Management Discussion & Analysis

Prometic Life Sciences Inc.

For the quarter and the six months ended June 30, 2017

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 August 11, 2017 and should be read in conjunction with Prometic's condensed interim consolidated financial statements for the quarter and six months ended June 30, 2017 and the MD&A for the year ended December 31, 2016. 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

This Management's Discussion and Analysis of the results of operations and the financial condition may contain forward-looking statements about Prometic's objectives, strategies, financial condition, future performance, results of operations and businesses as of the date of this MD&A.

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 the 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, the reader 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.

Prometic is a 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 is active in developing its own novel small molecule therapeutic products targeting unmet medical needs in the field of fibrosis, autoimmune disease/inflammation and cancer. Prometic also 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 and commercialize best-in-class plasma-derived therapeutics. A number of both the plasma-derived and small molecule products are under development for rare diseases and orphan drug indications. Headquartered in Laval (Canada), Prometic has R&D facilities in the U.K., the US and Canada, manufacturing facilities in the Isle of Man and Canada and business development activities in the US, Europe and Asia.

UPDATE ON BUSINESS SEGMENTS ACTIVITIES

During the second quarter of 2017, the Corporation made changes to the reported segments by splitting the former Protein technology segment into the Bioseparations and the Plasma-derived therapeutics segments. This change has been reflected in the Condensed interim consolidated financial statements for the quarter and the six months ended June 30, 2017 and is described in further detail in the change in accounting policies section of this MD&A. The segmented results for the prior periods have been restated to reflect this change.

The **Bioseparations segment** comprises several operating subsidiaries the main one being Prometic Bioseparations Ltd. ("**PBL**"), based in the United Kingdom (Isle of Man and Cambridge).

Prometic and its Plasma-derived therapeutics 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. The Bioseparations segment supplies the affinity resins to the Plasma-derived therapeutics segment and also to our licensees.

The **Plasma-derived therapeutics** segment comprises several operating subsidiaries the principal subsidiaries being:

- Prometic Bioproduction Inc. ("**PBP**"), based in Laval, Quebec, Canada;
- Prometic Biotherapeutics Inc. ("**PBT**"), based in Rockville, Maryland, U.S.;
- Prometic Biotherapeutics Ltd. ("**PBT Ltd**"), based in the Cambridge, U.K.;
- NantPro Biosciences LLC ("**NantPro**") based in Delaware, U.S.;
- Prometic Plasma Resources Inc. ("**PPR**"), the plasma collection center, based in Winnipeg, Manitoba, Canada; and
- Telesta Therapeutics Inc. ("**Telesta**"), the net assets and operating expenses related to the production facilities located in Belleville, Ontario, Canada and Pointe-Claire, Québec, Canada.

Using its cost-effective 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™").

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, and eventually commercialized following regulatory approval. 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 and at the Emergent Biosolutions plasma fractionation plant in Winnipeg ("the CMO"), namely plasminogen, Intravenous Immunoglobulin ("IVIG"), alpha-1 antitrypsin, and with several other plasma-derived therapeutics earmarked for further development including the very promising orphan drug candidate Inter-Alpha 1, Prometic is rapidly building a significant plasma-derived product pipeline of substantial value. Both the U.S. Food and Drug Administration ("FDA") and European Commission have granted orphan drug designation status for Prometic's human plasma-derived plasminogen drug for the treatment of plasminogen deficiency.

Prometic's intravenous Plasminogen was the first PPPS™ generated plasma-derived therapeutic to enter clinical trial stages. In August 2016, the Corporation completed enrolment of the congenital plasminogen deficient patients in its pivotal phase 2/3 clinical trial required for the accelerated regulatory approval pathway with the FDA. In October 2016, it was concluded that the phase 2/3 trial had met its primary and secondary endpoints with the intravenous plasminogen treatment. In addition to being safe, well tolerated and without any drug related serious adverse events, Prometic's plasminogen treatment achieved a 100% success rate of its primary end point, namely, a targeted increase in the blood plasma concentration level of plasminogen as a surrogate target. Moreover, all patients who had active visible lesions when enrolled in the trial had complete healing of their lesions within weeks of treatment, a 100% response rate for this secondary end point.

Following the Pre-Biologics License Application ("Pre-BLA") meeting held in October 2016 with the FDA, it was agreed that Prometic would continue along the Accelerated Approval Regulatory Pathway and file the pharmacokinetic safety data on 10 plasminogen deficient patients along with efficacy data available for each of these patients that have completed 12 weeks of treatment. Moreover, it was agreed that Prometic would not have to conduct additional clinical studies to demonstrate the clinical efficacy of its plasminogen, and that it would continue to monitor the patients currently enrolled in the study for an additional 36 weeks.

In November 2016, Prometic disclosed its intent to focus on expanding the clinical uses of plasminogen as a priority over the coming years. In addition to the treatment of wounds such as diabetic foot ulcers and tympanic repair, acquired plasminogen deficiency in critical care such as severe burns was provided as an example. The expansion of plasminogen development program enables the Corporation to target multiple clinical indications with unmet medical needs and leverage the same proprietary Active Pharmaceutical Ingredient ("API") via different formulations and presentations. Combined with market exclusivity and significant growth opportunity, plasminogen is prioritized over advancing certain previously disclosed follow-on therapeutics with competitive landscapes such as C1 Esterase Inhibitor ("C1-INH").

In December 2016 the Corporation initiated the rolling submission of its Biologics License Application ("BLA") for plasminogen with the FDA for treatment of patients with plasminogen congenital deficiency. As a result of having received a Fast Track designation, Prometic was allowed to file on a rolling basis, with portions of the regulatory application to be submitted and reviewed by the FDA on an ongoing basis.

