MEDICURE INC
Form 20-F
September 28, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

[ ] REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

or

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: **May 31, 2011**

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

or

[ ] SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number**: 0-31092**

MEDICURE INC.

(Exact name of registrant as specified in its charter)

Canada
(Jurisdiction of incorporation or organization)

2 - 1250 Waverley Street, Winnipeg, Manitoba, Canada R3T 6C6
(Address of principal executive offices)

Dr. Albert D. Friesen, Tel: (204) 487-7412, Fax: (204) 488-9823
2 - 1250 Waverley Street, Winnipeg, Manitoba, Canada R3T 6C6
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act: **None**

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Common Shares, without par value
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report:

At May 31, 2011 the registrant had 130,307,552 common shares issued and outstanding

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes [ ] No [X]

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
Yes [ ] No [X]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes [ ] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer [ ] **Accelerated Filer [ ]** **Non-Accelerated Filer [X]**

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

US GAAP [ ] **International Financial Reporting Standards as issued by the International Accounting Standards Board [ ]** **Other [X]**

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:
Item 17 [X] Item 18 [ ]

If this is an annual report, indicate by check mark whether the registrant is a shell Company (as defined in Rule 12b-2 of the Exchange Act).
Yes [ ] No [X]

As of May 31, 2011, the rate for Canadian dollars was US $0.9688 for CND $1.00.

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Exhibit 23.1 Consent of Independent Registered Pubic Accounting Firm

GLOSSARY OF TERMS

The following words and phrases shall have the meanings set forth below:

"angina" means chest pain;

"angioplasty" means an operation to repair a damaged blood vessel or unblock an artery;

CABG means coronary artery bypass graft;

"FDA" means the United States Food and Drug Administration;

"**ischemia**" means the lack of blood flow;

"**myocardial infarction**" means scarring and death to portions of the heart wall;

"**myocardial ischemia**" means blockages to parts of the heart muscle;

"**TPD**" means the Canadian Therapeutic Products Directorate, formerly the Canadian Health Protection Branch;

As used in this annual report, the Corporation or Company refers to Medicure Inc. , the Company resulting from the amalgamation of Medicure Inc. and Lariat Capital Inc., and Medicure refers to Medicure Inc. prior to its amalgamation with Lariat Capital Inc. unless otherwise indicated, all references to dollar amounts in this annual report are to Canadian dollars.

FORWARD LOOKING STATEMENTS

Medicure Inc. cautions readers that certain important factors (including without limitation those set forth in this Form 20-F) may affect the Company s actual results in the future and could cause such results to differ materially from any forward-looking statements that may be deemed to have been made in this Form 20-F annual report, or that are otherwise made by or on behalf of the Company. This Annual Report contains forward-looking statements and information which may not be based on historical fact, which may be identified by the words believes, may, plan, wi estimate, continue, anticipates, intends, expects, and similar expressions and the negative of such expressions forward looking statements include, without limitation, statements regarding:

- intention to sell and market its acute care cardiovascular drug, AGGRASTAT® (tirofiban hydrochloride) in the United States and its territories through the Company's U.S. subsidiary, Medicure Pharma Inc.;
- intention to develop and implement clinical, regulatory and other plans to generate an increase in the value of AGGRASTAT®;
- intention to develop TARDOXAL™ for neurological disorders;
- intention to investigate and advance certain other product opportunities;
- intention to obtain regulatory approval for the Company's products;
- expectations with respect to the cost of the testing and commercialization of the Company's products;

- sales and marketing strategy;
- anticipated sources of revenue;
- intentions regarding the protection of the Company's intellectual property;
- business strategy; and
- intention with respect to dividends.

Such forward-looking statements and information involve a number of assumptions as well as 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 and information including, without limitation:

- general business and economic conditions;
- the impact of changes in Canadian-US dollar and other foreign exchange rates on the Company's revenues, costs and results;
- the timing of the receipt of regulatory and governmental approvals for the Company's research and development projects;
- the ability of the Company to continue as a going concern;
- the availability of financing for the Company's commercial operations and/or research and development projects, or the availability of financing on reasonable terms;
- results of current and future clinical trials;
- the uncertainties associated with the acceptance and demand for new products;
- clinical trials not being unreasonably delayed and expenses not increasing substantially;
- government regulation not imposing requirements that significantly increase expenses or that delay or impede the Company's ability to bring new products to market;
- the Company's ability to attract and retain skilled staff;
- inaccuracies and deficiencies in the scientific understanding of the interaction and effects of pharmaceutical treatments when administered to humans;
- market competition;
- tax benefits and tax rates; and
- the Company's ongoing relations with its employees and with its business partners.

These factors should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements and information. 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 and information contained herein to reflect future results, events or developments, except as otherwise required by applicable law. Additional risks and uncertainties relating to the Company and its business can be found in the Risk Factors section of this Annual Report.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

A. Directors and Senior Management

Not applicable

B. Advisers

Not applicable

C. Auditors

Not applicable

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable

ITEM 3. KEY INFORMATION

A. Selected Financial Data

The selected financial data of the Company as at May 31, 2011 and 2010 and for the fiscal years ended May 31, 2011, 2010 and 2009 was extracted from the audited consolidated financial statements of the Company included in this annual report on Form 20-F. The information contained in the selected financial data is qualified in its entirety by reference to the more detailed consolidated financial statements and related notes included in Item 17 - Financial Statements, and should be read in conjunction with such financial statements and with the information appearing in Item 5 - Operating and Financial Review and Prospects. The selected financial data as at May 31, 2009, 2008 and 2007 and for the fiscal years ended May 31, 2008 and 2007 was extracted from the audited financial statements of the Company not included in this annual report. Reference is made to Note 17 of the consolidated financial statements of the Company included herein for a discussion of the material measurement differences between Canadian GAAP and U.S. GAAP, and their effect on the Company s financial statements. Except where otherwise indicated, all amounts are presented in accordance with Canadian GAAP.

To date, the Company has not generated sufficient cash flow from operations to fund ongoing operational requirements, debt service obligations and cash commitments. The Company has financed its operations principally through the net revenue received from the sale of AGGRASTAT®, sale of its equity securities, the issue of warrants and stock options, interest on excess funds held and the issuance of debt. As at May 31, 2011 the Company had significant debt servicing obligations that it did not have the ability to repay without refinancing or restructuring and the Company was in default of the terms of its long-term debt financing obligations. Under an event of default, the lender could have exercised its security rights under the agreement, and accordingly the long-term debt obligation has been classified as a current liability as at May 31, 2011 as described in Note 8 to the accompanying financial statements. On July 18, 2011, the long-term debt was settled as described in Note 16 to the accompanying financial statements. The Company s future operations are dependent upon its ability to maintain or grow sales of AGGRASTAT®, and/or secure additional capital, which may not be available under favourable terms, should these objectives not be achieved, the Company will have to consider additional strategic alternatives which may include, among other strategies, asset divestitures and/or monetization of certain intangibles.

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Under Canadian Generally Accepted Accounting Principles (in Canadian dollars):

Balance Sheet Data (as at period end)	**May 31, 2011** **$**	**May 31, 2010** **$**	**May 31, 2009** **$**	**May 31, 2008** **$**	**May 31, 2007** $
Current Assets	1,824,625	1,489,440	3,519,609	14,402,736	35,827,187
Property and Equipment	50,996	68,752	93,532	132,887	196,521
Intangible Assets	3,298,286	4,414,882	5,936,819	8,353,610	23,412,131
Other Assets	-	-	-	11,916,000	349,963
Total Assets	5,173,907	5,973,074	9,549,960	34,805,233	59,785,802
Total Liabilities	32,067,612	30,929,727	29,096,919	41,361,393	25,479,333
Net Assets / (Deficiency)	(26,893,705)	(24,956,653)	(19,546,959)	(6,556,160)	34,306,469
Capital Stock, Warrants and Contributed Surplus	129,202,210	129,125,153	129,002,341	128,677,313	112,137,421
Deficit	(156,095,915)	(154,081,806)	(148,549,300)	(135,233,473)	(77,830,952)
Statement of Operations (for the fiscal year ended on)					
Product Sales	3,628,274	3,317,073	4,792,513	2,247,129	5,944,730
Interest and Other	473	4,913	255,713	1,149,574	1,590,801
Income					
Loss from Continuing Operations	(2,014,109)	(5,532,506)	(13,315,827)	(57,402,521)	(31,703,386)
Net Loss for the Period	(2,014,109)	(5,532,506)	(13,315,827)	(57,402,521)	(31,703,386)
Basic and Diluted Loss per Share Weighted-Average	(0.02)	(0.04)	(0.10)	(0.46)	(0.30)
Number of Common Shares Outstanding	130,307,552	130,307,552	130,307,552	125,476,086	104,879,404

Under U.S. Generally Accepted Accounting Principles (in Canadian dollars):

Balance Sheet Data	**May 31, 2011**	**May 31, 2010**	**May 31, 200$9**	**May 31, 2008**	**May 31, 2007**
(as at Period end)	**$**	**$**		$	$
Current Assets	1,824,625	1,489,440	3,519,609	14,402,736	35,827,187
Property and Equipment	50,996	68,752	93,532	132,887	196,521
Intangible Assets	3,011,909	3,845,916	4,676,656	5,510,661	20,078,862
Other Assets	1,751,482	2,014,801	2,250,518	14,470,081	349,963
Total Assets	6,639,012	7,418,909	10,540,315	34,516,365	56,452,533
Total Liabilities	33,829,691	32,982,499	31,347,086	43,915,123	25,479,333
Net Assets / (deficiency)	(27,190,679)	(25,563,590)	(20,806,771)	(9,398,758)	30,973,200
Capital Stock, warrants and Contributed Surplus	136,381,144	136,304,087	145,246,995	144,921,967	128,382,255
Deficit	(163,571,823)	(161,867,677)	(166,053,766)	(154,320,725)	(97,409,055)
Statement of Operations					
Product Sales	3,628,274	3,317,073	4,792,513	2,247,129	5,944,730
Interest and Other Income	473	4,913	255,713	1,149,574	1,590,801
Loss from Continuing Operations	(1,704,146)	(4,772,309)	(11,733,041)	(56,911,670)	(32,114,817)
Net Loss for the Period	(1,704,146)	(4,772,309)	(11,733,041)	(56,911,670)	(32,114,817)
Basic and Diluted Loss per Share	(0.01)	(0.04)	(0.09)	(0.45)	(0.31)
Weighted-Average Number of Common Shares Outstanding	130,307,552	130,307,552	130,307,552	125,476,086	104,879,404

Dividends

No cash dividends have been declared nor are any intended to be declared. The Company is not subject to legal restrictions respecting the payment of dividends except that they may not be paid if the Company is, or would after the payment be, insolvent. Dividend policy will be based on the Company's cash resources and needs and it is anticipated that all available cash will be required to further the Company s research and development activities for the foreseeable future.

Exchange Rates

Unless otherwise indicated, all reference to dollar amounts are to Canadian dollars. The following table sets out the exchange rates for one Canadian dollar expressed in terms of one U.S. dollar for the periods indicated. Rates of exchange are obtained from the Bank of Canada and believed by the Registrant to approximate closely the noon buying rates in New York City for cable transfers as certified for customs purposes by the Federal Reserve Bank in New York.

	May 31, 2011	**May 31, 2010**	**May 31, 2009**	**May 31, 2008**	**May 31, 2007**
Period End	0.9688	0.9583	0.9160	1.0070	0.9349
Average	0.9679	0.9403	0.8645	0.9857	0.8798

	September 2011 (Sep. 1- 21)	August 2011	July 2011	June 2011	May 2011	April 2011	March 2011
High for Period[(1)]	1.0271	1.0452	1.0630	1.0390	1.0582	1.0582	1.0340
Low for Period[(1)]	0.9941	1.0031	1.0288	1.0093	1.0187	1.0286	1.0093

Notes:

(1) Figures are extracted from daily exchange rates

As of September 21, 2011 the exchange rate to convert one Canadian dollar into one U.S. dollar was 1.0059.

B. Capitalization and Indebtedness

Not applicable

C. Reasons for the Offer and Use of Proceeds

Not applicable

D. Risk Factors

The Company s business entails significant risks. In addition to the usual risks associated with a business, the following is a general description of certain significant risk factors which are applicable to the Company.

Going concern risk

The accompanying consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There is significant doubt about the appropriateness of the use of the going concern assumption because the Company has experienced operating losses since incorporation.

The Company has experienced a loss of $2,014,109 for the year ending May 31, 2011, and has accumulated a deficit of $156,095,915 as at May 31, 2011. The Company s future operations are dependent upon its ability to maintain or grow sales of AGGRASTAT®, and/or secure additional capital, which may not be available under favourable terms. Should these objectives not be achieved, the Company will have to consider additional strategic alternatives which may include, among other strategies, asset divestitures and/or monetization of certain intangibles.

As at May 31, 2011 the Company had significant debt servicing obligations that it did not have the ability to repay without refinancing or restructuring and the Company was in default of the terms of its long-term debt financing obligations. Under an event of default, the lender could have exercised its security rights under the agreement, and accordingly the long-term debt obligation has been classified as a current liability as at May 31, 2011 and 2010 as described in note 8 of the audited consolidated financial statements for the year ended May 31, 2011. On July 18, 2011, the long-term debt was settled as described in Note 16 of the audited consolidated financial statements for the year ended May 31, 2011.

The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

Prior to the acquisition of AGGRASTAT®, the Company had no products in commercial production or use. As such, the Company was considered to be a development-stage enterprise for accounting purposes prior to the acquisition. The Company expects to continue to incur losses and may never achieve profitability, which in turn may harm its future operating performance and may cause the market price of its stock to decline.

With the exception of AGGRASTAT®, the Company s products are in the development stage and accordingly, its business operations are subject to all of the risks inherent in the establishment and maintenance of a developing business enterprise, such as those related to competition and viable operations management.

The Company has incurred net losses every year since inception in 1997. The Company incurred net losses of $2,014,109 for the year ended May 31, 2011, $5,532,506 for the year ended May 31, 2010, $13,315,827 for the year ended May 31, 2009, $57,402,521 for the year ended May 31, 2008, and $31,703,386 for the year ended May 31, 2007.

The long-term profitability of the Company s operations is uncertain, and may never occur. The Company s long-term profitability will be directly related to its ability to develop a commercially viable drug product or products. This in turn depends on numerous factors, including the following:

a) the success of the Company s research and development activities, including its drug discovery, preclinical and clinical development programs;
b) obtaining Canadian and United States regulatory approvals to market any of its lead products;
c) the ability to contract for the manufacture of the Company s products according to schedule and within budget, given that it has no experience in large scale manufacturing;
d) the ability to develop, implement and maintain appropriate systems and structures to market and operate within applicable regulatory, industry and legal guidelines;
e) the ability to successfully prosecute and defend its patents and other intellectual property; and
f) the ability to successfully market the Company s products including AGGRASTAT® (tirofiban hydrochloride), given that it has limited resources.

