



**MIRACULINS INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE NINE MONTHS ENDED AUGUST 31, 2009 and 2008**

PREPARED BY MANAGEMENT WITHOUT REVIEW BY THE COMPANY'S AUDITOR

6-1250 Waverley Street
Winnipeg, Manitoba, R3T 6C6
Tel: (204) 453-1408 Fax: (204) 453-1546
www.Miraculins.com

MIRACULINS INC.

Management's Discussion and Analysis



The following management's discussion and analysis ("MD&A") is current to October 26, 2009 and should be read in conjunction with the financial statements for the nine month period ended August 31, 2009, and related notes, which are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Annual references are to the Company's fiscal years, which end on November 30. All amounts are expressed in Canadian Dollars unless otherwise noted. Additional information regarding the Company is available on SEDAR at www.sedar.com and on the Company's website at www.miraculins.com.

OVERVIEW

Miraculins Inc. ("Miraculins" or the "Company") is a diagnostic development company committed to extending life, reducing suffering and lowering healthcare costs. Through the Company's work in the development and commercialization of diagnostic tests for unmet clinical needs, it seeks to improve the overall diagnosis and treatment of patients by enhancing the information available to physicians. The Company is listed on the TSX Venture Exchange under the symbol "MOM".

The Company's business model is centred on acquiring and developing diagnostic opportunities in areas where there are unmet clinical needs. Once Miraculins has advanced the technology through the subsequent development stages, it plans to partner with large diagnostic companies and reference laboratories to commercialize and market its technology. These types of agreements typically involve collaborative research agreements, upfront payments, milestone payments and ongoing royalties on sales.

Diagnostic technologies of greatest interest to the Company have completed discovery stage research and biomarker identification but require additional expertise and resources to be developed into validated commercially viable assays. It is believed that a significant number of promising diagnostic opportunities remain un-commercialized because of the sizable gap between the discovery stage, when research institutions are typically involved, and the commercialization stage, when the larger commercial enterprises become interested.

Through advancing its internally developed assay for the prostate cancer marker PSP94, Miraculins has direct experience in working to bridge the development gap. Advancing these opportunities leverages the Company's in-house assay development experience, expertise in managing and conducting high calibre biomarker/assay validation studies, capabilities in processing and storing clinical samples, and access to a growing network of commercialization partner contacts and clinical experts. Successful execution of this model also requires the convergence of product development, marketing, regulatory and corporate finance strategies.

The Company's first in-license was a suite of promising preeclampsia markers from Mount Sinai Hospital. Miraculins is advancing its development program for its preeclampsia suite both independently and through a research collaboration with Diagnostic Technologies Ltd. (DTL), an Israel based developer of diagnostic kits and devices for monitoring pregnancy disorders. The estimated \$1.6M collaboration is supported in part by the Canada-Israel Industrial Research and Development Foundation (CIIRDF). On June 25, 2009 the Company received \$156,000 of the approved \$467,000 in support from CIIRDF for its share of the project.

In addition to CIIRDF funding received, the Company closed a private placement on June 18, 2009 with aggregate gross proceeds of \$400,000. As at October 26, 2009, the Company has approximately \$235,000 in cash. Miraculins is working to selectively advance the critical aspects of its development programs while securing the appropriate financing, collaboration and/or license agreements necessary to apply greater resources to the programs. The Company is continuing its capital conservation efforts by reducing overhead and is exploring various alternatives for further strengthening its financial position, including working with vendors to secure payment plans that meet obligations while enabling the Company to focus attention on the advancement of development programs and financing initiatives.

The Company's future operations are completely dependent upon its ability to generate product sales, negotiate collaboration or

MIRACULINS INC.

Management's Discussion and Analysis



licence agreements with upfront payments, obtain research grant funding, and/or secure additional funds including equity financing. While the Company is striving to achieve the above plans, there is no assurance that such sources of funds will be available or obtained on favourable terms. If the Company cannot generate product sales, negotiate collaboration or licence agreements with upfront payments, obtain research grant funding, or if it cannot secure additional financing on terms that would be acceptable to it, the Company will have to consider additional strategic alternatives which may include exploring the monetization of certain intangible assets, seeking to out-license assets, potential asset divestitures, winding up, dissolution or liquidation of the Company among other strategies. Based on current estimates and expected operating activities, sufficient financial resources exist to fund operations into the first quarter of 2010.