In April 2017, Prometic filed the last module of its plasminogen BLA with the FDA for the treatment of patients with plasminogen congenital deficiency. As the data provided is being reviewed, Prometic has been diligently supplying supplemental data to the FDA. Prometic disclosed new long term clinical data in July 2017 from its pivotal Phase 2/3 trial of Ryplazim™ (Plasminogen IV) regarding the additional 36 weeks treatment period. The new data demonstrated that its plasminogen treatment prevented the recurrence of lesions in the 10 patients treated with Ryplazim™ for a total of 48 weeks. No safety or tolerability issues related to this longer-term dosing were observed. In addition to the dossier filed with the FDA, the 48-week clinical efficacy data will form the basis for the upcoming regulatory filing with Health Canada in the fourth quarter of 2017.

In July 2017, Prometic also provided the FDA with additional data in relation to its application for a pediatric designation for plasminogen, as its research suggests that the most serious and life-threatening manifestations of the congenital plasminogen deficiency occur most commonly in pediatric patients.

In May 2017, Prometic presented new data at the 2017 American Thoracic Society ("ATS") International Conference in Washington, D.C. showing the benefits of plasminogen administration in reducing lung injury in a gold standard animal model of ALI/ARDS associated with acute pancreatitis. Acute lung injury ("ALI") and acute respiratory distress syndrome ("ARDS") are life-threatening conditions resulting in respiratory failure in the critically ill patient. ALI and ARDS affect approximately 190,000 patients every year in the US, and are associated with a high mortality rate varying between 30% and 60%; both conditions representing significant unmet medical needs.

Prometic's IVIG is currently being studied in a pivotal phase 3 open label, single arm, two-cohort multicenter clinical trial that is investigating the safety, tolerability, efficacy and pharmacokinetics of Prometic's plasma purified IVIG in a total of 75 patients suffering from primary immunodeficiency diseases ("PIDD"), including 50 adults (cohort 1) and 25 children (cohort 2). As of the date of the MD&A, the enrolment of the adult patient population has been completed with the clinical trial portion well underway and the enrolment of children is progressing as planned. Prometic anticipates completing the adult patient population part of the trial during the third quarter of 2017 for the drug dossier to be filed with Health Canada and during the first quarter of 2018 for the for the BLA to be filed with the FDA.

The scale up of the manufacturing process for additional plasma-derived therapeutics is also on-going to enable the commencement of their respective clinical programs leading to an expected series of sequential product launches following plasminogen and IVIG.

The **Small molecule therapeutics** segment is a small molecule drug discovery business. The principal entities included in this segment are:

- Prometic Pharma SMT Ltd ("PSMT"), based in Cambridge, United Kingdom; and
- Prometic Biosciences Inc. ("PBI"), based in Laval, Quebec, Canada.

The Small molecule therapeutics segment is a small molecule drug development business, with a strong pipeline of products. Our 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 multiple pre-clinical experiments and early clinical trials 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 segment is to develop promising drug candidates and upon completion of proof of Phase 2 concept studies in humans, either pursue development and commercialization activities for orphan indications or partner medical indications requiring a much more substantial commercial reach.

While the Small molecule therapeutics segment has several such promising drug candidates, Management has focused its efforts on its anti-fibrosis lead drug candidate PBI-4050.

A series of Clinical Trial Applications ("CTA") have been filed and cleared by Health Canada thereby authorizing Prometic to conduct clinical trials in patients suffering from Chronic Kidney Disease ("CKD"), Idiopathic Pulmonary Fibrosis ("IPF"), metabolic syndrome and its resulting type 2 diabetes ("MS T2D"), Cystic Fibrosis Related Diabetes ("CFRD") and by the Medicines and Healthcare products Regulatory Agency ("MHRA") in the U.K. for patients with Alström Syndrome.

The phase 1b/2 in CKD trial was successfully completed in the first quarter of 2015 and confirmed that PBI-4050 was as well tolerated in patients with impaired renal function, and that the pharmacokinetics of the drug were 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.

On October 20, 2016 the Corporation announced its phase 2 clinical trial in patients with metabolic syndrome and type 2 diabetes had met its primary and secondary endpoints. In addition to safety and tolerability, the study evaluated the effect of PBI-4050 on metabolic syndrome parameters and on pro-inflammatory/fibrotic and diabetic biomarkers in blood and urine. In this open label phase 2 clinical trial, PBI-4050 (800 mg) was administered once daily to 24 patients already being treated with "standard of care" drug regimens for a period of 12 weeks. Twelve of these patients were enrolled in an additional 12 weeks extension. PBI-4050 has been well tolerated with no serious drug related adverse events.

The fundamental physical criterion for the diagnosis of metabolic syndrome is waist circumference. The patients experienced a clinically and statistically significant reduction in waist circumference in 12 weeks, with a mean change of -1.5 cm ($p = 0.0091$). A strong trend in weight and Body Mass Index ("BMI") reduction was also observed ($p = 0.06$ and 0.07, respectively).

The pharmacological activity of PBI-4050 was confirmed through the clinically significant reduction in HbA1c between screening and week 12 above that achieved by their existing treatment regimes. For instance, the 15 patients with a screening HbA1c ≥ 7.5% experienced a mean decrease of - 0.75% ($p = 0.0004$) while the 9 patients with a screening HbA1c ≥ 8.0% experienced a mean decrease of - 0.9% ($p = 0.007$). The 12 patients who participated in the study extension had a mean HbA1c of 7.7% at screening and experienced a reduction of - 0.8% at week 12 and this was maintained at week 24.

Diabetes & Metabolic Biomarkers in Blood	Changes from baseline	P-value
Fasting insulin	▼ 19%	0.017
Fasting C-peptide	▼ 11%	0.028
Adiponectin	▲ 18%	0.021
FGF-21	▲ 29%	0.024
Vaspin	▲ 40%	0.027

The improvement in HbA1c was associated with a decrease in fasting insulin and C-peptide, indicating that the improvement in HbA1c is, at least in part, explained by a reduction in insulin resistance. This is supported by the fact that the patients with the greatest reduction in their HbA1c values had the highest increase in adiponectin levels. Higher plasma adiponectin levels are known to protect diabetic patients from macrovascular complications and to improve their insulin sensitivity.

