Q3 2015

PROMETIC LIFE SCIENCES INC.

Management Discussion & Analysis

For the quarter and nine months ended September 30, 2015

MANAGEMENT'S DISCUSSION & ANALYSIS

This Management's Discussion and Analysis (MD&A) is intended to help the reader to better understand ProMetic Life Sciences Inc.'s ("ProMetic" or the "Corporation") operations, financial performance and results of operations, as well as the present and future business environment. This MD&A has been prepared as of November 10, 2015 and should be read in conjunction with ProMetic's condensed interim consolidated financial statements for the quarter and nine months ended September 30, 2015 and the MD&A for the year ended December 31, 2014. Additional information related to the Corporation, including the Corporation's Annual Information Form, is available on SEDAR at www.sedar.com. All amounts in tables are in thousands of Canadian dollars, except where otherwise noted.

FORWARD-LOOKING STATEMENTS

The information contained in the Management's Discussion and Analysis of the results of operations and the financial condition contains statements regarding future financial and operating results. It also contains forward-looking statements with regards to partnerships and agreements and future opportunities based on these. There are also statements related to the discovery and development of intellectual property, as well as other statements about future expectations, goals and plans. We have attempted to identify these statements by use of words such as "expect", "believe", "anticipate", "intend", and other words that denote future events. These forward-looking statements are subject to material risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. These risks and uncertainties include but are not limited to the Corporation's ability to develop, and successfully manufacture pharmaceutical products, and to obtain contracts for its products and services and commercial acceptance of advanced affinity separation technology. Additional information on risk factors can be found in the Corporation's Annual Information Form for the year ended December 31, 2014. Shareholders are cautioned that these statements are predictions and actual events or results may differ materially from those anticipated in these forward-looking statements. Any forward-looking statements we may make as of the date hereof are based on assumptions that we believe to be reasonable as of this date and we undertake no obligation to update these statements as a result of future events or for any other reason, unless required by applicable securities laws and regulations.

ProMetic is a long-established, publicly traded (TSX symbol: PLI) (OTCQX symbol: PFSCF), biopharmaceutical Corporation with globally recognized expertise in bioseparation, plasma-derived therapeutics and small-molecule drug development. ProMetic is focused on bringing safer, more cost-effective and more convenient products to both existing and emerging markets. ProMetic offers its state of the art technologies for large-scale drug purification of biologics, drug development, proteomics and the elimination of pathogens to several 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 best-in-class therapeutics. ProMetic is also active in developing its own novel small molecule therapeutic products targeting unmet medical needs in the field of fibrosis, autoimmune disease/inflammation and cancer. A number of both the plasma-derived and small molecule products are under development for orphan drug indications. Headquartered in Laval (Canada), ProMetic has R&D facilities in the UK, the U.S. and Canada, manufacturing facilities in the Isle of Man and Canada and business development activities in the U.S., Europe and Asia.

BUSINESS SEGMENTS

The **Protein Technologies** segment comprises different operating subsidiaries. The principal subsidiaries are:

- ProMetic BioProduction Inc. ("**PBP**"), based in Laval, Quebec, Canada,
- ProMetic BioTherapeutics Inc. ("**PBT**"), based in Rockville, MD, USA;
- ProMetic BioSciences Ltd. ("**PBL**"), based in the United Kingdom (Isle of Man and Cambridge), and
- NantPro BioSciences LLC ("**NantPro**") based in Delaware, USA,
- ProMetic Plasma Resources Inc. ("**PPR**") based in Winnipeg, Manitoba, Canada.

ProMetic and its Protein Technologies segment is known for its world-class expertise in bioseparation, specifically for large-scale purification of biologics and the elimination of pathogens. These technologies are being used by several industry leaders. 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 therapeutics and orphan drugs targeting unmet medical conditions and rare diseases.

With all the necessary elements to accelerate the development of a strong product pipeline, ProMetic is becoming a vertically integrated specialty biopharmaceutical corporation. At the heart of this strategy resides the bioseparation technologies and products of the Corporation. The bioseparation technologies enable the capture of multiple, targeted proteins directly from source products and provide for a highly efficient and cost-effective process.

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 as the Plasma Protein Purification System ("PPPS^{TM}").

PBP is our plasma purification facility where we transfer the purification methods developed at our PBT laboratories to a commercial-scale production facility and manufacture best-in-class plasma-derived therapeutics to be used in the Corporation's current and upcoming plasma derived products clinical trials. The Laval facility also serves as a blueprint for other partners' future plants, as a technological showroom and training center.

With the following proteins already scheduled for production at PBP, namely plasminogen, IVIG, alpha-1 antitrypsin, fibrinogen and C1 Esterase Inhibitor (C1-INH) and with several other plasma-derived therapeutics earmarked for further development, ProMetic is rapidly building a significant plasma-derived product pipeline of substantial value. Both the US Food and Drug Administration ("FDA") and European Commission have granted orphan drug designations status for ProMetic's human plasma derived plasminogen drug for the treatment of plasminogen deficiency. ProMetic's intravenous Plasminogen was the first PPPS^{TM} generated plasma-derived therapeutic to enter clinical trial stages. It was recently followed by IVIG and should be followed by additional plasma-derived therapeutics in 2016 and the coming years.

The **Small Molecule Therapeutics** segment is a small molecule drug discovery business comprised of one entity:

- ProMetic BioSciences Inc. ("**PBI**"), based in Laval, Quebec, Canada

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 needs targeted are in the fields of fibrosis, inflammation, autoimmune diseases and cancer.

The business model for this division is to develop promising drug candidates and upon completion of proof of concept studies in humans, either pursue development and commercialization activities for orphan indications and or partner medical indications requiring a more much more substantial commercial reach. While the Small Molecule Therapeutics segment has several of such promising drug candidates, Management has focused on working towards the Investigational New Drug ("IND") enabling and partnering activities for its anti-fibrosis lead drug candidate PBI-4050. As a result of positive data generated over the past years 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 December 2013. PBI-4050 successfully completed in June 2014 its Phase I clinical trial in 40 healthy volunteers where it was found to be safe and very well tolerated without any serious adverse events reported in any of the five cohorts tested. ProMetic held a successful Pre-Investigational New Drug ("Pre-IND) meeting with the US Food and Drug Administration regarding PBI-4050 in 2014. This Pre-IND meeting with the FDA focused on ProMetic's proposed phase II clinical program, for PBI-4050, in patients with Chronic Kidney Disease ("CKD"), other rare diseases as well as the manufacturing and pre-clinical package that ProMetic intends to include in the IND submission. As a result of these successful Pre-IND meetings with both the FDA and Health Canada, a series of Clinical Trial Applications ("CTA") and INDs were filed before the end of 2014 and cleared by Health Canada during the latter part of 2014 and early 2015, thereby authorizing ProMetic to commence clinical trials in patients suffering, from CKD, Idiopathic Pulmonary Fibrosis ("IPF") and the metabolic syndrome and its resulting type II diabetes ("MS T2D").