If the Company does achieve profitability, it may not be able to sustain or increase profitability in the future.

The Company may be exposed to short-term liquidity risk.

To a certain extent the Company relies on trade credit, as well as cash from term debt and equity issues to provide the necessary short-term financing to conduct the Company s research and development activities as well as its commercial operations. Should suppliers and other creditors decline to extend short-term credit to the Company in the future, it may have a material adverse effect on the Company s business prospects, financial results and financial condition.

Despite current indebtedness levels, the Company may still be able to incur substantially more debt. This could further exacerbate the risks associated with the Company s substantial leverage.

Despite current indebtedness levels, the Company may still be able to incur substantial additional indebtedness in the future. As at May 31, 2011 the Company had significant debt servicing obligations that it did not have the ability to repay without refinancing or restructuring and the Company was in default of the terms of its long-term debt financing obligations. Under an event of default, the lender could have exercised its security rights under the agreement, and accordingly the long-term debt obligation has been classified as a current liability as at May 31, 2011 and 2010 as described in note 8 of the audited consolidated financial statements for the year ended May 31, 2011. On July 18, 2011, the long-term debt was settled as described in Note 16 of the audited consolidated financial statements for the year ended May 31, 2011.

The Company may never receive regulatory approval in Canada, the United States or abroad for any of its products in development. Therefore, the Company may not be able to sell any therapeutic products currently under development.

The Company s failure to obtain necessary regulatory approvals to fully market its current and future development stage products in one or more significant markets may adversely affect its business, financial condition and results of operations. The process involved in obtaining regulatory approval from the competent authorities to market therapeutic products is long and costly and may delay product development. The approval to market a product may be applicable to a limited extent only or it may be refused entirely.

With the exception of AGGRASTAT®, all of the Company s products are currently in the research and development stages. The Company may never have another commercially viable drug product approved for marketing. To obtain regulatory approvals for its products and to achieve commercial success, human clinical trials must demonstrate that the products are safe for human use and that they show efficacy. Unsatisfactory results obtained from a particular study or clinical trial relating to one or more of the Company s products may cause the Company to reduce or abandon its commitment to that program.

If the Company fails to successfully complete its clinical trials, it will not obtain approval from the U.S. Food and Drug Administration (FDA) and other international regulatory agencies, to market its leading products. Regulatory approvals also may be subject to conditions that could limit the market its products can be sold in or make either products more difficult or expensive to sell than anticipated. Also, regulatory approvals may be revoked at any time for various reasons, including for failure to comply with regulatory requirements or poor performance of its products in terms of safety and effectiveness.

The Company s business, financial condition and results of operations may be adversely affected if it fails to obtain regulatory approvals in Canada, the United States and abroad to market and its products or any current or future drug products, including any limitations imposed on the marketing of such products.

The Company may not be able to hire or retain the qualified scientific, technical and management personnel it requires.

The Company s business prospects and operations depend on the continued contributions of certain of the Company s executive officers and other key management and technical personnel, certain of whom would be difficult to replace.

The Company subsidiary, Medicure International, Inc., has a contract with CanAm Bioresearch Inc. (CanAm) to perform for it a significant amount of its research and development activities. Because of the specialized scientific nature of the Company s business, the loss of services of CanAm may require the Company to attract and retain replacement qualified scientific, technical and management personnel. Competition in the biotechnology industry for such personnel is intense and the Company may not be able to hire or retain a sufficient number of qualified personnel, which may compromise the pace and success of its research and development activities.

Also, certain of the Company s management personnel are officers and/or directors of other companies, some publicly-traded, and will only devote part of their time to the Company. Although subsequent to May 31, 2011, the Company purchased key person insurance for Dr. Albert Friesen, Chief Executive Officer, the Company does not have key person insurance in effect in the event of a loss of any management, scientific or other key personnel. The loss of the services of one or more of the Company s current executive officers or key personnel or the inability to continue to attract qualified personnel could have a material adverse effect on the Company s business prospects, financial results and financial condition.

The Company faces substantial technological competition from many biotechnology and pharmaceutical companies with much greater resources, and it may not be able to effectively compete.

Technological and scientific competition in the pharmaceutical and biotechnology industry is intense. The Company competes with other companies in Canada, the United States and abroad to develop products designed to treat similar conditions. Many of these other companies have substantially greater financial, technical and scientific research and development resources, manufacturing and production and sales and marketing capabilities than the Company. Small companies may also prove to be significant competitors, particularly through collaborative arrangements with large pharmaceutical and biotechnology companies. Developments by other companies may adversely affect the competitiveness of the Company s products or technologies or the commitment of its research and marketing collaborators to its programs or even render its products obsolete.

The pharmaceutical and biotechnology industry is characterized by extensive drug discovery and drug research efforts and rapid technological and scientific change. Competition can be expected to increase as technological advances are made and commercial applications for biopharmaceutical products increase. The Company s competitors may use different technologies or approaches to develop products similar to the products which it is developing, or may develop new or enhanced products or processes that may be more effective, less expensive, safer or more readily available before or after the Company obtains approval of its products. The Company may not be able to successfully compete with its competitors or their products and, if it is unable to do so, the Company s business, financial condition and results of operations may suffer.

The Company may be unable to establish collaborative and commercial relationships with third parties.

The Company s success will depend partly on its ability to enter into and to maintain various arrangements with corporate partners, licensors, licensees and others for the research, development, clinical trials, manufacturing, marketing, sales and commercialization of its products. These relationships will be crucial to the Company s intention to license to or contract with larger, international pharmaceutical companies the manufacturing, marketing, sales and distribution of any products it may commercialize for production. There can be no assurance that any licensing or other agreements will be established on favourable terms, if at all. The failure to establish successful collaborative arrangements may negatively impact the Company s ability to develop and commercialize its products, and may adversely affect its business, financial condition and results of operations.

The Company has licensed certain technologies relating to products under development and may enter into future licensing agreements. The Company s current licensing agreements contain provisions allowing the licensors to terminate such agreements if it becomes insolvent or breach the terms and conditions of the licensing agreements without rectifying such event of default in accordance with the agreement terms.

The Company is currently dependent on its remaining inventory of its sole commercial product, AGGRASTAT® and does not have in place a qualified supplier of raw material used in the manufacture of AGGRASTAT®.

Subsequent to May 31, 2011, the Company s subsidiary, Medicure International, Inc., acquired a significant quantity of the raw material used in the manufacture of AGGRASTAT® and terminated its supply contract with its sole supplier of the raw material for AGGRASTAT®. In addition, Medicure International, Inc. sold drug substance from inventory on hand to a third party as described in Note 16 of the audited consolidated financial statements for the year ended May 31, 2011. The Company s subsidiary, Medicure Pharma, Inc., also has a third party manufacturer of the final product AGGRASTAT® and that supply arrangement is due to expire on July 1, 2012. If the supply of raw material or the manufacturing agreement for AGGRASTAT® is terminated or interrupted, or if the Company and its subsidiaries are unable to establish new or maintain existing third party manufacturers, or if the inventories of AGGRASTAT® currently held are contaminated or otherwise lost, and the Company was unable to obtain a replacement supplier or manufacturer, it could have a material adverse effect on the Company s business prospects, financial results and financial condition.

The Company may fail to obtain acceptable prices or appropriate reimbursement for its products and its ability to successfully commercialize its products may be impaired as a result.

Government and insurance reimbursements for healthcare expenditures play an important role for all healthcare providers, including physicians, medical device companies, drug companies, medical supply companies, and companies, such as the Company, that plan to offer various products in the United States and other countries in the future. The Company s ability to earn sufficient returns on its products will depend in part on the extent to which reimbursement for the costs of such products, related therapies and related treatments will be available from government health administration authorities, private health coverage insurers, managed care organizations, and other organizations. In the United States, the Company s ability to have its products and related treatments and therapies eligible for Medicare or private insurance reimbursement will be an important factor in determining the ultimate success of its products. If, for any reason, Medicare or the insurance companies decline to provide reimbursement for the Company s products and related treatments, the Company s ability to commercialize its products would be adversely affected. There can be no assurance that the Company s products and related treatments will be eligible for reimbursement.

There has been a trend toward declining government and private insurance expenditures for many healthcare items. Third-party payers are increasingly challenging the price of medical products and services.

If purchasers or users of the Company s products and related treatments are not able to obtain appropriate reimbursement for the cost of using such products and related treatments, they may forgo or reduce such use. Even if the Company s products and related treatments are approved for reimbursement by Medicare and private insurers, of which there can be no assurance, the amount of reimbursement may be reduced at times, or even eliminated. This would have a material adverse effect on the Company s business, financial condition, and results of operations.

Significant uncertainty exists as to the reimbursement status of newly approved healthcare products, and there can be no assurance that adequate third-party coverage will be available.

The Company does not have manufacturing experience and has limited marketing resources and may never be able to successfully manufacture or market certain of its products.

The Company has no experience in commercial manufacturing and has limited resources for marketing or selling its products. The Company may never be able to successfully manufacture and market certain of its products. If any other of its products are approved for sale, the Company intends to contract with and rely on third parties to manufacture, and possible to market and sell its products. Accordingly, the quality, timing and ultimately the commercial success of such products may be outside of the Company s control. Failure of or delay by a third party manufacturer of the Company s products to comply with good manufacturing practices or similar quality control regulations or satisfy regulatory inspections may have a material adverse effect on its future prospects. Failure of or delay by a third party in the marketing or selling of the Company s products or failure of the Company to successfully market and sell such products likewise may have a material adverse effect on its future prospects.

The Company has limited product liability insurance and may not be able to obtain adequate product liability insurance in the future.

The sale and use of the Company s commercial and development products , and the conduct of clinical studies involving human subjects, may entail product and professional liability risks, which are inherent in the testing, production, marketing and sale of new drugs to humans. While the Company has taken, and will continue to take, what it believes are appropriate precautions, there can be no assurance that it will avoid significant liability exposure. Although the Company currently carries product liability insurance for clinical trials, there can be no assurance that it has sufficient coverage, or can in the future obtain sufficient coverage at a reasonable cost. An inability to obtain insurance on economically feasible terms or to otherwise protect against potential product liability claims could inhibit or prevent the commercialization of products developed by the Company. The obligation to pay any product liability claim or recall a product may have a material adverse effect on its business, financial condition and future prospects. In addition, even if a product liability claim is not successful, adverse publicity and the time and expense of defending such a claim may significantly interfere with the Company s business.

If the Company is unable to successfully protect its proprietary rights, its competitive position will be adversely affected.

The Company s success will depend partly on its ability to obtain and protect its patents and protect its proprietary rights in unpatented trade secrets.

The Company owns or jointly owns numerous patents from the United States Patent Office and other jurisdictions. The Company has additional pending United States patent applications along with applications pending in other jurisdictions. The Company s pending and any future patent applications may not be accepted by the United States Patent and Trademark Office or any other jurisdiction in which applications may be filed. Also, processes or products that may be developed by the Company in the future may not be patentable.

The patent protection afforded to biotechnology and pharmaceutical companies is uncertain and involves many complex legal, scientific and factual questions. There is no clear law or policy involving the degree of protection afforded under patents. As a result, the scope of patents issued to the Company may not successfully prevent third parties from developing similar or competitive products. Competitors may develop similar or competitive products that do not conflict with the Company s patents. Litigation may be commenced by the Company to prevent infringement of its patents. Litigation may also commence against the Company to challenge its patents that, if successful, may result in the narrowing or invalidating of such patents. It is not possible to predict how any patent litigation will affect the Company s efforts to develop, manufacture or market its products. However, the cost of litigation to prevent infringement or uphold the validity of any patents issued to the Company may be significant, in which case its business, financial condition and results of operations may suffer. Patents provide protection for only a limited period of time, and much of such time can occur well before commercialization commences.

Disclosure and use of the Company s proprietary rights in unpatented trade secrets not otherwise protected by patents are generally controlled by written agreements. However, such agreements will not provide the Company with adequate protection if they are not honoured, others independently develop an equivalent technology, disputes arise concerning the ownership of intellectual property, or its trade secrets are disclosed improperly. To the extent that consultants or other research collaborators use intellectual property owned by others in their work with the Company, disputes may also arise as to the rights to related or resulting know-how or inventions.

Others could claim that the Company infringes on their proprietary rights, which may result in costly, complex and time consuming litigation.

The Company s success will depend partly on its ability to operate without infringing upon the patents and other proprietary rights of third parties. The Company is not currently aware that any of its products or processes infringes the proprietary rights of third parties. However, despite its best efforts, the Company may be sued for infringing on the patent or other proprietary rights of third parties at any time in the future.

Such litigation, with or without merit, is time-consuming and costly and may significantly impact the Company s financial condition and results of operations, even if it prevails. If the Company does not prevail, it may be required to stop the infringing activity or enter into a royalty or licensing agreement, in addition to any damages it may have to pay. The Company may not be able to obtain such a license or the terms of the royalty or license may be burdensome for it, which may significantly impair the Company s ability to market its products and adversely affect its business, financial condition and results of operations.

The Company is subject to stringent governmental regulation, in the future may become subject to additional regulations and if it is unable to comply, its business may be materially harmed.

Biotechnology, medical device, and pharmaceutical companies operate in a high-risk regulatory environment. The FDA and other national health agencies can be very slow to approve a product and can also withhold product approvals. In addition, these health agencies also oversee many other medical product operations, such as research and development, manufacturing, and testing and safety regulation of medical products. As a result, regulatory risk is normally higher than in other industry sectors.

The Company is or may become subject to various federal, provincial, state and local laws, regulations and recommendations. The Company is subject to various laws and regulations in Canada, relating to product emissions, use and disposal of hazardous or toxic chemicals or potentially hazardous substances, infectious disease agents and other materials, and laboratory and manufacturing practices used in connection with its research and development activities. If the Company fails to comply with these regulations, it may be fined or suffer other consequences that could materially affect its business, financial condition or results of operations.

The pharmaceutical sales and marketing industry within which the Company operates is a complex legal and regulatory environment. The failure to comply with applicable laws, rules and regulations may result in civil and criminal legal proceedings. As those rules and regulations change or as governmental interpretation of those rules and regulations evolve, prior conduct may be called into question. The Company may become subject of federal and/or state governmental investigations into pricing, marketing, and reimbursement of its prescription drug product. Any such investigation could result in related restitution or civil litigation on behalf of the federal or state governments, as well as related proceedings initiated against the Company by or on behalf of consumers and private payers. Such proceedings may result in trebling of damages awarded or fines in respect of each violation of law. Criminal proceedings may also be initiated against the Company. Any of these consequences could materially and adversely affect the Company s financial results.