Corporate Highlights

- The Company has in-licensed a suite of markers for the diagnosis of preeclampsia, a disease of growing incidence and the leading cause of maternal and prenatal deaths worldwide, based on world leading research from Mount Sinai Hospital.
- Research collaboration with Diagnostic Technologies Ltd. and financial support from Canada-Israel Industrial Research and Development Foundation to advance preeclampsia program.
- Internally developed PSP94 assay has demonstrated excellent analytical performance and in selected combinations the marker has demonstrated an important role in reducing the number of men referred unnecessarily to prostate biopsy in studies totaling nearly 600 patients.
- Management team and Board of Directors have important mix of industry, business development, operations, fundraising and diagnostic development experience.
- Company has a highly categorized and well characterized internal sample bank to support research, development and future collaboration initiatives.
- Company has reviewed, evaluated and categorized a number of promising diagnostic opportunities available for license from leading research institutions.

The following table summarizes the Company's research and development programs:

Program	Product	Development Stage	Status
Preeclampsia	Endoglin Suite of Markers	Assay Development & Optimization Research Stage	Seeking Sales Partner Research Ongoing
Prostate Cancer	PSP94 & Vitronectin (P2V™) PSP94 & F/T PSA	Assays Completed PSP94 Assay Complete	Seeking Partner Seeking Partner
Colorectal Cancer	MIR-CR1	Assay Development & Optimization	Seeking Partner
Gastric Cancer	MIR-GP1 Suite of Markers	Marker Identification Marker Identification	On Hold On Hold
Pancreatic Cancer	Suite of Markers	Marker Identification	On Hold

NOTE: Miraculins' 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.

Corporate History

Miraculins began operations in 2002 as a research and development company focused on biomarker discovery using its proprietary B.E.S.T Platform™ for the screening and identification of target proteins and peptides related to diseases.

The Company's original vision was to contribute to the saving of lives through the early detection and diagnosis of cancer by developing products to increase the information available to physicians and consequently enhance the quality of treatment for cancer patients. Through basic discovery research, subsequent development and the acquisition of complimentary technologies, Miraculins established programs in the areas of prostate, colorectal, gastric, pancreatic and breast cancer.

In the spring of 2008, Miraculins' P2V™ prostate cancer test (combination of PSP94 and Vitronectin) advanced to the critical stage of clinical assay development. At that time, the Company appointed Dr. Stephen Frost to lead the Company's research and development. Previous to joining Miraculins, Dr. Frost worked in Abbott Laboratories' Diagnostics Division for over 15 years in both assay development and technology review capacities.

As Dr. Frost led the development of the PSP94 and Vitronectin (P2V™) assays into a clinical grade immunoassay format, Miraculins announced a shift in its business model, moving the Company's focus away from basic discovery research and further down the diagnostic assay development and commercialization pathway. The Company's business plan now focuses on in-licensing/acquiring and developing both cancer and non-cancer diagnostic opportunities that address unmet clinical needs and have completed the early stage research phase, therefore best leveraging the Company's competencies.

In the fall of 2008, Miraculins announced its first technology acquisition under its new business model. The Company acquired a panel of biomarkers from Mount Sinai Hospital that have demonstrated the potential to detect or diagnose preeclampsia, a devastating condition of growing incidence affecting pregnant woman that is the leading cause of maternal and prenatal deaths worldwide.

Corporate Update

RESEARCH PROGRAMS

The Company is focused on developing non-invasive diagnostic tests that address unmet clinical needs in various disease areas. Miraculins is currently working towards producing clinical grade reagents for endoglin, the lead marker in its suite of preeclampsia markers. Concurrently, the Company is actively executing a development plan for its preeclampsia program with studies taking place involving a specific subset of its suite of markers. Certain aspects of the program have received financial support from the Canada-Israel Industrial Research and Development Foundation (CIIRDF) in the amount of \$467,000 and are being advanced as part of a research collaboration with Diagnostic Technologies Ltd.

Additionally, the Company has successfully developed an immunoassay for PSP94 in urine and is exploring commercialization opportunities for its intellectual property on PSP94's use in combination with other markers for detecting prostate cancer.

Preeclampsia Program

Preeclampsia is a devastating condition affecting pregnant women that manifests abruptly and results in 15% of all premature births. In the most severe cases, it can progress to eclampsia, which can result in seizure, stroke, coma, and death. The incidence rate is 7 – 10% of all pregnant women and has an estimated \$7 billion impact on the healthcare system annually. Currently, the sole diagnosis for preeclampsia is by its symptoms; high blood pressure and significant amounts of protein in the urine, which are non-specific to the disease.

Miraculins has licensed the rights to a promising suite of biomarkers for preeclampsia from Mount Sinai Hospital. The

MIRACULINS INC.