The phase Ib/II in CKD trial was successfully completed and confirmed that PBI-4050 was as well tolerated in patients with impaired renal function, and that the pharmacokinetics of the drug was not otherwise altered compared to healthy volunteers. This was an important achievement in that the treatment of such CKD patients would not require dose adjustment relative to their kidney function. The completion of this study is enabling the Corporation to file an IND with the FDA during the fourth quarter of 2015 for the pivotal study in CKD patients in the USA. This pivotal trial would be a multi-center a 3-arm, double-blind, placebo-controlled design involving two different doses of PBI-4050. The trial will be performed at sites already identified across Canada and in the USA

The phase II open label study in patients with MS T2D is well underway with 20 patients enrolled. The Drug Safety Monitoring Board authorized the extension of the protocol to enroll up to 36 patients after the first 12 patients demonstrated again a very good safety profile for PBI-4050 and no Serious Adverse Events (SAEs). Aside from demonstrating safety and tolerability, this study was also designed to detect early signs of activity on metabolic disorders biomarkers to enable the Corporation to confirm whether the pharmacological activity PBI-4050 observed in animals translate to humans.

The Phase II open label trial in patients with IPF is also underway in five centers across Canada. While the original intent of this study was to provide proof of concept of efficacy in IPF patients, a recent pre-IND meeting with the FDA has provided the opportunity for the Corporation to change course. As per the FDA recommendation, ProMetic intends to pursue a pivotal study in IPF in the USA and Canada with a study design adding PBI-4050 to the current standard of care. The Corporation expects such clinical program to

commence in the second quarter of 2016.

Additional CTAs and INDs are expected to be filed in the coming months and will target additional orphan indications. The US FDA and the EMA each granted an orphan drug designation to PBI-4050 drug for the treatment of Idiopathic Pulmonary Fibrosis for the US and for Europe respectively..

As in previous years, ProMetic presented some of its data generated at several of the most prestigious industry conferences in 2015, including the 2015 American Thoracic Society International Conference, the 2015 European Renal Association annual meeting and the 75th American Diabetes Association Scientific Sessions. ProMetic also anticipates continuing to present new and additional data at leading industry conferences going forward in 2015 and the coming years.

QUARTER ENDED SEPTEMBER 30, 2015 IN SUMMARY

On August 10, 2015, ProMetic and Emergent Biosolutions ("Emergent") closed the transaction which resulted in the transfer of ownership of the plasma collection center to ProMetic for an approximate purchase price of $0.8 million. In addition to providing the Corporation with readily accessible specialty plasma necessary to bring to market innovative plasma derived therapeutic solutions, the Corporation intends to use this facility as a blueprint for the opening of additional plasma collection centers, as part of its strategy of integrating and de-risking its supply chain.

The Corporation continued to successfully advance its plasminogen therapeutic development program and reported the successful completion of the first round of dosing of plasminogen deficient patients where ProMetic's intravenous plasminogen was found to be safe, very well tolerated and without drug-related adverse events. The Corporation also received an orphan drug designation for its human plasma derived plasminogen drug by the European Commission for the treatment of plasminogen deficiency.

The Corporation also confirmed the safety and tolerability of its PBI-4050 in the first 12 metabolic syndrome with associated type 2 diabetes patients, following review of the safety data by the Data Safety Monitoring Board and started the enrollment of an additional 24 patients, as planned in the study protocol design. Since the beginning of the metabolic syndrome Phase II clinical trial, the first 12 patients have received on average the equivalent of more than 2 months of dosing per patient. PBI-4050 has now therefore exceeded more than 24 months of patients/product exposure and the Corporation still anticipates having partial read out on biomarkers available before the end of this year.

On the financial side, total revenues for the quarter ended September 30, 2015 were $5.7 million with cost of sales and Research and Development ("R&D") expenses recharged totalling $1.3 million whereas the revenues for the nine months ended September 30, 2015 were $10.5 million with cost of sales and R&D recharged totalling $3.9 million. Product sales which accounted for most of the revenues were higher for the first nine months of 2015 at $9.2 million compared to the same 2014 period at $7.3 million. The Corporation anticipates a strong fourth quarter of 2015 as well. Research and development expenses non-rechargeable were $11.8 million and $31.7 million and administration, selling and marketing were $4.1 million and $11.2 million for the quarter and the nine months ended September 30, 2015 respectively. ProMetic ended the third quarter of 2015 with a cash position of $42.5 million, a strong enough position to allow the Corporation to confidently continue the advancement of its various clinical programs related to PBI-4050 and new plasma-derived drugs. This should also facilitate the expansion of clinical uses and proprietary positions on some plasma-derived drugs, the manufacturing scale up of plasma-derived drug candidates and of promising follow-on drug candidates to PBI-4050, and the increase of the Corporation's manufacturing capacity. Furthermore, as ProMetic continues to advance its various programs, licensing deals and associated revenues are expected to materialize following the consummation of additional commercial partnerships.

Other significant developments since the third quarter

- The Corporation successfully held a Pre-Investigational New Drug ("Pre-IND") meeting with the US Food and Drug Administration ("FDA") for its orally active anti-fibrotic lead drug candidate, PBI-4050. The meeting with the FDA focused on ProMetic's proposed clinical development program for PBI-4050 in patients with IPF, and particularly on an optimal design for the first pivotal clinical trial that will incorporate the current standards of care for IPF in the US.
- The Corporation was granted an orphan drug designation status for its lead drug candidate, PBI-4050, for the treatment of idiopathic pulmonary fibrosis ("IPF"), by the European Commission.
- The Corporation received clearance by the US Food and Drug Administration ("FDA") for its Investigational New Drug ("IND") application for ProMetic's IVIG for the treatment of Primary Immunodeficiency Diseases ("PIDD").
- The Corporation's clinical trial application for its anti-fibrotic lead drug candidate PBI-4050 in patients suffering from a condition associated with type 2 diabetes and severe multi-organ fibrosis was cleared by the Medicines and Healthcare Products Regulatory Agency ("MHRA") in the United Kingdom
- The Corporation announced the appointment of Mr. Gregory Weaver, as its new Chief Financial Officer following the promotion of Mr. Bruce Pritchard to the position of Chief Operating Officer, announced earlier in August 2014.
- The Corporation used its plasma-derived plasminogen replacement therapy, currently in a Phase 1 clinical trial in the USA, to successfully treat a plasminogen-deficient infant in critical condition in an intensive care unit at the Altona Children's Hospital in Hamburg, Germany

FINANCIAL PERFORMANCE

Amounts in tables are expressed in thousands of Canadian dollars, except per share amounts.

