

PROMETIC

ProMetic Life Sciences Inc.

Annual Information Form

Year ended December 31, 2014

March 25, 2015

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Annual Information Form

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1 – GENERAL MATTERS

Unless otherwise specified herein, the information specified in this Annual Information Form is presented as at December 31, 2014. As used in this Annual Information Form, unless the context otherwise requires or indicates: (i) the "Corporation" or "ProMetic" or "we" refer collectively to ProMetic Life Sciences Inc. and its subsidiaries and predecessors; and (ii) all references to "$" or dollars are in Canadian dollars unless otherwise specified. Certain capitalized terms used herein are defined in the "*Glossary of Terms*".

2 – FORWARD-LOOKING STATEMENTS

This Annual Information Form contains forward-looking statements about ProMetic's objectives, strategies, financial condition, future performance, results of operations and businesses as of the date of this Annual Information Form.

These statements are "forward-looking" because they represent ProMetic's expectations, intentions, plans and beliefs about the markets the Corporation operates in and on various estimates and assumptions based on information available to its management at the time these statements are made. Without limiting the generality of the foregoing, words such as "may", "will", "expect", "believe", "anticipate", "intend", "could", "would", "estimate", "continue", "plan" or "pursue", or the negative of these terms, other variations thereof or comparable terminology, are intended to identify forward-looking statements although not all forward-looking information contains these terms and phrases. Forward-looking information is provided for the purposes of assisting the reader in understanding the Corporation and its business, operations, prospects and risks at a point in time in the context of historical and possible future developments and therefore the reader is cautioned that such information may not be appropriate for other purposes.

Actual events or results may differ materially from those anticipated in these forward-looking statements if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. Such risks and assumptions include, but are not limited to, ProMetic's ability to develop, manufacture, and successfully commercialize value-added pharmaceutical products, regulatory approvals, the availability of funds and resources to pursue research and development ("**R&D**") projects, the successful and timely completion of clinical studies, our ability to take advantage of business opportunities in the pharmaceutical industry, reliance on key personnel, collaborative partners and third parties, our patents and proprietary technology, our ability to access capital, the use of certain hazardous materials, the availability and sources of raw materials, currency fluctuations, the value of our intangible assets, negative operating cash flow, legal proceedings, uncertainties related to the regulatory process, general changes in economic conditions and other risks related to ProMetic's industry. More detailed assessment of the risks that could cause actual events or results to materially differ from our current expectations can be found in this Annual Information Form under the heading "*Risks and Uncertainties Related to ProMetic's Business*".

Although ProMetic has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Therefore, there can be no assurance that forward-looking statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, you should not place undue reliance on forward-looking statements.

As a result, ProMetic cannot guarantee that any forward-looking statement will materialize. ProMetic assumes no obligation to update any forward-looking statement even if new information becomes available, as a result of future events or for any other reason, unless required by applicable securities laws and regulations.

3 – MARKET AND INDUSTRY DATA

We have obtained the market and industry data presented herein from a combination of third-party sources and the estimates of management. Although we believe that these third-party sources and our management

estimates are reliable, the accuracy and completeness of such data is not guaranteed and has not been verified by any independent sources. Market and industry data, including estimates and projections relating to size of market and market share, is inherently imprecise and cannot be verified due to limitations on the availability and reliability of data inputs, the voluntary nature of the data gathering process and other limitations inherent in any market research or other survey. Management's estimates are based on internal research, its knowledge of the relevant market and industry and extrapolations from third-party sources. While we are not aware of any misstatements regarding the market and industry data presented herein, such data involve risks and uncertainties and are subject to change based on various factors, including those factors discussed under the headings "*Forward-Looking Statements*" and "*Risks and Uncertainties Related to ProMetic's Business*".

4 – TRADEMARKS

This Annual Information Form includes registered and unregistered trademarks such as ProMetic™, Mimetic Ligand™, PPPS™, PrioClear™, Purabead® which are protected under applicable intellectual property laws and are the property of ProMetic. Solely for convenience, our trademarks referred to herein and in other publicly filed documents may appear without the ® or ™ symbol, but such references are not intended to indicate, in any way, that we will not assert our rights to the fullest extent under applicable law. All other trademarks used herein are the property of their respective owners.

5 – Corporate Structure

5.1 Name and Incorporation

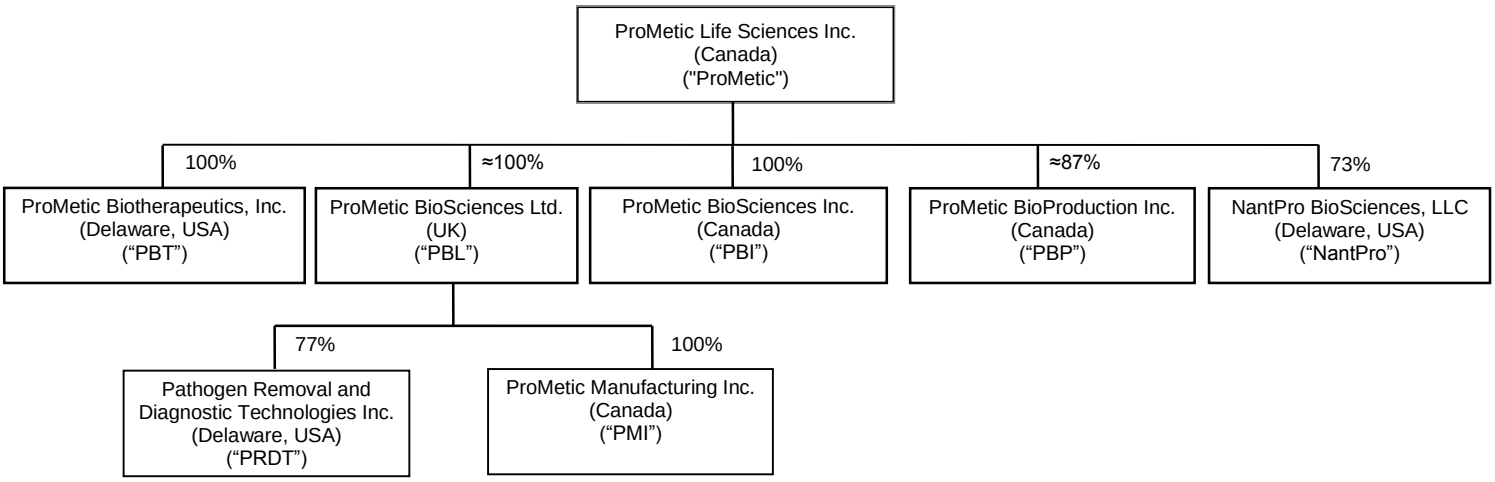
ProMetic was incorporated on October 14, 1994 under the *Canada Business Corporations Act* under the name Innovon Life Sciences Holdings Limited.

On December 21, 1995, the Corporation amended its articles to remove the private company restrictions. On June 6, 1996, the Corporation amended the provisions pertaining to the minimum and maximum number of directors. On April 10, 1995, October 10, 1995, June 19, 1997 and August 14, 1997, the Corporation made adjustments to its authorized share capital. On May 19, 1998, the Corporation changed its name to ProMetic Life Sciences Inc. and simplified its authorized share capital structure such that the Corporation was authorized to issue an unlimited number of Subordinate Voting Shares, 20,000,000 Multiple Voting Shares and an unlimited number of preferred shares, issuable in series. On February 16, 2000, the Corporation created its initial two series of preferred shares. On May 15, 2008, the Corporation again amended its share capital by re-designating its Subordinate Voting Shares into Common Shares, and repealing its Multiple Voting Shares. On January 25, 2013, the Corporation removed the authorized preferred shares from its share capital.

As at the date hereof, its head and registered office is located at 440 Armand-Frappier Blvd., Suite 300, Laval, Québec, H7V 4B4, Canada.

5.2 Intercorporate Relationships

The Corporation is structured as a parent company with five material separate operating divisions, each of which is a subsidiary controlled by the Corporation. The following chart indicates the jurisdiction of incorporation of the Corporation's direct and indirect principal subsidiaries, as well as the voting interest (expressed as a percentage) beneficially owned, controlled or directed by the Corporation in each subsidiary.



6 – General Development of the Business

6.1 Overview

ProMetic is an established biopharmaceutical company with widely recognized expertise in bioseparations, plasmaderived therapeutics and small-molecule drug development. ProMetic offers its innovative technologies for large-scale purification of biologics, drug development, proteomics and the elimination of pathogens to a growing base of industry leaders and uses its own affinity technology that provides for highly efficient extraction and purification of therapeutic proteins from human plasma in order to develop and commercialize plasma-derived therapeutics. ProMetic is also active in developing its own novel small-molecule therapeutic products targeting unmet medical needs in the fields of fibrosis, anemia, neutropenia, cancer and autoimmune diseases/inflammation as well as certain nephropathies.

Headquartered in Laval (Canada), ProMetic has R&D facilities in the United Kingdom, the U.S. and Canada, manufacturing facilities in the United Kingdom and Canada and business development activities in the U.S., Europe and Asia. ProMetic's Common Shares trade on the Toronto Stock Exchange under the symbol "PLI" and the OTCQX International under the symbol "PFSCF".

6.2 Three-Year History

2014

Corporate

February. The Corporation appointed Dr. John Moran as its new Chief Medical Officer. The Corporation also entered into a new agreement with a leading vaccines company for the development of an affinity adsorbent and associated purification process for the production of a novel vaccine product.

March. The Corporation received approximately $3.2 million via the repayment of the amended and restated loan entered into in March 2010 by ProMetic and InvHealth Holding Inc. ("**InvHealth Holding**"), a corporation wholly-owned and controlled by Mr. Pierre Laurin, President and Chief Executing Officer of ProMetic.

May. The Corporation increased its ownership in NantPro following the amendment of its related corporate and commercial agreements with NantPharma, LLC ("**NantPharma**"). The amended

agreements provide ProMetic with a greater portion of the future value and revenues associated with the development and sales of intravenous immunoglobulin ("**IVIG**") in the United States.

July. The Corporation secured a follow-on investment from Thomvest Seed Capital Inc. ("**Thomvest**"), a Toronto-based investment vehicle of Peter J. Thomson, consisting of a $20 million loan. As partial consideration for the loan, ProMetic granted Thomvest 16,723,807 warrants with an exercise price of $1.87 per common share. ProMetic is using part of the proceeds from this investment for the development and manufacture of both additional and existing plasma-derived orphan drugs, the advancement of the ongoing PBI-4050 clinical programs, as well as the repayment of secured debt provided by certain shareholders. The rights and obligations of Thomvest as lender under such loan, as well as its rights and obligations as holder of such warrant, were assigned by Thomvest to Structured Alpha LP ("**Structured Alpha**"), an affiliate of Thomvest, effective October 1, 2014.

August. The Corporation announced the promotion of Mr. Bruce Pritchard to the newly created position of Chief Operating Officer.

December. The Corporation closed a public offering of 13,200,000 Common Shares at a price of $1.90 per share for aggregate gross proceeds of $25,080,000. The Corporation also closed the over-allotment option whereby it issued an additional 1,980,000 Common Shares at a price of $1.90 per share, for gross proceeds of $3,762,000.

Bioseparation Technologies

June. The Corporation received a $5.6 million purchase order under its ongoing supply agreement with Octapharma, a leading, Swiss independent global plasma fractionation company that specializes in human proteins, relating to the purchase of PrioClear™, a proprietary prion capture resin incorporated into Octapharma's manufacturing process for its solvent/detergent treated plasma product, OctaplasLG®. OctaplasLG® is currently approved for marketing in USA and several European countries.

July. PBL entered into an agreement with one of its existing multinational clients, a global leader in the biotherapeutics industry, relating to the development and scale-up of a new affinity resin and associated manufacturing process in order to enhance the quality and purity of an existing biopharmaceutical product manufactured in large quantities.

Plasma-Derived Therapeutics (Biologicals)

January. The Corporation announced the achievement of the second manufacturing milestone related to its strategic agreement with Hematech Biotherapeutics Inc. ("**Hematech**"), triggering a $1 million payment to ProMetic. This milestone was achieved following the successful completion of the first large-scale production run at its PBP plasma purification facility located in Laval, Quebec.

July. The Corporation announced that it would launch fibrinogen for commercial sales during the fourth quarter of 2014 after its successful scale-up at PBP's Laval facility. This announcement followed the previously-disclosed proteins already scheduled for production at PBP, namely plasminogen, IVIG and Alpha-1 Antitrypsin.

October. The Corporation announced that the U.S. Food and Drug Administration ("**FDA**") had completed its review and cleared the Investigational New Drug ("**IND**") application for ProMetic's IV Plasminogen for the treatment of hypoplasminogenemia, or type I plasminogen deficiency. If approved, this product is intended to provide replacement therapy for patients who suffer from a congenital lack of the normal plasminogen protein and/or its functional activity, and are subject to life-long medical problems which currently have limited effective treatments.

December. The Corporation entered into definitive agreements with Generium Company Pharmaceuticals ("**Generium**") for several plasma-derived biopharmaceuticals to be manufactured

and commercialized in Russia and the Commonwealth of Independent States (CIS). The strategic alliance includes the granting of manufacturing rights to Generium for several plasma-derived biopharmaceuticals using ProMetic's proprietary Plasma Protein Purification System (PPPS™) ("**PPPS**") technology. In addition, ProMetic has agreed to provide training and technical support to manufacture such biopharmaceuticals in a facility to be built and operated by Generium, in Russia. The design of the Generium plasma purification facility will be based on ProMetic's Laval facility and is intended to have a plasma processing capacity of up to 600,000 litres per year. Construction of this facility has already commenced and is expected to be completed by 2017. Generium is responsible for funding the construction and operating costs of its new current GMP PPPS™ facility.

Small Molecule Therapeutics

June. The Corporation successfully completed its PBI-4050 Phase I clinical trial in 40 healthy volunteers. ProMetic's PBI-4050 was found to be safe and very well tolerated without any serious adverse events reported in any of the five cohorts tested. The objectives of this oral, double blind, placebo controlled, single ascending dose study were to demonstrate the safety and tolerability of PBI-4050 and to establish the pharmacokinetic profile of the drug candidate at different doses. The study design also included a component evaluating food effect on drug absorption. The trial was conducted in five cohorts of eight subjects. In each cohort, six subjects received PBI-4050 and two subjects received matching placebo.

October. ProMetic announced that it would be pursuing idiopathic pulmonary fibrosis ("**IPF**") as one of its PBI-4050 orphan indications. This decision followed the completion of a favorable external review of the considerable anti-fibrotic preclinical data generated to date by an independent panel of world experts on idiopathic pulmonary fibrosis and the analysis of the current market landscape.

November. The Corporation reported that its small molecule lead compound PBI-4050 has been approved to commence clinical trials in patients suffering from Diabetic Kidney Disease ("**DKD**") following the CTA clearance by Health Canada. The initial phase of the clinical program was scheduled to commence in November, with eight DKD patients to be enrolled. The objectives of this double blind, placebo controlled, multi-dose study are to demonstrate the safety and tolerability of PBI-4050 and to compare the pharmacokinetic profile of the drug in DKD patients with severely impaired kidney function to that demonstrated in healthy volunteers.

2013

Corporate

January. ProMetic received a $10 million strategic equity investment by Hepalink at a premium to the then-prevailing market share price.

March. The Corporation finalized the repayment terms of secured loans previously provided by some of its long term stakeholders, effectively rescheduling the repayment of $4 million worth of secured debt from July 1, 2013 to July 1, 2014. As consideration, the stakeholders collectively received 1,043,476 Common Shares and 754,715 warrants with a strike price of $0.53 per share underlying the warrants. In addition, the Isle of Man's Department of Economic Development agreed to the deferral of the repayment of the working capital grant of approximately $550,000 to future capital grant contributions made to PBL for qualifying projects. The Corporation also amended the terms of its $800,000 loan agreement with Conister Bank which was originally due for payment in full in December 2012. The loan was repaid during the course of 2013.

April. ProMetic's Common Shares commenced trading on OTCQX International, a segment of the OTCQX marketplace reserved for high-quality non-U.S. companies listed on a qualified stock exchange in their home country, under the symbol PFSCF.

September. ProMetic secured financing from Thomvest consisting of a long-term loan in the principal amount of $10 million. ProMetic has used part of the proceeds for the commissioning of

its GMP facility to enable the manufacturing of plasma-derived orphan drugs. This loan was amended and restated in July 2014. The rights and obligations of Thomvest as lender under the amended and restated loan were assigned by Thomvest to Structured Alpha, an affiliate of Thomvest, effective October 1, 2014.

November. ProMetic closed a public offering of 26,651,400 Common Shares at a price of $0.90 per share for total gross proceeds of $23,986,260, which included the issuance of 3,333,400 Common Shares issued pursuant to the exercise of the over-allotment option.

Bioseparation Technologies and Plasma-Derived Therapeutics (Biologicals)

March. PBT received an orphan drug designation status for its plasma purified human plasminogen drug by the FDA. The orphan drug designation is for the treatment of hypoplasminogenemia, or type I plasminogen deficiency (T1PD).

April. ProMetic expanded its existing strategic collaboration with Sartorius Stedim Biotech to include a contribution of equipment to ProMetic's plasma purification facility as well as an agreement for the co-commercialization of PPPS™ on a global basis.

June. ProMetic received a $4.8 million purchase order under its ongoing supply agreement with Octapharma relating to the purchase of PrioClear™.

July. ProMetic entered into a licensing and long-term affinity resin supply agreement with one of its existing clients, a global leader in the biotherapeutics industry. This agreement followed the successful development and scale-up of a new affinity resin specifically designed to enhance the quality and purity of an existing biopharmaceutical products manufactured in multi-ton quantities.

August. ProMetic selected Alpha1-Antitrypsin (AAT) as its second plasma-derived therapeutic to address an unmet medical need affecting an estimated 100,000 people in the US alone with less than 10% treated.

November. The Corporation achieved two milestones related to its strategic agreement with Hematech which resulted in US$2.5 million of revenues. ProMetic also received a $5.1 million purchase order for the supply of affinity resin from an existing client, a global leader in the biotherapeutics industry.

December. ProMetic achieved a major corporate milestone by successfully completing the first commercial-scale production run at its plasma purification facility at PBP's Laval facility. This production run was completed on schedule and generated better than expected results.

Small Molecule Therapeutics

July. ProMetic announced that its lead drug candidate PBI-4050 was on track to enter the clinical trial program to be started later in 2013. During the first half of 2013, the Corporation had systematically executed on all key activities required to enable the initiation of the clinical trials. The manufacturing process for its orally active anti-fibrotic lead drug candidate had been successfully scaled-up in an FDA and European Medicines Agency approved facility. The required GMP material had been delivered to advance the toxicology program necessary to enable the commencement of the clinical trials. Throughout the preclinical program, PBI-4050 had demonstrated efficacy with an encouraging safety profile. This was expected to be further confirmed in the on-going toxicology studies being performed by a certified contract research organization.

September. The Corporation presented new pre-clinical data suggesting that PBI-4050 offers a new therapeutic approach to IPF. In a gold standard animal model proven to emulate pulmonary fibrosis in humans, PBI-4050 performed favorably compared to Pirfenidone, the only commercially-approved product for such medical use at the time. PBI-4050 significantly reduced the tissue scarring in the lungs otherwise observed in the lungs of non-treated animals. Moreover, the

combination of PBI-4050 and Pirfenidone generated an unprecedented reduction of fibrosis resulting in a significant improvement of organ function. ProMetic also successfully completed the required Good Laboratory Practices ("**GLP**") toxicology studies performed by a certified contract research organization confirming that Prometic's lead drug candidate, PBI-4050, was safe to advance into clinical trial stages.