The Company is unable to predict the extent of future government regulations or industry standards. However, it should be assumed that government regulations or standards will increase in the future. New regulations or standards may result in increased costs, including costs for obtaining permits, delays or fines resulting from loss of permits or failure to comply with regulations.

The Company s products may not gain market acceptance, and as a result it may be unable to generate significant revenues.

Except with respect to AGGRASTAT®, the Company does not currently have the required clinical data and results to successfully market its product candidates in any jurisdiction; future clinical or preclinical results may be negative or insufficient to allow it to successfully market any of its product candidates; and obtaining needed data and results may take longer than planned, and may not be obtained at all.

Even if the Company s products are approved for sale, they may not be successful in the marketplace. Market acceptance of any of the Company s products will depend on a number of factors, including demonstration of clinical effectiveness and safety; the potential advantages of its products over alternative treatments; the availability of acceptable pricing and adequate third-party reimbursement; and the effectiveness of marketing and distribution methods for the products. Providers, payors or patients may not accept the Company s products, even if they prove to be safe and effective and are approved for marketing by the FDA and other national regulatory authorities. The Company anticipates that it will take many years before its initial products may be sold commercially. If the Company s products do not gain market acceptance among physicians, patients, and others in the medical community, its ability to generate significant revenues from its products would be limited.

The Company may not achieve its projected development goals in the time frames it announces and expects.

The Company sets goals for and may from time to time make public statements regarding timing of the accomplishment of objectives material to its success, such as the commencement and completion of clinical trials, anticipated regulatory approval dates, and timing of product launch. The actual timing of these events can vary dramatically due to factors such as delays or failures in the Company s clinical trials, the uncertainties inherent in the regulatory approval process, and delays in achieving product development, manufacturing or marketing milestones necessary to commercialize its products. There can be no assurance that the Company s clinical trials will be completed, that it will make regulatory submissions or receive regulatory approvals as planned, or that it will be able to adhere to its current schedule for the scale-up of manufacturing and launch of any of its products. If the Company fails to achieve one or more of these milestones as planned, that could materially affect its business, financial condition or results of operations and the price of its common shares could decline.

The Company s business involves the use of hazardous material, which requires it to comply with environmental regulations.

The Company s research and development processes and commercial activities may involve the controlled storage, use, and disposal of hazardous materials and hazardous biological materials. The Company is subject to laws and regulations governing the use, manufacture, storage, handling, and disposal of such materials and certain waste products. Although the Company believes that its safety procedures for handling and disposing of such materials comply with the standards prescribed by such laws and regulations, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, the Company could be held liable for any damages that result, and any such liability could exceed its resources. There can be no assurance that the Company will not be required to incur significant costs to comply with current or future environmental laws and regulations, or that its business, financial condition, and results of operations will not be materially or adversely affected by current or future environmental laws or regulations.

The Company s insurance may not provide adequate coverage with respect to environmental matters.

Environmental regulation could have a material adverse effect on the results of the Company s operations and its financial position.

The Company is subject to a broad range of environmental regulations imposed by federal, state, provincial, and local governmental authorities. Such environmental regulation relates to, among other things, the handling and storage of hazardous materials, the disposal of waste, and the discharge of contaminants into the environment. Although the Company believes that it is in material compliance with applicable environmental regulation, as a result of the potential existence of unknown environmental issues and frequent changes to environmental regulation and the interpretation and enforcement thereof, there can be no assurance that compliance with environmental regulation or obligations imposed thereunder will not have a material adverse effect on the Company in the future.

The Company is exposed to foreign exchange movements since the majority of its debt financing and its commercial sales operations are denominated in U.S. currency.

The majority of the Company s sales revenues and a substantial portion of its selling, general and administrative expenses are denominated in U.S. dollars. The Company does not utilize derivatives, such as foreign currency forward contracts and futures contracts, to manage its exposure to currency risk and as a result a change in the value of the Canadian dollar against the U.S. dollar could have a negative impact on the Company s business prospects, financial results and financial condition. As well, at May 31, 2011, the Company had US$47.2 million of future debt service obligations (minimum payments), which was subsequently settled.

The Company may need to raise additional capital through the sale of its securities, resulting in dilution to its existing shareholders. Such funds may not be available, or may not be available on reasonable terms, adversely affecting the Company s operations.

The Company has limited financial resources and has financed much of its operations through the sale of securities, primarily common shares. The Company has significant on-going cash expenses and limited ability to generate cash from operations. To meet its on-going cash needs the Company may need to continue its reliance on the sale of such securities for future financing, resulting in dilution to its existing shareholders. The Company s long-term capital requirements may be notably significant and will depend on many factors, including continued scientific progress in its product discovery and development program, progress in the maintenance and expansion of its sales and marketing capabilities, progress in its pre-clinical and clinical evaluation of products and product candidates, time and expense associated with filing, prosecuting and enforcing its patent claims and costs associated with obtaining regulatory approvals. In order to meet such capital requirements, the Company will consider contract fees, collaborative research and development arrangements, public financing or additional private financing (including the issuance of additional equity securities) to fund all or a part of particular programs.

The Company s business, financial condition and results of operations will depend on its ability to obtain additional financing which may not be available under favourable terms, if at all. The Company s ability to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as its business performance. Where additional financing is available, the Company may be required to obtain approval for the Company s shareholders. Such approval may not be provided.

If its capital resources are exhausted and adequate funds are not available, the Company may have to reduce substantially or eliminate expenditures for research and development, testing, production and marketing of its proposed products, or obtain funds through arrangements with corporate partners that require it to relinquish rights to certain of its technologies or products.

Future issuance of the Company s common shares will result in dilution to its existing shareholders. Additionally, future sales of the Company s common shares into the public market may lower the market price which may result in losses to its shareholders.

As of May 31, 2011, the Company had 130,307,552, common shares issued and outstanding. A further 2,322,192 common shares are issuable upon exercise of outstanding stock options and another 9,358,521 common shares are issuable upon exercise of share purchase warrants, all of which may be exercised in the future resulting in dilution to the Company s shareholders. The Company s stock option plan allows for the issuance of stock options to purchase up to a maximum of 10% of the outstanding common shares at any time.

On July 18, 2011, the Company issued 52,640,043 shares and 12,542,000 stock options in conjunction with transactions announced on that date as described in Note 16 to the audited consolidated financial statements for the year ended May 31, 2011.

Sales of substantial amounts of the Company s common shares into the public market, or even the perception by the market that such sales may occur, may lower the market price of its common shares.

The Company s common shares may experience extreme price and volume volatility which may result in losses to its shareholders.

On May 31, 2011, the Company s common shares closed at a price of CDN$0.02 on the NEX board of the TSX Venture Exchange (NEX). For the period from June 1, 2010 to May 31, 2011, the high and low trading prices of the

Company s common shares were CDN$0.03 and CDN$0.005, respectively, with a total trading volume of 27,386,211 shares. The Company s shares were delisted from Amex on July 3, 2008 and from the TSX on March 26, 2010.

Daily trading volume on the TSX of the Company s common shares for the period from June 1, 2010 to May 31, 2011 has fluctuated, with a high of 2,023,365 shares and a low of nil shares, averaging approximately 107,941 shares. Accordingly, the trading price of the Company s common shares may be subject to wide fluctuations in response to a variety of factors including announcement of material events by the Company, such as the status of required regulatory approvals for its products, competition by new products or new innovations, fluctuations in its operating results, general and industry-specific economic conditions and developments pertaining to patent and proprietary rights. The trading price of the Company s common shares may be subject to wide fluctuations in response to a variety of factors and/or announcements concerning such factors, including:

- actual or anticipated period-to-period fluctuations in financial results;
- litigation or threat of litigation;
- failure to achieve, or changes in, financial estimates of individual investors and/or by securities analysts;
- new or existing products or services or technological innovations by the Company or its competitors;
- comments or opinions by securities analysts or major shareholders;
- conditions or trends in the pharmaceutical, biotechnology and life science industries;
- significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- results of, and developments in, the Company s research and development efforts, including results and adequacy of, and developments in, its clinical trials and applications for regulatory approval;
- additions or departures of key personnel;
- sales of the Company s common shares, including by holders of the notes on conversion or repayment by the Company in common shares;
- economic and other external factors or disasters or crises;
- limited daily trading volume; and
- developments regarding the Company s patents or other intellectual property or that of its competitors.

In addition, the securities markets in the United States and Canada have recently experienced a high level of price and volume volatility, and the market price of securities of biotechnology companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies.

There may not be an active, liquid market for the Company s common shares.

On March 26, 2010, the Company s common shares were delisted from the TSX due to the Company s current inability to meet continued listing requirements. On March 29, 2010, the Company s common shares commenced trading on the NEX board of the TSX Venture Exchange under the symbol MPH.H . The transfer in stock exchange listing to the NEX was designed to ensure continuous trading and continued liquidity for the Company s shareholders.

The Company s shares ceased trading on the Amex effective July 3, 2008.

There is no guarantee that an active trading market for the Company s common shares will be maintained on the NEX. Investors may not be able to sell their shares quickly or at the latest market price if trading in its common shares is not active.

If there are substantial sales of the Company s common shares, the market price of its common shares could decline.

Sales of substantial numbers of the Company s common shares could cause a decline in the market price of its common shares. Any sales by existing shareholders or holders of options or warrants may have an adverse effect on the Company s ability to raise capital and may adversely affect the market price of its common shares.

The Company has no history of paying dividends, does not intend to pay dividends in the foreseeable future and may never pay dividends.

Since incorporation, the Company has not paid any cash or other dividends on its common shares and does not expect to pay such dividends in the foreseeable future as all available funds will be invested to finance the growth of its business. The Company will need to achieve profitability prior to any dividends being declared, which may never happen.

If the Company is classified as a passive foreign investment Company for United States income tax purposes, it could have significant and adverse tax consequences to United States holders of its common shares.

The Company does not believe that it was a passive foreign investment Company for the taxable year ended May 31, 2011, and does not expect that it will be a passive foreign investment Company (PFIC) for the taxable year ending May 31, 2012. (See more detailed discussion in Item 10 E Taxation) However, there can be no assurance that the IRS will not challenge the determination made by the Company concerning its passive foreign investment Company status or that the Company will not be a passive foreign investment Company for the current taxable year or any subsequent taxable year. Accordingly, although the Company expects that it may be a QFC for the taxable year ending May 31, 2012, there can be no assurances that the IRS will not challenge the determination made by the Company concerning its QFC status, that the Company will be a QFC for the taxable year ending May 31, 2012 or any subsequent taxable year, or that the Company will be able to certify that it is a QFC in accordance with the certification procedures issued by the Treasury and the IRS.

The Company s classification as a PFIC could have significant and adverse tax consequences for United States holders of its common shares.

The Company has adopted a shareholder rights plan.

The Company has adopted a shareholder rights plan. The provisions of such plan could make it more difficult for a third party to acquire a majority of the Company s outstanding common shares, the effect of which may be to deprive the Company s shareholders of a control premium that might otherwise be realized in connection with an acquisition of its common shares.

Risks associated with Material weaknesses within the Company s financial reporting and review process

In connection with its review of the Company s internal control over financial Reporting, the Company has identified material weaknesses with the Company s financial reporting and review process, involving the preparation and review of the reconciliation from Canadian GAAP to United States GAAP, the accounting and reporting for complex transactions due limited staff and the resignation of the Company s Chief Financial Officer subsequent to year-end resulting in procedures over the year-end close process not operating effectively. Based on such determination, the Company s management concluded that the Company s internal control over financial reporting was not effective as of May 31, 2011. The Company either plans to ensure adequate personnel are available with the necessary training and expertise or rely on an external third party to provide this control. In addition, the Company appointed a new Chief Financial Officer on September 22, 2011. Any failure to remediate the material weaknesses, to implement the required new or improved control, or difficulties encountered in the implementation, could cause the Company to fail to meet its reporting obligations on a timely basis or result in material misstatements in the annual or interim financial statements. Inadequate internal control over financial reporting could also cause investors to lose confidence in the Company s reported financial information, which could cause the Company s stock price to decline.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

On December 22, 1999, the Company was formed by the amalgamation of Medicure Inc. with Lariat Capital Inc. pursuant to the provisions of the *Business Companys Act* (Alberta). The Company was continued from Alberta to the federal jurisdiction by Certificate of Continuance issued pursuant to the provisions of the *Canada Business Companys Act* on February 23, 2000.

The Company s current legal and commercial name is Medicure Inc. and its current registered office is 30 Floor, 360 Main Street, Winnipeg, Manitoba, Canada, R3C 4G1, Phone (204) 487-7412. The Company s head office is located at 2-1250 Waverley Street, Winnipeg, Manitoba, Canada, R3T 6C6.

In August 2006, the Company acquired the U.S. rights to its first commercial product, AGGRASTAT® Injection (tirofiban hydrochloride) in the United States and its territories (Puerto Rico, Virgin Islands and Guam) for US$19,000,000.

In September 2007, the Company monetized a percentage of its current and potential future commercial revenues by entering into a debt financing agreement with Birmingham Associates Ltd. (Birmingham), an affiliate of Elliott Associates, L.P. (Elliott) for proceeds of US$25 million (See Item 5 B Liquidity and Capital Resources).

In February 2008, the Company announced that its pivotal Phase III MEND-CABG II clinical trials with MC-1 did not meet the primary endpoint and as a result was not sufficient to support the filings. As a result, the Company announced a restructuring plan that resulted in the organization reducing its head count by approximately 50 employees and full-time consultants. The restructuring and downsizing in March 2008 conserved capital for ongoing operations.

In fiscal 2009, the Company continued to focus on the sale and marketing of AGGRASTAT® and on focusing its research and development activities on the development of TARDOXAL™, for Tardive Dyskinesia, and MC-1 for chronic cardiovascular disorders, and exploring further cost savings measures. All these initiatives were initiated due to the restructuring plan announced towards the end of fiscal 2008. These activities assisted in further reducing the Company s use of capital, in particular its investment in research and development programs but have moved forward certain programs on a limited and focused fashion such as the Phase II clinical study of TARDOXAL™ for the treatment of Tardive Dyskinesia.

Since that time and up until the current date, further organizational charges have been undertaken to further reduce expenses and find operational efficiencies. The Company s ability to continue in operation for the foreseeable future remains dependent upon the effective execution of its business development and strategic plans, and on maintaining adequate working capital, whether by means of financing, debt, revenue and further cost control measures. As at May 31, 2011 the Company had significant debt servicing obligations that it did not have the ability to repay without refinancing or restructuring and the Company was in default of the terms of its long-term debt financing obligations. Under an event of default, the lender could have exercised its security rights under the agreement, and accordingly the long-term debt obligation has been classified as a current liability as at May 31, 2011. On July 18, 2011, the Company settled its long-term debt to Birmingham in exchange for; i) $4,750,000 in cash; ii) 32,640,043 common shares of the Company; and iii) a royalty on future AGGRASTAT® sales until 2023. The royalty is based on four percent of the first $2,000,000 of quarterly AGGRASTAT® sales and increases on sales exceeding that amount.

