Medwell Capital Corp.

Management Discussion and Analysis
of Financial Condition And Results of Operations
Amended

For the Three and Six Months Ended June 30, 2011

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is designed to help the reader of the consolidated financial statements understand Medwell Capital Corp. and referred to herein, together with its subsidiaries as ("Medwell" or the "Corporation"), its operations and our present business environment as of November 21, 2011. This MD&A should be read in conjunction with the Corporation's unaudited interim consolidated financial statements and accompanying notes for the three and six months ended June 30, 2011, as well as the audited consolidated financial statements for the year ended December 31, 2010. Prior to January 1, 2011, the Corporation prepared its financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011.

In September 2010, the Canadian Accounting Standards Board deferred the mandatory adoption of IFRS for investment companies until years starting on or after January 1, 2012. This deferral was subsequently extended to years beginning on or after January 1, 2013 to be consistent with the effective date of IAS 28 – Investments in Associates and Joint Ventures. For regulatory purposes, this deferral was applied to investment companies meeting the definition of an investment fund in National Instrument 81-106 ("NI 81-106"). The Corporation is not an investment fund as defined in NI 81-106. However, as an investment company preparing its financial statements in accordance with Accounting Guideline 18 of the CICA Handbook, the Corporation had sought exemptive relief from the regulatory requirement to adopt IFRS on January 1, 2011. On September 29, 2011, the Alberta Securities Commission advised the Corporation that this exemptive relief would not be granted. Accordingly, the Corporation has amended its previously filed interim consolidated financial statements for the periods ended March 31, 2011 and June 30, 2011 to reflect the adoption of IFRS on January 1, 2011. The impact of the adoption of IFRS had no effect on the financial results previously reported by the Corporation and is described in note 5 of the interim consolidated financial statements. In this MD&A, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS. The interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 and IFRS 1. Subject to certain transition elections disclosed in note 5, the Corporation has consistently applied the same accounting policies in its opening IFRS statement of financial position at January 1, 2010, and throughout all periods presented, as if these policies had always been in effect. Note 5 discloses the impact of the transition to IFRS on the Corporation's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Corporation's consolidated financial statements for the year ended December 31, 2010.

This document is current in all material respects as of November 21, 2011.

Forward – Looking Statements

In order to provide investors of Medwell with an understanding of our current results and future prospects, our communications often include written or oral forward-looking statements. This report and other materials filed with the Canadian securities regulators contain statements that are forward looking. These statements represent Medwell's intentions, plans, expectations and beliefs and are based on our experience and our assessment of historical and future trends and the application of key assumptions relating to future events and circumstances. These statements may include, but are not limited to, comments about our objectives and priorities for 2011 and beyond, strategies and targets, expectations for our financial condition, and the outlook for our operations and external factors that may impact results.

Forward-looking statements require assumptions and involve risks and uncertainties related to our business and the general economic environment, many of which are beyond our control. There is significant risk that the predictions, forecasts, conclusions or projections we make will not prove to be accurate and that may cause our actual results to be materially different from the targets, expectations, estimates or intentions expressed in the forward-looking statements. We caution readers of this report not to place undue reliance on our forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to: general economic conditions in the countries in which we operate; currency fluctuations; our ability to execute projects; our ability to execute our strategic plans; our ability to attract and retain qualified employees; our ability to contain expenses; technology changes and research and development; availability of financial resources to carry out our strategy; our ability to protect our intellectual and intangible properties; legal claims; critical accounting estimates; the possible effects on our activities of war or terrorist activities; disease or illness that affects local, national or international economies; and disruptions to public infrastructure, such as transportation, communications, power or water supply. We caution that this list is not exhaustive of all possible factors.

When relying on forward-looking statements to make decisions with respect to Medwell, investors should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Unless required by law, we do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Corporation or on its behalf.

Corporate Overview and Outlook

Medwell, continued in Alberta under the Business Corporations Act, is an investment, financial advisory and merchant banking firm which directly invests in and advises companies on strategy, financing, mergers & acquisitions (M&A), licensing transactions and technology development.

The Corporation has and continues to evaluate numerous opportunities that could potentially benefit from its access to capital resources, banking and transaction experience, and, technology assessment and management expertise. Medwell sees an undercapitalized healthcare sector, with many North American companies facing less than one year's operating capital and reduced management expertise.

This provides an opportunity for the Corporation to utilize its three core operating groups: Medwell Investments ('MedInv"), Medwell Consulting ("MedCon") and Medwell Securities ("MedSec"). Each group utilizes the expertise of key employees and provides flexibility to overlap the expertise into each of the Corporations' operating groups.