November. ProMetic presented new preclinical data supporting the claims that PBI-4050 anti-fibrotic activity could also be used to address various liver conditions such as nonalcoholic steatohepatitis ("**NASH**"), a condition affecting 2% to 5% of Americans. ProMetic also presented new preclinical data demonstrating the ability of PBI-4050 to reduce fibrosis in the kidney and overall improve the renal function in various animal models.

2012

Corporate

February. ProMetic restructured the repayment of $4 million worth of secured loans previously provided by some of its long term stakeholders, effectively rescheduling the repayment of $4.0 million worth of secured debt from July 1, 2012 to July 1, 2013. In addition to this extension, one of the stakeholders invested an additional $1 million in equity in ProMetic.

April. The Corporation completed private placements to partially settle debt stemming from secured loans granted to the Corporation by entities controlled by current board member Mr. Benjamin Wygodny.

July. ProMetic and NantPharma formed of a biopharmaceutical company, NantPro, to develop and commercialize a plasma-derived biopharmaceutical product for the US market. NantPharma also entered into exclusive development, licensing and manufacturing agreements with ProMetic.

October. The Corporation entered into a strategic investment with Hepalink. The investment consisted of approximately $10 million equity investment in ProMetic.

Bioseparation Technologies and Plasma-Derived Therapeutics (Biologicals)

January. The Corporation received a $2.5 million purchase order under its ongoing supply agreement with Octapharma, relating to the purchase of PrioClear™.

February. ProMetic completed relevant milestones pursuant to an agreement entered into in March 2011 with Celgene Corporation for the worldwide rights to a commercial application of one of ProMetic's proprietary protein purification technologies within a field of use. As a result, a US$10 million long-term debt owed to Abraxis BioScience LLC, a wholly-owned subsidiary of Celgene, was extinguished and recognized as revenue by the Corporation.

March. ProMetic signed an agreement with an existing client to proceed to the next stage of an ongoing commercial development program, which called for activities providing ProMetic with an estimated $2.5 million of service revenues throughout 2012. An upfront payment of $0.8 million was also triggered on the signing of the agreement.

April. The Corporation executed an agreement with a European biotechnology manufacturing company pursuant to which ProMetic would develop an affinity resin product and its related manufacturing process for a biosimilar product. The agreement provided ProMetic with service revenues of $1.4 million. ProMetic also received a $1.9 million follow-on purchase order pursuant to an existing long-term supply agreement entered into with a US-based biopharmaceutical company for the manufacturing of an established biopharmaceutical product. The purchase order was related to the supply of a proprietary affinity adsorbent developed and manufactured by ProMetic.

May. ProMetic and Hematech closed a US$10 million orphan drug license and strategic manufacturing deal relating to the co-development and co-exclusive commercialization of a plasma-derived biopharmaceutical product targeting a rare medical condition. The terms of the deal provided the granting of manufacturing rights by ProMetic to Hematech of plasma-derived biopharmaceuticals using ProMetic's proprietary PPPS™ and provided further that following the completion of clinical trials and regulatory approval, the product would be commercialized jointly by ProMetic and Hematech on a global basis (excluding China), with both parties sharing profits equally. Under this strategic alliance, Hematech agreed to fully fund the construction and operating costs of the new current GMP plant dedicated to manufacture plasma-derived therapeutics for ProMetic and its licensees, with the core current GMP manufacturing area of the facility in Taiwan to be based on the same design as ProMetic's own Laval facility. ProMetic also received a $4.2 million follow-on purchase order pursuant to its ongoing long-term supply agreement entered into with a major global pharmaceutical company in 2009, relating to the purchase of a proprietary Mimetic Ligand™ affinity adsorbent developed and manufactured by ProMetic.

June. ProMetic received a $4.6 million purchase order under its ongoing supply agreement with Octapharma, relating to the purchase of PrioClear™.

October. The Corporation signed a strategic commercial agreement with Hepalink relating to an R&D project based on ProMetic's proprietary protein technologies.

December. ProMetic announced the achievement of the first milestone related to the advancement of a plasma-derived biopharmaceutical product targeting a rare medical condition in partnership with Hematech. The $1 million milestone payment was part of an overall $10 million drug licensing and development agreement concluded with Hematech in May 2012. ProMetic also announced that it was developing a second plasma derived biopharmaceutical for NantPharma. This development program emanated from ProMetic's PPPS™ and Prion Reduction Technology.

Small Molecule Therapeutics

November. ProMetic presented new and positive data on two of its orally active anti-fibrotic drug candidates, demonstrating efficacy in diabetic kidney disease and other fibrotic models. In a gold standard animal model used to mimic the long term detrimental effects of diabetes on the kidney and the liver, ProMetic's once a day oral treatment with PBI-4050 demonstrated a significant reduction in kidney hyperfiltration, proteinuria and hepatic steatosis, suggesting that PBI-4050 could potentially be used as a novel therapy for diabetic kidney disease and liver steatosis.

7 – DESCRIPTION OF THE BUSINESS

7.1 General

ProMetic's operation can be best described via two distinct business segments: the protein technologies comprising the Bioseparation Technologies and Plasma-Derived Protein Therapeutics businesses (the "Protein Technologies Segment") and the small-molecule therapeutics (the "Therapeutics Segment").

Protein Technologies Segment

ProMetic has been historically known for its expertise in bioseparation, specifically for large-scale purification of biologics and the elimination of pathogens, to a growing base of industry leaders. However, ProMetic has also leveraged its own industry leading affinity technology to develop a highly efficient extraction and purification process of therapeutic proteins from human plasma in order to develop best-in-class plasma-derived protein therapeutics and orphan drugs targeting unmet medical conditions and rare diseases. A multitude of rare diseases and medical conditions are known to be directly related to either missing, insufficient quantities of or non-functional proteins. ProMetic's proprietary PPPS™ manufacturing process technology allows for superior

extraction and recovery capabilities of such valuable proteins. See "*Plasma-Derived Therapeutics Segment".*

With all the necessary elements to accelerate the development of a strong product pipeline, ProMetic is now successfully transitioning into a vertically integrated specialty biopharmaceutical corporation. At the core of this strategy resides the bioseparation technologies and products of the Corporation.

Bioseparation Technologies

Our subsidiaries ProMetic BioSciences Ltd ("**PBL**"), ProMetic Manufacturing Inc. ("**PMI**") and Pathogen Removal and Diagnostic Technologies Inc. ("**PRDT**") operate the bioseparation technology segment of our business.

The bioseparation technologies enable the capture of multiple, targeted proteins directly from source products and provide for a highly efficient and cost-effective process.

In order to assure high quality standards required for protein pharmaceuticals, ProMetic has employed its affinity technologies to create a range of bioseparation products that assist in improving the purification of therapeutic proteins and antibodies. The Corporation's proprietary purification adsorbents and manufacturing processes for biological products are used by more than 30 companies in the pharmaceutical, biotechnology and medical industries, where ProMetic's clients employ this technology to purify proteins, remove impurities and pathogens, reduce manufacturing costs, and increase the yield of therapeutic products

PBL develops ProMetic's core bioseparations technologies and products. Its proprietary affinity adsorbents and Mimetic Ligand™ purification platform are used by numerous pharmaceutical and medical companies worldwide. PBL's technology enables the capture of target proteins directly from source material, and provides efficient and cost-effective separation from other proteins and impurities delivering high yields of purified product. As a result, manufacturing clients using ProMetic's bioseparation technologies benefit from reductions in their cost of goods and increases in product quality. PBL's technology has also been incorporated into various medical device products which specifically capture and remove target molecules from biological fluids.

PRDT develops the prion capture technology platform that originated from ProMetic's collaboration with the American Red Cross. PRDT's technology originally formed the basis of the P-Capt® filter, a prion reduction device developed with ProMetic's commercial partner, MacoPharma, to increase the safety of red cell concentrate. P-Capt® received a CE mark approval in Europe in 2006, and could, if adopted by national blood agencies, provide these agencies with the means of significantly reducing the risk of Variant Creutzfeldt-Jakob Disease ("**vCJD**") transmission through blood transfusion. This product remains particularly relevant since there is no commercially available antemortem diagnostic test for detection of vCJD and the risk of CJD transmission by transfusion of contaminated blood remains unknown.

PRDT's platform technology has demonstrated its potential for additional uses in the purification of blood-derived products. PRDT technology has been incorporated by Octapharma into its manufacturing process for OctaplasLG® to further improve the prion safety margin for this plasma product. OctaplasLG® has obtained regulatory approval in several European countries (including Germany and the UK), the US and Australia.

PRDT technology is also incorporated in ProMetic's own plasma protein purification process, where required, to enable the Corporation and the Corporation's strategic partners to manufacture unique and safer plasma derived therapeutics. See "*Plasma-Derived Therapeutics (Biologicals)*".

PMI manufactures the agarose beads (Purabead®) that serve as a platform for some of PBL's affinity adsorbents.

Plasma-Derived Protein Therapeutics

Our subsidiaries ProMetic Biotherapeutics, Inc. ("**PBT**"), ProMetic BioProduction Inc. ("**PBP**") and NantPro BioSciences, LLC ("**Nantpro**") operate the plasma-derived protein therapeutics (biologicals) business.

Using its bioseparation technologies, ProMetic has developed a multi-product, sequential, purification process employing powerful affinity separation materials to extract and purify commercially important plasma proteins in high yields. This purification process is known and referred to as the Plasma Protein Purification System (PPPS™). ProMetic has now implemented its own technology and launched its plasma purification facility, PBP, where it is now currently developing best-in-class plasma-derived protein therapeutics to address various unmet medical conditions in both established and emerging markets.

The completed development of PPPS as a manufacturing process, the number of licensees and an improved financial situation have all contributed to the implementation and operational launch of ProMetic's plasma purification facility.

PBT develops manufacturing processes, based on PBL's affinity technology, to provide efficient extraction and purification of therapeutic proteins from human plasma. ProMetic's PPPS™ multi-product sequential purification process, originally developed in collaboration with the American Red Cross, employs powerful affinity separation materials in a multi-step process to extract and purify commercially important plasma proteins in high yields. This technology is key for extracting valuable proteins, which ProMetic plans to commercialize with an emphasis on therapeutic products targeting orphan designated indications. The Corporation announced that the U.S. Food and Drug Administration ("**FDA**") had completed its review and cleared the Investigational New Drug ("**IND**") application for ProMetic's IV Plasminogen for the treatment of hypoplasminogenemia, or type I plasminogen deficiency. If approved, this product is intended to provide replacement therapy for patients who suffer from a congenital lack of the normal plasminogen protein and/or its functional activity, and are subject to life-long medical problems which currently have limited effective treatments. The FDA has also accepted that ProMetic's proposed Phase II / III clinical program for the IV Plasminogen provides an adequate surrogate endpoint for licensure using the accelerated approval pathway. To secure an accelerated pathway approval, a drug must treat a serious condition, provide a meaningful advantage over available therapies and demonstrate an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit.
ProMetic's IV Plasminogen is the first PPPS generated plasma-derived therapeutic to enter clinical trial stages. PBP's Laval facility will also serve in the future as a blue print for other partners' future plants, as a technological showroom and training center.

PBP successfully completed, in December 2013, the first commercial-scale production run on schedule and generated better than expected results, confirming at the same time both the scalability and robustness of the process. The installation of specialized process equipment is now completed. A seasoned team of experts has been hired and trained and they are currently manufacturing material that will be used in the Corporation's upcoming plasma derived products clinical trials.

PBP also successfully scaled-up fibrinogen at its Laval based plasma purification facility for its commercialization, for applications that do not require regulatory authorization, during the fourth quarter of 2014. This follows the previously-disclosed proteins already scheduled for production at PBP, namely IVIG, Alpha-1 Antitrypsin and Plasminogen.

NantPro is the entity charged with the rights to develop and commercialize IVIG for treatment of PID in the US. NantPro's sister company, PBT, has been providing development services for NantPro consisting of pre-clinical activities for NantPro consisting of pre-clinical activities, filing of the IND for IVIG for treatment of PID as well as preparing for clinical trials in 2015-2016.

The following table indicates, for each of the two most recently completed financial years, the revenues for each category of products or services that accounted for 15% or more of the Corporation's total consolidated revenues for the applicable financial year derived from sales to third party customers by the Corporation's Protein Technologies Segment combined:

Protein Technologies Segment **Combined Revenues**		
Financial Year	**Ended Dec. 31, 2014***	**Ended Dec. 31, 2013****
Services	$4.8 million	$8.5 million
Resins Sales	$10.8 million	$9.5 million
Milestone and licensing revenues	$7.4 million	$2.5 million

* The foreign exchange rates applicable, from GBP to CAD = 1.8203 and from USD to CAD = 1.1034

** The foreign exchange rates applicable, from GBP to CAD = 1.6120 and from USD to CAD = 1.0301

Therapeutics Segment (Small Molecule Therapeutics)

Our subsidiary ProMetic BioSciences Inc. ("**PBI**") operates the small molecule therapeutics development segment of our business.

PBI is a small-molecule drug discovery business, with a strong pipeline of products. PBI scientists are focused on developing orally active drugs that can emulate the activity of proven biologics, and provide competitive advantages including improved pharmaco-economics and safety profiles. Typically, these first-in-class therapeutics have efficacy and high-safety profiles confirmed in several in vivo experiments and enjoy strong proprietary positions. The unmet medical applications targeted are fibrosis, inflammation, autoimmune diseases, oncology and hematopoietic disorders. ProMetic is also dedicated in being a strong player in the orphan disease markets. See "*Trends - Small-Molecule Therapeutics*".

The business model for this division is to partner promising drug candidates upon completion of in vivo proof of concept studies. While the Therapeutics Segment has several of such promising drug candidates, Management has focused on working towards the IND enabling and partnering activities for its anti-fibrosis lead drug candidate PBI-4050. As a result of positive data generated in several gold-standard animal models clearly indicating favorable effects in reducing the progression of fibrosis in various key organs and overall progress achieved by the Corporation, PBI-4050 has entered the clinical program stage in September 2013 and recently successfully completed in June 2014 its Phase I clinical trial in 40 healthy volunteers. ProMetic's PBI-4050 was found to be safe and very well tolerated without any serious adverse events reported in any of the 5 cohorts tested.

There was no revenue derived from the Corporation's Small Molecule Therapeutics Business in the financial year ended December 31, 2014 and December 31, 2013, respectively.

PBI-4050, ProMetic's Lead Compound

PBI-4050 is currently the lead clinical compound targeting indications including Chronic Kidney Disease ("**CKD**"), Type 2 Diabetes with Metabolic Syndrome, Diabetic Kidney Disease ("**DKD**"), and Idiopathic Pulmonary Fibrosis ("**IPF**").

PBI-4050 is an orally active lead drug candidate with compelling safety and efficacy profiles confirmed in several in vivo experiments targeting fibrosis. The proof of concept data generated to date confirms our lead drug candidates' anti-fibrotic activity in several key organs including the

kidneys, the heart, the lungs and the liver. As a result of positive data generated in 2012, 2013 and 2014 and a successfully completed Phase I clinical trial in 40 healthy volunteers where PBI-4050 was found to be safe and very well tolerated without any serious adverse events reported.

PBI-4050 has commenced the clinical trial in patients suffering from metabolic syndrome and resulting Type 2 diabetes, following the CTA clearance by Health Canada. One of the purposes of the trial is to see whether the significant improvements observed in diabetic animals when treated with PBI-4050 can be translated to humans. In a study conducted by the Vanderbilt University, PBI-4050 was demonstrated to have a direct effect on the pancreas, and to reduce inflammation and macrophage infiltration, which led to the preservation of insulin production in the islets. The initial phase of this clinical program calls for the enrolment of a minimum of 12 patients and a maximum of 36 patients.

ProMetic recently held a successful Pre-IND meeting with the FDA regarding PBI-4050. This Pre-IND meeting with the FDA focused on ProMetic's proposed Phase II clinical program, for PBI-4050, in patients with diabetic kidney disease, other rare diseases as well as the manufacturing and pre-clinical package that ProMetic intends to include in the IND submission. Clinical trials with PBI-4050 have begun in patients in diabetic kidney disease, with additional orphan indications to be pursued in 2015.

Fibrosis

ProMetic was able to successfully complete a Phase I clinical trial of PBI-4050 in healthy volunteers in fiscal 2014. No significant adverse events were noted, and the pharmacokinetic data validated our expectation of once-daily oral dosing. A follow-on Phase Ib study in patients with advanced diabetic nephropathy is expected to be completed in Q1 2015.

Two Phase II Clinical Trial Applications (CTA) have been cleared by Health Canada. One is for an open-label study in patients with Type 2 diabetes with metabolic syndrome which will commence in Q1 2015, and the second for an open-label study in patients with IPF, which will commence in Q2 2015.

The FDA granted ProMetic Orphan Drug Designation for the IPF indication in February 2015.

In 2014, PBI continued to focus IND enabling activities for its anti-fibrotic drug candidates. Fibrosis is a very complex process by which inflammation leads to the deposit of fibrous material to repair the damaged area. This is the process whereby vital organs gradually lose their functionality as normal and functional tissue is replaced by fibrotic scarring tissue.

The proof of concept data generated to date confirms PBI's lead drug candidates' anti-fibrotic activity in several key organs including the kidneys, the heart, the lungs, the liver and the pancreas.

The quality of ProMetic's R&D program and performance of its lead drug candidates to date has drawn the interest of leading medical experts. Several expert clinicians are now involved in the review of the data and the preparation of the clinical programs that would be required to secure regulatory approval for the targeted indications. While some unmet medical indications may represent the highest value on a long term basis, the development strategy pursued may initially target smaller niche indications as a point of commercial entry before expanding to more lucrative medical uses.

PBI and collaborators from Vanderbilt University have generated a fair amount of positive data in 2014 in several gold-standard animal models clearly indicating favorable effects in reducing the progression of fibrosis in various key organs. The data was presented at various prestigious industry conferences throughout the year.