Several biomarkers measured in blood or urine of patients and associated with a high incidence of cardiovascular complications and kidney injury when elevated in metabolic syndrome were significantly reduced by PBI-4050.

Biomarkers for the kidney (urine)	Changes from baseline	P-value
IL-18	▼ 31%	0.017
Calbindin	▼ 31%	0.042
Cystatin C	▼ 20%	0.011
KIM-1	▼ 22%	0.035
TFF3	▼ 15%	0.036

In November 2016, the Corporation received clearance by Health Canada to commence a placebo-controlled phase 2 clinical trial with its PBI-4050 in patients with metabolic syndrome and type 2 diabetes. The objectives of this 12 week randomized, double-blind, placebo-controlled, multi-center, 4 arms with 67 patients per arm (1 placebo, 3 escalating doses) phase 2 clinical trial includes the evaluation of the effects of PBI-4050 on metabolic syndrome parameters and on pro-inflammatory/fibrotic and diabetic biomarkers in the blood and urine.

In June 2017, Prometic presented new data at the 2017 American Diabetes Association ("ADA")'s 77th Scientific Sessions in San Diego including results from the Phase 2 clinical trial evaluating PBI-4050 in 24 patients with metabolic syndrome and type 2 diabetes ("MST2D"), as well as from preclinical studies demonstrating the protective effect of PBI-4050 on the kidney, pancreas and liver in diabetic animals.

The new data from the completed Phase 2 trial showed that, after 12 weeks of treatment with PBI-4050, a statistically significant reduction of microparticles shedding from the kidney in the patients' urine was observed as well as a statistically significant reduction in key renal biomarkers demonstrated in the same patients.

On November 17, 2016, the Corporation announced positive interim results from its phase 2 open-label trial of PBI-4050 in patients with IPF conducted in six centers across Canada. In addition to demonstrating that PBI-4050 is safe and well tolerated in patients suffering from IPF, the objective of this study was to provide early evidence of clinical benefits of PBI-4050 treatment whether used alone or in addition to either nintedanib or pirfenidone. Forty patients were enrolled in the study in 6 sites across Canada. The Corporation first reported on the first 30 patients that completed their 12 weeks of treatment.

On February 22, 2017, the Corporation announced positive results from its completed open label Phase 2 clinical trial in subjects suffering from IPF. The results further confirmed the fact that PBI-4050 is safe and very well tolerated. The results from the completed study confirmed the preliminary results previously announced by Prometic on November 17, 2016.

A total of 40 subjects were enrolled in the study conducted in 6 sites across Canada and completed the 12 weeks of treatment; 9 subjects received PBI-4050 alone, 16 received PBI-4050 & nintedanib and 15 received PBI-4050 & pirfenidone. The baseline characteristics of the subjects enrolled in this study were similar to those enrolled in prior IPF randomized controlled studies conducted by other pharmaceutical companies, namely ASCEND and INPULSIS.

In April, 2017, Prometic received concurrence from the US Food and Drug Administration on the design of the first of its PBI-4050's planned phase 2/3 clinical trials for IPF based on the efficacy data generated in the recently completed 40 patient Phase 2 open-label study. The results of the study showed that the Forced Vital Capacity ("FVC") remained stable in patients on PBI-4050 alone (n=9, FVC -12 ml) or in patients on PBI-4050 in combination with nintedanib (n=15, FVC +2 ml). In contrast, the results of said study showed that the FVC declined significantly in patients on PBI-4050 in combination with pirfenidone (n=16, FVC -105 ml). PBI-4050's plasma concentration was sub-therapeutic at 50% of the expected level in patients that received the PBI-4050 and pirfenidone combination, suggesting a drug-drug interaction. There were no serious adverse events requiring PBI-4050's discontinuation. The most frequent adverse event seen in all groups was diarrhea, but this was clearly much less significant in the subjects treated with PBI-4050 alone than in the groups receiving either of the currently approved drugs for the treatment of IPF, which are well-

known for their significant side effect profiles.

This study has provided data to support the safety and tolerability of PBI-4050 in IPF patients receiving standard of care as well as the information needed to inform the design of a follow-on placebo controlled clinical study. The FDA and the European Commission each granted an orphan drug designation to PBI-4050 for the treatment of Idiopathic Pulmonary Fibrosis for the US and for Europe respectively. The Corporation is preparing to file its IND with the FDA in the third quarter 2017 and commence a pivotal phase 2/3 trial in the US this year for the treatment of IPF with PBI-4050.

The completion of the studies in patients with metabolic syndrome and type 2 diabetes and with CKD with type 2 diabetes will enable the Corporation to file an Investigational New Drug ("IND") application with the FDA for the pivotal study in CKD and type 2 diabetes patients in the US. The resulting trial would likely be a pivotal trial designed as a multi-center, 3-arm, double-blind, placebo-controlled study involving two different doses of PBI-4050. The trial is expected to be performed at sites already identified in the US starting in 2017.

The Corporation also announced that it has been cleared by Health Canada to commence a randomized double-blind placebo-controlled clinical trial in patients suffering from Cystic Fibrosis-Related Diabetes ("CFRD"). The objectives of this phase 2 study include the safety and tolerability of PBI-4050 in these patients as well as the evaluation of the effects of PBI-4050 on pancreatic and lung function. Cystic Fibrosis ("CF") is a condition which affects approximately 70,000 individuals worldwide and compromises their pulmonary, pancreatic and hepatic function. Over 70% of the CF patients develop glucose intolerance leading to diabetes. This study is involving several reference centers across Canada.