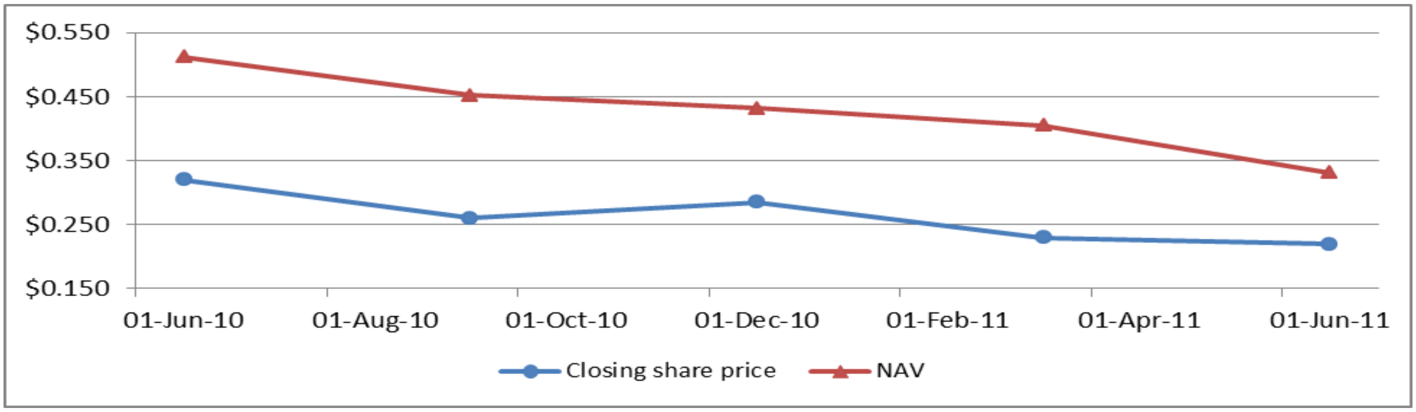
MedInv is responsible for identifying, assessing and managing direct investments made by Medwell. MedCon provides clinical advisory services for technology assessment, clinical program design, regulatory support and commercial development to investees of Medwell in addition to providing services to other entities. MedSec through Medwell Securities Inc., which is an Exempt Market Dealer, provides merchant bank financing support and advisory assistance to enhance the value of the target business and Medwell. To support the merchant bank function, MedCon also provides clinical advisory services for technology assessment, clinical program design, regulatory support and commercial development.

The Corporation has reduced its headcount to five (5) full time employees and five (5) full time equivalents ("FTE's) as MedSec staff and/or independent contractors for the Corporation. Related to the reductions, the Corporation incurred approximately $2.4 million in related termination payments that have been recorded in result of operations for the three and six months ended June 30, 2010. In connection with the termination payments, $525,800 was used to repay loans guaranteed by the Corporation related to the April 30, 2010 common share purchases by certain employees and officers of the Corporation.

Certain employees and contractors whose agreements were terminated on June 30, 2011, now provide technology assessment and advisory services to the Corporation, for which they receive as compensation, between 25,000 and 50,000 stock options under the Corporations stock option plan.

Medwell was listed on the Toronto Stock Exchange until February 4, 2011. Effective February 7, 2011, Medwell was listed on the TSX Venture Exchange ("TSXV") and its Class A common shares trade on the TSXV under the trading symbol "MWC". At June 30, 2011 there were 91,008,923 (December 31, 2010 - 91,008,923) Class "A" common shares of the Corporation issued and outstanding.

Net Asset Value



Net Asset Value ("NAV") per unit is a non-GAAP measure calculated as the value of total assets less the value of total liabilities divided by total number of common shares outstanding, as at a specified date. The term NAV does not have any standardized meaning according to GAAP and therefore may not be comparable to similar measures presented by other companies. There is no comparable measure presented in Medwell's financial statements and thus no applicable quantitative reconciliation for NAV per unit.

We believe that the measure provides information useful to our shareholders in understanding our performance, and may assist in the evaluation of our business relative to that of our peers.

Investments

Spectral Diagnostics Inc.

On March 28, 2011, the Corporation announced it acquired common shares and common share purchase warrants ("Warrants") of Spectral Diagnostics Inc. ("Spectral"), in a non-brokered, private transaction. Under the terms of the transaction, Medwell acquired 6,449,501 common shares of Spectral at a price of $0.27 per common share and 962,500 Warrants of Spectral at a price of $0.01 per warrant for an aggregate cost of $1,741,000. 462,500 of the Warrants expired on June 19, 2011. 500,000 of the Warrants entitle the holder thereof to acquire one common share of Spectral at a price of $0.60 per common share on or before March 2, 2014.

Medwell owns approximately 45% of Spectral's issued and outstanding common shares. In addition, Medwell owns 15,200,000 Warrants representing approximately 58% of the issued and outstanding Warrants of Spectral. Therefore on a partially diluted basis, assuming only Medwell exercises its warrants; it would own 51,349,501 common shares of Spectral, representing approximately 54% of the issued and outstanding common shares. On a fully diluted basis, Medwell owns approximately 46% of all issued and outstanding common shares, warrants and options of Spectral. The Corporation and Spectral have two directors in common, Kevin Giese and Laine Woollard.

Medwell and Spectral have also agreed to amend the services agreement to $1.5 million per annum for the next two years.

On June 28, 2011, Medwell and Spectral announced that the companies have entered into an arrangement agreement (the "Arrangement"), pursuant to a plan of arrangement, Medwell will acquire a further 33,333,333 Spectral common shares (the "Spectral Shares") for $10 million, at a subscription price of $0.30 per share, the gross proceeds of which will be used primarily to advance Spectral's Toraymyxin, a treatment for severe sepsis, through to the end of its U.S. Phase III EUPHRATES trial and data release.

Pursuant to the Arrangement, Medwell will distribute 54,282,834 Spectral Shares to its shareholders. In general, such Spectral Shares are expected to be received by Canadian resident shareholders on a tax-deferred basis, provided that the tax cost of their Medwell Shares for Canadian tax purposes is not less than the value of the Spectral Shares which they receive.