Business combination

On August 10, 2015 ("date of acquisition"), the Corporation acquired the assets of a plasma collection center located in Winnipeg, Canada pursuant to the agreement entered into in May 2015 with Emergent Biosolutions for a cash consideration of $0.8 million. The acquisition was accounted for as a business combination and the assets and liabilities of ProMetic Plasma Resources Inc., the new entity created to house these activities are included in the consolidated statement of financial position as at September 30, 2015 and the operating results are reflected in the consolidated statement of operations since the date of acquisition.

The Corporation has performed a preliminary purchase price allocation and recognised all of the identifiable net assets at their acquisition date fair values as follows:

Inventory	$	374
Capital assets		85
Donors list		225
License		157
Net assets acquired	$	841

The amounts recorded for the business combination may change from now until the final valuation and purchase price allocation are completed. The Corporation expects that this work will be completed by the end of 2015.

A small portion of the plasma that will be collected at the center is destined for sale to a third party. The remainder of the plasma collected will be used by entities within the group as a raw material used in research activities including the production of product for clinical trials. Only the plasma collected for sale

to third parties will qualify as inventory and can be recognized on the statement of financial position. The remainder of the production will be expensed in the consolidated statement of operations as research and development expenses.

Results of operations

The condensed interim consolidated statement of operations for the quarter and the nine months ended September 30, 2015 compared to the same period in 2014 are presented in the following table.

	Quarter ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Revenues	$ 5,661	$ 2,315	$ 10,468	$ 12,464
Expenses				
Cost of goods sold	1,205	867	3,342	4,659
Research and development expenses recharged	87	266	588	2,699
Research and development expenses non-rechargeable	11,810	7,397	31,731	20,281
Administration, selling and marketing expenses	4,129	3,189	11,245	8,300
Loss (gain) on foreign exchange	(563)	26	(1,712)	10
Finance costs	461	774	1,903	1,825
Fair value variation of warrant liability	-	10,420	1,458	12,432
Loss on extinguishment of liabilities	-	-	9,592	-
Gain on revaluation of equity investment	-	-	-	(24,258)
Purchase gain on business combination	-	-	-	(8,065)
Net loss before income taxes	(11,468)	(20,624)	(47,679)	(5,419)
Income tax expense (recovery) :				
Current	-	53	2	500
Deferred	(904)	-	(3,158)	-
	(904)	53	(3,156)	500
Net loss	$ (10,564)	$ (20,677)	$ (44,523)	$ (5,919)
Net loss attributable to:				
Owners of the parent	(9,227)	(19,279)	(40,288)	(3,283)
Non-controlling interests	(1,337)	(1,398)	(4,235)	(2,636)
	$ (10,564)	$ (20,677)	$ (44,523)	$ (5,919)
Basic and diluted loss per share attributable to the owners of the parent	$ (0.02)	$ (0.04)	$ (0.07)	$ (0.01)

Revenues

Total revenues for the nine months ended September 30, 2015 were $10.5 million compared to $12.5 million during the comparative period of 2014, a decrease of $2.0 million. Total revenues for the quarter ended September 30, 2015 were $5.7 million compared to $2.3 million in 2014 representing an increase of $3.4 million.

Revenues for both periods were derived from product sales and development service revenues. Revenues from each source may vary significantly from period to period. The following table provides the breakdown of total revenues by source for the quarter and nine months ended September 30, 2015 compared to the corresponding periods in 2014.

	Quarter ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Revenues from the sale of goods	$ 5,073	$ 1,029	$ 9,186	$ 7,330
Revenues from the rendering of services	588	735	1,282	4,583
Milestone and Licensing revenues	-	551	-	551
	$ 5,661	$ 2,315	$ 10,468	$ 12,464

Revenues from the sale of goods, from the Protein Technology segment, were $9.2 million during the nine months ended September 30, 2015 compared to $7.3 million during the corresponding period of 2014, representing an increase of $1.9 million. Revenues from the sale of goods were $5.1 million during the third quarter of 2015 compared to $1.0 million during the corresponding period of 2014, representing an increase of $4.0 million. The increase is essentially due to a higher volume of affinity resin sales during the quarter and the nine months ended September 30, 2015 compared to the same period in 2014 but also due to the change in the foreign currency exchange rate of the GBP to the Canadian dollar over the two periods which affect the translation of the results of a foreign subsidiary.

Service revenues, from the Protein Technology segment, were $1.3 million during the nine months ended September 30, 2015 compared to $4.6 million for the corresponding period of 2014, representing a decrease of $3.3 million. Service revenues were $0.6 million for the third quarter of 2015 compared to $0.7 million during the corresponding period of 2014, representing a decrease of $0.1 million The decrease in the year to date revenues is mainly due to the fact that NantPro is being consolidated since May 8, 2014 and consequently the service revenues billed to NantPro since that date are being eliminated upon consolidation. The service revenues earned until May 8, 2014 from the services rendered to NantPro when it was treated as an associate amounted to $3.7 million. Once we remove the Nantpro revenues from the 2014 figure, the services revenues show a slight increase in 2015 over 2014.

Cost of goods sold

Cost of goods sold were $3.3 million during the nine months ended September 30, 2015 compared to $4.7 million for the corresponding period in 2014, representing a decrease of $1.3 million. Cost of goods sold were $1.2 million during the quarter ended September 30, 2015 compared to $0.9 million for the corresponding period in 2014, representing an increase of $0.3 million. The variations for the nine month and the quarterly periods mainly reflect the variations in the sales of goods for the corresponding periods.

Research and development expenses recharged

Research and development expenses recharged were $0.6 million during the nine months ended September 30, 2015 compared to $2.7 million for the corresponding period in 2014, representing a decrease of $2.1 million. R&D expenses recharged were $0.1 million during the quarter ended September 30, 2015 compared to $0.3 million for the corresponding period in 2014, representing a decrease of $0.2 million. Similarly to the service revenues, the expenses under R&D recharged no longer include the expenses incurred in performing services to NantPro since it is now being consolidated. This is the main reason for the decrease compared to the 2014 period. The expenses incurred in developing the IVIG protein are now grouped in the R&D non-rechargeable line in the financial statements.

Research and development expenses – non-rechargeable

Non-rechargeable research and development expenses were $31.7 million during the nine months ended September 30, 2015 compared to $20.3 million for the corresponding period in 2014, representing an increase of $11.5 million. Non-rechargeable research and development expenses were $11.8 million during the quarter ended September 30, 2015 compared to $7.4 million for the corresponding period in 2014,

representing an increase of $4.4 million. The increase is due in part to the inclusion of all the IVIG development and related IND filing expenses under this caption since the NantPro acquisition but mainly due to the overall increase in the other development activities the Corporation is pursuing compared to 2014, including several clinical trials for PBI-4050 and plasminogen. The increase is also due to an increase in the headcount and the related compensation expense, the manufacturing cost of therapeutics to be used in the PBI-4050 clinical trials and the upcoming IVIG trials, the expenses pertaining to the CMO contract with Emergent as well as an increase in consulting fees including fees paid to Contract Research Organizations ("CRO") who are coordinating the clinical trials. Finally, the effect of the change in the foreign currency exchange rate of the GBP to the Canadian dollar and USD to the Canadian dollar over the two periods, which affect the translation of the results of foreign subsidiaries, resulted in an increase in R&D expenditures.