The Corporation is also currently recruiting patients suffering from Alström syndrome in an open-label, single-arm, phase 2 study conducted in the U.K.. The objectives of the study are to evaluate the safety and tolerability of PBI-4050, and the effects of PBI-4050 on key organ function, disease progression and inflammatory/fibrotic markers. The Corporation announced in October 2016 that the Drug Safety Monitoring Board ("DSMB") recommended that patient enrolment should continue in the Corporation's ongoing Alström syndrome phase 2 clinical trial. The early efficacy results in the phase 2, open-label study demonstrated that the first five patients who completed 12 weeks of treatment with PBI-4050 had a significant reduction of liver fibrosis, as measured by transient elastography (FibroScan®). The treatment period is six months and Prometic intends to extend the study as appropriate, based on the initial results, and to meet with the regulatory agencies to discuss a possible regulatory pathway for these patients.

The Corporation has also disclosed that additional orphan indications are expected to be targeted with PBI-4050 and or with other follow-on analogues such as PBI-4547 and PBI-4425.

On November 14, 2016, the Corporation presented new results at the American Heart Association's annual meeting in New Orleans from preclinical studies performed at the Montreal Heart Institute. Dr. Jocelyn Dupuis, MD, PhD, Professor, Department of Medicine, University of Montréal and a leader in Pulmonary Hypertension ("PH") from the Montreal Heart Institute research performed an extensive preclinical study to test the potential benefits of PBI-4050 on cardiac and lung fibrosis, respiratory function, and lung structural remodeling following a myocardial infarction ("MI") induced by coronary artery ligation. The preclinical study demonstrated that PBI-4050 effectively reduced pulmonary hypertension and right ventricular hypertrophy by reducing lung fibrosis and lung remodeling. These results strongly suggest that PBI-4050 has the potential to effectively treat the lung remodeling process in patients with Group 2 pulmonary hypertension and improve the right ventricular function. Moreover, PBI-4050 did not adversely affect the healing of the left ventricle and, in fact, some improvement in left ventricular function was observed.

In January, 2017, the Corporation was granted an orphan drug designation status for PBI-4050 and the treatment of Alström Syndrome by the European Commission. During the same month, PBI-4050 was also issued a Promising Innovative Medicine designation by the U.K. Medicines and Healthcare Products Regulatory Agency for the treatment of Alström Syndrome.

On March 3, 2017, the Corporation announced that an orphan drug designation status was granted, by the United States Food and Drug Administration, for PBI-4050, for the treatment of Alström Syndrome.

In April 2017, Prometic presented new results at the International Liver Congress 2017 of the European Association for the Study of the Liver in Amsterdam on the positive effects of PBI-4050 on reduction of non-alcoholic steatohepatitis in a mouse model of obesity and metabolic syndrome.

OTHER RECENT BUSINESS DEVELOPMENTS

In April 2017, Prometic received a $9.5 million purchase order for the supply of affinity resin to an existing client, a global leader in the biopharmaceutical industry. This purchase order is part of an ongoing license and long-term supply agreement already secured with the client. The affinity resin will be manufactured by Prometic at its Isle of Man facility and supplied to the client starting in the second half of 2017 and continuing throughout 2018.

In April 2017, the Corporation and Structured Alpha LP ("SALP") closed a financing agreement whereby the Corporation received $25.0 million in cash in consideration for the issuance of an additional Original Issue Discount ("OID") loan having a face value of $39.2 million repayable in July 2022 and 10,600,407 warrants with an exercise price of $3.70 per warrant and expiring in October 2023. The amount due on maturity of the loan is equivalent to a loan bearing 8.6% interest.

On June 15, 2017, Prometic entered into an agreement with Cantor Fitzgerald Canada Corporation as a lead underwriter and sole bookrunner, on its own behalf and on behalf of a syndicate of underwriters (collectively, the "Underwriters") under which the Underwriters agreed to buy on a bought deal basis, 31,250,000 common shares in the capital of the Corporation at a price of $1.70 per share for gross proceeds of $53.1 million. On July 6, 2017, the bought deal closed.

In addition, Prometic completed a concurrent, non-brokered private placement of 5,045,369 common shares of the Corporation at a price of $1.70 per common share with SALP, an investment vehicle of Peter J. Thomson following the exercise by SALP of its pre-emptive right to participate in any future public offering of Prometic's common shares. SALP used rights conveyed under the loan agreements to settle the amount due to the Corporation following its participation in the private placement, by reducing the face value of the third OID loan (issued on April 27, 2017) by $8.6 million.

On August 11, 2017, the Corporation entered into definitive agreements with affiliates of Shenzhen Royal Asset Management Co., Ltd. (collectively "SRAM") to develop and commercialize PBI-4050, PBI-4547 and PBI-4425 in the People's Republic of China (excluding Hong Kong, Taiwan and Macau). Under the agreements, SRAM will pay the Corporation an upfront payment of $13.0 million (US$10.0 million) and a first milestone payment of $9.1 million (US$7.0 million), as well as a further $10.5 million (US$8.0 million) over the following years based on completion of further development and regulatory milestones.

FINANCIAL PERFORMANCE

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

Results of operations

The interim consolidated statement of operations for the quarter and the six months ended June 30, 2017 compared to the same period in 2016 are presented in the following table.

	Quarter ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Revenues	$ 3,619	$ 3,295	$ 8,485	$ 8,544
Expenses				
Cost of sales and production	1,551	1,571	3,941	3,364
Research and development expenses	24,454	19,351	48,767	35,828
Administration, selling and marketing expenses	8,061	5,184	15,007	10,010
Loss (gain) on foreign exchange	303	(113)	519	706
Finance costs	1,867	1,149	3,241	1,999
Loss on extinguishment of liabilities	-	2,585	-	2,585
Net loss before income taxes	$ (32,617)	$ (26,432)	$ (62,990)	$ (45,948)
Deferred income tax recovery	(1,110)	(1,809)	(2,350)	(3,362)
Net loss	$ (31,507)	$ (24,623)	$ (60,640)	$ (42,586)
Net loss attributable to:				
Owners of the parent	(29,513)	(22,351)	(55,910)	(37,930)
Non-controlling interests	(1,994)	(2,272)	(4,730)	(4,656)
	$ (31,507)	$ (24,623)	$ (60,640)	$ (42,586)
Loss per share				
Attributable to the owners of the parent				
Basic and diluted	$ (0.04)	$ (0.04)	$ (0.08)	$ (0.06)
Weighted average number of outstanding shares (in thousands)	668,829	590,834	660,459	586,420

Revenues

Total revenues for the six months ended June 30, 2017 were $8.5 million at the same level as the comparative period of 2016. Total revenues for the quarter ended June 30, 2017 were $3.6 million compared to $3.3 million during the comparative period of 2016, representing an increase of $0.3 million.