Each Medwell shareholder of record will receive approximately six-tenths (6/10ths) of a Spectral share for each Medwell share owned (or approximately $0.18 of value for each Medwell share owned, based on the $0.30 Spectral Share subscription price). Each Shareholder will also be deemed to be the holder of one New Medwell Common Share for each Share held on the Effective Date. Following the completion of the Arrangement, Medwell will hold approximately 15,200,000 Spectral Shares, representing approximately 13.4% of the issued and outstanding Spectral Shares (calculated on a non-diluted basis), and will also hold 15,200,000 Spectral warrants, which are exercisable at $0.60 and expire on March 2, 2014.

In connection with the Arrangement, Kevin Giese will be appointed as Chairman of the Board of Directors of Spectral after closing of the transaction. As long as Medwell owns in aggregate not less than 10% of the issued and outstanding Spectral Shares (calculated on a non-diluted basis), Medwell will be entitled to specify two of the board nominees in any management proxy circular of Spectral prepared and sent to the Spectral shareholders in respect of meetings at which directors are to be elected.

Under the terms of the Arrangement the services agreement will been amended and extended on its current terms to expire on the later of: (i) December 31, 2013; and (ii) the completion of the current EUPHRATES Clinical Trials.

With all required shareholder, court and other regulatory approvals now having been obtained, the Arrangement is now scheduled to close on September 9, 2011, which is also the record date for the Distribution. Medwell's voting Class "A" shares will commence trading on the TSX Venture Exchange on an ex-dividend basis at the opening of trading on September 7, 2011. The completion of the Arrangement is subject to other customary closing conditions.

<u>Further Spectral Information</u>

Spectral obtained exclusive rights for the Toraymyxin™ therapeutic device in Canada on November 22, 2010 and in the United States in March of 2009 from Toray Industries Inc., of Japan. Toraymyxin™ is a therapeutic hemoperfusion device that removes endotoxin from the bloodstream. Toraymyxin™ has been used in more than 80,000 patients globally and has demonstrated in clinical trials that it safely and effectively removes endotoxin and reduces mortality in patients with severe sepsis. Spectral's Endotoxin Activity Assay ("EAA™") is the only US Food and Drug Administration ("FDA") cleared assay for the measurement of endotoxin in the bloodstream.

The initiation of Spectral's United States pivotal trial of Toraymyxin™ took place on October 19, 2010, and patients have now been enrolled. The US pivotal trial uses Spectral's EAA™ to identify patients with severe sepsis who have elevated endotoxin in the blood and will most likely benefit from treatment with Toraymyxin™. More than 250,000 patients are diagnosed with severe sepsis and septic shock in the US each year, representing a potential $1 billion plus market opportunity for Spectral.

Mimetogen Pharmaceuticals Inc.

On February 25, 2011, the Corporation committed (the "Commitment") to invest up to $2,000,000 in Mimetogen Pharmaceuticals Inc. ("Mimetogen") a private company. Under the terms of the Commitment, Medwell acquired 320,000 Class B preferred shares of Mimetogen at a price of $1.00 per share. On April 1, 2011, the Corporation acquired an additional 800,000 Class B preferred shares at a price of $1.00 per share under the terms of the Commitment. As a result of the transaction, Medwell now has ownership of approximately 9.5% of Mimetogen's issued and outstanding shares. On a fully diluted basis, Medwell has ownership and control of approximately 7.9% of all issued and outstanding shares.

Under the Commitment, an additional $880,000 is available to Mimetogen if certain milestones are met. The Class B preferred shares accrue a fixed, cumulative and preferential dividend at a rate of 8% per annum and have priority over dividends to Class A preferred shares and the common shares of Mimetogen.

The Class B preferred shares also contain conversion provisions to common shares of Mimetogen in the event of certain transactions. Mimetogen is currently developing novel therapeutic approaches for ophthalmic indications including dry eye disease, glaucoma and other degenerative diseases of the retina. Mimetogen also possesses a pipeline of lead compounds for non-ophthalmic indications (such as neurodegenerative disease and pain).

On June 27, 2011, Mimetogen announced positive top line data from the Phase II clinical trial of MIM-D3 for dry eye disease. The trial demonstrated statistically significant improvements in signs and symptoms with its low (1%) and high (5%) doses of MIM-D3, together with excellent safety and tolerability profiles. Mimetogen is in the process of completing its analysis of the data, and intends to present further details at a future medical conference.

MedSec has been retained by Mimetogen to provide business development advisory services.

Phase II Clinical Trial of MIM-D3 for Dry Eye Disease

Mimetogen's lead drug candidate for the treatment of dry eye disease, MIM-D3, is a small molecule mimetic of nerve growth factor (NGF). NGF is a naturally occurring protein in the eyes that is responsible for the maintenance of corneal nerves and epithelium, mucin and tear production. In contrast to most other products in development or on the market, MIM-D3 is designed to quickly and directly improve the quality of the tears produced by the eyes whilst reducing clinical signs and symptoms such as chronic dryness and grittiness. Dry eye disease is estimated to be a $1 billion US market for which there is currently only one FDA-approved treatment.

The 150-patient phase II randomized, double-masked, multi-center, placebo-controlled trial was designed to evaluate the safety, tolerability and efficacy of MIM-D3 in improving both the signs and symptoms of dry eye.

Dry eye disease is one of the most common ophthalmic problems, with an estimated 30 million people in North-America suffering from it and a worldwide prevalence closely paralleling that of the United States. Dry eye is a chronic multifactorial disease of the tears, the ocular surface and the adjacent neurological tissue that results in symptoms of discomfort, visual disturbance and tear film instability that may lead to permanent damage and scars to the ocular surface.