Management's Discussion and Analysis



technology was discovered through pioneering research conducted by Dr. Isabella Caniggia and her collaborators at the Samuel Lunenfeld Research Institute of Mount Sinai Hospital, and the Hospital for Sick Children.

One of the promising biomarkers in the portfolio acquired by Miraculins is a cell surface glycoprotein known as endoglin, which was recently the key focus of a major study published in the *New England Journal of Medicine* entitled "Soluble Endoglin and Other Circulating Anti-angiogenic Factors in Preeclampsia". Under the direction of independent experts from institutions across the United States, the paper reports that endoglin levels change during gestation and that it can play a role in identifying the patients at highest risk of preeclampsia. An endoglin immunoassay should provide a strong base from which the Company can build its commercialization plan.

Miraculins' objective is to develop a safe, reliable, serum-based diagnostic assay for preeclampsia. The Company is advancing its development program for its preeclampsia suite both independently and through a research collaboration with DTL, an Israel based developer of diagnostic kits and devices for monitoring pregnancy disorders. The estimated \$1.6M collaboration leverages the strength of the biomarkers from Miraculins' suite, including endoglin and DTL's biomarker PP13, a protein expressed in the placenta and currently used for preeclampsia risk assessment in the first trimester.

Through the research project the parties will collaborate to develop and test the performance of combinations of biomarkers for preeclampsia risk. Key components of the project include the collection of a large cohort of clinical samples from pregnant women throughout pregnancy, the development of reagents and assays for a number of markers from Miraculins' preeclampsia suite, and the development of algorithms and software for combining the markers. The project is supported by CIIRDF, which has approved a grant of \$467,000.

While research is ongoing to develop the marker suite, Miraculins is actively developing an analyte specific reagent (ASR) strategy for certain markers of interest, particularly endoglin. Miraculins is driving to have a commercial ASR product on the market in the near term. The Company is actively discussing potential development and commercial relationships with a number of parties in regards to both the endoglin ASR strategy and the broader suite of markers.

The target market for Miraculins preeclampsia test is every expectant mother, estimated to be 6.4 million women annually in the US alone, greater than 12 million worldwide.

Prostate Cancer Program

Through the discovery and identification of proteins specific to prostate cancer, Miraculins has developed intellectual property surrounding the combination of PSP94 with other markers for reducing the number of men proceeding to biopsy based on current methods. These unnecessary biopsies are costly, invasive and can lead to complications. The current standard screen for prostate cancer, the Prostate Specific Antigen (PSA) test, although sensitive, is not highly specific, sending upwards of 750,000 men for unnecessary prostate biopsies annually in the US alone. Miraculins' in-house assay development team has developed an immunoassay for detecting PSP94 in urine, which was completed rapidly and on budget.

Discovery and validation of the Miraculins prostate cancer markers has been conducted on nearly 600 separate and distinct patient samples including the PCSC04 study, a 200 patient, 15 site study with CMX Research Inc. The data from that study showed that Miraculins' urine-based test performed with a specificity that would have eliminated approximately 23% of the biopsies for patients who did not have prostate cancer and a sensitivity that correctly identified 93% of patients who were true positives for prostate cancer.

Additionally, Miraculins has discovered that the detection of PSP94 in urine can improve the performance of free over total (F/T) PSA ratio in detecting aggressive prostate cancer, which could help significantly improve upon the standard free PSA test. The Company has successfully demonstrated that its PSP94 assay, when combined with the F/T PSA ratio, was able to differentiate men with aggressive prostate cancer (Gleason Score of 7-10, n=18) from men with favourable pathologies (Gleason Score of 6 or less, BPH or healthy men, n=70) with a sensitivity of 94% and specificity of 49% (AUC=0.80). When men with the confounding condition of hypertension were removed from testing, the combination yielded even better results

and successfully separated the same populations with a sensitivity of 100% and a specificity of 84% (AUC=0.87, n=7 aggressive cancer and n=37 favourable pathologies).

Miraculins has been engaged in discussions in regards to its prostate cancer program with a number of diagnostic developers and laboratory service providers and has had dialogue with the U.S. Food and Drug Administration (FDA) through the pre IDE (Investigational Device Exemption) process. Furthermore, Miraculins research has been presented to the academic research community at various scientific meetings. Miraculins is currently in discussions with a number of potential commercialization and marketing partners for its PSP94 based technologies for reducing the number of unnecessary prostate biopsies and detecting aggressive prostate cancer.

Colorectal Cancer Program

Miraculins has a number of potential biomarkers for colorectal cancer including biomarkers which have been shown to be 100% more sensitive than the fecal occult blood test (FOBT), the current preliminary screening standard for colorectal cancer, according to numbers available in the literature.

