
Accounts receivable	61,277	132,544
Prepaid expenses (Note 9)	26,904	34,273
	356,596	1,343,155
Property and equipment (Note 5)	120,877	150,128
Patents and trademarks	32,979	33,345
	\$ 510,452	\$ 1,526,628
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (Note 9)	\$ 53,307	\$ 118,541
Shareholders' equity:		
Capital stock (Note 6)	5,448,775	5,086,228
Contributed surplus (Note 6)	1,121,871	1,027,092
Warrants (Note 6)	31,502	-
Deficit	(6,145,003)	(4,705,233)
	457,145	1,408,087
Nature and continuation of operations (Note 1)		
Commitments (Note 8)		
	\$ 510,452	\$ 1,526,628

The accompanying notes are an integral part of these financial statements

MIRACULINS INC.



Statement of Operations and Deficit

Years ended November 30, 2007 and 2006

	2007	2006
<hr/>		
Revenue		
Interest	\$ 22,539	\$ 84,034
Expenses		
General and administration	612,603	456,355
Research	680,318	911,089
Amortization	38,336	37,522
Write-down of patents and trademarks	36,273	253,878
Stock based compensation		
General and administration	82,432	168,838
Research	12,347	29,467
	<hr/> 1,462,309	<hr/> 1,857,149
Loss and comprehensive loss for the year	(1,439,770)	(1,773,115)
Deficit, beginning of year	(4,705,233)	(2,932,118)
Deficit, end of year	<hr/> \$ (6,145,003)	<hr/> \$ (4,705,233)
Basic and diluted loss per share (Note 6(g))	<hr/> \$ (0.09)	<hr/> \$ (0.12)

The accompanying notes are an integral part of these financial statements

MIRACULINS INC.



Statement of Cash Flows

Years ended November 30, 2007 and 2006

	2007	2006
Cash provided by (used in):		
Operating activities:		
Loss for the year	\$ (1,439,770)	\$ (1,773,115)
Adjustments for:		
Amortization	38,336	37,522
Write-down of patents	36,273	253,878
Stock based compensation	94,779	198,305
Change in the following:		
Accounts receivable	71,267	3,299
Prepaid expenses	7,369	(14,488)
Accounts payable and accrued liabilities	(65,234)	9,688
	(1,256,980)	(1,284,911)
Financing activities:		
Issuance of common shares, net of share issue costs	394,049	51,260
Investing activities:		
Purchase of property and equipment	(9,085)	(42,181)
Patent and trademark costs	(35,907)	(118,723)
	(44,992)	(160,904)
Decrease in cash	(907,923)	(1,394,555)
Cash and cash equivalents, beginning of year	1,176,338	2,570,893
Cash and cash equivalents, end of year	\$ 268,415	\$ 1,176,338
Supplemental cash flow information:		
Non-cash financing activities:		
Warrants issued as share issue costs	\$ 3,615	\$ -

The accompanying notes are an integral part of these financial statements

Notes to the Financial StatementsYears ended November 30, 2007 and 2006

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 November 30, 2007, the Company has expended \$3,038,129, net of government assistance, for research.

These financial statements have been prepared using Canadian generally accepted accounting principles ("Canadian GAAP") that are applicable to a going concern, which contemplates that Miraculins Inc. will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The use of these principles may not be appropriate because at November 30, 2007 there was substantial doubt that the Company will be able to continue as a going concern without raising additional financial resources.

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 in the carrying values of the Company's assets and liabilities, expenses, and the balance sheet classification used, that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

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 second quarter of 2008.

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%

2. Significant accounting policies (continued):**(c) Patents and trademarks:**

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

(d) Impairment of long-lived assets:

On a regular basis, management reviews the valuation of long-lived assets, which include property and equipment and patent and trademark costs, taking into consideration any events and circumstances which may impact recoverable value. Section 3063 of the CICA Handbook, Impairment of Long-Lived Assets prescribes revised and more rigorous principles for the recognition, measurement and disclosure of any impairment of long-lived assets. Management has reviewed the carrying value of the long-lived assets using this amended guidance and determined no impairment currently exists.

(e) 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.

(f) Stock-based compensation:

The Company has a stock option plan [note 6(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.

(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.

2. Significant accounting policies (continued):**(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. Significant estimates are used in determining, but are not limited to, research costs, stock based compensation, and valuation of patents and trademarks. Actual results could differ from those estimates.

3. New Accounting Standards adopted during the year:

The Company adopted the following CICA Handbook standards: Section 1530 "Comprehensive Income", Section 3251 "Equity", Section 3855 "Financial Instruments – Recognition and Measurement" and Section 3861 "Financial Instruments – Disclosure and Presentation", on December 1, 2006.

Financial Instruments - Recognition and Measurement

According to this standard, all financial instruments are classified into one of the following five categories: available for sale, loans and receivables, other financial liabilities, held-for-trading or held to maturity. Initial measurement of financial instruments is at fair value. Subsequent measurement and recognition of changes in fair value of financial instruments depends on their initial classification.