Mimetogen is a private company focused on developing the use of peptidomimetics as a novel approach to treating diseases with high unmet medical needs. The underlying technology was developed at McGill University and the Lady Davis Institute for Medical Research in Montréal. Mimetogen is currently developing novel therapeutic approaches for ophthalmic indications including dry eye disease, glaucoma and other degenerative diseases of the retina and also possesses a pipeline of lead compounds for non-ophthalmic indications (such as neurodegenerative disease and pain).

Discussion of Continuing Operations and Financial Condition

The consolidated net loss from continuing operations of the Corporation for the three months ended June 30, 2011, was $6.7 million or $0.07 per share compared with a consolidated net loss from continuing operations of $9.0 million or $0.11 per share for the same period in the previous year. The results for the three months ended June 30, 2011, included the recognition of an unrealized loss of $3.1 million on the Corporation's investments, $0.4 million in contract services revenue and $2.4 million for severance and termination payments. The consolidated net loss from continuing operations of the Corporation for the six months ended June 30, 2011, was $9.6 million or $0.11 per share compared with a consolidated net loss from continuing operations of $2.4 million or $0.02 per share for the same period in the previous year. The results for the six months ended June 30, 2011, included the recognition of an unrealized loss of $4.3 million on the Corporation's investments and $0.9 million in contract services revenue. Expenditures increased by $1.8 million for the six months ended June 20, 2011, compared to the same period in the previous year.

Revenue

The Corporation recorded an unrealized loss of $3.1 million (2010 - $7.0 million) for the three months and an unrealized loss of $4.3 million (2010 unrealized gain – $1.6 million) for the six months ended June 30, 2011. The movement is due to changes in the fair value of the Corporation's investments.

Revenue earned from services agreements in the amount of $0.4 million (2010 - $0.3 million; Spectral $0.3 million 2010 $0.3 million) for the three months and $0.9 million (2010 - $0.5 million) for the six months ended June 30, 2011. Included in contract services revenue is $0.7 million (2010 - $0.3 million) for the six months ended June 30, 2011, represents the agreement with Spectral.

Expenses

Total consolidated expenses from continuing operations for the three months ended June 30, 2011, were $4.1 million as compared with $2.3 million in the three months ended June 30, 2010. Total consolidated expenses from continuing operations for the six months ended June 30, 2011, were $6.3 million as compared with $4.5 million in the six months ended June 30, 2010.

Operating, general and administrative

Operating, general and administrative expenses increased $2.5 million to $4.1 million for the three months ended June 30, 2011 (2010 – $1.6 million). Operating, general and administrative expenses increased $2.8 million to $5.9 million for the six months ended June 30, 2011 (2010 – $3.1 million).

	Six months ended June 30,		**Three months ended June 30,**	
(expressed in millions of dollars)	**2011 $**	**2010 $**	**2011 $**	**2010 $**
Wages and benefits (a)	4.5	2.0	3.4	1.0
Professional fees (b)	0.5	0.3	0.3	0.2
Office expenditures	0.2	0.2	0.1	0.1
Regulatory and filing fees	0.2	0.2	0.1	0.1
Travel	0.3	0.2	0.1	0.1
Rent and insurance	0.2	0.2	0.1	0.1
	5.9	3.1	4.1	1.6

(a) The increase of $2.5 million compared to the three and six months ended June 30, 2010, in wages and benefits is related to the $2.4 million for termination and severance payments made as part of the corporate reorganization as the Corporation reduced its headcount to five (5) full time employees and five (5) FTE's. In the event of any termination of these FTE agreements, the Corporation shall pay the compensation otherwise payable with no further amounts due.

(b) The increase in professional fees of $0.1 million of the three months ended June 30, 2011, is related to costs associated with the Corporations investment activities and corporate reorganization. The increase in professional fees of $0.2 million for the six months ended June 30, 2011, as compared to the same period in the previous year is related to costs associated with the Corporations' investment activities and corporate reorganization.

Stock-based compensation

Stock-based compensation decreased to $NIL million for the three months ended June 30, 2011, from $1.0 million in the three months ended June 30, 2010. The June 30, 2010, amount was the result of the amendment to the strike price of previously granted stock options as approved by the shareholders of the Corporation at the Annual General Meeting held on June 25, 2010. Volatility used in the three months ended June 30, 2010, was 46.36% to reflect the market conditions during the Corporation's transition to an investment company from July 2009 to June 30, 2010.