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 conducted studies in this area in collaboration with the European Tumour Sample Institute gGmbH, and Fox Chase Cancer Center.

Miraculins' lead biomarker for colorectal cancer (known as MIR-CR1) has been identified by amino acid sequence, and the next step for this program involves the development of a clinical grade immunoassay for the marker. In order to effectively manage current resources, the Company is currently focused on its preeclampsia and prostate cancer programs, while evaluating the next steps for this program.

Gastric Cancer Program

In 2008, the Company conducted an internal review of its gastric cancer program. The internal review process focused primarily on two original mass spectrometry data sets. The first data set was from a study using 171 samples (92 gastric cancer from stage 1 to stage 4, 79 non-gastric cancer) collected at European sites. The second data set was from a study using 93 samples (72 gastric cancer from stage 1 to stage 4, 21 non-gastric cancer) collected from a number of North American sites. Data analysis was conducted using a variety of statistical techniques including the receiver operator characteristic (ROC) curve.

The internal review confirmed seven blood based protein biomarkers of interest for their potential to separate gastric cancer patients from non-gastric cancer patients. This included a single marker that performs with a 72% sensitivity at 95% specificity (AUC=0.925) known as MIR-GP1. A perfect result with a ROC curve is an area under the curve (AUC) of 1.0 (therefore a sensitivity and specificity of 100%, respectively).

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.

The next steps for this program involve identifying these markers through protein purification and amino acid sequencing, beginning with MIR-GP1. In order to effectively manage current resources, the Company is currently focused on its preeclampsia and prostate cancer programs, while evaluating the next steps for this program.

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 promising intellectual property related to pancreatic cancer markers that requires further research. In order to effectively manage current resources, the Company is currently focused on its preeclampsia and prostate cancer programs, which are believed to be the closest programs to partnership revenue, while evaluating the next steps for this program.

Diagnostic Opportunities Database

Miraculins is actively in search of in-licensing/acquiring development opportunities in areas where there are unmet clinical diagnostic needs. Under the direction of the Company's Director of Research and Development, Miraculins has evaluated and catalogued approximately 500 opportunities and is at varying stages of licensing discussions with a number of promising technologies. Diagnostic technologies of greatest interest to the Company have completed discovery stage research and biomarker identification but require additional expertise and resources to be developed into validated commercially viable assays.

OUTLOOK

The strategic direction of the Company is centered on the development and commercialization of diagnostic tests for unmet clinical needs. In order to advance these research programs, Miraculins expects to continue incurring operating losses. Based on current projections and strategic plans, it is conceivable that total expenses could increase in fiscal 2010, as compared to fiscal 2009. Any increase in expenditures would result from the continued development of current assets and the potential addition of complementary assets.

These financial statements have been prepared on a basis that the Company will continue as 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 and commitments in the normal course of business. The use of these principles may not be appropriate because at August 31, 2009 there was substantial doubt that the Company would be able to continue as a going concern as a result of the Company's operating losses and its working capital deficiency of \$181,741 at August 31, 2009.

On June 18, 2009, the Company closed a non-brokered private placement offering for gross proceeds of \$400,000. Net proceeds received from the Offering shall be used for research and development and working capital purposes. See *Liquidity and Capital Resources* section for details.

The Company's future operations are completely dependent upon its ability to generate product sales, negotiate collaboration or licence agreements with upfront payments, obtain research grant funding, or other strategic alternatives, and/or secure additional funds. While the Company is striving to achieve the above plans, there is no assurance that such sources of funds will be available or obtained on favourable terms. If the Company cannot generate product sales, negotiate collaboration or licence agreements with upfront payments, obtain research grant funding, or if it cannot secure additional financing on terms that would be acceptable to it, the Company will have to consider additional strategic alternatives which may include, among other strategies, exploring the monetization of certain intangible assets as well as seeking to outlicense assets, potential asset divestitures, winding up, dissolution or liquidation of the Company.

The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities and commitments when due is dependent on the successful completion of the actions taken or planned, some of which are described above, which management believes will mitigate the adverse conditions and events which raise doubt about the

MIRACULINS INC.

Management's Discussion and Analysis



validity of the going concern assumption used in preparing these financial statements. There is no certainty that these and other strategies will be sufficient to permit the Company to continue as a going concern.

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.

Based on current estimates and expected operating activities, management believes the Company has sufficient financial resources exist to fund operations into the first quarter of 2010.

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. The availability of funding may change management's strategy over the coming year.