The Company utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency, or credit risks arising from these financial instruments and the carrying amounts approximate fair values. All transactions related to financial instruments are recorded on a trade date basis. All derivatives, including embedded derivatives, that must be separately accounted for, are valued at fair value in the balance sheet.

The Company classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Held-for-trading

This category is comprised of cash and investments in term deposits. They are carried in the balance sheet at fair value with changes in fair value recognized in the statement of operations and deficit. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

3. New Accounting Standards adopted during the year (continued):**Loans and receivables**

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through grants (accounts receivable), but also incorporate other types of contractual monetary assets. They are initially recognized at fair value (which approximates cost) and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transaction costs related to loans and receivables are expensed as incurred.

Other financial liabilities

Other financial liabilities comprise accounts payables and accrued liabilities. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are expensed as incurred.

The Company has not classified any assets or liabilities as held-to-maturity or as available-for-sale. There were no transitional adjustments required as a result of adoption of these policies. The Company had no "other comprehensive income or loss" transactions during the year ended November 30, 2007 and no opening or closing balances for accumulated other comprehensive income or loss.

In July 2006, the Accounting Standards Board ("AcSB") issued a replacement of CICA Handbook Section 1506, Accounting Changes ("Section 1506"). The new standard allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retroactively unless doing so is impracticable, requires prior period errors to be corrected retroactively and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. The adoption of Section 1506, effective December 1, 2006, has no impact on these financial statements.

4. Recent accounting pronouncements issued and not yet applied:**(a) Financial instruments and capital disclosure:**

In October 2006, the AcSB approved disclosure requirements for financial instruments that revise and enhance the disclosure requirements of Section 3861. These requirements are included in Section 3862, Financial Instruments - Disclosure ("Section 3862"), which replaces Section 3861. The AcSB also released Section 1535, Capital Disclosures ("Section 1535"), which establishes standards for disclosing information about an entity's capital and how it is managed.

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.

4. Recent accounting pronouncements issued and not yet applied (continued):

(a) Financial instruments and capital disclosure (continued):

Section 3862 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. This standard is effective for the Company for interim and annual financial statements beginning on December 1, 2007.

The Company is currently assessing the impact that Section 3862 and Section 1535 will have on the financial statements.

(b) Financial instruments presentation:

In October 2006, the AcSB approved Section 3863, Financial Instruments – Presentation ("Section 3863"), which 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 interim and annual financial statements beginning on December 1, 2007 and is not expected to impact the Company's financial statements.

(c) General standards of financial statement presentation:

In June 2007, the AcSB amended Section 1400, General Standards of Financial Statement Presentation, to incorporate guidance related to management's responsibility to assess the ability of the entity to continue as a going concern. Under the new standards, management is required to make an assessment of an entity's ability to continue as a going concern and should take into account all available information about the future, which is at least, but is not limited to, 12 months from the balance sheet date. Disclosure is required of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. These amendments are effective for interim and annual periods beginning on December 1, 2007.

5. Property and equipment:

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
November 30, 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

Notes to the Financial Statements

Years ended November 30, 2007 and 2006

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, 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
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

⁽¹⁾ On September 5, 2007, the Company closed a private placement offering (the "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 will expire on September 5, 2008. The fair value assigned to the warrants upon issuance is \$27,887.

Certain individuals and companies assisted the Company by introducing potential subscribers for the 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 Offering. The Compensation Warrants will expire on September 5, 2008.

Included in share issue costs is \$3,615 of non-cash compensation recognized from warrants issued related to the 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 of stock options is limited to a maximum of 10% of the issued and outstanding shares of the Company at any one time.

6. Capital stock (continued):

(c) Options (continued):

Changes in the number of options outstanding during the year ended November 30, 2007 are as follows:

	2007		2006	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Balance, beginning of period	905,000	\$ 1.33	1,099,000	\$ 1.27
Granted	285,000	0.50	360,000	1.26
Exercised	-	-	(252,000)	0.20
Forfeited, cancelled or expired	(247,500)	1.61	(302,000)	1.96
Balance, end of period	942,500	1.01	905,000	1.33
Options exercisable, end of period	937,500		835,000	
Weighted average fair value per unit of option granted during the year		\$ 0.31		\$ 0.77

During the year ended November 30, 2007, 285,000 stock options with strike prices ranging from \$0.30 to \$0.53 were granted to certain officers, employees and management company employees.

During the same period, no options were exercised and 247,500 stock options previously granted were terminated. Subsequent to November 30, 2007, 70,000 stock options were forfeited.