Kidney				
Title	**1st Author**	**Conference**	**Place**	**Date (2014)**
Oral treatment with PBI-4050 reduces kidney fibrosis	L. Gagnon	Int'l Society of Nephrology (ISN) Nexus Symposium	Bergamo, Italy	3-6 April
PBI-4050, an anti-fibrotic compound, regulates the expression of profibrotic cytokines and oxidative stress mediators in a 5/6-nephrectomized rat model	B. Grouix	Int'l Society of Nephrology (ISN) Nexus Symposium	Bergamo, Italy	3-6 April
Oral treatment with PBI-4547, a novel first-in-class anti-diabetic and anti-fibrotic compound, improves blood glucose level and kidney function in the diabetic db/db mouse model	L. Gagnon	American Society of Nephrology (ASN) Kidney Week	Philadelphia, Pennsylvania, USA	11-16 November
PBI-4050 reduces pro-fibrotic growth factors and collagen expression in human proximal tubule cells, and in the doxorubicin-induced nephrotoxicity mouse model of acute kidney injury	M. Leduc	American Society of Nephrology (ASN) Kidney Week	Philadelphia, Pennsylvania, USA	11-16 November
PBI-4050, a novel first-in-class anti-diabetic and anti-inflammatory compound, protects against diabetic nephropathy in type II diabetes	M Zhang	Vanderbilt University results under Dr. Ray Harris	Philadelphia, Pennsylvania, USA	11-16 November

Lung				
Title	**1st Author**	**Conference**	**Place**	**Date**
PBI-4050, a novel first-in-class anti-fibrotic compound, reduces lung fibrosis in the bleomycin-induced lung fibrosis model: a comparative study with pirfenidone	L. Gagnon	American Thoracic Society (ATS)	San Diego, California, USA	16-21 May
PBI-4050, a novel first-in-class anti-fibrotic compound, inhibits CTGF and collagen I production in human alveolar epithelial cells and fibroblasts, and reduces lung fibrosis in the bleomycin-induced lung fibrosis model	M. Leduc	American Thoracic Society (ATS)	San Diego, California, USA	16-21 May
A novel first-in-class anti-fibrotic compound, PBI-4050, reduces lung fibrosis in the bleomycin-induced lung fibrosis model	B. Grouix	Int'l Colloquium on Lung and Airway Fibrosis (ICLAF)	Mont-Tremblant, Quebec, Canada	20-24 September

Liver				
Title	**1st Author**	**Conference**	**Place**	**Date**
Oral treatment with PBI-4050, a novel first-in-class anti-fibrotic compound, reduces hepatic fibrosis and hepatocellular carcinoma	L. Gagnon	The Int'l Liver Congress, 49th annual meeting of the European Association for the Study of the Liver (ILC-EASL)	London, United-Kingdom	9-13 April
Oral treatment with PBI-4050 reduces fibrosis in carbon tetrachloride (CCl_4)-induced hepatic fibrosis	B. Grouix	The Liver Meeting - 65th Annual Meeting of the American Association for the Study of Liver Diseases (AASLD)	Boston, Massachusetts, USA	7-11 November

Diabetes				
Title	**1st Author**	**Conference**	**Place**	**Date**
Oral treatment with PBI-4547, a novel first-in-class anti-diabetic and anti-fibrotic compound, improves blood glucose level and kidney function in the diabetic db/db mouse model	L. Gagnon	American Society of Nephrology (ASN) Kidney Week	Philadelphia, Pennsylvania, USA	11-16 November

Kidney. Significant scientific achievements have been obtained in DKD with our collaboration with Dr. Ray Harris from Vanderbilt University. Dr. Harris's studies suggest that PBI-4050 attenuates the development of diabetic nephropathy in type II diabetes through multiple mechanisms, including improvement of glycemic control and inhibition of renal TGF-β-mediated fibrotic pathway in association with decreases in macrophage infiltration and oxidative stress and increase in autophagy.

Pancreas. Dr. Ray Harris has also observed strong protection of the pancreatic islet by a reduction of macrophage infiltration and fibrosis. Another achievement was the discovery of a new compound, PBI-4547, which demonstrates potent anti-diabetic and antifibrotic activities by reducing blood glucose level and insulin resistance; and by improving kidney function in diabetic animal model. In the 5/6-nephrectomized rats, a model of chronic kidney failure, PBI-4050 has demonstrated significant antifibrotic activity via the regulation of the expression of the pro-fibrotic/fibrotic and oxidative stress mediators.

Heart. The Corporation has engaged in a collaboration with scientists from the Montreal Cardiology Institute to study the effect of PBI-4050 on heart fibrosis in myocardial infarction and pulmonary hypertension. Preliminary data demonstrates beneficial activity of PBI-4050 treatment in two different animal models. This data will be presented in 2015-2016.

Other Drug Candidates

ProMetic is currently reviewing various strategic avenues to further advance its most promising lead drug candidates in the clinics. PBI-4050 is prioritized, followed by PBI-4419 and analogs. See "*Commercial Applications, Products and Services*".

Additional drug candidates such as PBI-1737 and PBI-1308 offer the potential to treat various auto-immune diseases such as ulcerative colitis, lupus, and rhumatoid arthritis. These drug candidates are at an advanced pre-clinical stage with preliminary toxicology data supporting the view that they may represent a well-tolerated and safe treatment for patients affected by such conditions.

It is anticipated the development program for the lead compounds will be funded via one and/or a combination of avenues including: excess cash generated by the bioseperations and plasma-derived therapeutics business segments; partnering with other pharmaceutical companies; and funding via financial partnerships or special funding initiatives.

7.2 Trends

Bioseparation Technologies

Recombinant proteins, unlike their human plasma counterparts, are produced in non-human hosts and undergo intensive purification to remove host cell-derived impurities. Monoclonal antibodies (MAbs), represent approximately 40% of the recombinant protein market and the global monoclonal antibody market size exceeded $80 billion in 2013[1]. Other proteins in the recombinant protein

[1] Global and China Monoclonal Antibody Industry Report, 2014-2018. Research & Markets.

market include growth factors, cytokines, hormones, fusion proteins, blood factors, vaccines, and therapeutic enzymes. The total US market for biologics in 2012 was $63.6 billion[1]. The global market for bioseparations products is expected to grow from $3.25 billion in 2012 to $6 billion in 2018 at a compound annual rate of 11%[2]. In 2013 the market for bioseparation systems was anticipated to exceed $3.6 billion which includes chromatography with a market value of $1.8 billion[3].

Plasma-Derived Therapeutics (Biologics)

Plasma is the protein fluid component of blood that remains once the red cells, white cells, and platelets have been removed. The plasma derived products market is a fast growing and potentially lucrative market worth in excess of $12 billion per year.[3] While 2/3 of the current markets are in Europe and North America, management estimates the emerging markets of the Asia & Pacific region will grow rapidly in the coming years. There is a growing demand and a shortage of supply for high value plasma proteins commonly used to treat a variety of medical conditions.

Small-Molecule Therapeutics

Chronic Kidney Diseases ("CKD"). Approximately 26 million patients in the U.S. are diagnosed with chronic kidney diseases.[4] Fibrosis is the main mechanism via which the condition of CKD patients deteriorates, leading to further loss of renal function, increased cardiovascular complications, and eventually, the need for dialysis treatment while waiting for a kidney transplant. Patients diagnosed with severe CKD stages (3 and 4) often suffer from a gradual and accelerated loss of their renal function (end-stage renal disease or ESRD) leading to the need for hemodialysis. Cardiovascular complications for ESRD patients on hemodialysis are a common cause of death.

Patients diagnosed at severe CKD stages (3 and 4) often develop anemia before they require hemodialysis. CKD patients in the pre-dialysis stage may benefit from an orally administered drug as a treatment for their anemia.

Diabetic nephropathy is a complication of long-standing diabetes mellitus, of both Type 1 and Type 2. It is increasing in incidence throughout the world, and in many countries, including the United States and Canada, is the leading cause of end-stage renal disease requiring maintenance dialysis and/or kidney transplantation.

Metabolic Syndrome and Resulting Type II Diabetes. Metabolic syndrome is a major risk factor for cardiovascular disease and for Type 2 diabetes, and consists of the constellation of central (truncal) obesity, high blood triglycerides, low HDL ("good") cholesterol, elevated blood pressure, and elevated blood glucose. Obesity is believed to cause a chronic inflammatory state, which leads to insulin resistance and so may in turn result in cardiovascular disease and/or Type 2 diabetes. Given the global epidemic of obesity, both in the developed and developing world, the metabolic syndrome and its consequences present a devastating public health problem. It is difficult to grasp the numbers and the overwhelming public health issues presented by the global epidemic of obesity, the metabolic syndrome, and Type 2 diabetes. The International Diabetes Federation estimates that in 2013 there were 300 million diabetics world-wide, and that that number will

[1] What's fueling the biotech engine – 2012 to 2013, S. Aggarwal, Nature Biotechnology, Vol. 32, 32-39, 2014.

[2] Bioseparation Systems for Global Biopharmaceutical Markets, Trimark Publications LLC, August 2013.

[3] http://www.nusep.com/prime-plasma.php

[4] www.usrds.org/2013/pdf/v1_ch1_13.pdf

increase to 600 million by the year 2035. The Centers for Disease Control estimates that 1 of 3 children born in the U.S. during the year 2000 will develop diabetes during their lifetime.[1]

Idiopathic Pulmonary Fibrosis. Idiopathic pulmonary fibrosis is a chronic and often fatal disease characterized by a progressive decline in lung function. It is a specific type of interstitial lung disease in which the small air sacs of the lung, the "alveoli," gradually become replaced by fibrotic (scar) tissue and is the cause of worsening dyspnea (shortness of breath). IPF is usually associated with a poor prognosis. The term “idiopathic” is used because the cause of pulmonary fibrosis is still unknown. IPF usually occurs in adult individuals of between 50 and 70 years of age, particularly those with a history of cigarette smoking, and affects men more often than women. IPF affects about 130,000 people in the United States, with about 48,000 new cases diagnosed annually. Approximately 40,000 people die each year with IPF. The 5-year mortality rate for patients with IPF is estimated to range from 50% to 70%.[2]

Orphan or Rare Diseases[3]. Rare diseases is currently one of the most rapidly expanding areas of research and clinical development. It is estimated that there are approximately 7,000 to 8,000 rare diseases world-wide already identified, with approximately 250 new rare diseases identified annually. In addition, it is estimated that rare diseases are affecting more than 25 million people in the US, more than 55 million people in the US and EU combined; or approximately 10% of all people worldwide. An orphan or rare disease is normally defined by less than 200,000 patients in the US[4], less than 250,000 patients in the EU[5] and less than 50,000 patients in Japan[6]. The commercial incentives granted for such designation usually include 7 years of marketing exclusivity from approval in the US[7] and 10 years of marketing exclusivity from approval in the EU[8]. There are also other financial incentives via reduced R&D costs, grants for Phase I to Phase III clinical trials and waived user fees. It is estimated that orphan drugs make up approximately 22% of total drug sales worldwide, and orphan drugs are expected to account for approximately $127B of sales in 2018, representing almost 16% of the entire worldwide prescription market (excluding generics).

7.3 Objectives and R&D

Bioseparation Technologies

Partnership and joint-venture agreements concluded over the past decade have enabled ProMetic to position itself as a key player in the biopharmaceutical purification market. In creating such relationships, the Corporation’s goal is to maximizing its value, all the while obtaining significant third party endorsement of ProMetic’s technology. ProMetic’s objectives for the coming year include increasing the customer base for its bioseparation products and services as well as partnering with pharmaceutical and biopharmaceutical companies to improve the manufacturing of their own therapeutics. Moreover, ProMetic intends to focus R&D and technical support programmes on maximizing of tech transfer initiatives of PBT for implementing of PPPS™ technology at larger scales, both for its own use as well as by its strategic partners such as Generium.

[1] www.idf.org/diabetesatlas/update-2014

[2] www.coalitionforpf.org/facts-about-idiopathic-pulmonary-fibrosis/

[3] Orphan Drug Report 2013, EvaluatePharma®, April 2013

[4] http://www.fda.gov/Drugs/ResourcesForYou/Consumers/ucm143563.htm

[5] http://www.ema.europa.eu/ema/index.jsp?curl=pages/special_topics/general/general_content_000034.jsp

[6] http://www.mhlw.go.jp/english/policy/health-medical/pharmaceuticals/orphan_drug.html

[7] http://www.fda.gov/ForConsumers/ConsumerUpdates/ucm107293.htm#

[8] http://www.ema.europa.eu/ema/index.jsp?curl=pages/regulation/general/general_content_000393.jsp

The Corporation intends to continue to develop and improve its affinity resins to be implemented in the PPPS process and provide regulatory support to all customers of said resins.

Plasma-Derived Protein Therapeutics (Biologics)

ProMetic's objective is to commercialize (directly or on its behalf via licensing) its own plasma-derived therapeutic products and strategically license its core technology in geographies where such strategic alliances are determined by management to be appropriate, thereby providing a possible gateway to provision of future development services, regulatory support services and to becoming involved in drug manufacturing and marketing/commercialization. At each stage, ProMetic seeks to establish a stronger position in the chain of value creation of its partners' drugs and medical products, while at the same time maintaining the possibility of distributing its own products.

The out-licensing and partnering model has been and is serving ProMetic well in its plasma-derived protein therapeutics division. ProMetic has entered into a number of these strategic alliances, for example with the Wuhan Institute of Biological Products, Hematech, NantPharma, and most recently Generium for the implementation of its PPPS™ process related plasma-derived products. This model allows ProMetic to receive in-license revenues (recovering some of the cost of earlier investments); service revenues (covering some of the costs of current operations); manufacturing revenues (allowing for further growth and expansion); royalties and milestone payments and ultimately, revenues from sale of products. Finally, this model allows ProMetic to leverage core, local expertise and business development goodwill to create a more global reach for its products.

ProMetic continues to invest in R&D activities in the plasma-derived therapeutics field with a focus on both large indication plasma-derived proteins (e.g. IVIG) and orphan designated indications for plasma-derived proteins such as plasminogen. ProMetic intends to focus its efforts on a range of activities, from fully supporting and integrating R&D and commercialization activities for specific proteins, to co-developing and co-marketing others to out-licensing rights entirely to other protein therapeutics, the whole depending on financials and geography.

Securing and refurnished the Laval plant operated by PBP **over the last couple of years** has enabled the Corporation to begin implementing its PPPS™ process in-house and manufacture current GMP grade products for its licensees' clinical trial and eventual commercial needs.

ProMetic believes its strategic partnerships with both Hematech (Taiwan) and Generium (Russia), in particular, will enable it to increase its own product manufacturing capacity for the commercialization of plasma-derived therapeutics.

Small Molecule Therapeutics

The Corporation has focused on the clinical advancement of its lead therapeutic compound, PBI-4050, both in large fibrosis related indications such as DKD as well as orphan indications such as IPF. See "*PBI-4050, ProMetic's Lead Compound*". The Corporation continues to develop analogs and derivatives of PBI-4050 as well as its deep pipeline of product candidates in the fields on autoimmune disease (PBI-1308 and PBI-1737).

With respect to the small molecule therapeutics, the Corporation has focused on the development of a pipeline of potentially valuable compounds which it will ultimately license or partner at the appropriate stage of development. It is not ProMetic's intention to undertake late-stage clinical trials (Phase III) in large indications (like DKD) without the support of a partner. ProMetic may pursue smaller niche orphan indications on its own should financing be available.

ProMetic generally conducts R&D through its own scientific staff, though in some cases it coordinates discrete R&D tasks carried out by third parties or carries out certain research and development activities in collaboration with partners.

7.4 Commercial Applications, Products and Services

The Corporation currently has a number of partnerships that generate revenues and increase the usage of its products and technologies, pathogen removal devices, and bioseparation media. Additionally, the Corporation has the potential for royalty and milestone payments from products sold by partners who may use the Corporation's technology in their manufacturing processes. The Corporation also benefits from licensing its technology platform and by sharing clinical development and marketing risks through these partnerships. Additionally, the Corporation receives service fees, contributing to covering some of the costs of current operations, and may eventually earn manufacturing revenues, allowing for further product growth and expansion.

ProMetic expects to continue generating service revenues and partnering with strategic third parties for the use of its key products and assets in 2015 and the coming years. In the short-term, the Corporation expects that some additional plasma-derived and small-molecule therapeutics will start entering clinical development stages. As such, ProMetic anticipates filing IND applications to take place during the 2015 fiscal year. The Corporation will also continue to pursue the development of other therapeutics (both plasma-derived and small molecule) in their clinical development stages. The filing of such INDs and pursuit of clinical trials in patients is perceived by management to be value creation events since such actions mark the entering in the regulatory approval process.

The Corporation also intends to exploit the operational benefits derived from launch of its plasma purification facility in order to prepare additional plasma-derived products for upcoming IND filings to ensure a constant flow of movement and progress in the development of ProMetic's product pipeline.

Bioseparation Technologies

ProMetic's innovations in the area of bioseparation technologies have created three potential revenue paths: (i) sale of bioseparation products and services, (ii) development and out-licensing of purification technology to drug manufacturers; and (iii) licensing and supply of pathogen removal technology for use in the manufacture of safer blood-derived products.

ProMetic's bioseparation technologies and products enable the purification of biopharmaceuticals and assist in their efficient manufacture. At least 11 different products developed by our customers and licensees with the assistance of ProMetic's purification technologies have been approved by regulatory bodies thus far, including the EMA and FDA. These customers and licensees are well-known names in the pharmaceutical and biopharmaceutical industries. As the R&D and manufacturing activities of ProMetic's clients increase, ProMetic expects product sales to increase and for additional new products to enter the market as a result. Management believes the Corporation is well-positioned to meet this demand by virtue of the strategic investments it has made in its production facilities. This evolution represents, and is anticipated to increasingly represent, important growth and an established expanding revenue stream for ProMetic.

Plasma-Derived Protein Therapeutics (Biologicals)

ProMetic's innovations in the area of purification of plasma-derived therapeutics have created **various** distinct revenues path for it including partnering and licensing of technology to extract valuable proteins from plasma, offering tech transfer services its PPPS platform, and selling GMP grade products from its PPPS™ process.

The potential benefits of ProMetic's protein extraction technologies are being increasingly recognized worldwide. Manufacturers of drugs derived from plasma can achieve higher yields and more efficient processing through the use of ProMetic's PPPS™. At the same time, the Corporation is leveraging its technology not only to generate licensing revenues, but eventually manufacturing and commercialization revenues as well.

ProMetic continues to expand its development, manufacturing and commercialization activities, both domestically and on an international basis via strategic alliances. Following the launch of its Laval, Quebec manufacturing facility and its strategic alliance with Hematech Biotherapeutics in Taiwan, ProMetic closed a strategic deal for its PPPS technology, in 2014, with Generium.

PBP successfully completed in December 2013 the first commercial-scale production on schedule and generated better than expected results confirming at the same time the scalability and robustness of the process. The installation of specialized process equipment is now completed. A seasoned team of experts had been hired and trained and performed a series of trial production batches. The operational launch of the plasma facility represented a pivotal point in the development history of ProMetic as it was the last remaining piece of puzzle left to put in place in order to move forward with the goal of building an orphan drugs franchise. During the first quarter of 2014, the PBP team focused on performing the necessary manufacturing activities to enable the filing of previously disclosed INDs and future INDs in 2015.

In December 2014, the Corporation entered into definitive agreements with Generium for several plasma-derived biopharmaceuticals to be manufactured and commercialized in Russia and CIS. The strategic alliance includes the granting of manufacturing rights to Generium for several plasma-derived biopharmaceuticals using ProMetic's proprietary PPPS™ technology. In addition, ProMetic has agreed to provide training and technical support to manufacture such biopharmaceuticals in a facility to be built and operated by Generium, in Russia. The design of the Generium plasma purification facility will be based on ProMetic's Laval facility and is intended to have a plasma processing capacity of up to 600,000 litres per year. Construction of this facility has already commenced and is expected to be completed by 2017. Generium is responsible for funding the construction and operating costs of its new current GMP PPPS™ facility.

Small Molecule Therapeutics

ProMetic is working towards the development of the small molecule therapeutic unit with a pipeline of compounds in diverse medical indications, as summarized in the table below:

ProMetic Compound	**Indications**
PBI-4050	o Type 2 Diabetes patients with metabolic syndrome o Idiopathic pulmonary fibrosis (IPF) o Diabetic kidney disease (DKD) o Chronic kidney disease (CKD) o Liver fibrosis (NASH) o Heart fibrosis (after myocardial infarction)
PBI-4050	Other fibrosis-related diseases and rare diseases
PBI-4547	Diabetes and DKD
PBI-4425	IPF
PBI-4419	Osteoporosis and Cancer
PBI-1402	Anemia and Cancer
PBI-1737 and PBI-1308	Various auto-immune diseases such as: o ulcerative colitis o lupus; and o rhumatoid arthritis
PBI-0110	Cancer

Fibrosis (PBI-4050). By reducing the level of fibrosis in tissues/organs such as kidney, lung, heart, liver and pancreas, ProMetic's therapeutics could offer the prospect of delaying the progression of various fibrosis-related diseases, such as kidney diseases (CKD, DKD, ESRD (end stage renal disease), IPF, heart (reduction in post-myocardial infarction), liver (NASH) and diabetes (reduction of insulin resistance and pancreatic fibrosis). and overall improving greatly the quality of life of patients while reducing significantly the costs to the healthcare system.