B. Business Overview

Plan of Operation

Medicure is a specialty pharmaceutical company engaged in the research, clinical development and commercialization of human therapeutics. The Company s primary operating focus is on the sale and marketing of its acute care cardiovascular drug, AGGRASTAT® (tirofiban hydrochloride) owned by its subsidiary, Medicure International, Inc. and distributed in the United States and its territories through the Company s U.S. subsidiary, Medicure Pharma, Inc. The Company s research and development program is focused on developing new plans related to AGGRASTAT® and, secondly, on the clinical development of TARDOXAL™ for neurological disorders. The Company also continues to explore certain other product opportunities.

Strategic changes made over the past year, coupled with focused capital conservation efforts, have assisted the Company in reducing its use of capital. The Company's ability to continue in operation for the foreseeable future remains dependent upon the effective execution of its business development and strategic plans. The Company estimates it has sufficient working capital and revenue to fund ongoing operations. On July 18, 2011, the Company settled its existing long-term debt.

The ongoing focus of the Company and its primary asset of interest is AGGRASTAT® (tirofiban HCl). In parallel with the Company s ongoing commitment to support the product, its valued customers and the continuing efforts of the commercial organization, the Company is in the process of developing and implementing a new regulatory, brand and life cycle management strategy for AGGRASTAT®. The objective of this effort is to further expand AGGRASTAT® s share of, the US $400 million glycoprotein IIb/IIIa (GP IIb/IIIa) inhibitor market. GP llb/lla inhibitors are injectable platelet inhibitors used to treat acute coronary syndromes and related conditions and procedures.

Recent Developments

- **Sale of inventory**:

  On July 6, 2011, the Company entered into an agreement with Iroko Cardio, LLC ("Iroko") to advance AGGRASTAT® in each of Medicure and Iroko's respective territories. Iroko owns rights to AGGRASTAT® outside of the Company's territory. Under the terms of the agreement, the Company transferred to Iroko AGGRASTAT® drug substance from inventory on hand and the rights to purchase additional quantities from a third party. In turn, Iroko paid Medicure International Inc. US$1,059,000 on July 6, 2011 and will pay an additional US$850,000 on or before November 1, 2011, subject to certain conditions. In addition, Iroko made available to the Company certain analytical methods for testing of AGGRASTAT® drug product and provided the Company the option to obtain certain data used by Iroko to obtain changes to the approved use of AGGRASTAT® in Europe. If the Company exercises its option to obtain the data and is successful in getting changes to the approved use of AGGRASTAT® in the United States, Iroko will be entitled to receive a royalty of up to US$3.5 million on future AGGRASTAT® sales based on a percentage of sales.
- **Debt settlement and related transactions:**

  On July 18, 2011, the Company settled its long-term debt to Birmingham Associates Ltd. in exchange for; i) $4,750,000 in cash; ii) 32,640,043 common shares of the Company; and iii) a royalty on future AGGRASTAT® sales until 2023. The royalty is based on four percent of the first $2,000,000 of quarterly AGGRASTAT® sales and increases on sales exceeding that amount.

  In addition, the Company borrowed $5,000,000 from the Government of Manitoba, under the Manitoba Industrial Opportunities Program. The loan bears interest annually at the crown company borrowing rate and matures on July 1, 2016. The loan repayment schedule is interest only for the first 24 months, with blended principal and interest payments made monthly thereafter until maturity. The loan is secured by the Company's assets and guaranteed by the Company s Chief Executive Officer, and entities controlled by the Chief Executive Officer. The Company issued 20,000,000 common shares of the Company in consideration for this guarantee to the Company s Chief Executive Officer and entities controlled by the Chief Executive Officer. The Company relied on the financial hardship exemption from the minority approval requirement of Multilateral Instrument (MI) 61-101. Specifically, pursuant to MI 61-101, minority approval is not required for a related party transaction in the event of financial hardship in specified circumstances.

  Additionally, the Company renewed its consulting agreement with its Chief Executive Officer for a term of five years, at a rate of $180,000 annually.
- **Stock options:**

  On July 18, 2011, the Company issued 12,542,000 stock options under the Company's approved stock option plan to employees and consultants of the Company, including the chief executive officer and chief operating officer, at an exercise price of $0.10 per common share. The options vest immediately and expire after ten years.

Commercial:

In fiscal 2007, the Company acquired the U.S. rights to its first commercial product, AGGRASTAT® Injection (tirofiban hydrochloride), in the United States and its territories (Puerto Rico, Virgin Islands, and Guam). AGGRASTAT®, a glycoprotein GP IIb/IIIa receptor antagonist, is used for the treatment of acute coronary syndrome (ACS) including unstable angina, which is characterized by chest pain when one is at rest, and non-Q-wave myocardial infarction (MI). The Company continues to support the product through its home office and a small,

dedicated field force of cardiovascular specialists employed under the Company s US subsidiary, Medicure Pharma Inc.

Net revenue from the sale of AGGRASTAT® for the year ended May 31, 2011 increased 9% over the net revenue for the year ended May 31, 2010. All of the Company s sales are denominated in US dollars. The increase is attributable to an increase in wholesale purchasing of AGGRASTAT®, a reduction in hospital discounts and fluctuations in foreign currency exchange rates. Although wholesale purchasing generally reflects hospital demand, it is also subject to fluctuations attributed to wholesaler inventory adjustments.

Going forward and contingent on sufficient finances being available, the Company plans to explore opportunities to further expand revenue through strategic investments related to AGGRASTAT® and the acquisition of other niche products that fit the commercial organization.

Research and Development:

The Company s primary ongoing research and development activity is the development and implementation of a new regulatory, brand and life cycle management strategy for AGGRASTAT®. The extent to which the Company is able to invest in this plan is dependent upon the availability of sufficient finances.

The Company s primary, non-AGGRASTAT® research and development activity is TARDOXAL™ for the treatment of Tardive Dyskinesia ("TD"). This program evolved from Medicure s extensive clinical experience with MC-1, a naturally occurring small molecule, for cardiovascular conditions. A modest amount of capital is being used for an ongoing Phase II clinical study of TARDOXAL™. The Company is interested in out-licensing its library of small molecule antithrombotic drugs.

The following table summarizes the Company s research and development programs, their therapeutic focus and their stage of development.

Product Candidate	***Therapeutic focus***	***Stage of Development***
AGGRASTAT®	Acute Cardiology	Phase III/IV - planning
TARDOXAL™	TD/Neurological indications	Phase II - enrolling patients
MC-45308	Thrombosis reduction	Discovery - pursuing partnership

The TARDOXAL™ program benefits from over 10 years of work that Medicure invested in the advancement of this compound, including extensive human clinical testing in unrelated cardiovascular conditions and other pre-clinical, formulation, manufacturing and safety research and development. The Company believes the information and physical assets resulting from this activity are a valuable asset that will reduce costs and also speed development of this molecule for application to TD.

The development of MC-1 for cardiovascular conditions is not listed in the table above as these initiatives have been placed on hold.

The Company intends to pursue a license or development partnership for TARDOXAL™ with a large pharmaceutical company. Such a partnership may provide funding and other resources for further clinical trials and commercialization. While the Company has had informal discussions with potential partners, no formal agreement, or letter of intent, has been entered into by the Company as of the date hereof.

The Company s library of novel therapeutics includes a series of small molecule dual acting anticoagulant/antiplatelet compounds (including the preclinical lead compound MC-45308) which may be useful in treating venous and arterial thrombosis. These compounds, which have shown activity in venous and arterial models of thrombosis, provide a basis for further research, optimization and preclinical development.

Medicure s library of novel therapeutics includes a series of small molecule dual acting anticoagulant/antiplatelet compounds (including the preclinical lead, MC-45308) which may be useful in treating venous and arterial thrombosis. These compounds, which have shown activity in venous and arterial models of thrombosis, provide a basis for further research, optimization and preclinical development. The Company is interested in out-licensing its library of small molecule anti thrombotic drugs.

The Company may from time to time evaluate other product opportunities for potential license with the objective of further broadening its product and patent portfolio.

Potential New Products in Development Stage

One of the Company s primary focuses is the clinical development and commercialization of its lead research product, TARDOXAL™ (pyridoxal 5-phosphate) for TD. TD is a serious movement disorder which results from long-term treatment with antipsychotic medications. At present there is no treatment available for TD in the US. TARDOXAL™ s potential for treatment of TD is supported by its biological mechanism of action and by preliminary clinical studies which indicated efficacy of a related compound in treatment of TD.

Until 2008, the Company had been focused on the development of its then lead product MC-1 as a cardioprotective treatment in reducing damage to the heart associated with acute ischemic and reperfusion injury (MEND-1 Phase-II study). Due to lack of resources and the inability to demonstrate efficacy in the Company s Phase III study, MEND-CABG II, this development program was placed on hold. This product also has potential to provide other chronic cardiovascular benefits to patients with hyperlipidemia, hperglycemia and hypertension. The Company has clinical data and intellectual property related to some of these potential applications and is interested in advancing these applications through a partnership with another pharmaceutical company. However, at this time sufficient resources are not available to pursue these applications. MC-1 is the same chemical compound being developed for TD under the name TARDOXAL™.

In research and development conducted prior to fiscal 2009, the Company developed a novel series of small molecule dual acting anticoagulant/antiplatelet compounds which may be useful in treating venous and arterial thrombosis.

The Company seeks to establish a licensing arrangement or R&D collaboration to advance these compounds to human clinical studies when sufficient financial resources are available to do so.

As at May 31, 2011, the Company had numerous issued United States patents (see Item 5 Operating and Financial Review and Prospects C. Research and Development, Patents and Licenses, Etc. below).

Competitors Current Products

The only commercial product the corporation currently has, being AGGRASTAT®, which is owned by the Company s subsidiary, Medicure International, Inc., and is sold in the United States of America through the Company s subsidiary, Medicure Pharma, Inc.

AGGRASTAT® competes in a market segment commonly referred to as the anti-thrombotic market (treatments to remove or prevent formation of blood clots). More specifically, AGGRASTAT® is one of a handful of antiplatelet drugs which affect thrombus (blood clot) formation by preventing the aggregation of platelets in the blood stream. Of the different classes of antiplatelet drugs, AGGRASTAT® is a representative of the glycoprotein IIB/IIIA inhibitors drug class. There are three of these agents approved for use, including abciximab (ReoPro®), eptifibatide (Integrilin®), and tirofiban (Aggrastat®). Of the two directly competing agents, AGGRASTAT® is most closely comparable to Integrilin® as they are both highly potent, small molecule drugs that have reversible antiplatelet effects.

Competitors Products in Development

At present the Company is not aware of any other glycoprotein IIb/IIIa inhibitors in clinical development. However, the utilization of its drug may be affected by the continued advancement of new antithrombotic and antiplatelet agents, including the recently approved agents, ticagrelor (Brilinta®) and prasugrel (Effient®). The potential future launch of generic versions of AGGRASTAT® and/or of other competitive drugs is also expected to impact utilization of the Company s drug. Many companies, including large pharmaceutical and biotechnology companies, are conducting development of products that are intended to address the same or a similar medical need. Many of these companies have much larger financial and other resources than the Company does, including those related to research and development, manufacturing, and sales and marketing. The Company also faces competition in recruiting scientific personnel from colleges, universities, agencies, and research organizations who seek patent protection and licensing agreements for the technologies they develop.

Competitive Strategy and Position

The Company is primarily focusing on:

1. *Maintaining and Growing AGGRASTAT® sales in the United States*. The present market for the class of drug GP IIb/IIIa, of which AGGRASTAT® is one of three in the USA market, is approximately $400 million per year (2010). At present AGGRASTAT® has ≤ 2% of this market. AGGRASTAT® is recommended by the AHA and ACC Guidelines as one of the three GP IIb/IIIa drugs to be used for the treatment of ACS. AGGRASTAT® has been shown, in several clinical trials, to reduce mortality and/or morbidity (myocardial infarction) post ACS by as much as 40%.

2. *The development and implementation of a new regulatory, brand and clinical strategy for AGGRASTAT®:* As stated previously, the Company s primary ongoing Research and Development activity is the development and implementation of a new regulatory, brand and life cycle management strategy for AGGRASTAT®. One important aspect of the strategy is the Company s efforts to expand and modify the product label. Any such change is dependent upon review and approval by the FDA and may necessitate substantial regulatory filing fees. Clinical development activities would also require substantial financial resources to conduct. While the Company believes that it will be able to finalize a relatively low cost clinical, product and regulatory strategy, it requires additional resources to implement all aspects of this plan. Until such resources become available, the Company is working to advance this program with the modest capital investment that it can make from its available cash resources.

3. *The development of TARDOXAL™ for Tardive Dyskinesia and other neurological indications.* The Company is focusing initially on these markets because of preclinical and clinical evidence supporting the product s safety and potential efficacy in these applications.

It is the Company s intention to secure a partnership with a large pharmaceutical company for commercialization of TARDOXAL™ or other agents from its product pipeline. Such a partnership would provide funding for clinical development, add experience to the product development process and provide market positioning expertise. While the Company has had informal discussions with potential partners in this regard, no formal agreement or letter of intent has been entered into by the Company as of the date hereof.

C. Organizational Structure

Medicure International, Inc., a wholly owned subsidiary of the Company, was incorporated pursuant to the laws of Barbados, West Indies, on May 23, 2000. Medicure International Inc. s registered office is located at Whitepark House, White Park Road, Bridgetown, Barbados. Medicure International Inc. s head office is located at 2nd Street, Holetown, St. James, Barbados.

Medicure Pharma Inc., a wholly owned subsidiary of the Company, was incorporated pursuant to the laws of the State of Delaware, United States of America, on September 30, 2005. Medicure Pharma Inc. s registered office is 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808. Medicure Pharma Inc. s head office is located at 500 Atrium Drive, Somerset, NJ, 08873.

American Cardio Therapeutics Inc., a Company that is 49% owned by Medicure Pharma Inc., was incorporated pursuant to the laws of the State of Delaware, United States of America, on September 30, 2005. American Cardio Therapeutics Inc. s registered office is 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808. As at May 31, 2011, American Cardio Therapeutics Inc. had no activity and it is the Company s intention that American Cardio Therapeutics Inc. will be wound up.

Medicure Europe Limited, a wholly owned subsidiary of the Company, was incorporated pursuant to the laws of the United Kingdom, on May 19, 2006. Medicure Europe Limited ceased operations on August 4, 2009.