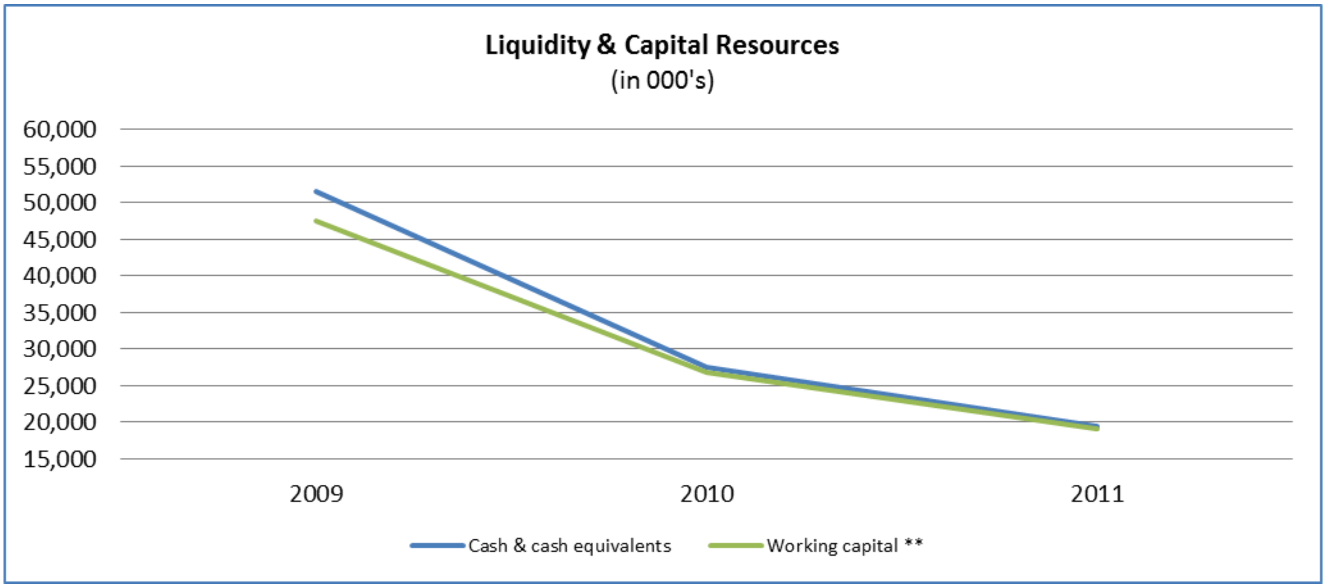
Stock-based compensation decreased to $0.3 million for the six months ended June 30, 2011, from $1.4 million of the same period in the prior year. The decrease is the result of a decrease in the underlying stock price of the Corporation's common stock and increase volatility used in the calculation to reflect current market conditions as well as expected future volatility of the stock price. Volatility used in the six months ended June 30, 2011, decreased to 43.08% from 56.23% in June 30, 2010.

The Corporation used the Black-Scholes option valuation model to estimate the fair value of the options granted during the three and six months ended June 30, 2011 and 2010 and used the following weighted average assumptions:

	2011	**2010**
Volatility	43.08%	56.23%
Risk-free interest rate	2.53%	2.42%
Expected life of the options	60 months	60 months
Dividend yield	0.0%	0.0%
Exercise price	$0.295	$0.480
Closing market price on date of grant	$0.300	$0.340
Fair value per common share option	0.120	$0.130

The Corporation uses historical volatility of its common shares to estimate its future stock price volatility. The risk-free interest rate for the expected life of the options was based on the yield available on government benchmark bonds with an approximate equivalent remaining term at the time of the grant. The expected time until exercise is based upon the contractual term, taking into account expected employee exercise and expected post-vesting employment termination behavior. Forfeitures are recognized in the period they arise.

Liquidity and Solvency



**Working capital is defined as current assets net of investments less current liabilities. The Corporation uses working capital as a supplemental financial measure of its liquidity and operational performance. Working capital is a non-GAAP measure.

The Corporation has financed its investments, its operations, previous research and development programs and required capital expenditures from public and private sales of equity, the exercise of warrants and stock options, interest earned on cash and cash equivalents and short-term investments, and up-front fees and milestone payments from a former licensing partner.

To maximize value from its capital resources and ensure overall financial stability, the Corporation has developed financial planning, budgeting, monitoring and governance systems to ensure that is fiscally responsible.

The Corporation's capital needs consist of maintaining funds available for investment, and to meet its ongoing operating expenditures, operating activities, corporate administration, working capital and capital expenditures.

Adequacy of financial resources

At June 30, 2011, cash and cash equivalents, restricted cash and short-term investments totaled $19.4 million as compared to $27.5 million at December 31, 2010. At June 30, 2011, the Corporation had working capital of $19.1 million as compared to $26.7 million at December 31, 2010. The Corporation has sufficient working capital to meet its obligations as they come due.

The decrease in cash for the three months ended June 30, 2011 resulted from net cash outflows for investments of $1.7 million (2010 - $0.5 million); cash outflows incurred in the operation of the Corporation of $3.1 million (2010 - $1.6 million); and, cash outflows used in discontinued operations of $0.6 million (2010 - $1.0 million). In the six months ended June 30, 2011, the Corporation had a decrease in cash and cash equivalents of $7.7 million compared to $19.7 million in the prior year. The decrease in cash and cash equivalents in the six months ended June 30, 2010, is the net result of $2.3 million in investments, net operating activities incurred in the operation of the Corporation $4.6 million and amounts used in discontinued operations $0.7 million.

Cash used in investing activities

On March 28, 2011, the acquisition of additional common shares and warrants of Spectral was completed. Medwell acquired 6,449,501 common shares at a price of $0.27 per common share and 962,500 common share purchase warrants at a price of $0.01 per warrant for an aggregate cost of $1,741,000.

On February 23, 2011, the Corporation committed to invest up to $2,000,000 in Mimetogen and acquired 320,000 Class B Preferred shares of Mimetogen at a price of $1.00 per share. On April 1, 2011, the Corporation acquired an additional 800,000 Class B preferred shares at a price of $1.00 per share under the terms of the Commitment.

Medwell has implemented a disciplined approach to the management of liquidity, capital and overall stability. The Corporation invests its cash reserves primarily in liquid short term bank acceptances and Guaranteed Investment Certificates with maturities of less than 1 year; the average term to maturity will be approximately 90 days. The interest rates carried on these investments varies from 0.41% to 2.00% depending on length and amount of investment or carrying balance. Cash and cash equivalents, restricted cash and short-term investments are on deposit with Canadian chartered banks.