Oncology. PBI-1737 has been shown to display significant anti-tumor activity both *in vitro* and *in vivo*. Pre-clinical data for compound PBI-0110 showed restraint of pancreatic tumor growth in mouse models by as much as 58% after 44 days. PBI-4050 and PBI-4419 demonstrated anti-cancer activity in the mouse (P815) mastocytoma model. Data on PBI-1308 demonstrated a reduction of inflammation and cancer cell proliferation through inhibition of the NF-κB transcription complex in prostate cancer.

Autoimmune. PBI-1737 and PBI-1308 also offer the potential to treat various autoimmune diseases such as ulcerative colitis, lupus, and rhumatoid arthritis.

Osteoporosis. PBI-4419 has been shown to reduce osteoporosis in an ovarectomized-rat model mimicking post-menopausal osteoporosis.

Anemia. PBI-1402 has been shown to reduce blood transfusion in chemotherapy-induced anemia.

Priority has been given to anti-fibrotic indication of PBI-4050. If development financing becomes available for advancement of the other compounds, these compounds could represent important pipeline additions to the Corporation's lead clinical drug candidates.

7.5 Competitive Conditions

Competition in the biopharmaceutical sector is however extremely intense. ProMetic competes with companies that produce similar or identical biopharmaceutical products or that propose different approaches to the separation or purification of proteins. Many of such companies have greater resources than ProMetic. Accordingly, no assurance can be given that products developed by these other companies or that their equivalent technology will not affect ProMetic's competitiveness.

Management believes ProMetic's competitive edge resides in the following: its ability to apply its technologies to a wide range of products already on the market; the ability of its technology to improve the manufacturing of these products through product yield increases and safety or cost improvements; the ability to apply its technology in many other areas such as drug discovery, proteomics, diagnostics, blood safety; the possibility of establishing a solid base to drive revenue growth; leveraging its expertise in protein mimetics and medicinal chemistry to develop and build on an established pipeline of therapeutic products that target unmet medical needs where standard therapies are either in limited supply or economically burdensome.

7.6 Raw Materials, Components

ProMetic depends on third parties for the sourcing of raw materials, components or finished products for ProMetic's various products. ProMetic believes that alternative sources of supply for such raw materials, components or finished products exist. However, any change in ProMetic's suppliers could have a significant impact on ProMetic's ability to complete certain projects and, accordingly, would affect its projected commercial and financial growth. While other potential alternative suppliers of raw materials and components have been identified or are being determined, they must first pass intensive validation tests to ensure their compliance with product specifications. No assurance can be given regarding the successful outcomes of such tests or the ability of ProMetic to secure alternate sources of supply at competitive pricing.

7.7 Intellectual Property Rights

ProMetic's success depends in part on its ability to obtain patents, protect its trade secrets and operate without infringing third-party exclusive rights or without others infringing ProMetic's exclusive rights or those granted to it under license. ProMetic has filed patent applications in Canada, the United States, Europe and elsewhere in the world and is actively pursuing these matters. The patent position of biopharmaceutical firms is generally uncertain and involves complex legal, factual and scientific issues, several of which remain unresolved. The Corporation does not know whether any of ProMetic's pending patent applications will be granted or whether ProMetic will be able to develop other patentable proprietary products. Furthermore, ProMetic does not know whether its existing or future patents will provide a competitive advantage or afford protection against competitors with similar technology. In addition, the Corporation cannot give any assurance that such patents will not be challenged successfully or circumvented by others using alternative technology or whether existing third-party patents will prevent ProMetic from marketing its products. Finally, competitors or potential competitors may independently develop products as effective as those of ProMetic or invent other products based on ProMetic's patented products.

Pharmaceutical and biopharmaceutical companies and research and development and academic institutions may have filed patent applications for processes related to those of ProMetic and which may have an effect on its business. Such processes may conflict with ProMetic's processes or patent applications, which could limit the scope of the patents that may be granted to ProMetic or even result in its patent applications being rejected.

If third-party licenses are required, there can be no assurance that ProMetic will be able to obtain such licenses, or if obtainable, that it would be available on reasonable terms. Furthermore there can be no assurance that ProMetic could develop or obtain alternative technologies related to third party patents that may cover its products. The inability to obtain such licenses or alternative technologies could delay the market launch of certain ProMetic products, or even prevent ProMetic from developing, manufacturing or selling certain products. In addition, ProMetic could incur significant costs in defending itself in patent infringement proceedings initiated against it or in bringing infringement proceedings against others.

ProMetic cannot determine with any certainty if it has priority of invention in relation to a product or process covered by a patent application or if it was the first to file a patent application for any such invention. Further, in the event of patent litigation there can be no assurance that ProMetic's patents, if issued, would be held valid or enforceable by a court of competent jurisdiction or that a court would rule that the competitor's products or technologies constitute patent infringement.

Moreover, a significant part of ProMetic's technological know-how constitutes trade secrets. ProMetic, therefore, requires that its employees, consultants, advisers and collaborators as well as strategic partners and licences sign confidentiality agreements. However, there can be no assurance that such agreements provide adequate protection in the event of unauthorized use or disclosure of ProMetic's trade secrets, know-how or other proprietary information.

7.8 Economic Dependence

ProMetic's strategy involves entering into various arrangements with corporate and academic partners, licensors, licensees and others for the research, development, clinical testing, manufacturing, marketing and commercialization of its enabling technologies and therapeutic products. Under such agreements, ProMetic may receive additional funding, including milestone payments. However, there can be no assurance that ProMetic will be able to establish such partnerships on favourable terms, or that its current and future partnership arrangements will prove successful.

Should any of ProMetic's collaborative partners be unsuccessful in developing or commercializing a ProMetic product or technology to which the partner has rights, or one of the partner's products to which ProMetic has rights, ProMetic's business could be adversely affected. Furthermore, while

the Corporation believes that its current and future corporate partners have sufficient financial motivation to maintain their funding, there can be no assurance that these partnership arrangements will continue or that they will result in successful commercialization of ProMetic products. Should one of ProMetic's collaborators terminate its funding of a particular program, this could delay or interrupt the development or commercialization of the products resulting from such program. Moreover, there can be no assurance that the partners will not pursue other technologies or develop alternative products either in breach or not of their legal obligations to ProMetic, either on their own or in collaboration with others, including competitors of ProMetic, as a means for developing products that treat the same diseases as those targeted by ProMetic's various programs.

7.9 Product Development

ProMetic currently has a number of collaboration agreements based on its technology for the improvement of established and marketed therapies by improving manufacturing process yield and purity, and by developing recombinant versions of established proteins. ProMetic also leverages its expertise in protein therapeutics and medicinal chemistry and has accumulated an impressive pipeline of therapeutic products for which the development is conducted in-house. ProMetic believes it is important to maintain a balance between in-house product development products and partnered products. Developing products internally provides greater control over the pace of development and the potential for higher commercial returns. Furthermore, it allows ProMetic to develop the necessary skill sets as it drives toward its goal of becoming a fully integrated specialty pharmaceutical company. Pursuing the commercialization phase in partnership with other firms is also important for the Corporation because it provides continuous external validation of ProMetic’s technology and possibilities of short and long term revenues from fees collected at the initiation of the partnership as well as via milestones payments and royalty streams.

7.10 Research and Development

ProMetic’s policy for R&D is to have readily available funds to conduct its activities. ProMetic’s strategy is to finance its research activities through the formation of strategic alliances with pharmaceutical and biopharmaceutical companies,debt and equity, financings as well as grants or R&D tax credits for such purposes. During the course of the financial year ended December 31, 2014, ProMetic invested approximately $36.6 million in R&D, of which $1.4 million were refundable.

7.11 Environmental Protection

ProMetic produces a certain amount of chemical waste in its R&D and manufacturing activities that is removed in accordance with applicable environmental protection standards by companies that specialize in hazardous waste management. ProMetic’s research laboratories generate radioactive waste that is also removed by companies that specialize in hazardous waste management, in accordance with strict internal procedures and applicable regulatory requirements. Compliance with such requirements is not expected to have a significant effect on ProMetic’s competitive position or to have a significant effect in future years.

7.12 Employees

ProMetic has highly-qualified employees with specialized backgrounds in the biological and chemical sciences. The Corporation leverages the fact that many scientists and managers within multinationals work on joint projects with ProMetic. These relationships enables ProMetic to gain access to an extended knowledge base. ProMetic has also recruited experienced professionals in the area of business development, finance, marketing, clinical/regulatory, accounting, human resources and drug manufacturing. On a consolidated basis as at December 31, 2014, ProMetic had 197 employees at research and production facilities in Canada, the United States, the Isle of Man and the United Kingdom as well as marketing and project management presence in the United

States, Europe and Asia. Further, ProMetic complements its work force with experienced consultants in various relevant fields.

7.13 Foreign Operations

Most of ProMetic's bioseparation and medical business are conducted in international markets and the Corporation expects this to continue. The sale of ProMetic's products on international markets is subject to the risks that are normally associated therewith, such as government regulation, import and export license requirements, risks related to tariffs or trade barriers, and political and economic instability. While such risks have not to date had any material adverse effect on ProMetic, there can be no assurance that this will not occur in the future. Currency-related risks primarily concern the fluctuation of the Canadian dollar against a particular foreign currency. There can be no assurance that the Canadian dollar will not increase in relation to currencies, which could reduce ProMetic's returns on sales of its products expressed in Canadian dollars. Furthermore, there can be no assurance given against major currency fluctuations, which could create sizeable discrepancies in the prices of products in various countries requiring ProMetic to consider reducing its prices in certain currencies in order to balance the relative cost of its products. The Corporation neither holds nor issues financial instruments for commercial or hedging purposes.

8 – Risks and Uncertainties related to ProMetic's Business

Investors should consider the following risk factors, which are inherent to the Corporation and affect its business, and other information contained in this Annual Information Form, before deciding to purchase securities of the Corporation. If any of the following risks occur, the business, financial condition and operating results of ProMetic could be adversely affected. As a result, the trading price of the Corporation's securities could decline and investors could lose part or all of their investment.

The risks and uncertainties described below are those we currently believe to be material, but they are not the only ones we face. If any of the following risks, or any other risks and uncertainties that we have not yet identified or that we currently consider not to be material, actually occur or become material risks, our business, prospects, financial condition, results of operations and cash flows and consequently the price of the Common Shares could be materially and adversely affected. In all these cases, the trading price of the Common Shares could decline, and you could lose all or part of your investment. There is no assurance that risk management steps taken will avoid future loss due to the uncertainties described below or other unforeseen risks.

The commercial success of the Corporation depends largely on the development and commercialization of its products derived from its Small Molecule Therapeutics division and the successful execution on the development and commercialization of its products derived from its Bioseparation Technologies division and Plasma-Derived Therapeutics (Biologicals) division. The failure by the Corporation to do so will have a material adverse effect on the Corporation. The Corporation's focus in its small molecule therapeutics' has been on development and partnering activities for PBI-4050 and/or analogs thereof in which it has invested a significant portion of its financial resources and time. Although the Corporation has other compounds and analogs, most are at an earlier stage of development.

The Corporation's focus for its Protein Technologies divisions has been to develop and commercialize products related to the bioseparation, pathogen reduction and human plasma-derived therapeutics.

The ability of the Corporation to generate revenues in the future is primarily based on the partnering of its compounds and/or its analogs in its small molecule therapeutics' division, the continued successful execution on license agreements and other forms of agreements that are already in place, and execution on additional new license agreements and other form of commercialization agreements for its Protein Technologies division such as long-term supply agreements. There can

be no guarantees that any of its compounds will be commercialized since they are still under development. Also, there can be no guarantee of commercialization of these compounds since they will depend on several factors:

- successful completion of clinical trials;
- timely receipt of regulatory approvals from the FDA and other regulatory agencies;
- market acceptance of the product by the medical community, patients and third-party payers (such as governmental health administration authorities and private health coverage insurers);
- building a marketing and sales force or entering into a commercial agreement with a partner to help the marketing and sale of the compounds;
- maintaining manufacturing and supply agreements to ensure commercial quantities of the compounds through validated processes;
- a change in the number of competitors in the market;
- protecting the Corporation's intellectual property and avoiding patent infringement; and
- any other condition, obligation or requirement that may arise, all of which may delay the Corporation's capacity to generate revenues and will adversely materially affect its financial conditions and operating results.

The Corporation does not have the required regulatory approval to commercialize its products and cannot guarantee that it will obtain such regulatory approval. The commercialization of the Corporation's products first requires the approval of the regulatory agencies in each of the countries where it intends to sell its products. In order to obtain the required approvals, the Corporation must demonstrate, following preclinical and clinical studies, the safety, efficacy and quality of a product. There can be no guarantee that the Corporation will succeed in obtaining regulatory approval from the FDA and the regulatory approvals of agencies in other countries to sell its products. All of the compounds of the Corporation, are still subject to clinical studies and if the results of such studies are not positive, the Corporation may not be in a position to make any filing to obtain the mandatory regulatory approval or it may have to perform additional clinical studies on any of its products until the results support the safety and efficacy of such product, therefore incurring additional delays and costs. The filing of a new drug application ("**NDA**") or biological license application ("**BLA**") is complex and the Corporation has never made any filings in order to obtain the regulatory approval of a product. Therefore, the Corporation shall rely in part on third-party suppliers to help it perform this task.

Furthermore, the obtaining of regulatory approval is subject to the discretion of regulatory agencies. Therefore, even if the Corporation has obtained positive results relating to the safety and efficacy of a product, a regulatory agency may not accept such results as being conclusive and allow the Corporation to sell its products in its country. A regulatory agency may require that additional tests on the safety and efficacy of a product be conducted prior to granting approval, if any.

Even if the FDA approves a product, there can be no guarantee that other regulatory agencies will approve this product in their respective countries. Even if the Corporation obtains regulatory approval for any of its products, regulatory agencies have the power to limit the indicated use of a product.

Also, the manufacture, marketing and sale of the products will be subject to ongoing and extensive governmental regulation in the country in which the Corporation intends to market its products. For instance, if the Corporation obtains marketing approval for its product in the United States, the marketing of this product will be subject to extensive regulatory requirements administered by the FDA and other regulatory bodies, such as adverse event reporting requirements in compliance with all of the FDA's marketing and promotional requirements. The manufacturing facilities for the Corporation's product will also be subject to continual review and periodic inspection and approval of manufacturing modifications. Manufacturing facilities are subject to inspections by the FDA and must comply with the FDA's GMP regulations. Failure to comply with any of these post-approval

requirements can result in a series of sanctions, including withdrawal of the right to market a product.

Clinical trials may not demonstrate a clinical benefit of the Corporation's product candidates. Positive results from pre-clinical studies and early clinical trials should not be relied upon as evidence that later stage or large scale clinical trials will succeed. The Corporation will be required to demonstrate with substantial evidence through well-controlled clinical trials that its product candidates are safe and effective for use in a diverse population before the Corporation can seek regulatory approvals for their commercial sale. Success in early clinical trials does not mean that future clinical trials will be successful because product candidates in later stage clinical trials may fail to demonstrate sufficient safety and efficacy to the satisfaction of regulatory authorities despite having progressed through initial clinical trials.

Even after the completion of Phase III clinical trials, regulatory authorities may disagree with its clinical trial design and its interpretation of data, and may require the Corporation or its partners to conduct additional clinical trials to demonstrate the efficacy of its product candidates.

The success of the Corporation's product candidates is influenced by its collaborations with its partners. Any adverse developments in its relationship with its partners could materially harm its business. The Corporation is subject to a number of risks associated with any collaboration that could be entered into for the development of its product candidates, including the risk that these collaborators may terminate the relevant agreement(s) upon the occurrence of certain specified events, including a material breach by the Corporation of any of its obligations under the respective agreements.

The Corporation's product candidates could cause undesirable and potentially serious side effects during clinical trials that could delay or prevent their regulatory approval or commercialization. Undesirable side effects caused by any of its product candidates could cause the Corporation or regulatory authorities to interrupt, delay or halt clinical trials and could result in the denial of regulatory approval by regulatory authorities for any or all targeted indications. This, in turn, could prevent the Corporation from commercializing its product candidates and generating revenues from their sale. In addition, if its product candidates receive marketing approval and the Corporation or others later identify undesirable side effects caused by the product:

- regulatory authorities may withdraw their approval of the product;
- the Corporation may be required to recall the product, change the way the product is administered, conduct additional clinical trials or change the labelling of the product;
- a product may become less competitive and product sales may decrease; or
- ProMetic's reputation may suffer.

Any one or a combination of these events could prevent the Corporation from achieving or maintaining market acceptance of the affected product or could substantially increase the costs and expenses of commercializing the product, which in turn could delay or prevent the Corporation from generating significant revenues from the sale of the product.

The FDA's (or equivalent body) review of new drugs based on safety, efficacy or other regulatory considerations may result in significant delays in obtaining regulatory approvals, additional clinical trials being required, or more stringent product labelling requirements. Any delay in obtaining, or inability to obtain, applicable regulatory approvals may prevent the Corporation from commercializing our product candidates.

The Corporation's financial condition could be affected by the introduction of new regulations or amendments to existing regulations. New legislation or changes to existing legislation affecting the Corporation and its potential customers could decrease demand for the Corporation's products and affect its results of operation and financial condition. For example, the implementation of health care reform legislation that regulates drug costs could limit the profits that

could be made from the development of new drugs. In addition, new laws or regulations could increase the Corporation's costs.

The Corporation may rely on third party suppliers of services to conduct its preclinical and clinical studies and the failure by such third parties to comply with their obligations may delay the studies and/or have an adverse effect on the Corporation's development program. The Corporation has limited resources to conduct preclinical and clinical studies and may rely on third-party suppliers of services to conduct its studies. If the Corporation's third-party suppliers of services become unavailable for any reason, including as a result of the failure to comply with the rules and regulations governing the conduct of preclinical and clinical studies, operational failures, such as equipment failures or unplanned facility shutdowns, damage from any event, including fire, flood, earthquake, business restructuring or insolvency, or if they fail to perform their contractual obligations pursuant to the terms of the agreements entered into with the Corporation, such as failing to do the testing, compute the data or complete the reports further to the testing, the Corporation may incur delays in connection with the planned timing of its studies which could adversely affect the timing of the development program of a molecule and/or protein or delay the filing of an NDA or BLA. If the damage to any of the Corporation's third-party suppliers of services is extensive or if, for any reason, such suppliers do not operate in compliance with Good Clinical Practices ("**GCP**") or are unable or refuse to perform their contractual obligations, the Corporation will need to find alternative third-party suppliers of services.

If the Corporation must change or select new third-party suppliers of services, the timing of the work related to preclinical and/or clinical studies could be delayed since the number of competent and reliable third-party suppliers to conduct preclinical and clinical work in compliance with Good Laboratory Practices ("**GLP**") is limited. Any selection of new third-party suppliers to carry out work related to preclinical and clinical studies will be time-consuming and will result in additional delays in receiving data, analysis and reports from such third-party suppliers which, in turn, will delay the obtaining of regulatory approval to commercialize the Corporation's products. Furthermore, such delays could increase the Corporation's expenditures to develop a product and materially adversely affect its operating results and financial condition.

Failure to recruit and enrol patients for clinical trials may cause the development of the Corporation's product candidates to be delayed. The Corporation may encounter delays or rejections if it is unable to recruit and enrol enough patients to complete clinical trials. Some of the common delays may be caused by slower than expected approvals by ethics review boards and patient availability. Patient enrolment depends on many factors, including the size of the patient population, the nature of the protocol, the proximity of patients to clinical sites and the eligibility criteria for the clinical trial. Any delays in planned patient enrolment may result in delays to product development and increased development costs, which could harm its ability to develop products.