RISKS AND UNCERTAINTY

The Company operates in a highly competitive environment that involves significant risks and uncertainties, some of which are outside of the Company's control. The Company is subject to risks inherent in the biotechnology industry, including:

Risks Related to the Company's Financial Condition

- The Company has not derived any revenue to date from the commercial sale of its diagnostic products. In light of the length of time and expense associated with bringing new products through commercialization, obtaining regulatory approval and bringing products to market, operating losses are expected to continue.
- The Company has relied on equity and debt financing to support operations and will continue to need significant amounts of additional capital that may not be available to the Company on favourable terms, and may be dilutive.
- The Company may fail to obtain additional financing and be unable to fund operations and commercialize its product candidates.

The Company intends to raise additional financing, as required, through research, partnering and licensing arrangements, the exercise of warrants and options, and through equity and/or debt financing. However, there can be no assurance that these financing efforts will be successful or that the Company will continue to be able to meet ongoing cash requirements. It is possible that financing will not be available or, if available, may not be on favourable terms. The availability of financing will be affected by the results of scientific and clinical research, ability to attain regulatory approvals, the market acceptance of the Company's products, and the state of the capital markets generally (with particular reference to pharmaceutical, biotechnology and medical companies), the status of strategic alliance agreements, and other relevant commercial considerations.

Risks Related to the Company's Business and Operations

- The Company is in various stages of development of diagnostic products and is dependent on the successful outcome of assay development and clinical assessment. Delays may cause the Company to incur additional costs which could adversely affect the Company's liquidity and financial results.
- Failure to protect intellectual property, or infringement on the intellectual property rights of others, may impede the Company's ability to operate freely.

- The Company's business is subject to significant government regulation and failure to achieve regulatory approval of diagnostic products would negatively affect its business.
- The Company is dependent on strategic partners, including clinical investigators and contract research organizations, as part of its diagnostic product development strategy, and it would be negatively affected if it is not able to initiate or maintain these relationships.
- Even if product candidates receive all of the required regulatory approvals, there is no guarantee of market acceptance or commercialization of the resulting product candidates, which will be determined by the Company's sales, marketing and distribution capabilities and the positioning and competitiveness of its diagnostic product compared with any alternatives.
- The Company's industry is characterized by rapid change and a failure by the Company to react to these changes could have a material adverse effect on its business.
- If the Company fails to hire or retain needed personnel, the implementation of its business plan could slow and future growth could suffer.

Miraculins views patents and other means of intellectual property protection as essential to the Company's core business by protecting the Company's proprietary technology from infringement by competitors. To that end, patents will be reviewed and continued to be sought in relation to those components or concepts of each of its pre-clinical and clinical diagnostic products by management of the Company to ensure the highest level of protection possible is obtained. The Company requires all employees, consultants, and parties to collaborative research agreements to execute confidentiality agreements upon the commencement of employment, consulting relationships or a collaboration with the Company. These agreements require that all confidential information developed or made known during the course of the engagement with Miraculins is to be kept confidential. The Company also maintains agreements with scientific staff and all parties contracted in a scientific capacity, providing that all inventions resulting from work performed for Miraculins, using Miraculins' property, or relating to Miraculins' business and conceived or completed during the period covered by the agreement are the exclusive property of the Company.

Risks Relating to the Company's Common Shares

- The Company has not paid any cash dividends on its common shares and, for the foreseeable future, the Company does not intend to pay any cash dividends on its common shares and therefore its shareholders may not be able to receive a return on their shares unless they sell them.
- The market price and trading volume of the Company's common shares may be volatile. In addition, variations in earnings estimates by securities analysts and the market prices of the securities of our competitors may also lead to fluctuations in the trading price of the common shares.
- The significant costs that the Company will incur as a result of being a public company in Canada could adversely affect its business.

To date, no dividends have been declared or paid on the common shares, and it is not expected that dividends will be declared or paid in the immediate or foreseeable future. The policy of the Board of Directors of the Company is to reinvest all available funds in operations. The Board of Directors may reassess this policy from time to time. Any decision to pay dividends on the common shares of Miraculins will be made by the Board of Directors based on the assessment of, among other factors, earnings, capital requirements and the operating and financial condition of the Company.

SELECTED QUARTERLY FINANCIAL INFORMATION

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

	Q3 - 2009	Q2 - 2009	Q1 - 2009	Q4 - 2008	Q3 - 2008	Q2 - 2008	Q1 - 2008	Q4 - 2007
Interest income	1,339	328	188	370	2,158	2,080	1,263	3,209
Loss for the period	(213,497)	(217,993)	(214,600)	(336,149)	(272,879)	(264,313)	(219,577)	(260,646)
Loss per share	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.03)	(0.01)	(0.02)

It is important to note that historical patterns of expenditures cannot be taken as an indication of future expenditures. The amount and timing of expenditures, and therefore liquidity and capital resources, may vary substantially from period to period depending on the business and research activities being undertaken at any one time and the availability of funding from investors and prospective commercial partners.