Options outstanding at November 30, 2007 consist of the following:

Range of exercise prices	Outstanding number	Weighted average remaining contractual life	Weighted average exercise price	Exercisable number
\$0.30 - \$2.20	942,500	3.02 years	\$1.01	937,500

For the year ended November 30, 2007, compensation expense of \$94,779 (2006 - \$198,305) was recorded to recognize options granted. 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:

	November 30, 2007	November 30, 2006
Expected option life	5.0 years	5.0 years
Risk free interest rate	3.68%	3.79%
Dividend yield	nil	nil
Expected volatility	73.51%	71.00%

Notes to the Financial Statements

Years ended November 30, 2007 and 2006

6. Capital stock (continued):

(c) Options (continued):

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 year ended November 30, 2007 are as follows:

	2007			2006		
	Shares	Amount	Weighted average exercise price	Shares	Amount	Weighted average exercise price
Balance, beginning of period	-	\$ -	\$ -	-	\$ -	\$ -
Granted, pursuant to private placement (Note 6(b))	611,429	27,887	0.65	-	-	-
Granted (Note 6(b))	79,253	3,615	0.65	-	-	-
Balance, end of period	690,682	\$ 31,502	0.65	-	\$ -	-
Weighted average remaining contractual life (years)			0.77 years			- years

The Company granted 611,429 Warrants together with common shares under the 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 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.

The Company granted 79,253 Compensation Warrants relating to the 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 Offering. Non-cash share issue costs of \$3,615 (2006 - nil) were recorded in the year ended November 30, 2007 to reflect the value of these warrants. These warrants will expire on September 5, 2008.

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:

	November 30, 2007
Expected life	1.0 years
Risk free interest rate	4.25%
Dividend yield	nil
Expected volatility	92.19%

MIRACULINS INC.



Notes to the Financial Statements

Years ended November 30, 2007 and 2006

6. Capital stock (continued):

(e) Contributed surplus:

Changes in contributed surplus are as follows:

	November 30, 2007	November 30, 2006
Balance, beginning of year	\$ 1,027,092	\$ 829,621
Options granted, net of forfeitures	94,779	198,305
Options exercised	-	(834)
Balance, end of period	\$ 1,121,871	\$ 1,027,092

(f) Escrowed shares:

The Company's issued share capital includes 840,000 (2006 - 1,680,000) shares which are currently remaining in escrow and will be released for trading in two installments of 420,000 each. The initial release of shares from escrow 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 year ended November 30, 2007 and 2006 was 15,461,625 and 15,143,615, 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. Income taxes:

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

	2007	2006
Future tax assets:		
Non-capital loss carry-forwards	\$ 1,233,418	\$ 1,055,238
Scientific research and experimental development	126,064	111,054
Share issue costs	20,360	32,998
Property and equipment	16,292	16,264
Patents	82,391	85,133
Other	1,352	1,713
	1,479,877	1,302,400
less: Valuation allowance	(1,479,877)	(1,302,400)
	\$ -	\$ -

Notes to the Financial Statements

Years ended November 30, 2007 and 2006

7. Income taxes:

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

	2007	2006
Canadian federal and provincial income taxes at 36.16% (2006 - 36.66%)	\$ (520,645)	\$ (650,024)
Change in rates	197,333	99,719
Rate difference between current and future taxes	109,578	57,549
Permanent differences and other items	36,257	92,688
Change in valuation allowance	177,477	400,068
	\$ -	\$ -

At November 30, 2007, the Company has the following available for application in future years:

- Unutilized Canadian non-capital loss carried forward balances for income tax purposes of \$4,405,000 (2006 - \$3,198,000), with expiry dates ranging from 2008 to 2027;
- Unutilized scientific research and development expenditures for \$450,000 (2006 - \$337,000), with no expiry;
- Scientific research and development tax credits of \$171,000 (2006 - \$122,000), which can be applied against income taxes otherwise payable, with expiry by 2015.

8. 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	\$ 98,750
2009	46,250
2010	15,417
	\$ 160,417

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.

Notes to the Financial StatementsYears ended November 30, 2007 and 2006

8. Commitments:

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 royalty of 5% 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. There were no services provided under this agreement in the current year.

In February 2006, the Company entered into a consulting services agreement with a, now former, officer of the Company. 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 installments. The final payment under this contract was made in January 2008.

9. Related party transactions:

During the year ended November 30, 2007, the Company paid Genesys Venture Inc., a company controlled by a director, a total of \$300,333 (2006 - \$349,358) respectively, for laboratory lease, equipment rental and consulting fees in accordance with the above noted contractual obligations. Of this amount, \$200,000 (2006 - \$249,025) is included in general and administration expenses and \$100,333 (2006 - \$100,333) is included in research expenses.

As of November 30, 2007, included in accounts payable and accrued liabilities is \$3,788 (2006 - \$15,968) 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.

10. Government assistance:

During the year ended November 30, 2007, the Company received \$23,750 (2006 - \$25,322) in government assistance for the purpose of research. The funding has been recorded against the related research expenditures.

11. Comparative figures:

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