The Corporation's drug development activities could be delayed or stopped. The Corporation does not know whether any of its ongoing or planned clinical trials will proceed or be completed on schedule, or at all. The commencement of its planned clinical trials could be substantially delayed or prevented by several factors, including:

- limited number of, and competition for, suitable patients with the indications required for enrolment in its clinical trials;
- limited number of, and competition for, suitable sites to conduct its clinical trials;
- delay or failure to obtain FDA or non-U.S. regulatory agencies' approval or agreement to commence a clinical trial;
- delay or failure to obtain sufficient supplies of the product candidate for its clinical trials;
- delay or failure to reach agreement on acceptable clinical trial agreement terms or clinical trial protocols with prospective sites or investigators; and
- delay or failure to obtain an institutional review board ("**IRB**") approval to conduct a clinical trial at a prospective site.

The completion of any clinical trial could also be substantially delayed or prevented by several factors, including:

- slower than expected rates of patient recruitment and enrolment;
- failure of patients to complete the clinical trial;
- unforeseen safety issues;
- lack of efficacy evidenced during any clinical trial;
- termination of any clinical trial by one or more clinical trial sites;
- inability or unwillingness of patients or medical investigators to follow a clinical trial protocols;
- inability to monitor patients adequately during or after treatment; and
- introduction of competitive products that may impede our ability to retain patients in any clinical trial.

Clinical trials may be suspended or terminated at any time by the FDA, other regulatory authorities, the IRB overseeing the clinical trial at issue, any of its clinical trial sites with respect to that site, or us. Any failure or significant delay in completing any clinical trial for its product candidates could materially harm its financial results and the commercial prospects for its product candidates.

Market acceptance of the Corporation's products is uncertain and depends on a variety of factors, some of which are not under the control of the Corporation. The Corporation's ability to commercialize its products with success will depend on a variety of factors. One of these is the extent to which reimbursement to patients for the cost of such products and related treatment will be available from governmental health administration authorities, private health coverage insurers and other organizations. Obtaining reimbursement approval for a product is time-consuming and a costly process that could require the Corporation to provide supporting scientific, clinical and cost effectiveness data for the use of a product. There can be no guarantee the Corporation's data will be positive enough for third-party payers to accept to reimburse a Corporation product.

The Corporation has never made any application to seek reimbursement of a drug and must, therefore, rely in part on third-party suppliers of services to help it perform this task.

Other factors that will have an impact on the acceptance of the Corporation's products include:

- acceptance of the products by physicians and patients as safe and effective treatments;
- product price;
- the effectiveness of the Corporation's sales and marketing efforts (or those of its commercial partner);
- storage requirements and ease of administration;
- dosing regimen;
- safety and efficacy;
- prevalence and severity of side effects; and
- competitive products.

If government and third party payors fail to provide coverage and adequate reimbursement rates for the Corporation's product candidates, its revenues and potential for profitability will be reduced. The Corporation's product revenues will depend principally upon the reimbursement rates established by third party payors, including government health administration authorities, managed-care providers, public health insurers, private health insurers and other organizations. These third party payors are increasingly challenging the price, and examining the cost effectiveness of medical products and services. In addition, significant uncertainty exists as to the reimbursement status, if any, of newly approved drugs, pharmaceutical products or product indications. We may need to conduct post-marketing clinical trials in order to demonstrate the cost-effectiveness of products. Such clinical trials may require us to commit a significant amount of

management time and financial and other resources. If reimbursement of such product is unavailable or limited in scope or amount or if pricing is set at unsatisfactory levels, our revenues could be reduced. Moreover, certain drugs in orphan disease indications could be even more difficult to price due to lack of comparables.

The Corporation may rely in whole or in part on third parties for the manufacture and supply of its products and such reliance may adversely affect the Corporation if the third parties are unable to fulfill their obligations. The Corporation may not have the resources, facilities or experience to manufacture its products in large quantities on its own. The Corporation may rely on third parties to manufacture and supply products for clinical studies and, unless the Corporation deems the manufacture of this product feasible and profitable if it is approved for commercialization, it may rely on third parties for some time to manufacture and supply large quantities of product for commercial sales. The Corporation's reliance on third-party manufacturers will expose it to a number of risks. If third-party manufacturers become unavailable to the Corporation for any reason, including as a result of the failure to comply with GMP regulations, manufacturing problems or other operational failures, such as equipment failures or unplanned facility shutdowns required to comply with GMP, damage from any event, including fire, flood, earthquake, business restructuring or insolvency, or if they fail to perform their contractual obligations under agreements with the Corporation, such as failing to deliver the quantities requested on a timely basis, the Corporation may be delayed in manufacturing product and could be unable to meet the regulatory requirements of the FDA or other regulatory agencies to obtain market approval for its product. Any such event could delay the supply of a product to conduct clinical trials and, if a product has reached commercialization, could prevent the supply of the product and adversely affect the revenues of the Corporation. If the damage to a third-party manufacturer facility is extensive, or, for any reason, it does not operate in compliance with GMP or is unable or refuses to perform its obligations under its agreement with the Corporation, the Corporation will need to find an alternative third-party manufacturer. The selection of a third-party manufacturer will be time-consuming and costly since the Corporation will need to validate the manufacturing facility of such new third-party manufacturer. The validation will include an assessment of the capacity of such third-party manufacturer to produce the quantities that may be requested from time to time by the Corporation, the manufacturing process and its compliance with GMP. In addition, the third-party manufacturer will have to familiarize itself with the Corporation's technology. Any delay in finding an alternative third-party manufacturer of a product could result in a shortage of such product, delay clinical study programs and the filing for regulatory approval of a product, and deprive the Corporation of potential product revenues.

The Corporation may build its own sales force or enter into a commercial agreement with a third party for the sale and marketing of its products and there is no guarantee that the Corporation will be able to achieve one of these tasks. The Corporation currently has limited marketing capabilities and a minimal sales force. In addition, the Corporation has limited experience in developing, training or managing a marketing or sales force. In order to commercialize its products, the Corporation must either develop its own sales force or enter into a commercial agreement with a third party. The development of a sales force is costly and will be time-consuming given the limited experience the Corporation has in that respect. To the extent the Corporation develops a sales force, the Corporation will be competing against companies who have more experience managing a sales force than the Corporation and access to more funds than the Corporation with which to manage a sales force. Consequently, there can be no guarantee that the sales force that the Corporation would develop would be efficient and would maximize the revenues derived from the sale of the Corporation's products.

Finding a third party for the sale and commercialization of a product is a lengthy process which includes the assessment of the services to be performed by the third party, a due diligence on the Corporation's products and the negotiation of the terms and conditions of a commercial agreement. The outcome of this process is uncertain and the Corporation may not be able to conclude a commercial agreement. If such an event occurs, the Corporation could have to delay the launch of its products which could adversely materially affect the financial conditions and the operating results of the Corporation.

The failure by the Corporation to protect its intellectual property may have a material adverse effect on its ability to develop and commercialize its products. The Corporation will be able to protect its intellectual property rights from unauthorized use by third parties only to the extent that its intellectual property rights are covered by valid and enforceable patents or are effectively maintained as trade secrets. The Corporation tries to protect its intellectual property position by filing patent applications related to its proprietary technology, inventions and improvements that are important to the development of its business. Because the patent position of pharmaceutical companies involves complex legal and factual questions, the issuance, scope and enforceability of patents cannot be predicted with certainty. Patents, if issued, may be challenged, invalidated or circumvented. If the Corporation's patents are invalidated or found to be unenforceable, it will lose the ability to exclude others from making, using or selling the inventions claimed. Moreover, an issued patent does not guarantee the Corporation the right to use the patented technology or commercialize a product using that technology. Third parties may have blocking patents that could be used to prevent the Corporation from developing its product candidates, selling its products or commercializing its patented technology. Thus, patents that the Corporation owns may not allow it to exploit the rights conferred by its intellectual property protection. The Corporation's pending patent applications may not result in patents being issued. Even if issued, they may not be issued with claims sufficiently broad to protect its products and technologies or may not provide the Corporation with a competitive advantage against competitors with similar products or technologies. Furthermore, others may independently develop products or technologies similar to those that the Corporation has developed or discover the Corporation's trade secrets. In addition, the laws of many countries do not protect intellectual property rights to the same extent as the laws of Canada, Europe and the United States, and those countries may also lack adequate rules and procedures for defending intellectual property rights effectively. Although the Corporation has received many patents for its products, there can be no guarantee that the Corporation will receive patents in countries where it files patent applications for its products. As a result, the validity and enforceability of our patents cannot be predicted with certainty. In addition, the Corporation cannot guarantee that:

- the Corporation or Corporation's licensors were the first to make the inventions covered by each of our issued patents and pending patent applications;
- the Corporation or Corporation's licensors were the first to file patent applications for these inventions;
- others will not independently develop similar or alternative technologies or duplicate any of the Corporation or Corporation's licensors' technologies;
- any of the Corporation or Corporation's licensors' pending patent applications will result in issued patents;
- any of the Corporation or Corporation's licensors' patents will be valid or enforceable;
- any patents issued to ProMetic or ProMetic's licensors and collaboration partners will provide the Corporation with any competitive advantages, or will not be challenged by third parties;
- the Corporation will develop or in-license additional proprietary technologies that are patentable; or
- the patents of others will not have an adverse effect on ProMetic's business.

The Corporation also relies on trade secrets, know-how and technology, which are not protected by patents, to maintain its competitive position. The Corporation tries to protect this information by entering into confidentiality undertakings with parties that have access to it, such as the Corporation's current and prospective suppliers, employees and consultants. Any of these parties may breach the undertakings and disclose our confidential information to the Corporation's competitors. Enforcing a claim that a third party illegally obtained and is using trade secrets is expensive and time consuming and the outcome is unpredictable. In addition, it could divert management's attention. If any trade secret, know-how or other technology not protected by a patent were to be disclosed to or independently developed by a competitor, the Corporation's competitive position could be harmed.

The Corporation may not be able to protect its intellectual property rights throughout the world. Filing, prosecuting and defending patents on all of our product candidates and products, when and if the Corporation has any, in every jurisdiction would be prohibitively expensive. Competitors may use our technologies in jurisdictions where the Corporation or its licensors have not obtained patent protection to develop our own products. These products may compete with our products, when and if the Corporation has any, and may not be covered by any of its or its licensors' patent claims or other intellectual property rights.

The laws of some foreign countries do not protect intellectual property rights to the same extent as the laws of Canada and United States, and many companies have encountered significant problems in protecting and defending such rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favour the enforcement of patents and other intellectual property protection, particularly those relating to biotechnology and/or pharmaceuticals, which could make it difficult for the Corporation to stop the infringement of our patents. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial cost and divert our efforts and attention from other aspects of our business.

Patent protection for the Corporation's product candidates or products may expire before it is able to maximize their commercial value which may subject the Corporation to increased competition and reduce or eliminate its opportunity to generate product revenue. The patents for its product candidates have varying expiration dates and, when these patents expire, the Corporation may be subject to increased competition and may not be able to recover our development costs. In some of the larger economic territories, such as Canada, the United States and Europe, patent term extension/restoration may be available to compensate for time taken during aspects of the product candidate's regulatory review. However, the Corporation cannot be certain that an extension will be granted, or if granted, what the applicable time period or the scope of patent protection afforded during any extended period will be. In addition, even though some regulatory agencies may provide some other exclusivity for a product candidate under its own laws and regulations, the Corporation may not be able to qualify the product candidate or obtain the exclusive time period.

If the Corporation is unable to obtain patent term extension/restoration or some other exclusivity, the Corporation could be subject to increased competition and its opportunity to establish or maintain product revenue could be substantially reduced or eliminated. Furthermore, the Corporation may not have sufficient time to recover our development costs prior to the expiration of its Canadian and non-Canadian patents.

The Corporation may incur substantial costs as a result of litigation or other proceedings relating to patent and other intellectual property rights and may be unable to protect its rights to, or use of, its technology. If the Corporation chooses to go to court to stop someone else from using the inventions claimed in its patents or licensed patents, that individual or corporation has the right to ask the court to rule that these patents are invalid and/or should not be enforced against that third party. These lawsuits are expensive and would consume time and other resources even if the Corporation was successful in stopping the infringement of these patents. In addition, there is a risk that the court will decide that these patents are invalid or unenforceable and that the Corporation does not have the right to stop the other party from using the inventions. There is also the risk that, even if the validity of these patents is upheld, the court will refuse to stop the other party on the ground that such other party's activities do not infringe its rights.

If the Corporation wishes to use the technology or compound claimed in issued and unexpired patents owned by others, the Corporation will need to obtain a license from the owner, enter into litigation to challenge the validity or enforceability of the patents or incur the risk of litigation in the event that the owner asserts that the Corporation infringed its patents. The failure to obtain a license to technology or the failure to challenge an issued patent that the Corporation may require to develop or commercialize its product candidates may have a material adverse impact on the Corporation.

If a third party asserts that the Corporation infringed their patents or other proprietary rights, the Corporation could face a number of risks that could seriously harm its results of operations, financial condition and competitive position, including:

- patent infringement and other intellectual property claims, which would be costly and time consuming to defend, whether or not the claims have merit, and which could delay the regulatory approval process and divert management's attention from our business;
- substantial damages for past infringement, which the Corporation may have to pay if a court determines that its product candidates or technologies infringe a competitor's patent or other proprietary rights;
- a court prohibiting the Corporation from selling or licensing its technologies or future drugs unless the third party licenses its patents or other proprietary rights to the Corporation on commercially reasonable terms, which it is not required to do; and
- if a license is available from a third party, the Corporation may have to pay substantial royalties or lump sum payments or grant cross licenses to its patents or other proprietary rights to obtain that license.

The **biopharma industry has produced a proliferation of patents**, and it is not always clear to industry participants, including the Corporation, which patents cover various types of products or methods of use. The coverage of patents is subject to interpretation by the courts, and the interpretation is not always uniform. If the Corporation is sued for patent infringement, the Corporation would need to demonstrate that its product candidates or methods of use either do not infringe the patent claims of the relevant patent and/or that the patent claims are invalid, and the Corporation may not be able to do this. Proving invalidity, in particular, is difficult since it requires a showing of clear and convincing evidence to overcome the presumption of validity enjoyed by issued patents.

Canadian patent laws as well as the laws of some foreign jurisdictions provide for provisional rights in published patent applications beginning on the date of publication, including the right to obtain reasonable royalties, if a patent is subsequently issued and certain other conditions are met. While the Corporation believes that there may be multiple grounds on which to challenge the validity of the Canadian patent and the foreign counterparts, the Corporation cannot predict the outcome of any invalidity challenge. Alternatively, it is possible that the Corporation may determine it prudent to seek a license from the patent holder to avoid potential litigation and other potential disputes. The Corporation cannot be sure that a license would be available to the Corporation on acceptable terms, or at all.

Because some patent applications in the United States may be maintained in secrecy until the patents are issued, because patent applications in Canada and many foreign jurisdictions are typically not published until 18 months after filing, and because publications in the scientific literature often lag behind actual discoveries, the Corporation cannot be certain that others have not filed patent applications for technology covered by its licensors' issued patents or its pending applications or its licensors' pending applications, or that the Corporation or its licensors were the first to invent the technology.

Patent applications filed by third parties that cover technology similar to the Corporation's may have priority over its or its licensors' patent applications and could further require the Corporation to obtain rights to issued patents covering such technologies. If another party files a United States patent application on an invention similar to the Corporation's, the Corporation may elect to participate in or be drawn into an interference proceeding declared by the United States Patent and Trademark Office (USPTO) to determine priority of invention in the United States. The costs of these proceedings could be substantial, and it is possible that such efforts would be unsuccessful, resulting in a loss of our United States patent position with respect to such inventions.

Some of its competitors may be able to sustain the costs of complex patent litigation more effectively than the Corporation can because they have substantially greater resources. In addition,

any uncertainties resulting from the initiation and continuation of any litigation could have a material adverse effect on its ability to raise the funds necessary to continue its operations. The Corporation cannot predict whether third parties will assert these claims against the Corporation or against its licensors, or whether those claims will harm our business. If the Corporation is forced to defend against these claims, whether they are with or without any merit, whether they are resolved in favour of or against the Corporation or its licensors, the Corporation may face costly litigation and diversion of management's attention and resources. As a result of these disputes, the Corporation may have to develop costly non-infringing technology, or enter into licensing agreements. These agreements, if necessary, may be unavailable on terms acceptable to the Corporation, if at all, which could seriously harm its business or financial condition.

The Corporation's commercial success depends, in part, on its ability not to infringe on third parties' patents and other intellectual property rights. The Corporation's capacity to commercialize its products will depend, in part, on the non-infringement of third parties' patents and other intellectual property rights. The biopharmaceutical and pharmaceutical industries have produced a multitude of patents and it is not always clear to participants, including the Corporation, which patents cover various types of products or methods of use. The scope and breadth of patents is subject to interpretation by the courts and such interpretation may vary depending on the jurisdiction where the claim is filed and the court where such claim is litigated. The holding of patents by the Corporation for its products and their applications does not guarantee that the Corporation is not infringing on other third parties' patents and there can be no guarantee that the Corporation will not be in violation of third parties' patents and other intellectual property rights. Patent analysis for non-infringement is based in part on a review of publicly available databases. Although the Corporation reviews from time to time certain databases to conduct patent searches, it does not have access to all databases. It is also possible that some of the information contained in the databases has not been reviewed by the Corporation or was found to be irrelevant at the time the searches were conducted. In addition, because patents take years to be issued, there may be currently pending applications that the Corporation is unaware of which may later be issued. As a result of the foregoing, there can be no guarantee that the Corporation will not violate third-party patents. Because of the difficulty in analyzing and interpreting patents, there can be no guarantee that a third party will not assert that the Corporation infringes upon any of its patents or any of its other intellectual property rights.

Under such circumstances, there is no guarantee that the Corporation will not become involved in litigation. Litigation with any third party, even if the allegations are without merit, is expensive, time-consuming and will divert management's attention from the daily execution of the Corporation's business plan. Litigation implies that a portion of the Corporation's financial assets would be used to sustain the costs of litigation instead of being allocated to further the development of its business plan. If the Corporation is involved in patent infringement litigation, it will need to demonstrate that its products do not infringe the patent claims of the relevant patent, that the patent claims are invalid or that the patent is unenforceable. If the Corporation was found liable for infringement of third parties' patents or other intellectual property rights, the Corporation could be required to enter into royalty or licensing agreements on terms and conditions that may not be favourable to the Corporation, and/or pay damages, including up to treble damages (but only if found liable of willful infringement) and/or cease the development and commercialization of its products. Any finding that the Corporation is guilty of patent infringement could materially adversely affect the business, financial conditions and operating results of the Corporation.

Other than as stated in "*Legal Proceedings and Regulatory Actions*", the Corporation has not been served with any notice that it is infringing on a third party patent, but there may be issued patents that the Corporation is unaware of that its products may infringe, or patents that the Corporation believes it does not infringe but could be found to be infringing.

The Corporation faces competition and the development of new products by other companies could materially adversely affect the Corporation's business and its products. The biopharmaceutical and pharmaceutical industries are highly competitive and the Corporation must compete with pharmaceutical companies, biotechnology companies, academic and research

institutions as well as governmental agencies for the development and commercialization of products. Some of these competitors develop products in the indications in which the Corporation is involved and could be considered direct or indirect competitors.

In the other indications currently being studied by the Corporation for development, there may exist companies that are at a more advanced stage of developing a product to treat those same diseases. Some of these competitors have capital resources, research and development personnel and facilities that are superior to the Corporation's. In addition, some competitors are more experienced than the Corporation in the commercialization of medical products and already have a sales force in place to launch new products. Consequently, they may be able to develop alternative forms of medical treatment which could compete with the products of the Corporation and commercialize them more rapidly and effectively than the Corporation.