Administration, selling and marketing expenses

Administration, selling and marketing expenses were $11.2 million during the nine months ended September 30, 2015 compared to $8.3 million for the corresponding period in 2014, representing an increase of $2.9 million. Administration and marketing expenses were $4.1 million during the quarter ended September 30, 2015 compared to $3.2 million for the corresponding period in 2014, representing an increase of $0.9 million. The increase is mainly attributable to an increase in salary expense resulting principally from an increase in headcount over the one year period, consulting fees and information technology expenses. These were partially offset by a decrease in share-based payment expense.

Share-based payments

Share-based payments expense represents the expense recorded as a result of stock options and Restricted Stock Units ("RSU") issued to employees and board members. This expense has been recorded under cost of goods sold, research and development and administration, selling and marketing expenses as indicated in the following table:

	Quarter ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Cost of goods sold	$ 11	$ 31	$ 26	$ 56
R&D expenses recharged	-	-	-	34
R&D expenses non-rechargeable	(261)	470	716	1,110
Administration, selling and marketing expenses	407	981	1,143	1,419
	$ 157	$ 1,482	$ 1,885	$ 2,619

Share-based payments were $1.9 million during the nine months ended September 30, 2015 compared to $2.6 million during the corresponding period of 2014, representing a decrease of $0.7 million. Share-based payments were $0.2 million during the quarter ended September 30, 2015 compared to $1.5 million during the corresponding period of 2014, representing a decrease of $1.3 million. The decrease is mainly due to a decrease in the RSU expense of $0.4 which resulted principally from a change in accounting estimates pertaining to the RSU (see section change in accounting estimate below) and a change in likelihood in the realisation of certain milestones objectives under the 2014-2016 RSU plan. This was partially offset by the recognition of share-based compensation expense pertaining to the 2015-2017 RSU grant which occurred during the quarter ended September 30, 2015 and the higher expense recorded in regards to stock options as a result of the general increase in the grant date values of the underlying share over the years as well as an increase in the number of participants.

Fair value variation of warrant liability

On May 13, 2015, following the approval by the shareholders of the proposed modifications to the second warrants issued in the financing transaction with Structured Alpha, entered into September 2013 (the "Second Warrants"), the Second Warrants became equity instruments for accounting purposes (see note 7 of the condensed interim consolidated financial statements for the quarter and nine months ended September 30, 2015).

Up to May 13, 2015, the Second Warrants continued to be measured at fair value. The fair value of the warrant liability on that date was estimated at $26.1 million ($24.7 million at December 31, 2014). This resulted in a loss on revaluation of the warrant liability of $1.5 million for the nine months ended September 30, 2015 (a loss of $10.4 million for the quarter ended September 30, 2014 and a loss of $12.4 million for the nine months ended September 30, 2014). After May 13, 2015, as a result of the change in accounting, there will be no further recognition of changes in fair value of the Second Warrants in the consolidated statement of operation.

Loss on extinguishment of liabilities

The following table provides the breakdown of the loss on extinguishment of liabilities by type of transaction for the nine months ended September 30, 2015:

		Nine months ended September 30, 2015
Loss on extinguishments of debt	$	7,725
Loss on reclassification of warrant liability to equity		1,867
	$	9,592

The aggregate loss on extinguishments of debt is made up of two transactions. The first one, the modification of the two OID loans, occurred during the first quarter of 2015. On March 31, 2015, the Corporation and the holder of the long-term debt amended the terms by; extending the maturity dates of the loans to July 31, 2022 without changing their face values, modifying certain terms and conditions, including affirmative and negative covenants, and including a right of repayment of the OID loans starting from September 13, 2018. In consideration of the above modifications, ProMetic issued seven million warrants to purchase common shares of the Corporation at an exercise price of $3.00 per common share.

This modification was accounted for as an extinguishment of the previous loans and the recognition of new loans at their fair value at the date of the transaction. The required adjustment to the debt on the consolidated statement of financial position and the cost associated with this transaction representing mainly legal fees and the fair value of the warrants have been recognised as a loss on extinguishment of debt in the amount of $6.1 million in the consolidated statements of operations (refer to note 8 of the condensed interim consolidated financial statements for the quarter and nine months ended September 30, 2015 for further details).

In the second transaction which occurred during the second quarter of 2015, the holder of the long-term debt used the set off of principal right under the loan agreements, to settle the amounts due to the Corporation following its participation in a private placement which occurred concurrently with the closing of a public offering of common shares and subsequent exercise of the over-allotment right, on May 6, 2015 and on May 28, 2015 respectively.

As a result, the face value of the $15.7 million OID loan was reduced by $4.3 to $11.3 million. This reduction of $4.3 million is equivalent to the value of the shares (1,662,526 common shares) issued at the agreed price of $2.60 concluded in connection with the private placement. This transaction was accounted for as an extinguishment of a portion of the OID loan and the difference between the adjustment to the carrying value of the loan of $2.1 million and the amount recorded for the shares issued of $3.8 million was recorded as a loss on extinguishment of a loan of $1.7 million (refer to note 8 of the condensed interim consolidated financial statements for the quarter and nine months ended September 30, 2015 for further details).

The loss on reclassification of the warrant liability to equity resulted from the modifications to the Second Warrants discussed above. Effectively, once the warrant liability was measured for the last time at its estimated fair value it was derecognised and the modified warrants were recorded in equity ("reclassification of warrant liability to equity") at their fair value on the date of the modification estimated at $28.0 million. The modification resulted in a loss of $1.9 million being recognized during the nine months ended September 30, 2015.

Net loss before income taxes was $47.7 million for the nine months ended September 30, 2015 compared to a net loss before income taxes of $5.4 million for the comparative period in 2014, representing an increase in loss of $42.3 million. There are four main reasons for this variation. The most important pertains to the fact that the comparative figures include the gain on revaluation of equity investment and the purchase gain on business combination totalling $32.3 million recognized in relation to the NantPro acquisition which occurred during the second quarter of 2014. Secondly, the overall increase in R&D and administrative expenses in 2015 compared to 2014, as discussed above, contributed to the increase in net loss. The increase in loss is also due to the loss on extinguishment of liabilities of $9.6 million recorded during the nine months ended September 30, 2015 when no similar losses were recognized in the prior period. Finally, these impacts were partially offset by the reduction in the loss on the fair value variation of warrant liability by $11.0 million.

EBITDA analysis

The Adjusted EBITDA for the Corporation for the quarters and the nine months ended September 30, 2015 and 2014 are presented in the following tables.