The Company's cumulative quarterly loss over the past two years relates primarily to the expansion of the Company's research programs. The decreased loss for the quarter ended August 31, 2009, as compared to the preceding seven quarters, is primarily due to reductions in staffing costs, lease payments, and professional fees.

RESULTS OF OPERATIONS

Research

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

The changes in research expenditures for the nine month periods ended August 31, 2009 and 2008 are reflected in the following table:

Nine month periods ended August 31,	2009	2008	Increase (decrease)
Compensation related costs	\$ 162,927	\$ 116,874	\$ 46,053
Consumables	26,247	36,721	(10,474)
Contract research and scientific consulting	3,927	64,298	(60,371)
Scientific equipment	5,977	36,250	(30,273)
Laboratory rent and occupancy costs	40,280	39,570	710
Other research costs	20,907	6,619	14,288
less: Government assistance	(42,139)	(1,085)	(41,054)
Research	\$ 218,126	\$ 299,247	\$ (81,121)

As expected, research expenditures for the nine month period ended August 31, 2009 were lower as compared to the same period in 2008. This decrease can be attributed to the following factors:

- The increase in compensation related costs, is primarily due to the contracting of the Company's Director of Research and Development part way through 2008. Where appropriate, management's continues to outsource certain processes in order to increase flexibility and obtain cost efficiencies.
- Research activities requiring consumable materials were reduced during the first half of 2009. This lower demand for supplies resulted in fewer purchases. During the third quarter, the Company began development work under the preeclampsia program which renewed demand. In the prior year, the Company had research programs which demanded consistent levels of supplies.
- In the first quarter of 2008, consulting fees were incurred as part of due diligence related to exploration of new diagnostic opportunities. In 2008, the Company began working with an external consulting company to review existing research data. No similar cost was incurred in 2009.
- During the first quarter of 2009, the Company made the final payment on one of its equipment leases. This decrease in scientific equipment costs is offset by a new lease with lower monthly payments.
- Other research costs is primarily related to travel costs incurred by the Director of Research and Development. Lower travel costs were incurred in 2008.
- The increase in grant contributions in due to receipt of CIIRDF grant which was not in place over the same period in the prior year.

The Company expects increased levels of research expenditures for the coming fiscal year.

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 nine month periods ended August 31, 2009 and 2008 are reflected in the following table:

Nine month periods ended August 31,	2009	2008	Increase (decrease)
Compensation related costs	\$ 111,375	\$ 126,474	\$ (15,099)
Business development costs	205,841	227,472	(21,631)
Other administration costs	55,969	69,423	(13,454)
General and administrative	\$ 373,185	\$ 423,369	\$ (50,184)

The decrease in costs for the nine month period ended August 31, 2009 as compared to 2008 can be attributed to the following factors:

- In the prior year, compensation related costs included salary for the Company's manager of investor relations. This position has been vacant for the similar period in the current year. The decrease is offset by an increase in the President's salary approved by the Board of Directors.

- Business development costs decreased, as compared to the prior year, mainly due to lower legal fees incurred. In the prior year, the Company incurred costs related to due diligence work completed to explore new business opportunities. No similar fees were incurred in the current year.
- Other administration costs were lower than the comparable period in the prior year due to a reduction in professional fees and foreign exchange loss.

The Company expects similar levels of general and administrative expenditures for the coming fiscal year.

Investment Income

The changes in investment income for the nine month periods ended August 31, 2009 and 2008 are reflected in the following table:

Nine month periods ended August 31,	2009		2008		Decrease
Investment income	\$	1,855	\$	5,501	\$ (3,646)

The decrease in investment income for the current nine months is the result of a lower average cash balance and lower interest rates earned as compared to the same nine months in the prior year. The Company anticipates consistent levels of investment income in the coming year resulting from stabilized average cash on hand.

Loss and comprehensive loss for the year

The loss and comprehensive loss for the nine month periods ended August 31, 2009 and 2008 is reflected in the following table:

Nine month periods ended August 31,	2009		2008		Decrease
Loss and comprehensive loss for the year	\$	646,089	\$	753,020	\$ (106,931)
Loss per share	\$	0.02	\$	0.04	\$ (0.02)

As discussed above, the decrease in annual loss resulted mainly from the management's focus on priority research programs and ongoing evaluation and control of programs expenditures to effectively manage available resources. 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 August 31, 2009, the Company had unrestricted cash and cash equivalents totaling \$349,613 compared with \$5,717 at the previous year-end.