The Corporation depends on its key personnel to research, develop and bring new products to the market and the loss of key personnel or the inability to attract highly qualified individuals could have a material adverse effect on its business and growth potential. The Corporation's mission is to discover or acquire novel therapeutic products targeting unmet medical needs in attractive specialty markets. The achievement of this mission requires qualified scientific and management personnel. The loss of scientific personnel or of members of management could have a material adverse effect on the business of the Corporation. In addition, the Corporation's growth is and will continue to be dependent, in part, on its ability to retain and hire qualified scientific personnel. There can be no guarantee that the Corporation will be able to continue to retain its current employees or will be able to attract qualified personnel to pursue its business plan.

The Corporation depends on its founder and current President and CEO, Mr. Pierre Laurin, in the short and long-term to bring the Corporation's corporate and business plan to fruition. The loss of Mr. Laurin and the inability to identify internally or attract externally an appropriately highly qualified individual to replace him could have a material adverse effect on the Corporation's business and growth potential. The achievement of the Corporation's corporate and business plan requires a CEO, who is well versed in various scientific fields and related specialty markets as well as in raising funds privately or publicly. The loss of Mr. Laurin, Prometic's current President and CEO and founder of ProMetic, who has built excellent personal relationships with both corporate and business strategic partners as well as ProMetic's investors, could have a material adverse effect on the business of the Corporation. In addition, the Corporation's growth is and will continue to be dependent, in part, on his abilities to lead management in various fields and jurisdictions and raise funds. There can be no guarantee that the Corporation will be able to continue to retain its current President and CEO or will be able to identify internally or attract externally an appropriately highly qualified individual to replace him to pursue its corporate and business plan.

The Corporation is not profitable and may never achieve profitability. The Corporation has been reporting losses since its inception. The Corporation will need to generate significant revenues to achieve profitability. There is no guarantee that the Corporation will succeed in commercializing its products, controlling its expenses and developing additional products, and, therefore, it may never become profitable.

The Corporation may require additional funding and may not be able to raise the capital necessary to continue and complete the research and development of its products and their commercialization. The Corporation generates revenues but is not profitable and may need financing in order to continue its activities. In the past, the Corporation has been financed through public equity offerings and the Corporation may effect additional equity offerings to raise capital, the size of which cannot be predicted. The issuance and sales of substantial amounts of equity or other securities, or the perception that such issuances and sales may occur, could adversely affect the market price of the Common Shares.

Moreover, the market conditions or the business performance of the Corporation may prevent it from having access to the public markets in the future. Therefore, there can be no guarantee that

the Corporation will be able to continue to raise capital by way of public equity offerings. In such a case, the Corporation will have to use other means of financing, such as issuing debt instruments or entering into private financing agreements, the terms and conditions of which may not be favourable to the Corporation. These debt instruments may contain terms and conditions (e.g. covenants, etc.) which may be challenging or difficult for the Corporation to respect, may be breached or trigger default provisions. Accordingly, the Corporation may be required to compensate counterparties, for costs and losses incurred as a result of various events, including breaches of representations and warranties, covenants, claims that may arise during the terms of said debt instruments or as a result of litigation that may be suffered by counterparties. If adequate funding is not available to the Corporation, it may be required to delay, reduce or eliminate its research and development of new products, its clinical trials or its marketing and commercialization efforts to launch and distribute new products.

The Corporation may not achieve its publicly-announced milestones in due time. From time to time, the Corporation publicly announces the timing of the occurrence of certain events. These statements are forward-looking and are based on management's best estimate relating to the occurrence of such events. However, the actual timing of such events may differ from what has been publicly disclosed. These variations may occur as a result of a series of events, including the nature of the results obtained during a clinical trial or during a research phase, problems with a supplier or any other event having the effect of delaying the timeline publicly announced. The Corporation's policy on forward-looking information consists in not updating it if the publicly disclosed timeline varies. Any variation in the timing of certain events having the effect of postponing such events could have an adverse material effect on the business plan, financial conditions or operating results of the Corporation.

The development and commercialization of drugs could expose the Corporation to liability claims which could exceed its insurance coverage. A risk of product liability claims is inherent in the development and commercialization of human therapeutic products. Product liability insurance is very expensive and offers limited protection. A product liability claim against the Corporation could potentially be greater than the coverage offered and, therefore, have a material adverse effect upon the Corporation and its financial position. Furthermore, a product liability claim could tarnish the Corporation's reputation, whether or not such claims are covered by insurance or are with or without merit.

The Corporation may not receive the full payment of all milestones or royalty payments pursuant to the agreements entered into with third parties and, consequently, the financial conditions and the operating results of the Corporation could be adversely impacted. The Corporation has entered into license agreements and other forms of agreements with third parties regarding the development and commercialization of some of its technologies and products. These agreements generally require that the third party pays to the Corporation certain amounts upon the attainment of various milestones and possibly include royalties on the sale of the developed product. There can be no guarantee that the Corporation will receive the payments described in those agreements since the development of the products may be cancelled if the research does not yield positive results. Under such circumstances, the Corporation would not receive royalties as well. Even if the development of a product yields positive results, all of the risks described herein with respect to the obtaining of regulatory approval are applicable. Finally, if there occurs a disagreement between the Corporation and the third party, the payment relating to the attainment of milestones or of royalties may be delayed. The occurrence of any of those circumstances could have a material adverse effect on the Corporation's financial condition and operating results.

If the Corporation breaches any of the agreements under which it licenses rights to its product candidates or technology from third parties, it could lose license rights that are important to its business. The Corporation in-licenses the development and commercialization rights for certain product candidates, and could, potentially, enter into similar licenses in the future. Under these licenses, the Corporation is subject to various obligations, including royalty and milestone payments, annual maintenance fees, limits on sublicensing, insurance obligations and the obligation to use commercially reasonable best efforts to develop and exploit the licensed

technology. If the Corporation fails to comply with any of these obligations or otherwise breach these agreements, its licensors may have the right to terminate the license in whole or in part or to terminate the exclusive nature of the license. Loss of any of these licenses or the exclusivity rights provided therein could harm its financial condition and operating results.

The Corporation may be subject to damages resulting from claims that the Corporation, or its employees or consultants, have wrongfully used or disclosed alleged trade secrets of third parties. Many of its employees were previously employed, and certain of its consultants are currently employed, at universities, public institutions, biotechnology or pharmaceutical companies, including its competitors or potential competitors. Although the Corporation has not received any claim to date, the Corporation may be subject to claims that the Corporation, or these employees or consultants, have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of these current or former employers. Litigation may be necessary to defend against these claims.

If the Corporation fails in defending such claims, in addition to paying monetary damages, the Corporation may lose valuable intellectual property rights or personnel. The Corporation may be subject to claims that employees of its partners or licensors of technology licensed by the Corporation have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. The Corporation may become involved in litigation to defend against these claims. If the Corporation fails in defending such claims, in addition to paying monetary damages, the Corporation may lose valuable intellectual property rights or personnel.

The Corporation's common share price is volatile and investors could lose money as a result of such volatility. The market price of the Corporation's Common Shares is subject to volatility. General market conditions as well as differences between the Corporation's financial, scientific and clinical results and the expectations of investors as well as securities analysts can have a significant impact on the trading price of the Corporation's Common Shares. In recent years, the shares of many biopharmaceutical companies have experienced extreme price fluctuations, unrelated to the operating performance of the affected companies. There can be no assurance that the market price of the Common Shares will not continue to experience significant fluctuations in the future, including fluctuations that are unrelated to the Corporation's performance. The occurrence of any of the above risks and uncertainties could have a material adverse effect on the price of the Common Shares.

9 – DIVIDENDS

To date, and despite not having any restriction preventing it from doing so, the Corporation has not paid any dividends in respect of any class of shares in its share capital, and it does not anticipate paying dividends in the foreseeable future. At the present time, the practice of the Board of Directors of the Corporation (the "**Board of Directors**") is to reinvest all available funds in operating activities.

10 – DESCRIPTION OF CAPITAL STRUCTURE

The Corporation is authorized to issue an unlimited number of Common Shares, and an unlimited number of Preferred Shares issuable in series. As of March 25, 2015, 554,185,470 Common Shares were issued and outstanding and no Preferred Shares were issued.

10.1 Common Shares

The holders of Common Shares are entitled to one vote per share at all meetings of the shareholders, and are entitled to receive dividends, as may be declared from time to time by the directors of the Corporation. In the event of the voluntary (or involuntary) liquidation, dissolution, winding-up or other distribution of the assets of the Corporation, the holders of Common Shares are entitled to receive the remaining property of the Corporation, subject to the preference rights of the holders of Preferred Shares, if any.

Take-Over Bid Protection

At the Corporation's annual meeting of its shareholders held on May 3, 2006, two shareholders rights plans were adopted, and came into force. Both shareholders rights plans were re-adopted at ProMetic's annual meetings of shareholders held on May 6, 2009 and on May 9, 2012, and are to be re-adopted at ProMetic's annual and special meeting of shareholders to be held on May 13, 2015.

The rights issued under the first plan will become exercisable only if a person or entity acquires or announces an intention to acquire shares for a total ownership of 20% or more of the Corporation's outstanding Common Shares in an unsolicited takeover bid, unless such acquisition meets certain requirements intended to protect the interests of all shareholders in a "permitted bid". Each such right will entitle its holder to purchase Common Shares of the Corporation at a substantial discount to the market value of such shares at the time of exercise. A "permitted bid" is one made to all shareholders by way of a takeover bid circular prepared in accordance with applicable securities laws, which remains open for a minimum of 60 days, and is accepted by the holders of not less than 50% of the shares held by shareholders other than the proposed acquiror and its related parties, among other conditions. In certain cases, the bid must be extended to allow more time for shareholders to tender.

The second shareholder rights plan seeks to maximize shareholder value by spinning-off the Corporation's subsidiaries, PBI and PBP, to the benefit of all shareholders in the event of an unsolicited takeover bid. Therapeutics in development by this subsidiary could have a high potential value and, for that reason, could induce an interested party to make a hostile takeover bid on ProMetic. This spin-off shareholder rights plan reduces the incentive for an offeror to avail itself of a low market capitalization of the Corporation through a take-over bid, instead of negotiating a commercial transaction that reflects the full value for PBI's or PBP's rights and other assets. Rights issued under this second shareholder rights plan will become exercisable in the event of an unsolicited offer and will entitle their holders to purchase Class A shares of PBI and Class A shares of PBP at an exercise price of $0.00001 per subsidiary share, the whole subject to compliance with securities laws.

Rights under each shareholder rights plan were issued to all shareholders. They are automatically attached to all Common Shares of the Corporation already issued and outstanding on the date the plans came into force. Rights will also be issued thereafter upon any future issuance of Common Shares of the Corporation prior to Separation Time (as defined under each plan). Under each plan, the bidder or bidders and persons acting in concert with them will not be entitled to exercise such rights and the Corporation may redeem all rights at any time prior to a takeover.

10.2 Preferred Shares

The directors of the Corporation may issue Preferred Shares in one or more series, each series to consist of such number of shares as determined by the directors, which may also fix the designation, rights, restrictions, conditions and limitations to be attached to the Preferred Shares of each series.

The holders of Preferred Shares, if any, do not have any voting rights for the election of directors or for any other purpose, nor are they entitled to attend meetings of the shareholders, except as to any amendment to the rights, privileges, restrictions and conditions attached to the Preferred Shares, which amendment must be approved by at least 2/3 of the votes cast at a meeting of the holders of Preferred Shares called for that purpose.

The holders of Preferred Shares are entitled to dividends, and have preference over the other classes of shares with respect to payment of dividends.

In the event of liquidation, dissolution or winding-up of the Corporation or other distribution of the assets of the Corporation, the holders of Preferred Shares are entitled to receive in preference to the holders of any other classes of shares: (i) an amount equal to the amount paid up on such shares, together with, in the case of cumulative dividends, all unpaid cumulative dividends and, in the case of non-cumulative dividends, all declared and unpaid non-cumulative dividends, and (ii) if the liquidation, dissolution, winding-up or distribution is voluntary, an additional amount equal to the premium, if any, that would have been payable on the redemption of the Preferred Shares.

The Preferred Shares are redeemable or may be purchased for cancellation by the Corporation at such times and at such prices and upon such conditions as may be specified in the rights, privileges, restrictions and conditions attached to the relevant series.

11 – Market for Securities

11.1 Trading Price and Volume

The Corporation's Common Shares are listed on the Toronto Stock Exchange under the symbol "PLI". The table below indicates the price ranges and the volume traded on a monthly basis during the 2014 financial year.

Month	High(1)	Low (1)	Close (1)	Trading Volume
January 2014	1.45	0.86	1.26	38,715,584
February 2014	1.64	1.24	1.54	20,468,801
March 2014	1.65	1.06	1.19	46,103,546
April 2014	1.50	0.85	1.09	36,488,745
May 2014	1.24	0.97	1.13	18,540,329
June 2014	1.18	1.06	1.08	9,253,794
July 2014	1.31	1.00	1.23	15,027,808
August 2014	1.59	1.17	1.48	16,321,307
September 2014	1.84	1.49	1.72	30,910,726
October 2014	1.74	1.40	1.65	22,450,831
November 2014	2.21	1.61	2.08	69,390,681
December 2014	2.09	1.70	1.91	19,266,903

(1) On a per share basis

12 – ESCROWED SECURITIES

As of March 25, 2015, to the knowledge of the Corporation, the following number of securities of the class identified below, are held in escrow:

Escrowed Securities

Designation of Class	Number of Securities held in Escrow	Percentage of Class
Common Shares	450,000	0.08%

450,000 shares were placed in escrow with Computershare Trust Company of Canada, as escrow agent, by Mr. Pierre Laurin, President and Chief Executive Officer of the Corporation, as security for a loan by the Corporation in the amount of $450,000 granted in order to enable Mr. Laurin to exercise options to acquire shares in the Corporation. The original term which was extended for three consecutive years has now been extended for an additional three-year term and expires on March 31, 2016. The 2013 amendment now provides for the loan to bear interest at a rate equal to the Bank of Canada's prime rate plus 1% per annum and stipulates that in the event the ProMetic shares trade at a price equal to or higher than $2.00 per share for more than 10 consecutive trading days, Mr. Laurin shall be obliged to repay the loan in full within 30 days following a request from the Corporation. The above shares will be released from escrow upon repayment of the loan by Mr. Laurin, on the basis of one share per dollar repaid.

13 – DIRECTORS AND EXECUTIVE OFFICERS

13.1 Directors and Executive Officers

The two following tables set out the names, province or state of residence of the directors and officers of the Corporation as of March 25, 2015, their positions with the Corporation, their present principal occupation and, when they are directors of the Corporation, the year in which they were appointed. The present term of each director will expire immediately prior to the next annual meeting of the shareholders of the Corporation.

Directors

Name and Province or State and Country of Residence	Position(s) / Title	Director Since	Current Principal Occupation
Pierre Laurin Québec, Canada	Director, President and Chief Executive Officer	1994	President and Chief Executive Officer of the Corporation
Simon Best[(1)(2)(3)(4)] Edinburgh, UK	Director, Chairman of the Board and Chair of the Strategy Committee	2014	Chairman of Edinburgh BioQuarter since March 2010
Stefan Clulow Ontario, Canada	Director	2014	Managing Director and Chief Investment Officer of Thomvest Asset Management Inc. and Managing Director of Thomvest Seed Capital Inc. since May 2010
Raymond Hakim[(2)(3)] Tennessee, USA	Director	2013	Clinical Professor of Medicine at Vanderbilt University Medical Center since January 2011
Charles Kenworthy California, USA	Director	2013	Executive Vice-President of Abraxis BioScience, LLC since 2011
Louise Ménard[(2)(3)(4)] Québec, Canada	Director. Chair of the Corporate Governance Committee	2009	President, Groupe Méfor inc. since 1997

Name and Province or State and Country of Residence	Position(s) / Title	Director Since	Current Principal Occupation
Paul Mesburis[1][4] Ontario, Canada	Director , Chair of the Audit & Risk Committee	2009	Chartered Professional Accountant since August 2012
John Moran California, USA	Director	2012	Chief Medical Officer, ProMetic since March 1, 2014
Nancy Orr[1][2][4] Québec, Canada	Director , Chair of the HR and Compensation Committee	2010	Consultant
Bruce Wendel Connecticut, USA	Director	2008	Chief Strategy Officer of Hepalink USA since June 2012 and Acting Chief Executive Officer of Scientific Protein Laboratories LLC since December 2014
Benjamin Wygodny[3] Quebec, Canada	Director	2006	President of Angus Partnership Inc.

(1) Member of the Audit and Risk Committee

(2) Member of the Human Resources and Compensation Committee

(3) Member of the Corporate Governance Committee

(4) Member of the Strategy Committee

Executive Officers

Name and Province or State and Country of Residence	Position(s) / Title	With the ProMetic since
Pierre Laurin Québec, Canada	Director, President and Chief Executive Officer	1994
Bruce Pritchard Hertfordshire, UK	Chief Operating Officer and Chief Financial Officer	2006
John Moran California, United States	Chief Medical Officer	2012
Patrick Sartore Québec, Canada	General Counsel and Corporate Secretary	2006
Dwun-Hou (Tom) Chen Maryland, United States	Senior Vice President, Product and Asia Pacific Development, ProMetic BioTherapeutics, Inc.	2006

During the last five years, the above senior officers have held the position shown opposite their respective names or have occupied a management position with the same or a related entity except for (i) Dr. John Moran who was appointed on the Corporation Board of Directors in March 2012 and Chief Medical Officer of the Corporation on March 1, 2014; (ii) Dr. Dwun-Hou (Tom) Chen who served as Vice-President, Process Development of ProMetic BioTherapeutics, Inc. from 2006 to September 2011.

Biographies

The following are brief profiles of the executive officers and directors of the Corporation, including a description of each individual's principal occupation within the past five years.

Non-Executives Directors

Simon Best, Chairman of the Board. Prof. Simon Best is a seasoned entrepreneur with global experience, both as a Founder, CEO and Chairman or Board Member of Lifescience companies and as a Chairman or Trustee of major industry bodies and public sector institutions, in the UK, USA, Europe, Asia and Latin America. He is also an experienced Angel, Venture Capital and Private Equity investor. Through the 90's, Prof. Best became a leading international figure – initially as a champion of GM Food technology and then as the CEO of the company formed at the Roslin Institute in 1998 to exploit medical applications of the technology that produced Dolly The Sheep. Prof. Best is a past Vice-Chairman of the US Biotechnology Industry Organisation and Chairman of the UK BioIndustry Association. He built 3 substantial Lifescience ventures between 1991 and 2005 – Zeneca Plant Science (Delaware, USA), Roslin BioMed and Ardana (Edinburgh, UK), and between 2010 and 2012 refocussed and rationalised a 4th - Aquapharm (Oban, UK), a pioneering marine biotechnology company. Between 2005 and 2010, he was an advisor to TVM Capital In Munich and an Investment Partner and Entrepreneur-in-Residence for the TVM MENA Fund in UAE and India. In 2008 he co-founded PAR Equity LLP in Edinburgh. In 1999 the World Economic Forum nominated him a Global Leader of Tomorrow and in 2000 a Technology Pioneer of the Year. In 1999, he was nominated as "Science and Technology Venturer of the Year" by the FT. He was awarded the London Business School Alumni Achievement Prize in 2007. He holds an MBA from London Business School and an Honorary Doctorate and B.Mus from York University. In 2007, he was elected a Fellow of the Royal Society of Edinburgh. In 2008, he was awarded an OBE by Queen Elizabeth II and appointed a Visiting Professor of Medicine by the University of Edinburgh. Prof. Best is the Chairman of Edinburgh Bioquarter since 2009, a company in the business of company formation and technology transfer for the University of Edinburgh. Prof. Best held also the position of Chief Executive Officer at Aquapharm Biodiscovery Ltd. (a company in the sector of drug discovery) from May 2010 to November 2012.