Revenues for both periods included revenues from product sales and development service revenues while in 2017, they also included rental revenues coming from the facility in Belleville. 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 the six months ended June 30, 2017 compared to the corresponding period in 2016.

	Quarter ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Revenues from the sale of goods	$ 2,678	$ 2,546	$ 7,102	$ 7,233
Revenues from the rendering of services	680	749	881	1,311
Rental revenue	261	-	502	-
	$ 3,619	$ 3,295	$ 8,485	$ 8,544

Revenues from the sale of goods were $7.1 million during the six months ended June 30, 2017 compared to $7.2 million during the corresponding period of 2016, representing a decrease of $0.1 million. Revenues

from the sale of goods were $2.7 million during the second quarter of 2017 compared to $2.5 million during the corresponding period of 2016, representing an increase of $0.1 million. The revenues from the sale of goods, from the Bioseparations segment, generally denominated in GBP, were essentially stable when comparing both periods.

Service revenues were $0.9 million during the six months ended June 30, 2017 compared to $1.3 million for the corresponding period of 2016, representing an decrease of $0.4 million. Service revenues were $0.7 million during the second quarter of 2017 compared to $0.7 million during the corresponding period of 2016, representing a decrease of $0.1 million. Both the Bioseparations and the Plasma-derived therapeutics segments generated service revenues.

The Corporation earns rental revenues from the leasing of plant space at the Telesta Belleville manufacturing facility and subleasing of the former Telesta head offices located in Montreal. There were no significant revenues from the Small molecule therapeutics segment.

Before reviewing the analyses pertaining to cost of sales and production and R&D expenses, it is important to explain how the advancement of the Corporation towards the commercialization of its first plasma-derived therapeutic plasminogen, has affected the comparability of the 2017 expenses compared to 2016. Prior to the third quarter 2016, all of the expenses by PBP incurred to produce plasma-derived therapeutics, including raw materials, were expensed as they were incurred and presented as R&D expenses. Starting in the third quarter of 2016, Prometic started capitalizing raw materials that could be used for the production of plasminogen. When the materials are used to produce therapeutics destined for commercial sales, this cost together with the related salary and overhead expenses are capitalized as part of work in progress or finished goods inventories as the production takes place. The cost is carried as inventories until the product is sold at which time it will become cost of sales. If the materials are consumed to produce therapeutics for purposes other than commercial sale, for example clinical trial materials, then the raw materials inventory is expensed and the salaries and overhead cost involved in the production are not capitalized. Also, some manufacturing salaries and overhead do not meet the criteria for inclusion into inventory. The non-capitalized production costs associated with the production of plasma-derived therapeutics for commercial sale are now included under cost of sales and production where as in 2016, all PBP plant and production costs were reported to R&D.

Cost of sales and production

Cost of sales and production were $3.9 million during the six months ended June 30, 2017 compared to $3.4 million for the corresponding period in 2016, representing an increase of $0.6 million. The increase is mainly due to the non-capitalized production costs regarding the production of commercial plasminogen inventory recognized under cost of sales and production in 2017 whereas in 2016, such cost would have fallen under R&D expenses relating to the production of plasma-derived therapeutics to be used in the clinical trials. Cost of sales and production remained essentially flat at $1.6 million during the quarters ended June 30, 2017 and 2016.

Revenues from the sale of goods is composed of different products and the margins on individual products vary significantly. Several of our products are custom designed for specific customers. Since key customers tend to place significant orders that may not be repeated on a yearly basis, the sales for individual products, just like our product sales in general are quite variable. This is compounded by the fact that a high proportion of our sales in a given period usually come from a limited number of customers. If our larger customers purchase higher margin product or lower margin product, it will create volatility in our total margins and in the cost of goods sold from period to period. In addition, the size of the orders will affect the batch size used in production. Larger batch sizes render higher gross margins.

Research and development expenses
R&D expense were $48.8 million during the six months ended June 30, 2017 compared to $35.8 million for the corresponding period in 2016, representing an increase of $12.9 million.

R&D expenses include the manufacturing cost of plasma-derived and small molecule therapeutics to be used in clinical trials and other R&D purposes. The plasma-derived therapeutics are produced by PBP at its Laval plant and at the Winnipeg CMO while the small molecule therapeutics are manufactured by a third party for Prometic. The manufacturing cost of these therapeutics represents approximately $15.8 million of the $48.8 million in R&D expenses reported during the six months ended June 30, 2017 and $13.9 million of the $ 35.8 million in R&D expenses during the six months ended June 30, 2016. This represents an increase of $1.9 million during the six months ended June 30, 2017 compared to the corresponding period in 2016.

The increase in manufacturing cost is mainly due to the fact that 65% of the production weeks scheduled at the Winnipeg CMO plant took place during the six months ended June 30, 2017 whereas in the previous year, the CMO production activities took place in the second half of 2016. This was mostly offset by the reduction in the manufacturing expenses of therapeutics for clinical trials and R&D purposes at our Laval plant, as they started to produce plasma-derived therapeutics destined for commercial sales which are capitalized as inventories on the statement of financial position.