The Corporation manages its interest rate risk by attempting to maximize the interest income earned on funds on deposit while maintaining the liquidity necessary to conduct operations on a day-to-day basis.

Currency Risk and Foreign Exchange

The Corporation's functional currency is the Canadian dollar. In the three months ended June 30, 2011, the Corporation recorded a foreign exchange loss of $0.03 million compared to a gain of $0.2 million in the previous year. The foreign exchange loss was the result of a decrease in the value of the US dollar against the Canadian dollar. In the six months ended June 30, 2011, the Corporation recorded a foreign exchange loss of $0.1 million compared to a gain of $0.1 million in the previous year. The foreign exchange loss was the result of a decrease in the value of the US dollar against the Canadian dollar. The Corporation expects to continue to experience fluctuating gains and losses on currency translations as costs are incurred in foreign currencies that are in constant movement in relation to the Canadian dollar.

At June 30, 2011, the Corporation had approximately US$3.3 million included in cash and cash equivalents.

During the three and six months ended June, 2011, the Corporation did not enter into or use forward contracts or hedging instruments, although at any point in time, the Corporation may use forward contracts to mitigate the exposures associated with fluctuations in foreign currency exchange rates. As at August 29, 2011, the Corporation has not entered into any forward contracts or hedging instruments.

The Corporation believes that the results of operations and cash flows could be affected by a change in foreign currency exchange rates, but would not materially impair or enhance its ability to pay its foreign exchange obligations.

Off-Balance Sheet Arrangements

As of June 30, 2011, the Corporation did not have any off-balance sheet arrangements.

Financial Instruments

Financial instruments of the Corporation consist of cash and cash equivalents, investments, short-term investments, accounts receivable, and accounts payable and accrued liabilities. The fair value of these instruments approximates their carrying amount due to their immediate or short-term maturity. The Corporation has classified its financial instruments as follows:

- Financial assets and liabilities at fair value through profit or loss: A financial asset or liability is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. The Corporation's financial assets and liabilities at fair value through profit or loss comprise investments in equity securities, associates and derivatives. Financial assets at fair value through profit or loss are initially recognized, and subsequently carried, at fair value, with changes recognized in profit or loss. Transaction costs are expensed as incurred. Gains and losses arising from changes in fair value are presented in the statement of income within other gains and losses in the period in which they arise.

- Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market. The Corporation's loans and receivables are comprised of trade receivables and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

- Financial liabilities at amortized cost: Financial liabilities at amortized cost include trade accounts payable. Trade payables are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortized cost using the effective interest method.

  Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

The Corporation is required to identify and measure embedded derivatives that require separation from the related host contract and measure those embedded derivatives at fair value. Subsequent changes in fair value of embedded derivatives are recognized in the consolidated statement of loss in the period the change occurs. The Corporation does not enter into derivative financial instruments for speculative or trading purposes and has not identified or measured any embedded derivatives that require separation for the three and six months ended June 30, 2011, or the year ended December 31, 2010.

The Corporation's activities are exposed to a variety of financial risks including liquidity risk, market risk, currency risk, interest rate risk, credit risk and concentration risk. The Corporation's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Corporation's financial results. Risk management is carried out by financial management in conjunction with overall corporate governance. Please see note 16 of Medwell's unaudited interim consolidated financial statements for the three and six months ended June 30, 2011, and pages 24-28 of Medwell's consolidated financial statements for the year ended December 31, 2010, for a description of the Financial Instruments of the Corporation. The financial statements are available on the SEDAR website at www.sedar.com.

Related Party Transactions

During the three and six months ended June 30, 2011 and 2010, the Corporation paid for office rent and general administration amounts to companies controlled by directors and officers of the Corporation and to professional firms in which certain directors or officers have interests. These are included in operating, general and administration expenses.

(expressed in thousands of Canadian dollars)	**For the three months ended June 30,**		**For the six months ended June 30,**	
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**
Office rent	52	86	104	172
General administration	1	2	21	4
Legal fees	45	-	115	20
	98	88	240	196

The lease for the Edmonton office space is on a month to month basis with the lease cost fixed until December 31, 2013, with early termination available upon six (6) months written notice by either party.

All transactions with related parties have occurred 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.

Contractual Obligations and Commitments

In continuing operations, the Corporation has periodically entered into short and long-term contractual arrangements for office facilities and equipment. The following table presents commitments arising from these arrangements currently in force over the next five years:

	Total	**< 1 year**	**1 – 3 years**	**> 3 years**
	$	**$**	**$**	**$**
Lease for office space	419	211	208	-
Equipment lease	32	14	18	-
	451	225	226	-

On October 8, 2010, the Corporation entered into a three (3) year lease agreement terminating on August 30, 2013 for its office space in Toronto, Ontario.

Share Information

The following class of shares and equity securities potentially convertible into common shares were outstanding:

	November 21, 2011	June 30, 2011	December 31, 2010
Common shares	91,008,923	91,008,923	91,008,923
Options to purchase Common shares	9,160,125	10,616,625	8,097,625

On January 4, 2011, the Corporation granted options to purchase 2,637,500 Class A common shares at an exercise price of $0.295 per share to certain employees, directors, and consultants. The options vested immediately on the date of grant and expire on January 3, 2021.