	Quarter ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Revenues	$ 5,661	$ 2,315	$ 10,468	$ 12,464
Expenses				
Cost of goods sold	1,205	867	3,342	4,659
Research and development expenses recharged	87	266	588	2,699
Research and development expenses non-rechargeable	11,810	7,397	31,731	20,281
Administration, selling and marketing expenses	4,129	3,189	11,245	8,300
Total	$ (11,570)	$ (9,404)	$ (36,438)	$ (23,475)
Adjustments to obtain Adjusted EBITDA				
Share-based compensation	157	1,482	1,885	2,619
Depreciation	1,213	515	1,722	908
Adjusted EBITDA	$ (10,200)	$ (7,407)	$ (32,831)	$ (19,948)

Adjusted EBITDA is a non-GAAP measure that is not defined or standardized under IFRS and it is unlikely to be comparable to similar measures presented by other companies. The Corporation believes that Adjusted EBITDA provides an additional insight in regards to the cash used in operating activities on an on-going basis. It also reflects how management analyzes the Corporation's performance and compares that performance against other companies. In addition, we believe that Adjusted EBITDA is a useful measure as some investors and analysts use EBITDA and similar measures to compare the Corporation against other companies.

Total Adjusted EBITDA for the Corporation was $(32.8) million for the nine months ended September 30, 2015 compared to $(19.9) million for the comparative period of 2014, representing a decrease of $12.9 million. The increase in R&D and administration, selling and marketing expenses during

the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014, are the main factors explaining the decrease in Adjusted EBITDA.

Total Adjusted EBITDA was $(10.2) million for the quarter ended September 30, 2015 compared to $(7.4) million for the comparative period of 2014, representing a decrease of $2.8 million. The increase in R&D and administration, selling and marketing expenses for ended September 30, 2015 compared to the nine months ended September 30, 2014, the main reasons explaining the decrease in Adjusted EBITDA were partially offset by the higher earnings contribution resulting from the sales of goods.

Segmented information analysis

For the nine months ended September 30, 2015 and 2014
The net loss before income taxes for the two segments, the corporate activities and for the total Corporation for the nine months ended September 30, 2015 and 2014 are presented in the following tables.

Nine months ended September 30, 2015	Small Molecule Therapeutics	Protein Technologies	Corporate	Total
Revenues	$ -	$ 10,468	$ -	$ 10,468
Costs of goods sold	-	3,342	-	3,342
R&D expenses recharged	-	588	-	588
R&D expenses non-rechargeable	6,197	25,534	-	31,731
Administration, selling and marketing	598	3,949	6,698	11,245
Loss (gain) on foreign exchange	15	10,863	(12,590)	(1,712)
Finance costs	455	1,528	(80)	1,903
Fair value variation of warrant liability	-	-	1,458	1,458
Loss on extinguishment of liabilities	-	-	9,592	9,592
Net loss before income taxes	$ (7,265)	$ (35,336)	$ (5,078)	$ (47,679)

Nine months ended September 30, 2014	Small Molecule Therapeutics	Protein Technologies	Corporate	Total
Revenues	$ 11	$ 12,453	$ -	$ 12,464
Costs of goods sold	-	4,659	-	4,659
R&D expenses recharged	-	2,699	-	2,699
R&D expenses non-rechargeable	4,289	15,992	-	20,281
Administration, selling and marketing	405	3,030	4,865	8,300
Loss (gain) on foreign exchange	(4)	348	(334)	10
Finance costs	370	934	521	1,825
Fair value variation of warrant liability	-	-	12,432	12,432
Gain on revaluation of equity investment	-	(24,258)	-	(24,258)
Purchase gain on business combination	-	(8,065)	-	(8,065)
Net earnings (loss) before income taxes	$ (5,049)	$ 17,114	$ (17,484)	$ (5,419)

Net loss before income taxes for Small Molecule Therapeutics increased by $2.2 million during the nine months ended September 30, 2015 compared to the corresponding period in 2014. The increase is mainly due to the higher level of research activities, particularly in regards to the PBI-4050 clinical program currently underway. During the current year, the Corporation has been running three clinical trials in relation to its PBI-4050 drug. The Corporation is also working towards filing additional INDs later this year and beyond. As of September 30, 2014, the Corporation was working towards the filings of several INDs however no clinical trials had commenced. The increase reflects an increase in compensation expense as a result of the additional employees hired to manage the trials, in CRO expense as well as the cost to manufacture the materials for the trials.

Net loss before income taxes for Protein Technologies increased by $52.5 million for the nine months ended September 30, 2015 compared to the corresponding period in 2014. The main reason for the increase pertains to the fact that the comparative figures included a non-recurring gain on revaluation of equity investment and purchase gain on business combination totalling $32.3 million recognized in relation to the NantPro acquisition which occurred during the second quarter of 2014. Contributing to the increase is the decline in revenues by $2.0 million during the nine months ended September 30, 2015 compared to the corresponding period in 2014. This is principally due to the fact that the 2014 figures include $3.7 million of services revenues to NantPro compared to none during the current period mainly due to the fact that services revenues to NantPro are no longer recognized in the consolidated statements since May 8, 2014.

Furthermore, the increase in research and development expenses non-rechargeable is due to an increase in activities compared to the previous year as the Corporation has been running a Phase I clinical trial in the US in 12 patients with plasminogen deficiency, has been working on obtaining the approval of the IVIG IND by the FDA which was received in October and continues to work on the development of subsequent proteins it wishes to eventually bring to market. The increase reflects the increase in compensation expense mainly due to an increase in headcount over prior year, the cost of raw materials and plant expense to manufacture the materials for the trials, the increase in outside manufacturing expenditures resulting from the CMO contract signed with Emergent as well as rental and consulting expenses. Finally contributing to the loss, is a loss on foreign exchange mainly generated on intercompany loans.

For the quarter ended September 30, 2015 and 2014
The net loss before income taxes for the two segments, the corporate activities and for the total Corporation for the quarters ended September 30, 2015 and 2014 are presented in the following tables.

Quarter ended September 30, 2015	Small Molecule Therapeutics	Protein Technologies	Corporate	Total
Revenues	$ -	$ 5,661	$ -	$ 5,661
Costs of goods sold	-	1,205	-	1,205
R&D expenses recharged	-	87	-	87
R&D expenses non-rechargeable	2,057	9,753	-	11,810
Administration, selling and marketing	449	1,890	1,790	4,129
Loss (gain) on foreign exchange	10	8,468	(9,041)	(563)
Finance costs	158	526	(223)	461
Net earnings (loss) before income taxes	$ (2,674)	$ (16,268)	$ 7,474	$ (11,468)

Quarter ended September 30, 2014	Small Molecule Therapeutics	Protein Technologies	Corporate	Total
Revenues	$ 4	$ 2,311	$ -	$ 2,315
Costs of goods sold	-	867	-	867
R&D expenses recharged	-	266	-	266
R&D expenses non-rechargeable	1,470	5,927	-	7,397
Administration, selling and marketing	149	1,154	1,886	3,189
Loss (gain) on foreign exchange	(4)	348	(318)	26
Finance costs	164	387	223	774
Fair value variation of warrant liability	-	-	10,420	10,420
Net loss before income taxes	$ (1,775)	$ (6,638)	$ (12,211)	$ (20,624)

Net loss before income taxes for Small Molecule Therapeutics increased by $0.9 million during the quarter ended September 30, 2015 compared to the corresponding period in 2014. The increase is mainly due to the higher level of research activities relating to the clinical trials underway.