Other R&D expenses, excluding the manufacturing cost of therapeutics to be used in R&D activities discussed above, were $33.0 million during the six months ended June 30, 2017 compared to $21.9 million for the corresponding period in 2016, representing an increase of $11.1 million. The increase is partially due to higher salary and benefit expenditures by approximately $3.8 million reflecting the increase in employees working on the clinical trials and at our research centers. In addition, Contract Research Organizations (“CRO”) and investigator expenses incurred in relation to the clinical trials and pre-clinical activities increased by $4.5 million reflecting the increase in the number of trials in progress, the duration and higher patient enrolment of the trials.

R&D expenses were $24.5 million during the quarter ended June 30, 2017 compared to $19.4 million for the corresponding period in 2016, representing an increase of $5.1 million.

The manufacturing cost of plasma-derived and small molecule therapeutics represents approximately $7.1 million of the $24.5 million in R&D expenses reported during the three months ended June 30, 2017 and $7.5 million of the $19.4 million in R&D expenses during the three months ended June 30, 2016. This represents a slight decrease of $0.3 million during the three months ended June 30, 2017 compared to the corresponding period in 2016.

The increase in R&D expenditures was therefore driven by the other R&D expenses which were $17.3 million during the three months ended June 30, 2017 compared to $11.9 million for the corresponding period in 2016, representing an increase of $5.4 million. Higher salary and benefit expenditures and CRO and investigator expenses represented approximately $1.8 million and $2.2 million respectively of the overall increase.

Administration, selling and marketing expenses
Administration, selling and marketing expenses were $15.0 million during the six months ended June 30, 2017 compared to $10.0 million for the corresponding period in 2016, representing an increase of $5.0 million. The increase is mainly attributable to the increase in salary and benefit expenses of $2.2 million resulting from an increase in headcount mostly in marketing and commercial operations and overall salary increases. Consulting expenses also increased by $1.4 million mainly in relation to the preparation for the plasminogen launch.

Administration, selling and marketing expenses were $8.1 million during the quarter ended June 30, 2017 compared to $5.2 million for the corresponding period in 2016, representing an increase of $2.9 million due mainly to the increase in salary and benefit expenses of $0.9 million and an increase in consulting expenses of $0.8 million incurred in preparation for the plasminogen launch.

Share-based payment expense

Share-based payments expense represents the expense recorded as a result of stock options and restricted stock units issued to employees and board members. This expense has been recorded under cost of sales and production, research and development and administration, selling and marketing expenses as indicated in the following table:

	Quarter ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Cost of sales and production	$ 106	$ 53	$ 170	$ 100
Research and development expenses	918	688	1,520	1,229
Administration, selling and marketing expenses	1,070	738	1,646	1,257
	$ 2,094	$ 1,479	$ 3,336	$ 2,586

Share-based payments expense were $3.3 million during the six months ended June 30, 2017 compared to $2.6 million during the corresponding period of 2016, representing an increase of $0.8 million. Share-based payments were $2.1 million during the quarter ended June 30, 2017 compared to $1.5 million during the corresponding period of 2016, representing an increase of $0.6 million.

The RSU expense may vary significantly from period to period as certain milestones are met, others increase or decrease in likelihood as projects advance and the time to achieve the milestones before the RSU expiry decreases.

Finance costs

Finance costs were $3.2 million for the six months ended June 30, 2017 compared to $2.0 million during the corresponding period of 2016, representing an increase of $1.2 million. This increase reflects the higher level of debt during the six months ended June 30, 2017 compared the same period of 2016 reflecting the increase in the OID loans and the debt acquired in the Telesta business combination in October 2016. Finance costs were $1.9 million for the quarter ended June 30, 2017 compared to $1.1 million during the corresponding period of 2016, representing an increase of $0.7 million.

Loss on extinguishment of liabilities

In May 2016, SALP, 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 for 1,921,776 common shares which occurred concurrently with the closing of a public offering of common shares, on May 25, 2016. As a result, the face value of the second OID loan was reduced by $6.0 million, from $31.3 million to $25.3 million. The reduction of $6.0 million is equivalent to the value of the shares issued at the agreed price of $3.10 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 $3.2 million and the amount recorded for the shares issued of $5.8 million was recorded as a loss on extinguishment of debt of $2.6 million for the six months ended June 30, 2016. There was no similar transaction during the first six months of 2017.

Income taxes

The Corporation recorded a deferred income tax recovery of $2.4 million during the six months ended June 30, 2017 compared to $3.4 million for the corresponding period of 2016, representing a decrease of $1.0 million. The Corporation recorded a deferred income tax recovery of $1.1 million during the quarter ended June 30, 2017 compared to $1.8 million for the corresponding period of 2016, representing a decrease of $0.7 million. The main reason for these income tax recoveries comes from to the recognition of deferred tax assets pertaining to the unused tax losses attributable to Prometic as a partner in NantPro,

our partnership with NantPharma to develop and commercialize IVIG for the US market. During the six months ended June 30, 2017, the losses in NantPro were lower than in the prior period as the Plasma-derived therapeutics segment focused more on the production of plasminogen and less on IVIG which is used in conducting the clinical trials.

Net loss

The Corporation incurred a net loss of $60.6 million during the six months ended June 30, 2017 compared to a net loss of $42.6 million for the corresponding period of 2016, representing an increase of $18.1 million. The Corporation incurred a net loss of $31.5 million during the quarter ended June 30, 2017 compared to a net loss of $24.6 million for the corresponding period of 2016, representing an increase of $6.9 million. The net loss in 2017 is higher mainly since R&D and Administration, selling and marketing are significantly higher than those in the corresponding period of 2016, increasing by $12.9 million and $5.0 million respectively during the six months ended June 30, 2017.