Stefan Clulow. Mr. Stefan Clulow is Managing Director and Chief Investment Officer of Thomvest Asset Management Inc., a private investment firm. Prior to joining Thomvest, Stefan practiced law in Silicon Valley, California and Toronto, Ontario. Mr. Clulow sits on the boards of a number of private companies and charitable organizations. Mr. Clulow received a B.A. and an LL.B. from McGill University. He is a member of the State Bar of California and the Law Society of Upper Canada.

Raymond Hakim. Dr. Raymond M. Hakim, MD, PhD, FASN, is a Clinical Professor of Medicine at Vanderbilt University Medical Center since January 2011. Previously, Dr. Hakim served as Chief Medical Officer and Senior Executive Vice-President, Clinical and Scientific Affairs for Fresenius Medical Services, North America from 2007 to December 2011. Dr. Hakim started his career as an engineer, and received his PhD from Massachusetts Institute of Technology (MIT) in engineering in 1967 and worked as an engineer at Hydro-Québec until 1972. He attended McGill Medical School, completing his residency in internal medicine at the Royal Victoria Hospital in Montreal in 1979, and his Nephrology fellowship at Harvard Medical School and at Brigham and Women's Hospital in Boston, Massachusetts in 1981. From 1981 to 1987, he served on the faculty of Harvard University and was Associate Professor of Medicine and staff at the Brigham and Women's hospital. In 1987, Dr. Hakim began serving as Professor of Medicine and Director of the Clinical Division of Nephrology at the Vanderbilt University Medical School. He was also the Medical Director of the Vanderbilt Dialysis Unit. In 1995, Dr. Hakim became one of the founders of Renal Care Group, which grew to serve more than 35,000 patients and had the lowest standardized mortality among all dialysis providers. Renal Care Group, merged with Fresenius Medical Care, North America in 2007. Dr. Hakim has spoken at hundreds of patient and health care professional meetings and has authored more than 160 articles regarding issues in dialysis. He has also

contributed chapters to more than 30 medical books. Dr. Hakim sits on the Public Policy Board of the American Society of Nephrology.

Charles Kenworthy. Mr. Charles N. Kenworthy received his Bachelor of Arts from the University of California, Los Angeles, in 1980 and his Juris Doctorate from the University of San Diego School of Law in 1985. He joined the law firm of Allen Matkins in the mid-1980's and was a partner when he departed in 2006. Thereafter, he joined Abraxis Biosciences, LLC as Executive Vice-President and is currently the head of Corporate Strategy at NantWorks, LLC.

Louise Ménard. Ms. Louise Ménard is President and director of *Groupe Méfor Inc*., a family holding Company since1997. Since August 2007 she serves on the Board of Directors of the *Société des alcools du Québec* (SAQ) and was chair of its Governance Committee from 2007 to 2014, is a member of its Human Resources Committee since 2007 and its Commercial Practices Committee since 2014. Ms. Ménard also serves on the Board of the Directors of *La Pièta* since December *2012.* From 2004 to 2007, Ms. Ménard served as Board member of Comcorp Inc. (now Assuris Inc.), and was member of its Corporate Governance Committee and its Communications Committee. She also served on the Board of Directors of the Montreal Heart Institute Foundation from 1991 to 2006, and was a member of its Executive Committee from 1992 to 1998. From 2000 to 2002, she acted as Chairman of the Board of Directors of Alena Capital Inc. and from 1999 to 2001 she was on the Board of directors of Bruneau Minerals Inc., a public company listed on the Montreal Stock Exchange. From 2003 to 2011, she was on the Board of Directors, and was a member of the Executive Committee (2003 and 2004) and the Corporate Governance Committee (2010) of On the Tip of the Toes Foundation and from 1988 to 1997, she was Vice president Legal Affairs of Sodarcan Inc. (now Aon Canada). She holds an LL.L from Université de Montréal (1973) and has graduated from the College of Directors of Laval University in 2009.

Paul Mesburis. Mr. Paul Mesburis is a Chartered Professional Accountant and Chartered Financial Analyst, with more than twenty years of experience in financial and capital markets. His capital markets experience encompasses senior roles for both buy-side and sell-side firms. On the buy-side, he has managed portfolios for investment strategies in both debt and equities. On the sell-side, his investment experience includes senior roles in mergers and acquisitions, investment banking, and institutional equity research at both global and domestic bank-owned investment dealers. His views on investments have been quoted in the media, including Report on Business of The Globe and Mail and the Financial Post, as well as the subject of features on BNN - Business News Network. In 2012, he was honoured with a Canadian Lipper Fund Award which recognizes funds that have excelled in delivering consistently strong risk-adjusted performance, relative to their peers. He received his Master of Business Administration degree from the Schulich School of Business at York University and his Bachelor of Arts degree from the University of Toronto.

Nancy Orr. Ms. Nancy Orr was President of Dynamis Group Inc., a company involved in the electrical power and fiber recycling segments in Europe and the U.S.A., from 1991 to 2007. Throughout her career, Ms. Orr has served on several boards and audit committees of public, private and government entities. She has been a director and member of the audit committees of the Bank of Canada (1990 to 1995), Dundee Wealth Management Inc. (2003 to 2012), Fibrek Inc. (2006 to 2012), Marleau,Lemire Securities (1996-1998), Donohue Inc.(1990 to 2000), HEC-Montreal (1990-2002)and Redline Communications Inc.(2008 to 2010), as well as a director of Services Financiers de la Caisse de dépôt et placement du Québec (1997 to 2003), Socanav Inc. (1986 to 1989), the Canada Arts Council Investment Committee (1995 to 2003)and the Montreal Cardiology Institute (1990 to 1994). She graduated with a MBA from Queen's University in 1974 and a CA from McGill University in 1977. She became a Fellow of the Québec Order of Chartered Accountants in 1988. Ms. Orr is currently a member of the board of directors of Ressources Québec (a subsidiary of Investissements Québec) and Blue Goose Pure Foods.

Bruce Wendel. Mr. Bruce Wendel is Chief Strategy Officer of Hepalink USA since June 2012, and Acting Chief Executive Officer of Scientific Protein Laboratories LLC since December 2014, both of which are subsidiaries of Shenzhen Hepalink Pharmaceutical CO., Ltd. From 2011 to 2012, he was consultant in the pharmaceutical industry. Mr. Wendel served as Vice Chairman and Chief

Executive Officer of Abraxis BioScience until October 15, 2010, when Abraxis was acquired by Celgene Corporation. He was with Abraxis BioScience as of May 2006 and served as Executive Vice President of Corporate Development of Abraxis BioScience until being appointed as Executive Vice President of Corporate Operations and Development in November 2007. Mr. Wendel joined American Pharmaceutical Partners (APP) in 2004 as Vice President of Corporate Development. He began his 14 years with Bristol-Myers Squibb as in-house counsel before shifting to business and corporate development. Before joining APP, he served as Vice President, Business Development and Licensing for IVAX Corporation, a generic drug manufacturer. Previously, Mr. Wendel served in the legal departments of Playtex and Combe. He earned a Juris Doctorate degree from Georgetown University Law School, where he was an editor of *Law and Policy in International Business*, and a B.S. from Cornell University.

Benjamin Wygodny. Mr. Benjamin Wygodny is the President of Angus Partnership, an investment firm and of 3188795 Canada Inc., a real estate development firm, as well as other companies involved in private equity investment and realty development. Mr. Wygodny sits on the Board of the Canadian Technion Society and is a member of the International Board of Governors of TECHNION - The Israeli Institute of Technology.

Executive Officers Who Also Serve as Director

Pierre Laurin, President and Chief Executive Officer. Mr. Pierre Laurin is a senior executive with over 30 years of experience in the pharmaceutical and biotechnology industry. Involved in the development of ProMetic's platform technology since 1989, Mr. Laurin founded ProMetic Life Sciences Inc. in 1994. He served as Chairman until March 7, 2011 and President and Chief Executive Officer of the Corporation since its inception, he took the Corporation public on the Toronto Stock Exchange and has since raised over $550 million through equity and debt financing and multinational funding. Mr. Laurin's corporate development achievements include the successful close of multiple licensing agreements and partnering agreements with multinationals, including two strategic agreements with the American Red Cross. Mr. Laurin's prior experience also includes positions with various pharmaceutical companies, including Nordic Laboratories (now Sanofi) where he played a pivotal role in the commercial success of Cardizem® in Canada. Mr. Laurin holds a B.Sc. in Pharmacy and a Masters degree in Pharmaceutical Sciences from the University of Montreal.

John Moran, Chief Medical Officer. Dr. John Moran MD, FRACP, FACP, FACPE, has served as Chief Medical Officer of ProMetic since March 1, 2014. From 2010 until joining the Corporation, Dr. Moran was Vice President, Clinical Affairs - Home modalities at DaVita Healthcare Partners Inc. where he had the overall responsibility for quality of care and related business issues for over 20,000 home dialysis patients in over 1,000 care centers. Previously, Dr. Moran served for eight years as Senior Vice President, Clinical Affairs for Satellite Healthcare.Dr. Moran also served for, five years at Baxter Healthcare, as Global Medical Director for the Renal Division and for two years as Vice President for Clinical Development and Marketing.. Dr. John Moran sits on the Board of Directors of Intelomed, Inc. **Other Directorships on Public Company**: Dr. Moran does not serve as a director on the board of any other publicly-traded company.

Executive Officers Who Do Not Serve as Directors

Bruce Pritchard, Chief Operating Officer and Chief Financial Officer. Mr. Bruce Pritchard joined the Corporation as CFO of the UK subsidiary, ProMetic BioSciences Ltd. in 2006 and was promoted CFO of the group in 2008. He is a chartered accountant with many years of experience in corporate accountancy including senior finance positions with biotech and pharmaceutical companies, and a proven track record of success in strategic acquisitions and raising funds from public and private sources. Mr. Pritchard is currently a member of the Governing Council of The Institute of Chartered Accountants of Scotland, a member of the Board of Examiners of The Institute of Directors and is a Non-Executive Director of both Imanova Limited and Being Digial Limited. A Heriot-Watt University graduate, Mr. Pritchard gained a BA in Accountancy and Computer Science

in 1993. He qualified as a Member of the Institute of Chartered Accountants of Scotland in 1996.On August 12, 2014, Mr. Bruce Pritchard was promoted to COO, a newly created position within the Corporation. Mr. Prichard, having been CFO for eight (8) years, continues to assume his Chief Financial Officer duties until his replacement is duly appointed.

Patrick Sartore, General Counsel and Corporate Secretary. Mr. Patrick Sartore joined ProMetic in 2006 as Senior Legal Counsel – Intellectual Property, was nominated Corporate Secretary of the Corporation in 2007 and now holds the position of General Counsel and Corporate Secretary since 2013. Mr. Sartore was previously employed by Univalor Inc. as Legal Counsel and Leger Robic Richard, L.L.P., a firm specializing in Intellectual Property, Corporate and Commercial Law, as an associate attorney. Mr. Sartore has extensive experience in the areas of Intellectual Property, Technology Transfer, private and public financing as well as general corporate and commercial law, namely in the biopharmaceutical field. Mr. Sartore graduated from the University of Montreal with a Bachelor of Law (LLB) in 1999 and was called to the Bar of Québec in 2001. Mr. Sartore also holds a Bachelor of Science, with Distinction, from Concordia University.

Dwun-Hou (Tom) Chen, Senior Vice-President, Product and Asia Pacific Development, ProMetic BioTherapeutics Inc. Dr. Dwun-Hou (Tom) Chen has been working at the Corporation's subsidiary ProMetic BioTherapeutics Inc. since its inception in 2006; first as Vice President of the Process Development Department to lead the process development work related to the Plasma Protein Purification System ("PPPS®") project, then, as Vice President of Product and Asia Pacific Development, where responsibilities included commercialization of the PPPS® technology in the Asia Pacific region. Prior to joining ProMetic BioTherapeutics Inc., Dr. Chen was the Director of the Process Development at the Plasma Derivatives Department at the American Red Cross where he was responsible for developing processes for a platform technology to be used in plasma fractionation. Other past work experiences include Director of the Pharmaceutical Development Department at EntreMed Inc., Principle Scientist at Genetics Institute, and Manager of the Protein Chemistry at Regeneron Pharmaceuticals, Inc. Dr. Chen obtained a BS degree in Chemistry from Tamkang University, Taiwan in 1979, and a Ph.D. degree in Biochemistry from Auburn University, AL, USA in 1989; and held post-doctoral positions at the Wistar Institute and University of Pennsylvania.

13.2 Independence

As of March 25, 2015, all of the directors were "independent" in the meaning of *Regulation 52-110 respecting Audit Committees* except for:

- Mr. Pierre Laurin is the President and Chief Executive Officer.
- Mr. Stefan Clulow has been the representative of Thomvest on the Board of Directors since August 12, 2014. Thomvest held the right to nominate one person for election to the Board of Directors pursuant to a loan agreement entered into with the Corporation. Thomvest's rights and obligations under such loan agreement were assigned to Structured Alpha effective October 1, 2014.
- Mr. Charles Kenworthy has been the representative of California Capital Equity, LLC ("**CCE**") on the Board of Directors since November 14, 2013. CCE holds the right to nominate one person for election to the Board of Directors pursuant to a share purchase agreement entered into with the Corporation.
- Dr. John Moran is an executive officer of the Corporation; Dr. Moran is the Chief Medical Officer of the Corporation since March 1, 2014.
- Mr. Bruce Wendel was an employee of ProMetic BioTherapeutics, Inc. ("**PBT**"), a wholly-owned subsidiary of the Corporation from April 1, 2012 to May 13, 2014, at which date his employment agreement terminated.

13.3 Security Holdings

As at March 25, 2015, the number and percentage of securities of Common Shares of the Corporation or its subsidiaries beneficially owned, directly or indirectly, or over which control or direction is exercised, by all directors and executive officers of the Corporation as a group is:

Securities	Number	Percentage of Class
Common Shares	22,094,754	4%

The information as to the number of Common Shares owned or over which control is exercised, not being within the knowledge of the Corporation, has been provided by each director and executive officer or is derived from insider reports.

13.4 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as indicated below, no director or executive officer of the Corporation:

(a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

(i) was the subject to an order[1] that was issued while they were acting in the capacity of director, chief executive officer or chief financial officer; or

(ii) was subject to an order that was issued after they ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while they were acting in the capacity of director, chief executive officer or chief financial officer.

Dr. Simon Best was Chairman of Ardana PLC, a publicly-traded on company on the London Stock Exchange in the United Kingdom, which went into administration on June 30, 2008. The company was unable to complete refinancing or a possible sale or merger within a timeframe. Concurrently, trading in the company's shares were suspended.

Ms. Nancy Orr was a director of Redline Communications Group Inc., a public company, from September 2008 to 2010 and interim CFO from September 2009 to 2010. In March 2010, it was determined that Redline had not followed proper accounting treatment. The company was therefore not in a position to issue its audited financial statements for the fiscal year ended December 31, 2009 and was obliged to restate its audited financial statements for the fiscal years 2007 and 2008. Between April 7, 2010 and June 23, 2010, the Ontario Securities Commission and the *Autorité des Marchés Financiers* issued several temporary cease trade orders. The last cease trade order was lifted on February 4, 2011.

Except as indicated below, no director or executive officer of the Corporation, or shareholder holding a sufficient number of securities of ProMetic to affect materially the control of the Corporation:

(a) is, as of the date hereof, or has been within the 10 years before the date hereof, a director or executive office of any company (including the Corporation) that, while they were acting in that capacity, or within a year of them ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject

[1] Order means a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of the Corporation, or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has (i) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority; (ii) entered into a settlement agreement with a securities regulatory authority; or (iii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered material.

13.5 Conflicts of Interest

To the knowledge of the Corporation, no director or executive officer of the Corporation has an existing or potential material conflict of interest with the Corporation or any of its subsidiaries, except for Mr. Pierre Laurin, Mr. Stefan Clulow, Mr. Charles Kenworthy, Dr. John Moran and Mr. Bruce Wendel, as disclosed under "*Directors and Officers - Independence*" and "*Interest of Management and Others in Material Transactions*".

14 – Legal Proceedings and Regulatory Actions

During the year ended December 31, 2012, the Corporation was served with a lawsuit in the Federal Court of Canada (Court) relating to a claim for infringement of two Canadian issued patents (numbers CA 2,394,369 and CA 2,392,811) held by a third party plaintiff, GE Healthcare Biosciences AB. The Corporation instructed outside legal counsel to prepare, serve and file a statement of defence on the infringement claims, in addition to a counterclaim requesting that the Court declare both patents invalid and unenforceable. The statement of defence was filed in August 2012. The Corporation received a reply and defence to its counterclaim from the plaintiff in November 2012. The proceedings are following their normal course and a court hearing is scheduled for November 2016. Since the plaintiff has claimed unspecified damages and none of the allegations in the claim provide any information as to the basis upon which the plaintiff would be claiming monetary compensation and on the basis that the Corporation does not believe that this claim will be successful, the Corporation has not taken a provision in the consolidated financial statements.

15 – Interest of Management and Others in Material Transactions

Since October 17, 2001, Mr. Pierre Laurin, President and Chief Executive Officer of the Corporation, via his company, Innovon Pharmaceuticals Inc. ("**Innovon**"), has been entitled to receive royalties based on the sales of PBI-1402, PBI-1101 as well as any analogs thereof (eg. PBI-4050). These royalties consist of 0.5% of net sales from direct or indirect sales by the Corporation or its affiliates or 3% of revenues received by PBI from third parties. Innovon also has the exclusive right to commercialise these products should PBI decide to cease to develop PBI-1402 or PBI-1101 or any analogs thereof (eg. PBI-4050), and/or commercialise any products derived therefrom. These royalties arise following the evaluation by the Corporation of the aforementioned molecules, the subsequent exercise by the Corporation of a right of first refusal to acquire the development and commercialization rights to said products and ultimately, the execution of an assignment agreement entered into by Mr. Laurin, Innovon and the Corporation on October 17, 2001, whereby each of Mr. Laurin and Innovon assigned its proprietary rights with respect to PBI-1402 or PBI-1101 or any analogs thereof to the Corporation in order for the Corporation to benefit from an initial pipeline of small molecule drug candidates.

On February 21, 2002, Mr. Laurin entered into a loan with ProMetic in order to exercise options to acquire shares. This loan is secured by the deposit, pursuant to an escrow agreement, of a share certificate representing 450,000 shares of the Corporation. Pursuant to an agreement dated February 15, 2013, this loan bears interest at a rate equal to the Bank of Canada's prime rate plus 1% per annum and is repayable by Mr. Laurin no later than March 31, 2016 provided however that if the Corporation's shares trade for a price per share equal to or higher than Cdn$2.00 for 10 consecutive trading days, the Corporation may request that Mr. Laurin repay all outstanding amounts under this loan within 30 days following such request. The 450,000 shares will be released from escrow upon repayment of the loan by Mr. Laurin, on the basis of one share per dollar repaid.

Mr. Bruce Wendel was an employee of PBT, a wholly-owned subsidiary of the Corporation, from On April 1, 2012 to May 13, 2014.