Net loss before income taxes for Protein Technologies increased by $9.6 million for the quarter ended September 30, 2015 compared to the corresponding period in 2014. The increase is mainly due to the general increase in R&D expenditures and an increase in the foreign exchange loss principally on intercompany loans. These were partially offset by an increase in the contribution of the sales of goods during the current quarter compared to the third quarter of 2014.

Financial condition

The condensed consolidated statements of financial position at September 30, 2015 and December 31, 2014 are presented in the following table.

		September 30, 2015		December 31, 2014
Total current assets	$	59,829	$	43,320
Other long-term assets		1,200		176
Capital assets		17,458		13,784
Intangible assets		147,134		146,163
Total assets	$	225,621	$	203,443
Total cash disbursing current liabilities	$	8,774	$	12,293
Non-cash disbursing current liabilities				
Deferred revenues		2,682		1,041
Warrant liability		-		24,676
Deferred income tax liability		33,241		37,198
Long-term liabilities		24,544		23,804
Total liabilities	$	69,241	$	99,012
Share capital		364,430		294,870
Contributed Surplus		7,358		10,923
Warrants and future investment rights		53,717		19,803
Accumulated other comprehensive income		172		226
Deficit		(301,955)		(255,856)
Equity attributable to owners of the parent		123,722		69,966
Non-controlling interests		32,658		34,465
Total equity		156,380		104,431
Total liabilities and equity	$	225,621	$	203,443

Current assets

Current assets increased by $16.5 million at September 30, 2015 compared to December 31, 2014. The increase is mainly due to an increase of cash of $15.4 million, of inventories of $5.7 million and of prepaid expenses of $1.2 million which was partially offset by a decrease in accounts receivable and income taxes receivables of $5.8 million. The variation in cash is explained in more detail further in the cash flow section however the increase is mainly due to the net proceeds of $53.6 million received from the May 2015 equity financing which was partially offset by the cash used in operating activities. As of September 30, 2015, cash was at $42.5 million.

Inventories increased reflecting the build up to meet customer orders scheduled for the last quarter of 2015. These increases were partially offset by the decrease in trade receivable which is mainly due to the receipt of the payments for GENERIUM licence revenues and other trade receivables included in the December 31, 2014 balance which was particularly high. As well, the income taxes receivable has been reclassified as long-term asset following the receipt of new information during the second quarter of 2015, regarding the possible timing of reimbursement of withholding taxes paid.

Capital assets
Capital assets increased by $3.7 million at September 30, 2015 compared to December 31, 2014 reflecting the continued investment in laboratory and production equipment in order to realize our expanded development programs and to expand our production capabilities for our affinity resins in the Isle of Man.

Total cash disbursing current liabilities
The total cash disbursing current liabilities decreased by $3.5 million at September 30, 2015 compared to December 31, 2014 mainly due to the reclassification of a portion of the advance on revenues from a supply agreement as a long-term liability following the amendment to the terms of the loan agreement further extending the maturity date to April 30, 2018 and a lower level of trade payables.

Warrant liability
The warrant liability decreased by $24.7 million at September 30, 2015 compared to December 31, 2014. Following the reclassification of the warrant liability to equity discussed above which resulted from the modifications to the Second Warrants approved at the annual general shareholders meeting on May 13, 2015, there is no longer a warrant liability to recognise (see note 7 to the condensed interim consolidated financial statements for the quarter and the nine months ended September 30, 2015 for further details).

Long-term liabilities
Long-term liabilities increased by $0.7 million during the nine months ended September 30, 2015 compared to December 31, 2014. The long-term debt increased due to the interest accretion on these loans during the nine months ended September 30, 2015 of $2.0 million and the reclassification of a portion of the advance on revenues from a supply agreement as a long-term liability. These increases were partially offset by two transactions. A first reduction was due to the Corporation and the holder of the long-term debt amending the terms of the OID loans on March 31, 2015. The modification was accounted for as an extinguishment of the previous loans and the recognition of new loans at their fair value at the date of the transaction. The impact of this transaction on the OID loans was a decrease of $1.8 million.

Secondly in a subsequent transaction, the holder of the long-term debt used the set off of principal right under the loan agreements, to settle the amounts due to the Corporation following its participation in a private placement which occurred concurrently with the closing of a public offering of common shares and subsequent exercise of the over-allotment right, on May 6, 2015 and on May 28, 2015 respectively. As a result, the face value of the $15.7 million OID loan was reduced by $4.3 million to $11.3 million. This transaction was accounted for as an extinguishment of a portion of the OID loan resulting in a decrease of $2.1 million of the carrying value of the loan.

Share capital
Share capital increased by $69.6 million at September 30, 2015 compared to December 31, 2014 mainly due to the Corporation entering into an agreement with a syndicate of underwriters under which the Underwriters bought, 22,137,500 common shares, including the overallotment, in the capital of the Corporation at a price of $2.60 per share for gross proceeds of $57.6 million. Concurrently with the prospectus, ProMetic concluded a private placement with Structured Alpha. Using the rights conveyed under the loan agreement, Structured Alpha, elected to reduce the face value of an OID loan as consideration for the 1,662,526 common shares issued. The amount used to record the shares, the fair value of the shares, was determined using the closing price on the date of issue of the common shares. The 1,445,675 shares issued on May 6, 2015 were recorded using the closing price of $2.24 and the 216,851 shares issued on May 28, 2015 were recorded using the closing price of $2.41, resulting in an overall value of the shares issued of $3.8 million. The remainder of the increase is mainly due the exercise of warrants and the shares that were issued pursuant to the restricted share unit plan.

Contributed surplus
Contributed surplus decreased by $3.6 million at September 30, 2015 compared to December 31, 2014 due to the reclassification of the value recorded in contributed surplus in regards to the RSU released and

options exercised to share capital. The decrease was partially offset by the recognition of share-based payment expense of $1.9 million.