EBITDA analysis

The Adjusted EBITDA for the Corporation for the quarter and the six months ended June 30, 2017 and 2016 are presented in the following tables:

	Quarter ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Net loss	$ (31,507)	$ (24,623)	$ (60,640)	$ (42,586)
Adjustments to obtain Adjusted EBITDA				
Loss (gain) on foreign exchange	303	(113)	519	706
Finance costs	1,867	1,149	3,241	1,999
Loss on extinguishment of liabilities	-	2,585	-	2,585
Deferred Income tax recovery	(1,110)	(1,809)	(2,350)	(3,362)
Depreciation and amortization	1,075	791	2,081	1,565
Share-based payment expense	2,094	1,479	3,336	2,586
Adjusted EBITDA	$ (27,278)	$ (20,541)	$ (53,813)	$ (36,507)

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 $(53.8) million for the six months ended June 30, 2017 compared to $(36.5) million for the comparative period of 2016, representing an increase in Adjusted EBITDA loss of $17.3 million. Total Adjusted EBITDA was $(27.3) million for the quarter ended June 30, 2017 compared to $(20.5) million for the comparative period of 2016, representing an increase in Adjusted EBITDA loss of $6.7 million. The increase in R&D and administration, selling and marketing expenses of $12.9 million and $5.0 million, respectively during the six months ended June 30, 2017 compared to the corresponding period in 2016, are the main factors explaining the increase in Adjusted EBITDA loss.

Segmented information analysis

For the six months ended June 30, 2017 and 2016

The loss for each segment and the net loss before income taxes for the total Corporation for the six months ended June 30, 2017 and 2016 are presented in the following tables.

For the six months ended June 30, 2017	Bioseparations	Plasma-derived therapeutics	Small molecule therapeutics	Reconciliation to statement of operations	Total
External revenues	$ 7,038	$ 1,414	$ -	$ 33	$ 8,485
Intersegment revenues	812	18	-	(830)	-
Total revenues	7,850	1,432	-	(797)	8,485
Cost of sales and production	3,421	1,201	-	(681)	3,941
Research and development expenses	3,383	36,417	9,048	(81)	48,767
Administration, selling and marketing expenses	1,278	5,726	1,634	6,369	15,007
Segment loss	$ (232)	$ (41,912)	$ (10,682)	$ (6,404)	$ (59,230)
Loss on foreign exchange					519
Finance costs					3,241
Net loss before income taxes					$ (62,990)
Other information					
Depreciation and amortization	$ 442	$ 1,278	$ 200	$ 161	$ 2,081
Share-based payment expense	157	836	552	1,791	3,336

For the six months ended June 30, 2016 (restated)	Bioseparations	Plasma-derived therapeutics	Small molecule therapeutics	Reconciliation to statement of operations	Total
External revenues	$ 7,596	$ 948	$ -	$ -	$ 8,544
Intersegment revenues	1,142	22	-	(1,164)	-
Total revenues	8,738	970	-	(1,164)	8,544
Cost of sales and production	4,047	384	-	(1,067)	3,364
Research and development expenses	3,015	26,577	6,339	(103)	35,828
Administration, selling and marketing expenses	1,178	2,625	1,565	4,642	10,010
Segment profit (loss)	$ 498	$ (28,616)	$ (7,904)	$ (4,636)	$ (40,658)
Loss on foreign exchange					706
Finance costs					1,999
Loss on extinguishment of liabilities					2,585
Net loss before income taxes					$ (45,948)
Other information					
Depreciation and amortization	$ 458	$ 853	$ 164	$ 90	$ 1,565
Share-based payment expense	134	557	475	1,420	2,586

Bioseparations segment

The revenues for the Bioseparations segment are generated mainly from sales of goods and the provision of resin development services to external customers but the segment also generates the same type of revenues from the Plasma-derived therapeutics segment. Revenues for the segment declined by $0.9 million for the six months ended June 30, 2017 compared to the corresponding period of 2016 of which $0.6 million is due to the sales of goods. Period over period, the sales to third parties in the local currency of PBL, the pound sterling, were slightly higher in 2017 however converted into Canadian dollars, there is a reduction in sales reflecting the decline of the GBP/CAD exchange rates when comparing both periods.

The Bioseparations segment is hovering around the breakeven level and incurred a slight loss of $0.2 million during the six months ended June 30, 2017 and a slight profit of $0.5 million during the corresponding period in 2016. The main reason for the increase in the segment loss pertains to the increase in R&D expenses due to an increase in headcount and overhead costs to support the development of affinity resins to extract new proteins from human plasma that eventually will be used in our manufacturing processes used by the Plasma-derived therapeutics segment and generate revenues for the Bioseparations segment.

Plasma-derived therapeutic segment
The revenues for the Plasma-derived therapeutics segment are generated from the sales of specialty plasma to third parties, the provision of services to licensees and since the acquisition of Telesta, some rental revenues coming from the leasing of a portion of the Belleville plant. Revenues from the segment increased by $0.5 million as a result of the increase in specialty plasma sales and rental revenues partially offset by a decline in service revenues.

The segment loss increased by $13.3 million for the six months ended June 30, 2017 compared to the corresponding period in 2016. The increase in loss is mainly due to the higher R&D expense of $9.8 million. The increase in R&D expenses is mainly driven by an increase of $2.1 million in the cost of producing plasma-derived therapeutics such as plasminogen, used in the congenital plasminogen deficiency phase 3 trials, and IVIG used in the PIDD phase 3 trial, an increase in the CRO and investigator expenses of $3.1 million and an increase in salary and benefits of $3.0 million resulting from an increase in the number of employees involved in the clinical trials, regulatory processes and other research activities. The higher level of expenditure is generally explained by the average number of enrolled patients in the PIDD trial during the six months ended June 30, 2017 compared to the same period in 2016.

Also contributing to the higher segment loss is an increase in administration, selling and marketing of $3.1 million mainly due to the increase in consulting expenses of $1.4 million incurred in preparation for the plasminogen launch. Finally, the administrative support that the segment receives from the head office increased as more resources are used to support this growing business.