The fair value of stock options awarded to employees, directors and consultants of $319,078 was recorded to stock-based compensation expense and contributed surplus in the vesting period in the three and six months ended June 30, 2011. The fair value was estimated on the date of award using the Black-Scholes option pricing model with the following weighted average assumptions:

Dividend yield	0.00%
Volatility	43.08%
Risk-free interest rate	2.53%
Expected life of the options	60 months
Exercise price	$0.295
Closing market price of Corporations common shares on date of grant	$0.30
Fair value per option	$0.12

The Black-Scholes option valuation model used by the Corporation to determine fair values was developed for use in estimating the fair value of freely traded options that are fully transferable and have no vesting restrictions.

This model requires the use of assumptions, including future stock price volatility and expected time until exercise. The Corporation uses historical volatility of its common shares to estimate its future stock price volatility. The risk-free interest rate for the expected life of the options was based on the yield available on government benchmark bonds, with an approximate equivalent remaining term at the time of the grant.

The expected time until exercise is based upon the contractual term, taking into account expected employee exercise and expected post-vesting employment termination behavior.

Discussion of Discontinued Operations

On July 27, 2009, the Corporation announced the results of MAESTRO–01, a pivotal Phase II/III clinical trial in Canada and Western Europe, evaluating the safety and efficacy of dirucotide for the treatment of secondary progressive multiple sclerosis. The results showed that the drug did not meet the primary or secondary endpoints in the trial. The Corporation discontinued the other dirucotide clinical trials, MAESTRO-02 and MAESTRO-03, and completed final collection of data and records. On September 2, 2009, the exclusive license and collaboration agreement between Medwell and Eli Lilly and Company was terminated with the effect that all commercial rights to dirucotide have been returned to Medwell. All milestones related to the payments received during the license and collaboration agreement were achieved with no further service obligations required. The following table summarizes the balance sheets as of June 30, 2011 and December 31, 2010, statements of operations and comprehensive income (loss) and statements of cash flows for the three and six months ended June 30, 2011 and 2010, of the discontinued operation included in the consolidated financial statements.

Statements of Operations

	Six-month period ended	June 30	Three-month period ended	June 30
	2011	**2010**	**2011**	**2010**
Revenue earned from collaboration partner	-	-	-	-
Less: Research and development expenses	-	(495)	-	(225)
	-	(495)	-	(225)
General and administrative expenses	-	(154)	-	(47)
Foreign exchange gain	-	10	-	16
Scientific Research and Development Tax Credit	-	400	-	400
Net (loss) income from discontinued operations	-	(239)	-	144

Statements of Cash Flows

Cash flow used in operating activities	(739)	(4,106)	(619)	(1,029)

The Corporation has determined to divest of all of its interest in Dirucotide through an endowment to an organization that intends to pursue the previously discussed (Management Discussion and Analysis for the three months ended March 31, 2010 dated May 14, 2010) compassionate access and research program. The intended endowment includes all drug product, licenses and patents and appropriate books and records to allow the program to continue and a one-time payment of $110,000 net of expenses incurred during the set up period. This amount is recorded in the accounts payable and accrued liabilities of discontinued operations.

Changes in or Adoption of Accounting Policies

Please see notes 2,3 and 5 of Medwell's unaudited interim consolidated financial statements for the three and six months ended June 30, 2011, for a description of the changes in accounting policies. The financial statements are available on the SEDAR website at www.sedar.com.

Critical Accounting Estimates

The financial statements of Medwell are prepared in accordance with IFRS. The Corporation has identified the accounting policies and estimates that are critical to the understanding of the Corporation's operation and financial results in the Financial Statements. Certain polices are selected by management and approved by the Audit Committee of the Board of Directors. These policies are set out in note 3 to the interim consolidated financial statements. Certain policies are more significant than others and are, therefore, considered critical accounting policies. Accounting policies are considered to be critical if they rely on a substantial amount of judgment in their application or if they result from a choice between accounting alternatives and that choice has a material impact on the reported results or financial position. The policies identified as critical to Medwell are discussed below.

In addition to accounting policies, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the interim consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The most significant estimates are related to the valuation assumptions related to the Corporation's investments and valuation assumptions related to stock-based compensation. Actual results could differ from those estimates. The interim consolidated financial statements of the Corporation have been prepared using similar estimation methods for the critical accounting estimates as were used for the Annual Financial statements and they conform to the requirement of IAS 34 and IFRS 1.

International Financial Reporting Standards

IFRS employs a conceptual framework that is similar to Canadian GAAP. However, significant differences exist in certain matters of recognition, measurement and disclosure. The adoption of IFRS has not changed the Corporation's actual cash flows, and there are no reconciling items of equity or comprehensive income as at December 31, 2010; September 30, 2010, and January 1, 2010, as previously reported under Canadian GAAP to IFRS.

The main difference between Canadian GAAP and IFRS assessed by the Corporation is explained as follows:

Impairment of long-lived assets – Under IFRS, the recoverable amount used in recognizing and measuring impairment is the highest of the asset's fair value less costs to sell and its value in use. Under Canadian GAAP, the recoverable amount used to determine whether recognition of an impairment loss is required is the undiscounted future cash flows expected from its use and eventual disposition. The Corporation re-assessed its long-lived assets at the transition date and for each reporting period in the interim consolidated financial statements and determined no impairment loss is required.

The effect of the Corporation's transition to IFRS, as described in note 2 of the interim consolidated financial statements, is further explained below:

a) Application of IFRS 1 – First-time adoption of International Financial Reporting Standards

Included in the provisions of IFRS 1 are a number of optional exemptions from full retrospective application of the IFRS standards. The Corporation has elected to apply the following optional exemptions:

- Business combinations

  The Corporation elected to apply IFRS 3 – *Business Combinations* prospectively from January 1, 2010, and accordingly to not restate balances pertaining to any prior transactions.