Warrants and future investment rights
Warrants and future investment rights increased by $33.9 million at September 30, 2015 compared to December 31, 2014 mainly due to the reclassification of the warrant liability to equity resulting in an increase in Warrants and future investment rights of $28.0 million. The variation is also due to the issuance of 7,000,000 warrants, having a fair value of $7.5 million, in connection modifications of the OID loans on March 31, 2015. These increases were partially offset due to the reclassification of the value recorded in regards to warrants exercised into share capital of $1.6 million.

Cash flow analysis

The condensed consolidated statements of cash flows for the nine months ended September 30, 2015 and the comparative period in 2014 are presented below.

	Nine months ended September 30,	
	2015	2014
Cash used in operating activities	$ (33,449)	$ (17,432)
Cash from financing activities	54,770	17,177
Cash flows used in investing activities	(6,073)	(6,700)
Net decrease in cash	15,248	(6,955)
Net effect of currency exchange rate on cash	130	(58)
Cash, beginning of the period	27,102	17,396
Cash, end of the period	$ 42,480	$ 10,383

Cash flow used in operating activities increased by $16.0 million during the nine months ended September 30, 2015 compared to the same period in 2014 due to the reduction in the EBITDA for the Corporation in 2015 which was driven by the increase in R&D expenditure by $11.5 million and Administration, selling and marketing expenses by $2.9 million.

Cash flows from financing activities increased by $37.6 million during the nine months ended September 30, 2015 compared to the same period in 2014 mainly due to the share issuance proceeds resulting from May 2015 bought deal financing exceeding those from debt and warrant issuances in the third quarter of 2014.

Cash flows used in investing activities were slightly lower for the nine months ended September 30, 2015 compared to the same period in 2014 mainly resulting from a slight decline in capital investment which was partially offset by the investment in the plasma collection center.

USE OF PROCEEDS

In December 2014 and in May 2015, the Corporation issued common shares following two offerings by way of prospectus. The following table presents the actual disbursements per activity made since December 9, 2014, the closing date for the first prospectus up to September 30, 2015 compared to the combined estimates provided by the Corporation at the time of each prospectus.

	Total disbursements at September 30, 2015	Expenditure estimate provided in Prospectuses
Advancement of clinical programs relating to the Corporation's orally active anti-fibrotic drug PBI-4050 and new plasma-derived drugs	$ 23,132	$ 27,000
Expansion of the clinical uses and proprietary position on some of the plasma-derived drugs	-	12,000
Scaling up the manufacturing process of plasma-derived drug candidates and of follow-on drug candidates to PBI-4050	5,545	15,000
Increasing the Corporation's manufacturing capacity for plasma-derived therapeutics as well as its proprietary affinity resins	6,092	16,000
	$ 34,769	$ 70,000

LIQUIDITY AND CONTRACTUAL OBLIGATIONS

At September 30, 2015, the Corporation's position in regards to total cash generating current assets, including cash, net of total cash disbursing current liabilities is a surplus of $49.0 million. The Corporation expects that its financial position together with the cash inflows to be generated from various revenue sources will be sufficient to meet its contractual obligations over the next year.

Financial obligations

The timing and expected contractual outflows required to settle the financial obligations of the Corporation recognized in the consolidated statement of financial position at September 30, 2015 are presented in the table below:

		Contractual Cash flows			
At September 30, 2015	**Carrying amount**	**Payable within 1 year**	**2 - 3 years**	**More than 5 years**	**Total**
Trade and other payables	$ 7,588	$ 7,588	$ -	$ -	$ 7,588
Advance on revenues from a supply agreement	3,680	1,186	2,712	-	3,898
Long-term debt	21,448	-	-	42,637	42,637
	$ 32,716	$ 8,774	$ 2,712	$ 42,637	$ 54,123

Commitments

In May 2015, the Corporation signed a long-term manufacturing contract with Emergent Biosolutions which provides the Corporation with additional manufacturing capacity ("the CMO contract"). Under the contract, the Corporation will have the right of access to the facility and production equipment as well as access to the production and support staff. The payments under the contract cover the use of the production facility, a specified number of direct and indirect labour hours and the related overhead expense during a minimum of 20 weeks per year, over a 15 year term.

The following table represents the future minimum operating lease payment under the CMO contract as of September 30, 2015:

	within 1 year	2 - 5 years	Later than 5 years	Total
Future minimum operating lease payment	$ 3,295	$ 13,984	$ 40,904	$ 58,183

In connection with the CMO contract, the Corporation has committed to spending between $3.0 and $9.0 million each year from 2015 to 2030 (the end of the initial term) for a total of approximately $116 million of which $114 million remains or $56 million after deduction of the minimum lease payments under the CMO contract disclosed above.

SUMMARY OF QUARTERLY RESULTS

The following table presents selected quarterly financial information for the last eight quarters:

		Net earnings (loss) attributable to the owners of the parent		
Quarter ended	Revenues	Total	Per share Basic	Per share Diluted
September 30, 2015	$ 5,661	$ (9,227)	$ (0.02)	$ (0.02)
June 30, 2015	2,898	(12,281)	(0.02)	(0.02)
March 31, 2015	1,909	(18,780)	(0.03)	(0.03)
December 31, 2014	10,546	9,222	0.02	0.02
September 30, 2014	2,315	(19,279)	(0.04)	(0.04)
June 30, 2014	4,411	23,959	0.05	0.04
March 31, 2014	5,738	(7,963)	(0.02)	(0.02)
December 31, 2013	5,078	(7,010)	(0.01)	(0.01)

Revenues from period to period vary significantly as these are affected by the timing of orders for goods and the shipment of the orders, the achievement of milestones and depend on the timing of the provision of research services under service agreements. The timing of the recognition of these revenues and the timing of the recognized expense will cause significant variability in the results from quarter to quarter.

In addition to the variability in the results mentioned above, the following elements have had an important impact on the results in a given quarter. For the quarter ended in December 2013, the loss increased as a result of the loss on the fair value variation of the warrant liability and the increase in investment in non-rechargeable R&D expenses, notably the investment in the Laval plant and PBI-4050. The Corporation recorded a gain as the result of the recognition of a loan receivable which partially offset the increase in share-based payment expenses recorded in that period.

During the quarter ending March 31, 2014, the Corporation continued to recognize a loss on the fair value of the warrant liability of $3.8 million. Non-rechargeable R&D expenses decreased slightly compared to the previous quarter but remained high as the Corporation advanced towards filing three INDs in 2014.

In the second quarter of 2014, the results of operations were significantly impacted in several ways by the NantPro business combination. The key impacts were a $24.3 million gain on revaluation of the interest held in NantPro prior to the business combination, an $8.1 million purchase gain recorded on the business combination, the consolidation of NantPro which resulted in an increase to research and development expenses non-rechargeable from May 8, 2014 and onwards and the discontinuation of sales and profit being recorded on services provided to NantPro from that same date. During this quarter the Corporation recognized a gain on the fair value variation of the warrant liability of $1.8 million. The quarter ended in a net profit and as a result, the outstanding dilutive equity instruments were considered in the computation of diluted EPS whereas previously they were anti-dilutive.