D. Property, Plants and Equipment

Office Space

Included in connection with the *business and administration services agreement* entered into with Genesys Venture Inc. (see F. Contractual Obligations), the Company has use of approximately 750 square feet of office space as part of its business services contract with a related party. The office is located in Winnipeg, Manitoba, Canada.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

This section contains forward-looking statements involving risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under part Item 3 - Key Information - D. Risk Factors. The following discussion of the financial condition, changes in financial conditions and results of operations of the Company for the years ended May 31, 2011, May 31, 2010 and May 31, 2009 should be read in conjunction with the consolidated financial statements of the Company. The Company s consolidated financial statements are presented in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) included under Item 17 to this annual report. Material measurement differences between Canadian and U.S. GAAP, as applicable to the Company, are set forth in note 17 to the consolidated financial statements of the Company included herein.

Critical Accounting Estimates

The Company s consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP). A reconciliation in accordance with Item 17 of Form 20-F of adjustments required to present in accordance with United States generally accepted accounting principles (US GAAP) is described in note 17 to the audited consolidated financial statements for the year ended May 31, 2011. These accounting principles require management to make certain estimates and assumptions. 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. Actual results could differ from these estimates. Future estimates and assumptions may lead to different judgments than those applied in the preparation of these consolidated financial statements. Areas of significant estimates include revenue recognition, research and development costs, clinical trial expenses, the assessment of net recoverable value of intangible assets, income taxes, stock-based compensation and accounting for warrants.

Going concern assumption and continuity of operations
The accompanying consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There is significant doubt about the appropriateness of the use of the going concern assumption because the Company has experienced operating losses since incorporation.

The Company has experienced a loss of $2,014,109 for the year ending May 31, 2011, and has accumulated a deficit of $156,095,915 as at May 31, 2011. The Company s future operations are dependent upon its ability to maintain or grow sales of AGGRASTAT®, and/or secure additional funds, which may not be available under favourable terms, should these objectives not be achieved, the Company will have to consider additional strategic alternatives which may include, among other strategies, asset divestitures and/or monetization of certain intangibles.

As at May 31, 2011 the Company had significant debt servicing obligations that it did not have the ability to repay without refinancing or restructuring and the Company was in default of the terms of its long-term debt financing obligations. Under an event of default, the lender could have exercised its security rights under the agreement, and accordingly the long-term debt obligation has been classified as a current liability as at May 31, 2011 and 2010 as described in note 8 of the audited consolidated financial statements for the year ended May 31, 2011. On July 18, 2011, the long-term debt was settled as described in Note 16 of the audited consolidated financial statements for the year ended May 31, 2011.

The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

Revenue recognition
The Company recognizes product revenue when substantially all of the risks and rewards of ownership have transferred to the customer and collection is reasonably assured. Revenue is recognized upon product delivery, and when no significant contractual obligations remain. As is common practice in the pharmaceutical industry, the Company s sales are made to pharmaceutical wholesalers for further distribution to end consumers.

Net sales reflect a reduction of gross sales at the time of initial sales recognition for estimated wholesaler chargebacks, discounts, allowances for product returns, and other rebates (product sales allowances). Wholesaler management decisions to increase or decrease their inventory of AGGRASTAT® may result in sales of AGGRASTAT® to wholesalers that do not track directly with demand for the product at hospitals. In determining the amounts for these allowances and accruals, the Company uses estimates. Through reports provided by the Company s wholesalers and other third party external information, management estimates customer and wholesaler inventory levels, sales trends and hospital demand. Management uses this information along with such factors as: historical experience and average contractual chargeback rates to estimate product sales allowances. Third-party data is subject to inherent limitations of estimates due to the reliance on information from external sources, as this information may itself rely on certain estimates.

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

Clinical trial expenses
Clinical trial expenses are a component of the Company s research and development costs. These expenses include fees paid to contract research organizations, clinical sites, and other organizations who conduct development activities on the Company s behalf. The amount of clinical trial expenses recognized in a period related to clinical agreements are based on estimates of the work performed using an accrual basis of accounting. These estimates incorporate factors such as patient enrolment, services provided, contractual terms, and prior experience with similar contracts.

Intangible assets
Costs incurred in obtaining patents are capitalized and amortized commencing upon issuance on a straight-line basis over the remaining legal life of the respective patents, being approximately twenty years, or their economic life, if shorter. The cost of servicing the Company s patents is expensed as incurred. Intangible assets are recorded at acquisition cost and are amortized on a straight-line basis based on the following estimated useful lives:

Technology license	8 years
Patents	5-20 years
Trademark	10 years
Customer list	10 years

The Company determines the estimated useful life of intangible assets based on a number of factors, including: legal, regulatory or contractual limitations; known technological advances; anticipated demand; and the existence or absence of competition. A significant change in any of these factors could require a revision of the expected useful life of the intangible asset, which could have a material impact on the Company s results of operations through an increase to amortization.

On a regular basis, management reviews the valuation of intangible assets taking into consideration any events and circumstances which may impair their recoverable value including expected cash flows, the potential benefit the Company expects to derive from the costs incurred to date and the Company s ongoing development plans. A change in any of these assumptions could produce a different fair value, which could have a material impact on the Company s results of operations.

Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of substantive enactment. Given the Company s history of net losses, the Company is of the opinion that it is more likely than not that these tax assets will not be realized in the foreseeable future and therefore, a full valuation allowance has been recorded against these income tax assets. As a result, no future income tax assets or liabilities are recorded on the Company s balance sheets.

Stock-based compensation

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

The stock-based compensation recorded by the Company is a critical accounting estimate because of the value of compensation recorded, the volume of the Company s stock option activity, and the many assumptions that are required to be made to calculate the compensation expense. The Black-Scholes model is not the only permitted model to calculate the fair value of stock options. A different model, such as the binomial model, as well as any changes to the assumptions made may result in a different stock compensation expense calculation. For the year ended May 31, 2011, the Company recorded stock-based compensation of $77,057 (May 31, 2010 - $122,812).

A. Operating Results

General

The Company has concentrated primarily on research and development and has yet to and may never derive any revenues from its clinical products. The Company has a limited operating history and its prospects must be considered in light of the risks, expenses and difficulties frequently encountered with the establishment of a business in a highly competitive industry, characterized by frequent new product introductions.

Year Ended May 31, 2011 Compared to the Year Ended May 31, 2010

Net product sales for fiscal 2011 were $3,628,000, compared to $3,317,000 in fiscal 2010. The Company currently sells AGGRASTAT® to drug wholesalers. These wholesalers subsequently sell AGGRASTAT® to the hospitals where health care providers administer the drug to patients. Wholesaler management decisions to increase or decrease their inventory of AGGRASTAT® may result in sales of AGGRASTAT® to wholesalers that do not track directly with demand for the product at hospitals. All of the Company s sales are denominated in US dollars. The increase compared to fiscal 2010 is attributable to an increase in wholesale purchasing of AGGRASTAT®, a reduction in hospital discounts and fluctuations in foreign currency exchange rates. Although wholesale purchasing generally reflects hospital demand, it is also subject to fluctuations attributed to wholesaler inventory adjustments.

Cost of goods sold represents direct product costs associated with AGGRASTAT® including and write-downs for obsolete inventory. Amortization of the related acquired AGGRASTAT® intangible assets is separately discussed below.

Cost of goods sold, excluding amortization, for fiscal 2011 were $674,000 compared to $572,000 in fiscal 2010. The Company has a minimum purchase commitment for the manufacturing of AGGRASTAT® and as a result has recorded a $0.1 million charge to recognize this commitment. For the year ended May 31, 2011, increases to cost of goods sold are the result of increases in net sales of AGGRASTAT® and the write-off of expired inventory during 2011.

Total Selling, general, and administrative expenditures for fiscal 2011 were $2,818,000, compared to $4,475,000 in fiscal 2010. Selling, general, and administrative expenditures related to AGGRASTAT® were $1,657,000 in fiscal 2011, compared to $3,277,000 in fiscal 2010. Selling, general and administrative expenses include salaries and related costs for those employees not directly involved in research and development. The expenditures are required to support sales and marketing efforts of AGGRASTAT® and ongoing business development and corporate stewardship activities. The balance also includes professional fees such as legal, audit, investor and public relations.

Selling, general and administrative expenditures - AGGRASTAT® decreased during the year ended May 31, 2011 as compared to same period in the prior year mainly due to :

- The Company payroll costs were lower during the period, attributable to management's efforts to reduce operating costs;
- The average US exchange rate for the period was lower than the in the comparable periods of 2010 resulting in a decrease in selling, general and administrative expenditures; and
- Overall the Company s selling, general and administrative expenditures related to AGGRASTAT® are lower in many areas as a result of the cost curtailment program.

Selling, general and administrative expenditures Other decreased during the year ended May 31, 2011 as compared to same period in the prior year mainly due to:

- Overall the Company s selling, general and administrative expenditures other are lower in many areas as a result of the cost curtailment program. Significant reductions are noted in payroll, rent, and insurance;
- During fiscal 2011, the Company has incurred an increase of legal and professional fees related to ongoing discussions with the Company's secured lender.

Net research and development expenditures for fiscal 2011 were $205,000, compared to $393,000 in fiscal 2010. Research and development expenditures include costs associated with the Company s clinical development and preclinical programs including salaries, research centred costs and monitoring costs. The Company expenses all research and development costs. The decrease in research and development expenditures, for the year ended May 31, 2011 as compared to the same period in fiscal 2010 is due to reductions in the modest funds allocated by the Company to advance its TARDOXAL™ clinical trial. As a result of the decline in research and development activities, there were not any investment tax credit recoveries during fiscal 2011. In fiscal 2010, investment tax credit recoveries totalled $0.3 million.

The Company s Impairment of Intangibles assets for fiscal 2011 were $280,000, compared to $769,000 in fiscal 2010. Intangible assets are reviewed for impairment on an ongoing basis whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Based on this review certain patents were deemed not significant to the Company s commercial and research operations and a decision was made to surrender certain issued patents and withdraw certain applications under review. The majority of these patents were in the review stage in numerous countries. As a result, impairment charges of $280,235 were recorded to write off the carrying value of certain specific patents.

It is important to note that historical patterns of impairment charges cannot be taken as an indication of future impairments. The amount and timing of impairments and write-downs may vary substantially from period to period depending on the business and research activities being undertaken at any one time and changes in the Company's commercial strategy.

Amortization for the year ended May 31, 2011 was $899,000, compared to $919,000 in fiscal 2010. For the year ended May 31, 2011, amortization decreased as compared to the prior year as a result of the write-down in intangibles in the third and fourth quarters of fiscal 2010. The majority of amortization expense in both periods relates to the amortization of AGGRASTAT® intangible assets.

Interest expense for fiscal 2011 was $3,122,000, compared to $3,280,000 in fiscal 2010. The decrease in interest expense for the year ended May 31, 2011 as compared to the prior fiscal year is primarily due to the increase in the strength of the Canadian dollar as compared to the US dollar.

The net foreign exchange gain for the year ended May 31, 2011 was $2,355,000, compared to a net foreign exchange gain of $1,247,000 in fiscal 2010. The net foreign exchange gain during the year ended May 31, 2011 changed by $1.11 million due to a weakening of the U.S. dollar relative to the Canadian dollar in the quarter. Foreign exchange gain represents changes in the Canadian dollar value of foreign currency denominated operating accounts and long-term debt in response to changes in the value of the Canadian dollar relative to US dollar. The value of the Canadian dollar relative to the US dollar increased over the period, with exchange rates moving from 1.046 as at May 31, 2010 to 0.969 as at May 31, 2011, which resulted in a foreign exchange gain of $2.4 million for the period. In the prior year, the value of the Canadian dollar as compared to the US dollar strengthened, with exchange rate equal to 1.092 as at May 31, 2009 moving to 1.046 as at May 31, 2010, which resulted in a foreign exchange gain of $1.25 million for the prior year.

For the year ended May 31, 2011, the Company recorded a consolidated net loss of $2,014,000 or $0.02 per share compared to a consolidated net loss of $5,533,000 or $0.04 per share for the year ended May 31, 2010. As discussed above the main factors contributing to the decrease in the loss as compared to 2010 fiscal year were the increases in wholesale AGGRASTAT®, sales and the Company's cost curtailment program whereby operating costs (exclusive of debt servicing requirements and costs related to restructuring of debt as discussed above) have been reduced.

The weighted average number of common shares outstanding used to calculate basic and diluted loss per share was 130,507,552 for the years ended May 31, 2011 and 2010.

Year Ended May 31, 2010 Compared to the Year Ended May 31, 2009

Net product sales for fiscal 2010 were $3,317,000, compared to $4,793,000 in fiscal 2009. The Company sells AGGRASTAT® to drug wholesalers. These wholesalers subsequently sell AGGRASTAT® to the hospitals where health care providers administer the drug to patients. Wholesaler management decisions to increase or decrease their inventory of AGGRASTAT® may result in sales of AGGRASTAT® to wholesalers that do not track directly with demand for the product at hospitals. The decline is attributable to fluctuations in foreign currency exchange rates and an increase in wholesaler purchasing in advance of a price increase introduced during the 3rd quarter of 2009. Since then, wholesale purchasing has more closely reflected hospital demand with modest fluctuations attributing to wholesaler inventory adjustments.

Cost of goods sold represents direct product costs associated with AGGRASTAT® including and write-downs for obsolete inventory. Amortization of the related acquired AGGRASTAT® intangible assets is separately discussed below.

Cost of goods sold, excluding amortization, for fiscal 2010 were $572,000 compared to $377,000 in fiscal 2009. The Company has a minimum purchase commitment for the manufacturing of AGGRASTAT® and as a result has recorded a $0.3 million charge to recognize this commitment. The increase is partially offset by direct costs linked to lower sales volume during the year ended May 31, 2010 as compared to of 2009.

Total Selling, general, and administrative expenditures for fiscal 2010 were $4,475,000, compared to $9,255,000 in fiscal 2009. Selling, general, and administrative expenditures related to AGGRASTAT® were $3,277,000 in fiscal 2010, compared to $6,598,000 in fiscal 2009. Selling, general, and administrative expenditures for AGGRASTAT® are primarily related to field selling expenses, product promotion costs and administrative expenses. The appreciation of the US dollar compared the Canadian dollar favourably impacted our expenditures which complimented Management s cost curtailment program implemented since the beginning of the fiscal year. Other selling, general, and administrative expenditures in fiscal 2010 decreased to $1,198,000 from $2,657,000 in fiscal 2009 mainly due to Management s cost curtailment program, as well as a one-time provision against research advances recorded in fiscal 2009. These reductions were offset by professional and advisory fee related to ongoing discussions with the Company s secured lender.

Net Research and development expenditures for fiscal 2010 were $393,000, compared to $23,000 in fiscal 2009. The increase in research and development expenditures as compared to fiscal 2009 is due to the Company continuing with its Phase II clinical study TARDOXAL™ on a cost conservative basis until such time as the Company s financial condition improves. In 2009, the Company recovered approximately $800,000 in research and development expenses as a result of negotiations and support from clinical partners and service providers for costs incurred in 2008. This recovery was applied against existing 2009 expenditures.