Cash used in operating activities

Cash used in operating activities totaled \$229,890 for the nine months ended August 31, 2009 from ongoing research programs as well as general and administrative activities, compared to \$637,468 for the same period in fiscal 2008. The decrease in cash used for operating activities is primarily due to a deferral of payments to related parties and receipt of grant advances. In addition, the Company used \$78,000 to retire outstanding accounts payable owing to non-related advisors, vendors and suppliers.

Cash used in investing activities

Cash used in investing activities totaled \$18,083 for the nine months ended August 31, 2009. Of this amount, \$18,083 was from patent costs and none was from the acquisition of property and equipment. In the previous fiscal year, cash used in investing activities, from patent costs and the acquisition of property and equipment, totaled \$26,143.

Cash from financing activities

For the nine months ended August 31, 2009, cash provided from financing activities totaled \$591,869 (2008 - \$580,005). On December 31, 2008, Miraculins closed a private placement with aggregate gross proceeds to the Company of \$232,500 from the sale of 4,650,000 units (the "Units") at a price of \$0.05 per Unit and on June 17, 2009 the Company closed a second private placement with aggregate gross proceeds of \$400,000 from the sale of 8,000,000 Units at a price of \$0.05 per Unit.

Shares, options and warrants

	August 31, 2009	November 30, 2008
Common shares issued and outstanding	33,523,456	20,873,456
Options outstanding	1,605,000	1,415,000
Warrants outstanding	12,993,600	2,196,215

On December 31, 2008, the Company closed a private placement with aggregate gross proceeds of \$232,500 from the sale of 4,650,000 units ("Units") at a price of \$0.05 per Unit. Each Unit is comprised of one common share of the Company (a "Share") and one Share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one Share at a price of \$0.10 per Share for a period of 24 months from the date the Warrant is issued.

On June 17, 2009, the Company closed a private placement with aggregate gross proceeds of \$400,000 from the sale of 8,000,000 units ("Units") at a price of \$0.05 per Unit. Each Unit is comprised of one common share of the Company (a "Share") and one Share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one Share at a price of \$0.10 per Share for a period of 24 months from the date the Warrant is issued.

The Company believes it has sufficient resources available to satisfy operating requirements into the first quarter of 2010. The Company's management is considering all financing alternatives and is currently 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 pursues such financing, there is no assurance that funding will be available or obtained on favourable terms.

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

CONTRACTUAL OBLIGATIONS

(a) Commitments:

The Company periodically enters into long-term contractual agreements for the lease of laboratory facilities and equipment, management services, and certain purchased services. The following table presents commitments arising from agreements currently in force over the next five years.

Payments due by Period						
	Within 1 year	2 - 3 years	4 - 5 years	Total		
Management services agreement	\$ 200,000	\$ -	\$ -	\$ 200,000		
Contractual commitments	11,563	25,417	35,000	71,980		
Capital lease	2,580	20,640	18,060	41,280		
	\$ 214,143	\$ 46,057	\$ 53,060	\$ 313,260		

A summary of the Company's contractual obligations may be found in Note 10 of the unaudited interim financial statements for the nine months ended August 31, 2009.

(b) Guarantees:

The Company periodically enters into research and license agreements with third parties that include indemnification provisions customary in the industry. These guarantees generally require the Company to compensate the other party for certain damages and costs incurred as a result of claims arising from research and development activities undertaken on behalf of the Company. In some cases, the maximum potential amount of future payments that could be required under these indemnification provisions could be unlimited. These indemnification provisions generally survive termination of the underlying agreement. The nature of the indemnification obligations prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay. Historically, the Company has not made any indemnification payments under such agreements and no amount has been accrued in the accompanying financial statements with respect to these indemnification obligations.

RELATED PARTY TRANSACTIONS

Related parties consist of certain officers and shareholders, and companies with significant influence. 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.

During the nine months ended August 31, 2009, the Company incurred costs payable to a company controlled by a director, a total of \$189,605 (August 31, 2008 - \$214,655) for laboratory lease, equipment rental and consulting fees. The Chief Financial Officer's services are provided through the consulting agreement with Genesys Venture Inc. In addition, public relations, business development, accounting, payroll, human resources, and information technology services are provided to the Company through the agreement. As of August 31, 2009, included in accounts payable and accrued liabilities is \$294,261 (November 30, 2008 - \$84,487) owed to Genesys Venture Inc. which are non-interest bearing and have no specific terms of repayment.