Research and development expenses during the quarter ended September 30, 2014 were high in comparison to previous quarters due to an increase in activities as the Corporation advanced the filings of IND for several products. Administration and marketing expenses increased as the general level of activities increased and due to higher share-based payment expenses. Finally the loss was significantly impacted by the loss of $10.4 million recorded on the warrant liability reflecting the increase in the Corporation's share price during the quarter.

During the quarter ended December 31, 2014, the Corporation recorded an adjustment of the gain on revaluation of the interest held in NantPro prior to the business combination as well as an adjustment on the purchase gain of $10.1 million and $6.7 million respectively in the fourth quarter to reflect the outcome of the final business valuation. The Corporation's revenues were strong during the period, mainly due to the recognition of significant milestone and licensing revenues. Overall R&D and administration, selling and marketing expenditures increased reflecting the high level of activities with two INDs being filed during the quarter.

Revenues were much lower during the quarter ended March 31, 2015 reflecting lower product sales and the fact that no milestone or licencing revenues were earned. R&D expenses were lower than in the previous quarter as the cost of preparation of IND filings were lower but still remained high. The share-based payment expense at $0.8 million were at a more normal level than the $2.5 million recognized in the previous quarter. The warrant liability continued to increase as the share price increased negatively impacting results by $3.4 million. Also during the quarter the Corporation recognised a loss on extinguishment of debt of $6.1 million as a result of the modifications to its long-term debt.

Despite revenues being slightly higher during the quarter ended June 30, 2015 compared to the previous quarter, revenues remained low at $2.9 million. Total R&D expenses and administration, selling and marketing expenses were slightly higher than those of the second quarter of 2015 by $1.0 million and $0.4 million respectively. The warrant liability decreased prior to de-recognition reflecting the decrease in the share price between March 31, 2015 and May 13, 2015, creating a gain of $2.0 million. Also, the Corporation recognised a loss on extinguishment of the warrants liability and part of an OID loan for a total of $3.5 million.

Revenues increased during the quarter ended September 30, 2015 compared to the previous quarters in the current year to reach $5.7 million reflecting higher resin sales. Total R&D expenses and administration, selling and marketing expenses continued their trend since the beginning of the 2015 and were higher than the previous quarters of 2015.

OUTSTANDING SHARE DATA

The Corporation is authorized to issue an unlimited number of common shares. At November 10, 2015, 581,013,984 common shares, 13,343,497 stock options to purchase common shares, 8,384,000 restricted share units and 89,791,890 warrants and rights to purchase common shares were issued and outstanding.

TRANSACTIONS BETWEEN RELATED PARTIES

The Corporation has not entered into any new transactions with related parties during the quarter.

SIGNIFICANT JUDMENTS AND CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements requires the use of judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures. The uncertainty that is often inherent in estimates and assumptions could result in material adjustments to assets or liabilities affected in future periods.

Assets arising from a business combination - The Corporation acquired a business in August 2015 (refer to note 3 of the condensed interim consolidated financial statements for the quarter and nine months ended September 30, 2015 for further details). The cost of the acquisition must be allocated to the underlying net assets acquired based on their estimated fair values calculated in accordance with the requirements of IFRS 3, Business Combinations. As part of this allocation process, the Corporation must identify and attribute values and estimated lives to the identifiable assets acquired. These determinations involve significant estimates and assumptions such as cash flow projections and replacement costs. These estimates and assumptions determine the amount allocated to the identifiable intangible assets and the amortization period for identifiable intangible assets with finite lives. If future events or results differ from these estimates and assumptions, the Corporation could record increased amortization or impairment charges in the future.

The other significant accounting judgments and critical accounting estimates applied by the Corporation are disclosed in the MD&A for the year ended December 31, 2014.

CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The accounting policies used in these interim financial statements are consistent with those applied by the Corporation in its December 31, 2014 audited consolidated financial statements.

Change in accounting estimates – During the quarter ended September 30, 2015 the Corporation reviewed its methodology for estimating the number of Restricted Share Units (“RSU”) that will vest following the issuance of a new grant of RSU. In view of the important number of milestones underlying the vesting of the RSU, many of which depend on research, regulatory process and business development outcomes which are difficult to predict, combined with the fact that the milestones must be achieved prior to their expiry, the Corporation developed additional guidelines for determining the most likely outcome of the different milestones. These guidelines are qualitative and quantitative in nature. For those objectives considered as probable of being achieved, the Corporation will recognize over the expected period of accomplishment, the probability weighted expense. On this basis, if the likelihood of a milestone being met increases over time, a higher portion of the expense would be recognized, and the opposite, if the likelihood decreases.

This new estimation methodology has been applied to the grant of RSU made during the third quarter of 2015 and to the outstanding RSU from the 2014-2016 RSU grant. The impact of the change in estimate on the latter was a decrease in expense of $1,255.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Standards and interpretations issued but not yet effective up to the date of the Corporation’s consolidated financial statements are listed in the December 31, 2014 audited consolidated financial statements. The listing contains the issued standards and interpretations that the Corporation reasonably expects will have an impact on disclosures, the financial position or performance of the Corporation when applied at a future date. The Corporation intends to adopt these standards when they become effective.

FINANCIAL INSTRUMENTS

Use of financial instruments
The financial instruments that are used by the Corporation result from its operating and investing activities, namely in the form of accounts receivables and payables, and from its financing activities resulting usually in the issuance of long-term debt. The Corporation does not use financial instruments for speculative purposes and has not issued or acquired derivative financial instruments for hedging purposes. The Corporation had issued one derivative financial instrument, presented as the warrant liability on the consolidated statement of financial position which was subsequently derecognized in the second quarter 2015. The Corporation as no derivative financial instrument as of September 30, 2015.

Impact of financial instruments in the consolidated statements of operations
The following line items in the consolidated statement of operations for the quarter and nine months ended September 30, 2015 include income, expense, gains and losses relating to financial instruments:

- Fair value variation of warrant liability;
- finance costs;
- foreign exchange gains and losses; and
- loss on extinguishment of liabilities.

Financial risk management
The Corporation has exposure to credit risk, liquidity risk and market risk. The Corporation's Board of Directors has the overall responsibility for the oversight of these risks and reviews the Corporation's policies on an ongoing basis to ensure that these risks are appropriately managed. The management of the financial risks are the same as those described in the December 31, 2014 MD&A.

RISK FACTORS

For a detailed discussion of risk factors which could impact the Corporation's results of operations and financial position, other than those risks pertaining to the financial instruments, please refer to the Corporation's Annual Information Form filed on www.sedar.com

CONTROLS AND PROCEDURES

No changes were made to the Corporation's internal controls over financial reporting during the nine months ended September 30, 2015 that have materially affected, or are reasonably likely to materially affect the internal controls over financial reporting.