The Company s Impairment of Intangibles assets decreased from $1,756,000 in fiscal 2009 to $769,000 in fiscal 2010. During fiscal 2009 the Company had initiated a review of all outstanding patents as part of its ongoing cost curtailment program. Intangible assets are reviewed for impairment on an ongoing basis whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Based on this review certain patents were deemed not significant to the Company s commercial and research operations and a decision was made to surrender issued patents and withdraw applications under review. The majority of these patents were in the review stage in numerous countries. As a result, an impairment charge of $1.0 million was recorded to write off the carrying value of these specific patents.

It is important to note that historical patterns of impairment charges cannot be taken as an indication of future impairments. The amount and timing of impairments and write-downs may vary substantially from period to period depending on the business and research activities being undertaken at any one time and changes in the Company's commercial strategy.

Amortization for the year ended May 31, 2010 was $919,000, compared to $939,000 in fiscal 2009. The majority of amortization expense in both periods relates the amortization of AGGRASTAT® intangibles. The amortization was lower in fiscal 2010 due to the write-down of the intangibles in fiscal 2009 and 2010.

Interest and other income for the year ended May 31, 2010 was $5,000, compared to $256,000 in fiscal 2009. The decrease in interest and other income in fiscal 2010 is the result of lower cash and cash equivalents balance and lower interest rates as compared to the prior fiscal year.

Interest expense for fiscal 2010 was $3,280,000, compared to $4,945,000 in fiscal 2009. The decrease in interest expense for the year ended May 31, 2010 as compared to fiscal 2009 is primarily due to the repayment of the term loan facility during the second quarter of 2009.

The net foreign exchange gain for the year ended May 31, 2010 was $1,247,000, compared to a net foreign exchange loss of $1,636,000 in fiscal 2009. The net foreign exchange gain during the year ended May 31, 2010 changed by $2.88 million due to a weakening of the U.S. dollar relative to the Canadian dollar in the year. Foreign exchange loss represents changes in the Canadian dollar value of foreign currency denominated operating accounts and long-term debt in response to changes in the value of the Canadian dollar relative to US dollar. The value of the Canadian dollar relative to the US dollar increased over the period, with exchange rates moving from $1.095 as at May 31, 2009 to $1.046 as at May 31, 2010, which resulted in a foreign exchange gain of $1.2 million for the year. In the prior year, the value of the Canadian dollar decreased, with exchange rates moving from $0.994 as at May 31, 2008 to $1.092 as at May 31, 2009, which resulted in a foreign exchange loss of $1.64 million for the prior year.

For the year ended May 31, 2010, the Company recorded a consolidated net loss of $5,532,000 or $0.04 per share compared to a consolidated net loss of $13,316,000 or $0.10 per share for the year ended May 31, 2009. As discussed above the main factors contributing to the decrease in the loss as compared to the 2009 fiscal year resulted from the cost curtailment program whereby normal operating costs (exclusive of debt servicing requirements and costs related to restructuring of debt as discussed above) have been brought in line with revenues. Savings were offset by decreases in wholesale AGGRASTAT® sales.

The weighted average number of common shares outstanding used to calculate basic and diluted loss per share was 130,507,552 for the years ended May 31, 2010 and 2009.

B. Liquidity and Capital Resources

Since the Company s inception, it has financed operations primarily from net revenue received from the sale of AGGRASTAT®, sale of its equity securities, the issue of warrants and stock options, interest on excess funds held and the issuance of debt.

Cash provided by (used in) operating activities for the year ended May 31, 2011 increased $1,930,288 to $444,479 compared to ($1,452,809) for 2010 primarily due to improved operating results in the Company s AGGRASTAT® operations and lower overall expenditures as a result of the cost curtailment program.

Investing and financing activities for the year ended May 31, 2011 and 2010 were insignificant.

At May 31, 2011 the Company had cash totaling $750,184 compared to $371,262 as of May 31, 2010. As at May 31, 2011, the Company had a working capital deficiency of $30.2 million compared to $29.4 million at May 31, 2010. Fluctuations in working capital are mainly due to increases in accrued interest on long-term debt and use of funds to support operations and changes in foreign currency exchange rates.

The Corporation has long-term debt at May 31, 2011 of US$25.0 million recorded in its financial statements relating to the Birmingham debt described in Note 8 of the Company's consolidated financial statements for the year ended May 31, 2011. Interest is accrued based on an annual effective interest rate of 13.3% . The minimum annual debt obligations are disclosed under Contractual Obligations.

At May 31, 2011, the Company has accrued US$7.8 million (CDN$7.6 million) in debt service obligations. Of this amount, US$1,739,659 was originally due July 15, 2009; US$180,811 was originally due October 15, 2009; US$195,550 was originally due January 15, 2010; US$160,359 was originally due April 15, 2010; US$2,063,280 was originally due on July 15, 2010, US$168,085 was originally due October 15, 2010, US$167,025 was originally due January 15, 2011, US$258,703 was originally due April 15, 2011, and US$2,906,188 was originally due on July 15, 2011. As described in the "Recent Developments" section of this annual report, the Company settled its long-term on July 18, 2011.

The total number of common shares issued and outstanding at May 31, 2011 and 2010 was 130,307,552.

C. Research and Development, Patents and Licenses, Etc.

Research and Development

The Company s primary ongoing research and development activity is the development and implementation of a new regulatory, brand and life cycle management strategy for AGGRASTAT®. The extent to which the Company is able to invest in this plan is dependant upon the availability of sufficient finances.

The Company s primary, non-AGGRASTAT® research and development activity is TARDOXAL™ for the treatment of Tardive Dyskinesia ("TD"). This program evolved from Medicure s extensive clinical experience with MC-1, a naturally occurring small molecule, for cardiovascular conditions. A modest amount of capital is being used for an ongoing Phase II clinical study of TARDOXAL™. The Company is interested in out-licensing its library of small molecule anti thrombotic drugs.

The TARDOXAL™ program benefits from over 10 years of work that Medicure invested in the advancement of this compound, including extensive human clinical testing in unrelated cardiovascular conditions and other pre-clinical, formulation, manufacturing and safety research and development. The Company believes the information and physical assets resulting from this activity are a valuable asset that will reduce costs and also speed development of this molecule for application to TD.

The Company intends to pursue a license or development partnership for TARDOXAL™ with a large pharmaceutical company. Such a partnership may provide funding and other resources for further clinical trials and commercialization. While the Company has had informal discussions with potential partners, no formal agreement, or letter of intent, has been entered into by the Company as of the date hereof.

Medicure s library of novel therapeutics includes a series of small molecule dual acting anticoagulant/antiplatelet compounds (including the preclinical lead, MC-45308) which may be useful in treating venous and arterial thrombosis. These compounds, which have shown activity in venous and arterial models of thrombosis, provide a basis for further research, optimization and preclinical development. The Company is interested in out-licensing its library of small molecule anti thrombotic drugs.

The Company may from time to time evaluate other product opportunities for potential license with the objective of further broadening its product and patent portfolio.

As outlined in Item 17, Company-sponsored research and development net expenditures for fiscal 2011 were $205,000 (2010 - $393,000; 2008 - $23,000). During fiscal 2009, the Company, and with the support of our clinical partners and service providers, was able to secure a recovery on certain research and development costs incurred in fiscal 2008 of approximately $970,000.

Patents and Licenses

The Company has 24 issued patents, 23 from the United States Patent Office and one patent from New Zealand providing protection for AGGRASTAT® and certain uses of MC-1 and related compounds in treatment of cardiovascular diseases and other compounds for the use in cardiovascular disease. The Company will continue to file patents to extend protection of MC-1 and for new compounds in development. The patents currently issued to the Company are as follows:

Patent Number	Issue Date	Title
5,292,756	March 8, 1994	Novel Sulfonamide Fibrinogen Receptor Antagonists
5,733,919	March 31, 1998	Compositions for Inhibiting Platelet Aggregation
5,965,581	October 12, 1999	Compositions for Inhibiting Platelet Aggregation
5,972,967	October 26, 1999	Compositions for Inhibiting Platelet Aggregation
5,978,698	November 2, 1999	Angioplasty Procedure Using Nonionic Contrast Media
6,043,259	March 28, 2000	Treatment of Cardiovascular and Related Pathologies
6,051,587	April 18, 2000	Treatment of Age Related Hypertension
6,136,794	October 24, 2000	Platelet Aggregation Inhibition Using Low Molecular Weight Heparin in Combination with a GP IIb/IIIa Antagonist

6,339,085	January 15, 2002	Prodrugs of MC1

6,417,204	July 9, 2002	5-AZA Analogues
6,538,112	March 25, 2003	Anticoagulant Test
6,770,660	August 3, 2004	Method for Inhibiting Platelet Aggregation
6,780,997	August 24, 2004	Cardioprotective Phosphonates and Malonates
6,861,439	March 1, 2005	Treatment of Cerebrovascular Disease
6,867,215	March 15, 2005	Cardioprotective Phosphonates and Malonates
6,897,228	May 24, 2005	Pyridoxine and Pyridoxal Analogues: Cardiovascular Therapeutics
7,105,673	September 12, 2006	Cardioprotective Phosphonates and Malonates
7,132,430	November 7, 2006	Treatment of Cardiovascular and Related Pathologies
7,148,233	December 12, 2006	Treatment of Cardiovascular and Related Pathologies
7,375,112	May 20, 2008	Compounds and Methods for Reducing Triglyceride Levels
7,425,570	September 16, 2008	Pyridoxine and Pyridoxal Analogues: New Uses
7,442,689	October 28, 2008	Cardioprotective Phosphonates and Malonates
7,812,037	October 12, 2010	Dual antiplatelet/anticoagulant pyridoxine analogs
548,346	May 13, 2010	Combination therapies employing a composition comprising a HMG CoA reductase inhibitor and a vitamin B6 related compound

Patents 6,043,259, 6,051,587, and 6,339,085 are jointly owned by the Company and the University of Manitoba. Pursuant to a Licence Agreement dated August 18, 1997, an Assignment Agreement dated September 26, 1997, an updated License Agreement dated August 30, 1999 and a newly revised version executed November 24, 2006, which supersedes all previous versions, (the Licence Agreement) the University of Manitoba licensed the exclusive worldwide use of the patents and the MC-1 technology to the Company. Pursuant to the License Agreement, the Company has agreed to pay the University of Manitoba a royalty payment of up to 3% of net sales from any cardiovascular product derived from the MC-1 technology. The License Agreement was originally signed on August 30, 1999 and subsequently amended on November 24, 2006 and shall terminate if a patent or patents, domestic or foreign, are obtained prior to commercialization of a Licensed Product, the expiration date of the last to expire of any patents covered by the Patent Rights.

The MC-1 technology is derived from work done by employees of the Company and by two employees of the University of Manitoba, Dr. Naranjan Dhalla and Dr. Krishnamurti Dakshinamurti, Professor Emeritus, Department of Biochemistry.

Patents 5,292,756, 5,733,919, 5,965,581, 5,972,967, 5,978,698, 6,136,794, 6,538,112 and 6,770,660 were purchased by the Company from MGI GP, INC. (a Delaware corporation doing business as MGI PHARMA and its Affiliate, Artery, LLC). Pursuant to an Asset Purchase Agreement dated August 8, 2006, MGI GP, INC. sold the exclusive use of the patents to the Company in the specified territory (the United States of America including the Commonwealth of Puerto Rico; Guam; and the United States Virgin Islands). Pursuant to the Asset Purchase Agreement the Company agreed to pay MGI GP, INC. a one-time fee for the procurement of the acquired assets. The Asset Purchase Agreement was executed August 8, 2006.

There are 13 pending patent applications, including 4 filed with the United States Patent Office as either regular or provisional applications. Certain of these are owned by the Company by virtue of their inventorship, in whole or in part, by employees of the Company and, subsequent to June 1, 2000, by CanAm Bioresearch Inc.

Much of the work, including some of the research methods, that is important to the success of the Company s business is germane to the industry and may not be patentable. For this reason all employees, contracted researchers and consultants are bound by non-disclosure agreements.

Given that the patent applications for these technologies involve complex legal, scientific and factual questions, there can be no assurance that patent applications relating to the technology used by the Company will result in patents being issued, or that, if issued, the patents will provide a competitive advantage or will afford protection against competitors with similar technology, or will not be challenged successfully or circumvented by competitors.

The Company has filed patents in accordance with the Patent Cooperation Treaty (the PCT). The PCT is a multilateral treaty that was concluded in Washington in 1970 and entered into force in 1978. It is administered by the International Bureau of the World Intellectual Property Organization (the WIPO), headquartered in Geneva, Switzerland. The PCT facilitates the obtaining of protection for inventions where such protection is sought in any or all of the PCT contracting states (total of 104 at July 1999). It provides for the filing of one patent application (the international application), with effect in several contracting states, instead of filing several separate national and/or regional patent applications. At the present time, an international application may include designation for regional patents in respect of contracting states party to any of the following regional patent treaties: The Protocol on Patents and Industrial Designs within the framework of the African Regional Industrial Property Organization, the Eurasian Patent Convention, the European Patent Convention, and the Agreement Establishing the African Intellectual Property Organization. The PCT does not eliminate the necessity of prosecuting the international application in the national phase of processing before the national or regional offices, but it does facilitate such prosecution in several important respects by virtue of the procedures carried out first on all international applications during the international phase of processing under the PCT. The formalities check, the international search and (optionally) the international preliminary examination carried out during the international phase, as well as the automatic deferral of national processing which is entailed; give the applicant more time and a better basis for deciding whether and in what countries to further pursue the application. Further information may be obtained from the official WIPO internet website (http://www.wipo.int).

On June 1, 2000 the Company entered into the Medicure International Licensing Agreement whereby it licensed the world-wide development and marketing rights for MC-1, except for Canada, to its wholly owned subsidiary, Medicure International, Inc. As consideration for the grant of the license, Medicure International, Inc. agreed to pay the Company a fee of $1.00 upon the completion of specified milestones in the development process, together with a variable royalty of 7% to 9% of net sales of MC-1 (if any sales are ever in fact made). The term of the Medicure International Licensing Agreement will expire on the date of expiration of the last to expire patent on MC-1, or in the absence of any such patent, on the 10th anniversary of the date of the first commercial sale of MC-1 in the country where it was last introduced (if it is ever so introduced). The Medicure International Licensing Agreement may be terminated under a number of circumstances and, in any event, by either party at any time by providing the other with at least 90 days prior written notice of its intention to terminate the Medicure International Licensing Agreement.