- Share-based payment transactions

  The Corporation has elected not to apply the requirements of IFRS 2 – *Share –Based Payment*, to awards that had vested as of January 1, 2010.

- Leases

  The Corporation has elected to assess whether any contracts or arrangements contains a lease, as contemplated by IFRIC 4 – *Determining whether an Arrangement Contains a Lease*, as of January 1, 2010 rather than at the inception of the arrangement.

Risks and Uncertainties

The Corporation's operations involve certain risks and uncertainties that are inherent to the Corporation's industry. The most significant additional risks and uncertainties faced by the Corporation are described below. The Annual Information Form for the fiscal year ended December 31, 2010 dated February 11, 2011 ("2010 AIF"), pages 9-17 provides further risks associated with the Corporation. The 2010 AIF is available on the SEDAR website at www.sedar.com.

Portfolio Exposure

Given the nature of our activities, our results of operations and financial condition are dependant upon the market value of the securities that comprise our portfolio. Market value can be reflective of the actual or anticipated operating results of our portfolio companies and/or the general market conditions that affect the sectors in which we invest. Our investment activities are currently concentrated primarily in the healthcare industry. Additionally, as at June 30, 2011 our investment portfolio consisted of six investments, of which one represents more than 83% of the portfolio, which we believe exhibits potential for growth and positive cash flows but which may not ever mature or generate the returns we expect or may require a number of years to do so. Biotechnology, healthcare and technology companies may never achieve commercial discoveries and production. This may create an irregular pattern in our revenues (if any) and an investment in our securities may only be suitable for investors who are prepared to hold their investment for a long period of time. Macro factors such as fluctuations in commodity prices and global political and economical conditions could have an adverse effect on one or more investments to which we are exposed, thereby negatively impacting one or more of our portfolio companies concurrently. Company-specific risks, such as the risks associated with clinical operations generally, could have an adverse affect on one or more of our portfolio companies at any point in time. Company-specific and industry-specific risks which materially adversely affect our portfolio investments may have a materially adverse impact on our operating results.

Concentration of Investments

We may participate in a limited number of investments and, as a consequence, our financial results may be substantially adversely affected by the unfavourable performance of a single investment, or sector. Completion of one or more investments may result in a highly concentrated investment by us in a particular company, business, industry or sector.

Eight Quarter Review

Financial Information – Quarterly

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

	2011		2010				2009	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue								
Unrealized (loss) gain on investments, net	$(3,069)	$(1,233)	$790	$(2,645)	$(6,980)	$8,560	$ -	$ -
Realized (loss) gain on investments	(5)	84	27	12	-	-	-	-
Contract Revenue	420	462	435	250	250	250	-	-
Interest Income	50	56	81	68	53	32	27	40
Expenses								
Operating, general & administration	4,106	1,779	2,176	2,706	1,594	1,547	1,898	1,668
Stock-based Compensation	-	319	-	-	950	432	-	-
Amortization of property and equipment	10	12	14	37	37	37	37	42
Loss on disposal of property and equipment	-	3	-	-	-	-	-	-
Foreign exchange loss (gain)	26	78	161	161	(238)	158	69	(188)
Net (loss) income continuing operations	(6,746)	(2,822)	(1,018)	(5,219)	(9,020)	6,668	(1,977)	(1,482)
Net (loss) income discontinued operations	-	-	(781)	(253)	144	(383)	(5,207)	11,403
Net (loss) income	$(6,746)	$(2,822)	$(1,799)	$(5,472)	$(8,876)	$6,285	$(7,184)	$9,948
Earnings (loss) per common share – continuing operations	$(0.07)	$(0.03)	$(0.02)	$(0.06)	$(0.11)	$0.07	$(0.02)	$(0.02)
Earnings (loss) per common share – discontinued operations	$ -	$ -	$(0.01)	$(0.01)	$0.01	$(0.01)	$(0.07)	$0.13
Earnings (loss) Per common share	$(0.07)	$(0.03)	$(0.02)	$(0.06)	$(0.10)	$0.07	$(0.08)	$0.11

Internal Control and Disclosure Control Over Financial Reporting

Management of the Corporation is responsible for the design, implementation and monitoring of effective internal controls over financial reporting (as defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings), to provide reasonable assurance regarding the reliability of financial reporting and the preparation of unaudited interim consolidated financial statements in accordance with Canadian GAAP. Management has established processes which are in place to provide the Corporation's certifying officers with sufficient knowledge to support management representations to confirm that reasonable diligence has been exercised that (i) the unaudited interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim consolidated financial statements; and (ii) the unaudited interim consolidated financial statements fairly present in all material respects the financial condition, results of the operations and cash flows of the Corporation, as of the date of and for the periods presented by the unaudited interim consolidated financial statements.

The Corporation's CEO and CFO have evaluated the disclosure controls and procedures and concluded they are operating effectively notwithstanding the Corporation's limited staff. As a result, internal controls which rely on segregation of duties, in some cases are not possible. This inherent weakness is substantially overcome by the Corporation's reliance on the senior management review and approval process.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109"), the Corporation utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

(a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
(b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The Corporation's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Additional Corporate Information

Additional information on Medwell Capital Corp. (formerly BioMS Medical Corp.) may be obtained in its regulatory filings including its Annual Information Form, Information Circular, annual and quarterly reports and proxy circulars filed with the various provincial security commissions in Canada through SEDAR at www.sedar.com or at the Corporation's web site at www.medwellcapital.com.