On December 5, 2008, the Corporation provided a guarantee to Camofi Master LDC in connection with a loan granted by Camofi to Invhealth on December 4, 2007, as amended and restated on December 5, 2008. Invhealth Holding contracted the loan to buy shares of the Corporation. In conjunction with the above, an amended and restated loan agreement was entered into between the Corporation and Invhealth Holding and provided that the sums paid by the Corporation pursuant to the guarantee would be repayable by Invhealth Holding. On March 7, 2013, loan agreement was renewed on the same terms and conditions thereby extending the term for an additional three years. The loan was secured by (i) a pledge of 9,500,000 ProMetic shares owned by Invhealth Holding, (ii) a pledge by Mr. Laurin of all present and future shares in the shares capital of Invhealth Capital Inc., the corporation which holds the shares of Invhealth Holding, as well as (iii) a pledge by Invhealth Capital of all present and future shares in the share capital of Invhealth Holding. In March 2014, Invhealth Holding fully repaid the loan in advance. Consequently, all of the pledged shares were released.

16 – Transfer Agent and Registrar

The Corporation's transfer agent and registrar is Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, North Tower, Toronto, Ontario M5J 2Y1, and the registers of transfers of each class of securities are located in Montréal, Québec and Toronto, Ontario.

17 – Material Contracts

Except for contracts entered into in the ordinary course of business or as otherwise described below, the Corporation has not entered into a contract that can reasonably be considered material to ProMetic during the financial year ended December 31, 2014 or before such year but still in effect.

In September 2013, the Corporation entered into a long-term loan agreement with Thomvest in the principal amount of $10 million, which loan was amended and restated in July 2014 (the "**First Loan Agreement**"). The First Loan Agreement is secured by ProMetic's assets, excluding its patent portfolio and bears a compounded interest rate of 9% annually. ProMetic has the ability to repay earlier without penalties upon certain conditions being met. ProMetic issued Thomvest two warrant certificates ("**Warrant Certificate #1**" and "**Warrant Certificate #2**" respectively and together the "**Warrant Certificates**"). Warrant Certificate #1 allows the holder thereof to purchase 1,000,000 Common Shares at a per share exercise price of $0.52 and expires on September 10, 2021. Warrant Certificate #2 is exercisable upon payment by the holder of $15.6 million or the cancellation by Thomvest of ProMetic's repayment obligation under the First Loan Agreement. As originally issued, Warrant Certificate #2 is exercisable for a number of Common Shares determined dividing (A) $15,653,138 by (B) $461,643,499 divided by the number of issued and outstanding Common Shares at the close of business on the exercise date of Warrant Certificate #2, up to a maximum of 20,276,595 Common Shares as originally issued. Warrant Certificate #2 currently has a term

ranging from five to eight years from its issuance date, depending on ProMetic achieving certain market capitalization milestones.

In July 2014, the Board of Directors determined that it was in the best interest of the Corporation to amend and restate each Warrant Certificate to the terms thereof, as further described herein (the "**Proposed Amendments**"). By way of the Proposed Amendments relating to Warrant Certificate #1, (i) the governing law of Warrant Certificate #1 would be changed from Québec to Ontario and (ii) the non-exclusive jurisdiction of the provincial and federal courts in Toronto, Ontario would be established. The terms and conditions of Warrant Certificate #1 would otherwise remain the same. By way of the Proposed Amendments relating to Warrant Certificate **#**2 (the "**Warrant Certificate #2 Amendments**"), (i) the number of Common Shares underlying Warrant Certificate **#**2 would be fixed at 20,276,595, (ii) the term of the Warrant Certificate would be fixed at eight years from its issuance (therefore, expiring on September 10, 2021), (iii) the governing law would be changed from Québec to Ontario and (iv) the non-exclusive jurisdiction of the provincial and federal courts in Toronto, Ontario would be established. The terms and conditions of Warrant Certificate #2 would otherwise remain the same. The rights and obligations of Thomvest as lender under the First Loan Agreement, as well as its rights and obligations as holder of the Warrant Certificates, were assigned to Structured Alpha LP, an affiliate of Thomvest, effective October 1, 2014.

TSX advised the Corporation that it had conditionally approved the Proposed Amendments, subject to the Warrant Certificate #2 Amendments being approved by shareholders of the Corporation by a majority of votes cast, other than shareholders benefiting from the Warrant Certificate #2 Amendments, their associates and affiliates (the "**Interested Shareholders**"). Should the required shareholder approval of the Warrant Certificate #2 Amendments not be obtained, neither the Proposed Amendments to Warrant Certificate #1 nor Warrant Certificate #2 will be effective. The Corporation will ask disinterested shareholders to approve the Proposed Amendments at the next annual and special meeting of shareholders.

Also in July 2014, the Corporation entered into a second long term agreement with Thomvest in the principal amount of $20 million (the "**Second Loan Agreement**", and together with the First Loan Agreement, the "**Loan Agreements**"). As partial consideration for the Second Loan Agreement, ProMetic issued Thomvest a warrant certificate ("**Warrant Certificate #3**"). Warrant Certificate #3 allows the holder thereof to purchase 16,723,807 Common Shares at a per share exercise price of $1.87 and expires on July 31, 2022.

On March 31, 2015, ProMetic and Structured Alpha LP amended the terms of the two loans by extending the maturity dates of the loans to July 31, 2022 without modifying the face values of the loans and modifying certain terms and conditions, including affirmative and negative covenants. In consideration of the above modifications, ProMetic issued Structured Alpha LP a warrant certificate ("**Warrant Certificate #4**"). Warrant Certificate **#**4 allows the holder thereof to purchase 7,000,000 Common Shares at an exercise price equal to the greater of (i) $3,00 per Common Share and (ii) the volume weighted average trading price of the Common Shares on the TSX for the five (5) trading day-period following the date of release of the annual financial statements of the Corporation (ProMetic) for the period ended December 31, 2014. Warrant Certificate #4 have an expiry date of July 31, 2022.

ProMetic also granted Structured Alpha LP a pre-emptive right to participate in any future public offering or private placement of ProMetic's Common Shares or securities convertible or exchangeable into Common Shares in order to allow Structured Alpha LP to maintain the same proportionate position, pro forma, assuming the exercise of all its warrants.

On August 12, 2014, Mr. Stefan Clulow was designated by Thomvest to be its representative on the Corporation's Board of Directors. Thomvest held the right to nominate one person for election to the Board of Directors of the Corporation pursuant to a loan agreement entered into with the Corporation. Thomvest's rights and obligations under such loan agreement were assigned by

Thomvest to Structured Alpha, an affiliated entity of Thomvest, effective October 1, 2014. Mr. Stefan Clulow is now the nominee of Structured Alpha to the Board of Directors.

18 – Interests of Experts

18.1 Names of Experts

The consolidated annual financial statements of the Corporation for the year ended December 31, 2014 included in the Corporation's 2014 Annual Report have been audited by Ernst & Young LLP.

18.2 Interests of Experts

None of Ernst & Young LLP or its partners hold any registered or beneficial interests, directly or indirectly, in the securities of the Corporation or its associates or affiliates, and is independent of the Corporation within the meaning of the Code of Ethics of the *Ordre des comptables professionnels du Québec*.

19 – AUDIT & RISK COMMITTEE

19.1 Audit & Risk Committee Charter

The Corporation's Audit & Risk Committee Charter is reproduced at Appendix A.

19.2 Composition

The Audit & Risk Committee is composed of four independent and financially literate directors: its chair, Mr. Paul Mesburis, Prof. Simon Best, Ms. Nancy Orr and Mr. Benjamin Wygodny.

19.3 Relevant Education and Experience

Member	Relevant Education and Experience
Mr. Paul Mesburis	○ Mr. Mesburis is a Chartered Professional Accountant (Ontario) and a Chartered Financial Analyst. He earned his MBA from the Schulich School of Business at York University and a B.A. from the University of Toronto. ○ He has more than 20 years of experience in the financial services industry. His capital markets experience encompasses roles for both buy-side and sell-side firms. ○ On the buy-side, his previous roles have included Vice President and Portfolio Manager of an equity mutual fund at a Canadian public financial services company. ○ On the sell-side, his investment experience includes mergers and acquisitions, investment banking, and institutional equity research. His previous sell-side roles have included Vice President of Mergers & Acquisitions and Institutional Equity Research Analyst at both global and domestic bank-owned investment dealers.
Prof. Simon Best	○ Prof. Best received an M.B.A. in 1985 from London Business School. ○ He served as Chairman of Ardana PLC, a UK company listed on the London Stock Exchange, for three years as well as Board member and Audit Committee member on other public and private companies.

Member	Relevant Education and Experience
Ms. Nancy Orr	○ Ms. Orr received an M.B.A. from Queen's University and a C.A. from McGill University and she has been a Fellow of the Québec Order of Chartered Accountants since 1988. ○ She has substantial experience as a member of several boards of directors and audit committees of public, private and government entities.
Mr. Benjamin Wygodny	○ Mr. Wygodny has over 30 years experienced in reading financial statements being a Board member and Audit Committee member for many non-for-profit and private companies.

19.4 Audit & Risk Committee Oversight

Since January 1, 2014, all recommendations of the Audit and Risk Committee to nominate or compensate external auditors were adopted by the Board of Directors.

19.5 Pre-Approval Policies and Procedures

The Audit & Risk Committee has reviewed and approved non-audit services on a case-by-case basis throughout the 2014 financial year.

20 – External Auditor Services Fees

Ernst & Young LLP have served as the Corporation's auditors since fiscal year 2010.

20.1 Audit Fees

Ernst & Young LLP provided services and billed the Corporation and its subsidiaries $433,000 for professional services rendered for the year ended December 31, 2014 (2013 - $272,000) in relation to the audit of the Corporation's financial statements for fiscal year 2014 as well as in relation to quarterly reviews and short-form prospectus.

20.2 Audit-Related Fees

Ernst & Young LLP provided services and billed the Corporation $21,900 for fiscal year 2014 (2013 - $5,100) for audit-related services, such as consultations related to accounting and reporting matters.

20.3 Tax Fees

Ernst & Young LLP did not bill the Corporation for tax compliance, advice or planning services for fiscal years 2014 and 2013.

20.4 All Other Fees

Ernst & Young provided services and billed the Corporation $12,500 for 2014 (2013 - $8,000) for translation services.

21 – Additional Information

Additional information relating to the Corporation may also be found on the SEDAR website at www.sedar.com or on the Corporation's website at www.prometic.com.

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, is contained in the Corporation's Management Information Circular for its most recent annual meeting of shareholders that involved the election of directors.

Additional financial information is provided in the Corporation's financial statements and management's discussion and analysis for its most recently completed financial year.

22 – Glossary of Terms

"**Board of Directors**" means the Board of Directors of the Corporation;

"**CCE**" means California Capital Equity, LLC;

"**CKD**" means chronic kidney diseases;

"**FDA**" means the U.S. Food and Drug Administration;

"**GLP**" means good laboratory practices;

"**GMP**" means good manufacturing practices

"**IND**" means Investigational New Drug;

"**Innovon**" means Innovon Pharmaceuticals Inc., a corporation controlled by Mr. Pierre Laurin, President and Chief Executive Offcer of the Corporation;

"**Invhealth Holding**" means Invhealth Holding Inc., a corporation controlled by Mr. Pierre Laurin, President and Chief Executive Offcer of the Corporation;

"**IPF**" means idiopathic pulmonary fibrosis;

"**IVIG**" means intravenous immunoglobulin;

"**Hepalink**" means Shenzhen Hepalink Pharmaceutical Co., Ltd.;

"**NASH**" means nonalcoholic steatohepatitis;

"**Nantpro**" means NantPro BioSciences, LLC;

"**PBI**" means ProMetic BioSciences Inc.;

"**PBL**" means ProMetic BioSciences Ltd.;

"**PBP**" means ProMetic BioProduction Inc.;

"**PBT**" means ProMetic Biotherapeutics, Inc.;

"**PMI**" means ProMetic Manufacturing Inc.;

"**PPPS**" means the Corporations' proprietary Plasma Protein Purification System (PPPS™);

"**PRDT**" means Pathogen Removal and Diagnostic Technologies Inc.;

"**R&D**" means research and development;

"**Structured Alpha**" means Structured Alpha LP;

"**Thomvest**" means Thomvest Seed Capital Inc., a Toronto-based investment vehicle of Peter J. Thomson; and

"**vCJD**" means Variant Creutzfeldt-Jakob Disease.

* * *

Appendix A

Audit & Risk Committee Charter

I. PURPOSE

The Board of Directors of ProMetic Life Sciences Inc. (the "**Corporation**") is ultimately responsible for the stewardship of the Corporation, which means that it oversees the day-to-day management delegated to the President and Chief Executive Officer and the other officers of the Corporation. The Audit & Risk Committee (the "**Committee**") is appointed by the Board of Directors to assist the Board in fulfilling this responsibility with respect to overseeing four (4) fundamental issues: (i) the Corporation's financial reporting process and internal control systems, (ii) the Corporation's process to identify and manage risks, (iii) the internal and external audit process; and (iv) the Corporation's communication system to provide an open avenue of communication among the external auditors, the financial and senior management, the internal auditing department (if any), and the Board of Directors.

II. GENERAL ROLE AND MANDATE

External Auditors

1. Review the independence[1] and the performance of the external auditors.
2. Recommend to the Board of Directors the appointment of the external auditors, to be approved by the shareholders, for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation or the approval of any discharge of auditors where circumstances warrant.
3. Recommend to the Board of Directors for approval the fees and other compensation to be paid to the external auditors.
4. Pre-approve non-audit services to be provided to the Corporation or its subsidiaries by the external auditors, other than non-audit services: (i) that were not recognized as non-audit services at the time of the engagement and (ii) that are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee.
5. Oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, review the external auditors' audit plan, discuss and approve audit scope, reliance upon management and internal audit if or when applicable, and general audit approach. At the conclusion of the audit process, and before releasing the year-end earnings, discuss the results of such audit with the external auditors including the resolution of disagreements between management and the external auditor regarding financial reporting and difficulties encountered in performing the audit.
6. Discuss with the auditors the quality and not just the acceptability of the Corporation's accounting principles including all critical accounting policies and practices used, any alternate treatments of financial information that have been discussed with management, the ramification of their use and the auditor's preferred treatment, as well as any other material communications with management.

[1] This should include at least on an annual basis, the review of all significant relationships the external auditors have with the Corporation that could impair the auditors' independence. When discussing auditor independence, the Committee may wish to consider both rotating the lead audit partner or audit partner responsible for reviewing the audit after a number of years and establishing hiring policies for employees or former employees of its external auditor.

7. The external auditors report to and are accountable to the Committee and the Board of Directors as representatives of shareholders.

Internal Auditors

8. Assess with management the need for internal audit as circumstances facing the Corporation change.

9. Review and approve management's decisions related to the need for internal auditing.

10. Review the mandate, budget plan, organizational structure and qualification of the internal audit department as needed.

Financial Reporting and Risk Management

11. Review the quarterly Management Accounts pack of the Corporation, understanding the key variances from budget and the impact on the cash flow of the Corporation.

12. Consider and review with the external and internal auditors, if or when applicable, the integrity of the Corporation's financial reporting processes, both internal and external, and the adequacy of the Corporation's internal controls and management financial information systems.

13. On an annual basis, review and discuss with management and the external auditors, significant risks and exposures, the steps management has taken to monitor, control and report such risks and exposures, and the effectiveness of the overall process for identifying the principal financial risks affecting financial reporting.

14. Review and discuss with management and the external auditors (including the internal auditors if any) the Corporation's audited annual financial statements, any other financial statements to be audited, non-audited interim financial statements, management discussion and analysis and all other public disclosure documents containing material financial information, and make recommendations for their approval by the Board of Directors, prior to filing or distribution. The review should include a discussion with management and the external auditors of significant issues regarding accounting principles, practices and significant management estimates and judgments.

15. Ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from its financial statements, other than the public disclosures referred to in paragraph 14 above, and periodically assess the adequacy of those procedures.

16. Review, with the Corporation's counsel, any legal or regulatory matter that could have a significant impact on the Corporation's financial statements.

17. Review and make recommendations with respect to any litigation, claim or contingency that could have a material effect upon the financial position of the Corporation and the appropriateness of the disclosure thereof in the documents reviewed by the Committee.

18. Establish procedures for:

    (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and

    (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

19. Review the CEO/CFO's report disclosing any fraud involving management or other employees who have a significant role in the issuer's ICFR52-109.

20. Review, if applicable, the monitoring reports from the Chair of the Corporate Governance Committee and the Chair of the Audit & Risk Committee, oursuant to the Corporation's Whistleblower policy.

21. Review and make recommendation regarding insurance coverage (annually or as may be otherwise appropriate).

22. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of present and former external auditors of the Corporation.

23. Review the Corporations Table of Authority and recommend any amendments to the Board of Directors for approval.

Other

24. Determine the appropriateness of declaring dividends.

25. Review the Corporation's Annual Information Form and recommend its approval to the Board of Directors.

26. Review the Annual Budget of the Corporation and recommend its approval to the Board of Directors.

27. Review and approve guidelines and policies for Treasury and Foreign Exchange operations within the group.

28. Perform any other activities consistent with its responsibilities and duties, the Corporation's by-laws and governing law as the Committee or the Board of Directors deems necessary or appropriate.

29. Keep records of its activities, meetings, etc. at the office of the Corporate Secretary and report periodically to the Board of Directors on its activities and make recommendations as deemed appropriate.

30. Establish and monitor performance against an Annual Workplan to monitor and ensure compliance with the Charter of the Audit & Risk Committee.

31. Annually assess the effectiveness of the Committee against its general role and mandate (charter) and report the results of the assessment to the Board of Directors.

32. Review and, if necessary recommend to the Board of Directors, any update to the Charter of the Audit & Risk Committee.

33. Approve the hiring of the Chief Financial Officer and other senior management officers whose principal duties and responsibilities relate directly to the finances of the Corporation.

The Audit & Risk Committee may:

(a) with the approval of the Board of Directors and at the Corporation's expense engage independent counsel and other external advisors as it determines necessary to carry out its duties;

(b) set and pay the compensation for any such advisors employed by the Committee; and

(c) communicate directly with the internal and external auditors.

III. COMPOSITION

The Audit & Risk Committee shall be comprised of a minimum of three (3) and and a maximum of six (6) independent directors of the Corporation, appointed by the Board of Directors following the Annual General Meeting to serve on the Committee until the close of the next annual meeting of shareholders of the Corporation or until the member ceases to be a director, resigns or is replaced, whichever first occurs. Any member may be removed from office or replaced at any time by the Board of Directors.

A member of the Committee is independent if the member has no material relationship with the Corporation, within the meaning of *Regulation 52-110 respecting Audit Committees* as amended from time to time.

Unless a chairman is elected by the full Board of Directors, or if not present at the meeting, the members of the Audit & Risk Committee may designate a chairman by majority vote of the full Audit & Risk Committee membership.

All members of the Audit & Risk Committee shall be financially literate, that being defined as able to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statement. However, a member who is not financially literate may be appointed to the Committee provided that the member becomes financially literate within a reasonable period of time following his or her appointment. At least one member should have accounting or related financial experience and the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with International Financial Reporting Standards (IFRS).

IV. MEETINGS

The Committee shall meet at least four (4) times annually, or more frequently as circumstances dictate. The Committee may ask members of management or others to attend meetings and provide pertinent information as required. Quorum for all meetings will consist of at least two (2) members.

The Committee's Chair shall prepare an agenda in advance of each meeting in consultation with management and the other members of the Committee. External auditors may also be consulted for any item related to their responsibilities and duties.

The Committee may meet with the external auditors, in private, at least once during the year. The Committee may also communicate with management and external auditors, if deemed necessary, on a quarterly basis to review the Corporation's interim financial statements.

V. WORK PROGRAM

The Audit & Risk Committee annually establishes a work program in order to fix a schedule to fulfill its responsibilities pursuant to the content of this charter. The Committee uses such work program, inter alia, to evaluate its compliance with this charter.

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PROMETIC