Medicure International, Inc. subsequently entered into a development agreement with CanAm on June 1, 2000 to perform research and development of MC-1 and other compounds at cost, plus a reasonable mark-up not to exceed ten percent of any amount invoiced. The parties to the development agreements have agreed that the aggregate amount of all invoiced expenditures shall not exceed $30,000,000 over the term of each agreement. The term of the CanAm development agreement is to expire on the completion of all research and development activities by CanAm and the written acknowledgment by CanAm and Medicure International, Inc. that no further research projects will be undertaken.

The development agreements may be terminated under a number of circumstances and, in any event, by Medicure International, Inc. at any time by providing CanAm with at least 30 days prior written notice of its intention to terminate, or by CanAm at any time by providing Medicure International, Inc., with at least 90 days prior written notice of its intention to terminate the development agreement.

The agreements provide that all confidential information developed or made known during the course of the relationship with the Company is to be kept confidential except in specific circumstances.

D. Trend Information

Net revenue from the sale of AGGRASTAT® for fiscal 2011 increased 9% over the net revenue for the in fiscal 2010. All of the Company s sales are denominated in US dollars. The increase is attributable to an increase in wholesale purchasing of AGGRASTAT®, a reduction in hospital discounts and fluctuations in foreign currency exchange rates. Although wholesale purchasing generally reflects hospital demand, it is also subject to fluctuations attributed to wholesaler inventory adjustments.

The Company is not aware of any other trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon the Company s net sales or revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition except the potential effect the following items may or may not have:

Subsequent to year end the Company settled its long-term debt to Birmingham Associates Ltd. in exchange for; i) $4,750,000 in cash; ii) 32,640,043 common shares of the Company; and iii) a royalty on future AGGRASTAT® sales until 2023. The royalty is based on four percent of the first $2,000,000 of quarterly AGGRASTAT® sales and increases on sales exceeding that amount.

E. Off-balance Sheet Arrangements

As of May 31, 2011 the Company does not have any off-balance sheet arrangements, other than those disclosed below.

F. Contractual Obligations

The following tables set forth the Company s contractual obligations as of May 31, 2011:

	Contractual Obligations Payment Due By Period						
(in thousands of CDN$)	Total	2012	2013	2014	2015	2016	Thereafter
Long-term debt obligations[1]	$43,995	$3,798	$4,253	$4,764	$5,335	$5,976	$19,869
Purchase Agreement commitments[2]	823	759	64	-	-	-	-
Management services agreement commitments[3]	180	180	-	-	-	-	-
Total	$44,998	$4,737	$4,317	$4,764	$5,335	$5,976	$19,869

Debt obligations reflect the minimum annual payments under the debt financing agreement. In addition to the contractual obligations disclosed above, the Company and its wholly-owned subsidiaries, have ongoing research and development agreements with third parties in the ordinary course of business. These agreements include the research and development of AGGRASTAT®, TARDOXAL™ as well as other product opportunities.

In addition, as at May 31, 2011, the Company has committed to fund up to a maximum of $3,000,000 in research and development activities under a development agreement with a contract research organization. The timing of expenditures and payments is largely at the discretion of the Company and

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1 In September 2007, the Company entered into a debt financing agreement with Birmingham Associates Ltd. (Birmingham), an affiliate of Elliott Associates, L.P. (Elliott) for a US$25 million up-front cash payment. Under the terms of the agreement, Birmingham will receive a payment based on a percentage of AGGRASTAT® net sales. Birmingham is entitled to a return of 20 percent on the first US$15 million in AGGRASTAT® revenues, 17.5 percent on the next US$10 million, 15 percent on the next US$5 million and 5 percent thereafter, subject to an escalating minimum annual return, until May 31, 2020. The minimum annual returns start at US$2.5 million in 2008 and escalate to US$6.9 million in 2017. The total minimum payments over the life of the agreement aggregate to US$49.7 million. Additional information can be found in the Company's Annual Report on Form 20-F for the year ended May 31, 2011, which can be obtained on SEDAR (www.sedar.com).

Birmingham also received the option to convert its rights based on AGGRASTAT® to MC-1 within six months after MC-1 s commercialization, if achieved. The exact percentage of AGGRASTAT® or MC-1 revenue that Birmingham would have received was tiered and declined as certain revenue levels were to be achieved. Upon conversion to MC-1, Birmingham would have been entitled to a return of 10 percent on the first US$35 million in MC-1 revenues, 5 percent on the next US$40 million in MC-1 revenues and 3 percent thereafter. Birmingham would have also received a minimum annual return of US$2.6 Million on MC-1 net sales, if approved until May 31, 2020. Birmingham would have received payments based on MC-1 revenues until December 31, 2024, unless a novel patent is obtained for MC-1, which could extend the period of payments.

During the 30 day period following the date on which the U.S. Food and Drug Administration shall have first approved MC-1 for sale to the public, the Company could have elected to terminate AGGRASTAT® or MC-1 Debt Payment rights with the payment, prior to the end of such 30 day period of US$70 Million to Birmingham. In addition, upon the approval of MC-1 for a second indication, the Company could have once again elect to terminate AGGRASTAT® or MC-1 Debt Payment rights with the payment, prior to the end of such 30 day period of US$120 Million to Birmingham.

With the settlement of the Birmingham long-term debt on July 18, 2011, all associated commitments and obligations were cancelled. Under the debt settlement Birmingham is entitled to a royalty on future AGGRASTAT® sales until 2023.

[2] The Company has entered into manufacturing and supply agreements to purchase a minimum quantity of AGGRASTAT® from a third party.

[3] Effective October 1, 2009, the Company entered into a business and administration services agreement with Genesys Venture Inc. (GVI), a company controlled by the Chief Executive Officer, under which the Company is committed to pay $25,000 per month or $300,000 per annum. On October 1, 2010, an amendment was made to the agreement thereby reducing the fees to $15,000 per month, or $180,000 per year effective November 1, 2010. The agreement shall be automatically renewed for succeeding terms of one year on terms to be mutually agreed upon by the parties. The Company may terminate this agreement at any time upon 60 days written notice.

the agreement may be terminated at any time provided thirty (30) days notice is provided. Accordingly, no obligations are included in the above table in relation to this agreement.

The Company periodically enters into research 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.

The Company has granted a 3% royalty to the University of Manitoba based on future commercial net sales of MC-1 for cardiovascular uses. To date, no royalties are due and/or payable and, given these development programs have been placed on hold, the Company does not anticipate any such royalties to be paid. Such royalty does not apply to the sale of TARDOXAL™.

The above commitments exclude any royalty obligations to Birmingham in excess of minimum annual payments pursuant to the debt financing agreement. With the settlement of the Birmingham long-term debt on July 18, 2011, these royalties were cancelled. Under the debt settlement Birmingham is entitled to a royalty on future AGGRASTAT® sales until 2023. The royalty is based on four percent of the first $2,000,000 of quarterly AGGRASTAT® sales and increases on sales exceeding that amount.

In addition, as part of a transaction on July 6, 2011, Iroko made available to the Company certain analytical methods for testing of AGGRASTAT® in Europe. If the company exercises its option to obtain the data and is successful in getting changes to the approved use of AGGRASTAT® in the United States, Iroko will be entitled to receive a royalty of up to US$3.5 million on future AGGRASTAT® sales based on a percentage of sales.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

Directors and Senior Management

The members of the board of directors and senior officers of the Company including a brief biography of each are as follows:

Dr. Albert D. Friesen, Winnipeg, Manitoba, Canada - Director, Chairman and Chief Executive Officer

The founder of Medicure Inc., Dr. Friesen holds a Ph.D. in protein chemistry from the University of Manitoba. Dr. Friesen played a key role in founding several health industry companies including Rh Pharmaceuticals (acquired by Cangene Inc.), ABI Biotechnology (acquired by Apotex Inc.), Viventia Biotech Inc., Genesys Pharma Inc. and KAM Scientific Inc. Dr. Friesen has experience in the establishment of pharmaceutical production facilities and has also managed and initiated the research and clinical development of several pharmaceutical candidates. Dr. Friesen is a founder of the Industrial Biotechnology Association of Canada (IBAC) and past Chairman of its board of directors and former member of the Industrial Advisory Committee to the Biotechnology Research Institute in Montreal. In addition to his role with the Company, Dr. Friesen is currently the President and Chairman of Genesys Venture Inc., a biotech incubator, based in Winnipeg. Dr. Friesen provides his services to the Company through A.D. Friesen

Enterprises Ltd., his private consulting corporation. Date of birth is May 19, 1947

Dr. Arnold Naimark, Winnipeg, Manitoba, Canada - Director

Dr. Arnold Naimark, O.C., O.M., M.D., L.L.D., F.R.C.P.(C), F.R.S.C, FCAHS,. has had a distinguished career in biomedical research, medicine and higher education. He is President Emeritus and Dean of Medicine Emeritus and Professor of Medicine and Physiology at the University of Manitoba. He is currently Director of the Centre for the Advancement of Medicine, and Chair of Health Canada s Ministerial Science Advisory Board and Chairman of Genome Prairie. Dr. Naimark serves on the Research Council of the Canadian Institute for Advanced Research, the National Statistics Council of Canada, as a Member of the CancerCare Manitoba Board, and on the International Advisory Committee on Research of the Alberta Cancer Board, Research Institute. He is Vice-Chair of CancerCare Manitoba, the Manitoba Health Research Council and the Audit Committee of Statistics Canada. He served as the founding Chairman of the North Portage Development Corporation, the Canadian Health Services Research Foundation and the Canadian Biotechnology Advisory Committee, and as a Director of the Robarts Research Institute. He has served as President of several academic bodies including, the Canadian Physiological Society, the Canadian Society for Clinical Investigation, the Association of Canadian Medical Colleges, the Association of Universities and Colleges of Canada and as Chairman of the Association of Commonwealth Universities. Dr. Naimark is an Officer of the Order of Canada, a Member of the Order of Manitoba and a Fellow of the Royal College of Physicians and Surgeons of Canada, the Royal Society of Canada, and the Canadian Academy of Health Sciences. He is recipient of the G. Malcolm Brown Award of the Royal College of Physicians and Surgeons and Medical Research Council of Canada, the Osler Award, the Distinguished Service Award of Ben Gurion University, the Symons Award of the Association of Commonwealth Universities; and of honorary doctorates from Mount Allison University and the University of Toronto, and of several other awards and distinctions related to his professional, academic and civic activities. Date of birth is August 24, 1933.

Gerald P. McDole, Mississauga, Ontario, Canada, MBA Director

Mr. McDole is currently a director of several Canadian healthcare companies. Mr. McDole is Past President of AstraZeneca Canada Inc. He was named President and CEO of AstraZeneca Canada Inc.'s pharmaceutical operations in 1999 and immediately led the merger of Astra Pharma and Zeneca Pharma Inc. Prior to this, Mr. McDole was president and CEO of Astra Pharma Inc., a position he assumed in 1985 after having served as Executive Vice-President. Mr. McDole is a member of the Canadian Healthcare Marketing Hall of Fame, and has been recognized by Canadian Healthcare Manager Magazine with the Who's Who in Healthcare Award in the pharmaceutical category. In recognition of Mr. McDole's outstanding contributions to the biotech and pharmaceutical industries, the University of Manitoba recently established The Gerry McDole Fellowship in Health Policy and Economic Growth. Mr. McDole holds a Bachelor of Science and a Certificate of Business Management from the University of Manitoba, an MBA from Simon Fraser University, and a Business Administration diploma from the University of Toronto. Date of birth is January 25, 1940.

Peter Quick, Mill Neck, New York, USA - Director

Mr. Quick currently serves on the Board of Directors for Fund for the Poor, the Board of Governors of St. Francis Hospital on Long Island, and the National Selection Committee for the Jefferson Scholars Program of the University of Virginia. Mr. Quick is past President and CEO of Quick & Reilly, Inc. and a former President of the American Stock Exchange. Mr. Quick has also served on the Board of Governors of the Chicago Stock Exchange and as Chairman of the Midwest Securities Trust Company. Mr. Quick received a bachelor's degree in engineering from the University of Virginia and attended Stanford University's Graduate School of Petroleum Engineering. He was a lieutenant in the United States Navy, and served four years active duty. Date of birth is February 11, 1956.

Dawson Reimer, MAES President and Chief Operating Officer

Dawson Reimer proceeded from a Master's Degree in Economic Development, University of Waterloo to be employed as a full-time consultant to the Federal Department of Western Diversification. In this capacity, he conducted entrepreneurship training and developed a business start-up training program. Beginning in 1996, he served as Business Development/Investor Relations with Genesys Pharma Inc. He was also project coordinator for the establishment of the Company's new research and pharmaceutical production facility. In 1997, he began conducting business activities for Genesys Venture Inc., a biotech business incubator, where he has assisted numerous biotechnology ventures in developing business plans, obtaining financing, and developing intellectual property protection. In this capacity, Mr. Reimer became actively involved in the Company at its inception and has been directly employed by the Company since 2001. Mr. Reimer is a son-in-law of Dr. Albert D. Friesen, Director, President, Chairman and Chief Executive Officer. Date of birth is May 7, 1971.

James Kinley, CA Chief Financial Officer

James has acted as The Company s Chief Financial Officer since September 2011. His services are provided to the Company through a Management Services Agreement with Genesys Venture Inc. (GVI). Previous to his time at GVI and the Company, he was Manager, Financial Reporting at Manitoba Telecom Services Inc. and was involved in all aspects of financial reporting, including publicly filed documents such as their financial statements. James is a Chartered Accountant and holds a Bachelor of Commerce (Hons.) degree from the University of Manitoba. Date of birth is July 9, 1978.

Management

Dr. Albert D. Friesen - Chairman, Chief Executive Officer and Director: Dr. Friesen directs the overall business management of the Company (see Directors and Senior Management under this item).

Dawson Reimer - President and Chief Operating Officer: Subject to the direction of the Chief Executive Officer, Mr. Reimer has general charge of the Corporation s day to day business activities with a primary focus on its commercial direction, including the advancement and management of new and existing pharmaceutical products. (See Directors and Senior Management under this item)

James Kinley, CA - Chief Financial Officer: Mr. Kinley is responsible for the Company s financial management and accounting practices (see Directors and Senior Management under this item).

B. Compensation

No compensation of any kind was paid to the directors, and executive officers of the Company during the year ended May 31, 2011, except for the accrual for unpaid board compensation described below and stock-based compensation described in Item 6(E) below and as follows:

On October 1, 2001, a compensation agreement was entered into between the Company and A.D. Friesen Enterprises Ltd., a corporation owned by Dr. Friesen and subsequently amended on October 1, 2003, October 1, 2005, October 1, 2006, and October 1, 2007. For the year ended May 31, 2011, the Company paid A.D. Friesen Enterprises Ltd., $201,000 in consulting compensation, including taxable benefits. Dr. Friesen is eligible for an annual bonus, if certain objectives of the Company are met, as determined by the Board of Directors.