OFF-BALANCE SHEET ARRANGEMENTS

Other than as described above, the Company does not have any off-balance sheet arrangements.

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 the time periods prescribed by applicable securities legislation.

A control system can only provide reasonable, not absolute, assurance that the objectives of the control system are met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

As a result of the Company's limited administrative staffing levels, internal controls which rely on segregation of duties in many cases are not appropriate or possible. Due to resources constraints and the present stage of the Company's development, the Company does not have sufficient size and scale to warrant the hiring of additional staff to correct this potential weakness at this time. To help mitigate the impact of this potential weakness and to ensure quality financial reporting, the Company is highly reliant on the performance of compensating procedures and senior management's review and approval to ensure that the controls are as effective as possible.

During the nine months ended August 31, 2009, the Company made no material changes to its systems of internal controls over financial reporting.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with 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.

Management believes that its most critical accounting policies and estimates relate to the following areas, with reference to notes contained in the audited financial statements for the year ended November 30, 2008:

- Research and development Note 2(h)
- Patents and trademarks Note 2(c) and 2(d)
- Stock-based compensation Note 2(i), 10(c) and 10(d)

A summary of all of the Company's significant accounting policies and estimates may be found in the Note 2 to the audited financial statements for the year ended November 30, 2008.

CHANGES IN ACCOUNTING POLICIES

1. New Accounting Standards adopted during the year:

The Company adopted the following CICA Handbook standards:

(a) Goodwill and intangible assets:

Section 3064, which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research & Development Costs, establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The provisions relating to the definition and initial recognition of intangible assets, including internally generated intangible assets, are equivalent to the corresponding provisions of IAS 38, Intangible Assets. There was no impact on the Company's financial position and results of operations on adoption of this standard.

2. International Financial Reporting Standards (IFRS) Changeover Plan:

In 2006, the Canadian Accounting Standards Board (AcSB) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB's strategic plan outlines the convergence of Canadian GAAP with IFRS over a five-year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP.

IFRS 1, *First-time Adoption of International Financial Reporting Standards*, provides guidance for the initial adoption of IFRS. IFRS 1 generally requires that an entity apply all IFRS standards effective at the end of its first IFRS reporting period retrospectively. However, IFRS 1 does require certain mandatory exceptions and limited optional exemptions in specified areas of certain standards from this general requirement. The Company is currently evaluating the exceptions and exemptions under IFRS 1 and will provide updated disclosure when available.

Key dates:

- Disclosure of IFRS implementation plan:.....November 30, 2009
- Disclosure of IFRS quantitative impact analysis:.....November 30, 2010
- Opening IFRS balance sheet and transition adjustment:.....December 1, 2010
- First external quarterly IFRS financial statements, including comparatives:.....February 28, 2012
- First external annual IFRS financial statements, including comparatives:.....November 30, 2012

Management began to develop its IFRS changeover plan in 2008, as the Company's key finance employees attended training sessions and accumulated current literature on IFRS and their interpretations. An initial implementation timetable is in development that identifies key activities that will occur over the next two years leading up to the changeover. In 2009, the Company plans to develop a better understanding of the current differences between Canadian GAAP and IFRS, and as required by the AcSB, the Company will need to finalize its accounting policy choices within IFRS and assess its elective options under first-time adoption of IFRS (IFRS 1).

Management believes that sufficient and appropriate resources have been allocated to this IFRS conversion to ensure a timely and effective transition. Due to the uncertainty surrounding what IFRS will exist at the changeover date, management cannot reasonably assess the financial impact that IFRS will have on the Company's financial statements at this time. As of October 26, 2009, the IFRS conversion plans are progressing according to plan.

FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis 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.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- * general business and economic conditions;
- * interest rates and foreign exchange rates;
- * the timing of the receipt of regulatory and governmental approvals for the Company's research and development projects;
- * the availability of financing for the Company's research and development projects, or the availability of financing on reasonable terms;
- * the Company's costs of pre-clinical and clinical trials;
- * the Company's ability to attract and retain skilled staff;
- * the impact of changes in Canadian-UK Pound, Canadian-Euro, Canadian-US dollar and other foreign exchange rates on the Company's costs and results;
- * market competition;
- * tax benefits and tax rates;
- * the Company's ongoing relations with its employees and with its business partners.

Miraculins cautions you that the foregoing list of important factors and assumptions is not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. You should also carefully consider the matters discussed under "Risk Factors" in this MD&A. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, other than is required by regulation.