Dawson Reimer serves the Company as President and Chief Operating Officer and received a salary of $161,000 payable in equal semi-monthly instalments in fiscal 2011.

During the year ended May 31, 2011, the Company paid directors a total of Nil (Year ended May 31, 2010: Nil; Year ended May 31, 2009: Nil; Year ended May 31, 2008: Nil; Year ended May 31, 2007: Nil) for consulting fees.

The Company has agreed to provide its independent directors $2,000 for each quarterly board meeting they personally attend ($1,000 via telephone), and $1,500 for each quarterly executive compensation, nominating and corporate governance committee meeting or audit and finance committee meeting they attend.

For fiscal 2011 and prior, due to the Company s current financial position, the board had offered and committed not to request, and has therefore not received, any compensation for their services as independent directors. As at May 31, 2011, the Company had accrued director compensation of $295,000 relating to the independent directors service as directors prior to May 31, 2011.

The Company does not provide any cash compensation for its directors who are also officers of the Company for their services as directors.

No pension, retirement fund and other similar benefits have been set aside for the officers and directors of the Company.

C. Board Practices

The Board of Directors presently consists of four directors who were elected at the Company s annual general meeting of the shareholders held on November 29, 2010. Each director holds office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Company, or with the provisions of the *Canada Business Companys Act*. Dr. Albert D. Friesen has served as a director of the Company since September 1997. Dr. Arnold Naimark has served as a director of the Company since March 2000. Gerald McDole has served as a director of the Company since January 2004. Peter Quick has served as a director of the Company since November 2005.

Audit and Finance Committee

Pursuant to Section 171 of the *Canada Business Companys Act* (the Act), the Company is required to have an Audit Committee. As at the date hereof, the Audit and Finance Committee is comprised of three independent directors: Gerald McDole (Chair), Dr. Arnold Naimark, and Peter Quick. The relevant experience of each member is described above. (See Item 6. Directors, Senior Management and Employees) Section 171(1) of the Act requires the directors of a reporting corporation to elect from among their number a committee composed of not fewer than three directors, of

whom a majority must not be officers or employees of the corporation or an affiliate of the corporation. Section 171(3) of the Act provides that, before financial statements are approved by the directors, they must be submitted to the audit committee for review. Section 171(4) of the Act provides that the auditor must be given notice of, and has the right to appear before and to be heard at, every meeting of the audit committee, and must appear before the audit committee when requested to do so by the committee. Finally, section 171(5) of the Act provides that on the request of the auditor, the audit committee must convene a meeting of the audit committee to consider any matters the auditor believes should be brought to the attention of the directors or members.

Under the Sarbanes-Oxley Act of 2002, the independent auditor of a public Company is prohibited from performing certain non-audit services. The Audit and Finance Committee has adopted procedures and policies for the pre-approval of non-audit services, as described in the audit committee charter.

AUDIT AND FINANCE COMMITTEE CHARTER

GENERAL FUNCTIONS, AUTHORITY, AND ROLE

The purpose of the Audit and Finance Committee is to oversee the accounting and financial reporting processes of the Company and the audits of its financial statements, and thereby assist the Board in monitoring (1) the integrity of the financial statements of the Company, (2) compliance by the Company with ethical policies and legal and regulatory requirements related to financial reporting, (3) the appointment, compensation, qualifications, independence and performance of the Company s internal and external auditors, (4) the performance of the Company's independent auditors, and (5) performance of the Company's internal controls and financial reporting process.

The Audit and Finance Committee has the power to conduct or authorize investigations into any matters within its scope of responsibilities, with full access to all books, records, facilities and personnel of the Company, its auditors and its legal advisors. In connection with such investigations or otherwise in the course of fulfilling its responsibilities under this charter, the Audit and Finance Committee has the authority to independently retain special legal, accounting, or other consultants to advise it, and may request any officer or employee of the Company, its independent legal counsel or independent auditor to attend a meeting of the Audit and Finance Committee or to meet with any members of, or consultants to, the Audit and Finance Committee. The Audit and Finance Committee has the power to create specific sub-committees with all of the power to conduct or authorize investigations into any matters within the scope of the mandate of the sub-committee, with full access to all books, records, facilities and personnel of the Company, its auditors and its legal advisors.

The Company's independent auditor is ultimately accountable to the Board of Directors and to the Audit and Finance Committee, who, as representatives of the Company's shareholders, have the authority and responsibility to evaluate the independent auditor, appoint and replace the independent auditor, and to determine appropriate compensation for the independent auditor. In the course of fulfilling its specific responsibilities hereunder, the Audit and Finance Committee must maintain free and open communication between the Company's independent auditors, Board of Directors and Company management. The responsibilities of a member of the Audit and Finance Committee are in addition to such member's duties as a member of the Board of Directors.

While the Audit and Finance Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Audit and Finance Committee to plan or conduct audits or to determine that the Company's financial statements are complete, accurate, and in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditor. Nor is it the duty of the Audit and Finance Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditor or to assure compliance with laws and regulations and the Company s Code of Ethics. Any responsibilities that the Audit and Finance Committee has the power to act upon, may be recommended to the Board to act upon.

MEMBERSHIP

The membership of the Audit and Finance Committee will be as follows:

The Committee shall consist of a minimum of three members of the Board of Directors, appointed from time to time, each of whom is affirmatively confirmed as independent by the Board of Directors, with such affirmation disclosed in the Company's annual Information Circular.

The Board will elect, by a majority vote, one member as chairperson.

The members of the Audit and Finance Committee will meet all independence and financial literacy requirements of The American Stock Exchange, The Toronto Stock Exchange, Rule 10A-3 of the Securities Exchange Act of 1934, as amended, Multilateral Instrument 52-110 and the requirements of such other securities exchange or quotations system or regulatory agency as may from time to time apply to the Company.

A member of the Audit and Finance Committee may not, other than in his or her capacity as a member of the Audit and Finance Committee, the Board of Directors, or any other Board committee, accept any consulting, advisory, or other compensatory fee from the Company, and may not be an affiliated person of the Company or any subsidiary thereof.

RESPONSIBILITIES

The responsibilities of the Audit and Finance Committee shall be as follows:

Frequency of Meetings

Meet quarterly or more often as may be deemed necessary or appropriate in its judgment, either in person or telephonically.

The Audit and Finance Committee will meet with the independent auditor at least quarterly, either in person or telephonically.

Reporting Responsibilities

Provide to the Board of Directors proper Committee minutes.

Report Committee actions to the Board of Directors with such recommendations as the Committee may deem appropriate.

Charter Evaluation

Annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board of Directors for approval.

Whistleblower Mechanism

Adopt and review annually a procedure through which employees and others can anonymously inform the Audit and Finance Committee regarding any concerns about the Company's accounting, internal accounting controls or auditing matters. The procedure shall include responding to and the retention of, any such complaints.

Legal Responsibilities

Perform such functions as may be assigned by law, by the Company's certificate of incorporation, memorandum, articles or similar documents, or by the Board of Directors.

INDEPENDENT AUDITOR

Nominations

Nominates annually the independent auditor to be proposed for shareholder approval.

Compensation and Evaluation

Approve the compensation of the independent auditor, evaluate the performance of the independent auditor and, if so determined by the Committee, replace the independent auditor.

Pre-approve all related party transactions, which are transactions or loans between the Company and a related party involving goods, services, or tangible or intangible assets that are (1) material to the Company or the related party, or (2) unusual in their nature or conditions. A related party includes an affiliate, major shareholder, officer, other key management personnel or director of the Company, a Company controlled by any of those parties or a family member of any of those parties.

Engagement Procedures for Audit and Non-audit Services

Approve in advance all audit services to be provided by the independent auditor. Establish policies and procedures that establish a requirement for approval in advance of the engagement of the independent auditor to provide permitted non-audit services and to prohibit the engagement of the independent auditor for any activities or services not permitted by any of the Canadian provincial securities commissions, the SEC or any securities exchange on which the Company's shares are traded including any of the following ten types of non-audit services:

Bookkeeping or other services related to accounting records or financial statements of the Company;

Financial information systems design and implementation consulting services;

Appraisal or valuation services, fairness opinions, or contributions-in-kind reports;

Actuarial services;

Internal audit outsourcing services;

Any management or human resources function;

Broker, dealer, investment advisor, or investment banking services;

Legal services;

Expert services related to the auditing service; and

Any other service the Board of Directors determines is not permitted.

Hiring Practices

Ensure that no individual who is, or in the past 3 years has been, affiliated with or employed by a present or former auditor of the Company or an affiliate, is hired by the Company as a senior officer until at least 3 years after the end of either the affiliation or the auditing relationship.

Independence Test

Take reasonable steps to confirm the independence of the independent auditor, which shall annually include:

Ensuring receipt from the independent auditor of a formal written statement delineating all relationships between the independent auditor and the Company, consistent with the Independence Standards Board Standard No. 1 and related Canadian regulatory body standards;

Considering and discussing with the independent auditor any relationships or services provided to the Company, including non-audit services, that may impact the objectivity and independence of the independent auditor; and

As necessary, taking, or recommending that the Board of Directors take, appropriate action to oversee the independence of the independent auditor and evaluate whether it is appropriate to rotate the independent auditor on a regular basis.

Audit and Finance Committee Meetings

Notify the independent auditor of every Audit and Finance Committee meeting and permit the independent auditor to appear and speak at those meetings.

At the request of the independent auditor, convene a meeting of the Audit and Finance Committee to consider matters the auditor believes should be brought to the attention of the directors or shareholders.

Keep minutes of its meetings and report to the Board for approval of any actions taken or recommendations made.

Restrictions

Confirm with management and the independent auditor that no restrictions are placed on the scope of the auditors' review and examination of the Company's accounts.

OTHER PROFESSIONAL CONSULTING SERVICES

Engagement Review

As necessary, consider with management the rationale and selection criteria for engaging professional consulting services firms.

Ultimate authority and responsibility to select, evaluate and approve professional consulting services engagements.

AUDIT AND REVIEW PROCESS AND RESULTS

Scope

Consider, in consultation with the independent auditor, the audit scope, staffing and planning of the independent auditor.

Review Process and Results

Consider and review with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, as the same may be modified or supplemented from time to time.

Review and discuss with management and the independent auditor at the completion of annual and quarterly examinations:

The Company's audited and unaudited financial statements and related notes;

The Company's MD&A and news releases related to financial results;

The independent auditor's audit of the financial statements and its report thereon;

Any significant changes required in the independent auditor's audit plan;

The appropriateness of the presentation of any non-GAAP related financial information;

Any serious difficulties or disputes with management encountered during the course of the audit; and

Other matters related to the conduct of the audit, which are to be communicated to the Audit and Finance Committee under generally accepted auditing standards.

Review the management letter delivered by the independent auditor in connection with the audit.

Following such review and discussion, if so determined by the Committee, recommend to the Board that the annual financial statements be included in the Company's annual report.

Review, discuss with management and approve annual and interim quarterly financial statements prior to public disclosure. The chairperson of the Audit and Finance Committee may represent the entire Audit and Finance Committee for purposes of this review.

Review and discuss with management and the independent auditor the adequacy of the Company's internal accounting and financial controls that management and the Board of Directors have established and the effectiveness of those systems, and inquire of management and the independent auditor about significant financial risks or exposures and the steps management has taken to minimize such risks to the Company.

Meet separately with the independent auditor and management, as necessary or appropriate, to discuss any matters that the Audit and Finance Committee or any of these groups believe should be discussed privately with the Audit and Finance Committee.

Review and discuss with management and the independent auditor the accounting policies which may be viewed as critical, including all alternative treatments for financial information within generally accepted accounting principles that have been discussed with management, and review and discuss any significant changes in the accounting policies of the Company and industry accounting and regulatory financial reporting proposals that may have a significant impact on the Company's financial reports.

Review with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures, if any, on the Company's financial statements.

Review with management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.

Review with the Company's General Counsel legal matters that may have a material impact on the financial statements, the Company's financial compliance policies and any material reports or inquiries received from regulators or governmental agencies related to financial matters.

SECURITIES REGULATORY FILINGS

Review filings with the Canadian provincial securities commissions and the SEC and other published documents containing the Company's financial statements.

Review, with management and the independent auditor, prior to filing with regulatory bodies, the interim quarterly financial reports (including related notes and MD&A) at the completion of any review engagement or other examination. The chairperson of the Audit and Finance Committee may represent the entire Audit and Finance Committee for purposes of this review.

RISK ASSESSMENT

Meet periodically with management to review the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

Assess risk areas and policies to manage risk including, without limitation, environmental risk, insurance coverage and other areas as determined by the Board of Directors from time to time.

Review and discuss with management, and approve changes to, the Company's Corporate Treasury Policy.

ADOPTION OF AUDIT AND FINANCE COMMITTEE CHARTER

This charter was originally adopted by the Board of Directors on August 23, 2004 and is reviewed and amended as necessary on an annual basis.

Executive Compensation, Nominating and Corporate Governance Committee

The Executive Compensation, Nominating and Corporate Governance Committee is responsible for determining the compensation of executive officers of the Company. The current members of the Committee are Dr. Arnold Naimark (Chair), Gerald McDole and Peter Quick, none of whom is a current or former executive officer of the Company. The Committee meets at least once a year.

The Committee has developed a policy to govern the Company's approach to corporate governance issues and provides a forum for concerns of individual directors about matters not easily or readily discussed in a full board meeting, e.g., the performance of management. The Committee ensures there is a clear definition and separation of the responsibilities of the Board, the Committees of the Board, the Chief Executive Officer and other management employees. It also ensures there is a process in place for the orientation and education of new directors and for continuing education of the Board. The Committee also assesses the effectiveness of the Board and its committees on an ongoing ad hoc basis. It also reviews at least annually the Company's responsiveness to environmental impact, health and safety and other regulatory standards.

The Committee reviews the objectives, performance and compensation of the Chief Executive Officer at least annually and makes recommendations to the Board for change. The Committee makes recommendations based upon the Chief Executive Officer s suggestions regarding the salaries and incentive compensation for senior officers of the Company. The Committee also reviews significant changes to compensation, benefits and human resources policies and compliance with current human resource management practices, such as pay equity, performance review and staff development. The Committee is responsible for reviewing and recommending changes to the compensation of directors as necessary.

The charter of the Executive Compensation, Nominating and Corporate Governance Committee can be found on the Company s website at www.medicure.com.

D. Employees

In addition to the individuals disclosed in Section A. Directors and Senior Management of this item, the Company has 4 employees.

E. Share Ownership

With respect to the persons referred to above in Section B, Compensation, the following table discloses the number of shares (each share possessing identical voting rights), stock options held and percent of the shares outstanding held by those persons at May 31, 2011.

Title of Class	*Identity of Person or Group*	*Amount Owned*	*Percentage of Class*