Small molecule therapeutics segment
The segment loss for small molecule therapeutics increased by $2.8 million during the six months ended June 30, 2017 compared to the corresponding period in 2016. The increase in loss is mainly due to higher R&D expenditures resulting from an increase in salary and benefit expense due to increases in headcount of $0.6 million and an increase in clinical and pre-clinical studies expenditures of $1.4 million.

For the quarters ended June 30, 2017 and 2016
The loss for each segment and the net loss before income taxes for the total Corporation for quarters ended June 30, 2017 and 2016 are presented in the following tables.

For the quarter ended June 30, 2017	Bioseparations	Plasma-derived therapeutics	Small molecule therapeutics	Reconciliation to statement of operations	Total
External revenues	$ 2,895	$ 691	$ -	$ 33	$ 3,619
Intersegment revenues	333	13	-	(346)	-
Total revenues	3,228	704	-	(313)	3,619
Cost of sales and production	1,392	400	-	(241)	1,551
Research and development expenses	1,956	17,567	4,975	(44)	24,454
Administration, selling and marketing expenses	636	3,442	1,084	2,899	8,061
Segment loss	$ (756)	$ (20,705)	$ (6,059)	$ (2,927)	$ (30,447)
Loss on foreign exchange					303
Finance costs					1,867
Net loss before income taxes					$ (32,617)
Other information					
Depreciation and amortization	$ 227	$ 663	$ 100	$ 85	$ 1,075
Share-based payment expense	80	506	353	1,155	2,094

For the quarter ended June 30, 2016 (restated)	Bioseparations	Plasma-derived therapeutics	Small molecule therapeutics	Reconciliation to statement of operations	Total
External revenues	$ 2,800	$ 495	$ -	$ -	$ 3,295
Intersegment revenues	1,112	9	-	(1,121)	-
Total revenues	3,912	504	-	(1,121)	3,295
Cost of sales and production	2,368	194	-	(991)	1,571
Research and development expenses	1,570	14,937	2,978	(134)	19,351
Administration, selling and marketing expenses	587	1,378	880	2,339	5,184
Segment loss	$ (613)	$ (16,005)	$ (3,858)	$ (2,335)	$ (22,811)
Gain on foreign exchange					(113)
Finance costs					1,149
Loss on extinguishment of liabilities					2,585
Net loss before income taxes					$ (26,432)
Other information					
Depreciation and amortization	$ 230	$ 428	$ 84	$ 49	$ 791
Share-based payment expense	61	322	275	821	1,479

Bioseparations segment

Revenues for the segment declined by $0.7 million for the quarter ended June 30, 2017 compared to the corresponding period of 2016 mainly has a result of lower product sales to the Plasma-derived therapeutics segment. Period over period, the sales to third parties remained stable. The segment loss for Bioseparations increased by $0.1 million for the quarter ended June 30, 2017 compared to the corresponding period in 2016. Higher R&D expenses were offset by a stronger contribution of revenues net of cost of sales and production.

Plasma-derived therapeutics segment

The loss for plasma-derived therapeutics increased by $4.7 million for the quarter ended June 30, 2017 compared to the corresponding period in 2016. The increase in loss is mainly due to the higher R&D expense of $2.6 million. The increase in R&D expenses is mainly driven by an increase in the CRO and investigator expenses, in salary and benefits resulting from an increase in the number of employees involved in the clinical trials, regulatory processes and other research activities, and an increase in the R&D facility expense at PBT. This was partially offset by a decrease in the cost of producing plasma-derived therapeutics principally used in the congenital plasminogen deficiency and PIDD (IVIG) phase 3 trials.

Also causing the higher segment loss is an increase in administration, selling and marketing of $2.1 million mainly due to the increase in consulting expenses of $0.8 million incurred in preparation for the plasminogen launch and the administrative support that the segment receives from the head office as more resources are used to support this growing business.

Small molecule segment

The segment loss for small molecule therapeutics increased by $2.8 million during the six months ended June 30, 2017 compared to the corresponding period in 2016. The increase is mainly due to higher R&D expenditures resulting from an increase in salary and benefit expense resulting from increases in headcount of $0.6 million and an increase in clinical and pre-clinical studies expenditures of $1.4 million.

Financial condition

The condensed consolidated statements of financial position at June 30, 2017 and December 31, 2016 are presented in the following table.

		June 30, 2017		December 31, 2016
Total current assets	$	47,708	$	64,261
Other long-term assets		4,445		4,243
Capital assets		44,089		41,193
Intangible assets		155,435		155,487
Deferred tax assets		111		110
Total assets	$	251,788	$	265,294
Total current liabilities	$	30,018	$	32,058
Long-term liabilities		68,651		48,588
Deferred tax liabilities		23,522		25,305
Total liabilities	$	122,191	$	105,951
Share capital		508,236		480,237
Contributed Surplus		16,090		12,919
Warrants and future investment rights		64,122		64,201
Accumulated other comprehensive loss		(1,624)		(1,964)
Deficit		(481,280)		(423,026)
Equity attributable to owners of the parent		105,544		132,367
Non-controlling interests		24,053		26,976
Total equity		129,597		159,343
Total liabilities and equity	$	251,788	$	265,294

Current assets

Current assets decreased by $16.5 million at June 30, 2017 compared to December 31, 2016. The decrease in current assets is mainly due to the decrease in cash and cash equivalents, marketable securities and short-term investments of $24.6 million. The decrease in current assets was partially offset by an increase in inventories of $10.8 million for the six months ended June 30, 2017 compared to December 31, 2016. The increase in inventory is due to the Corporation's manufacturing of plasminogen in anticipation of the commercial launch of the therapeutic resulting in work in progress plasminogen of $6.8 million being carried at June 30, 2017 as well as a build-up in plasma inventories of $4.5 million over year end levels.

Capital assets

Capital assets increased by $2.9 million at June 30, 2017 compared to December 31, 2016. The increase is mainly due the acquisition of production equipment installed and used at the CMO plant in Winnipeg. The equipment installed at the CMO can be relocated to other sites as needed.

Total current liabilities

Total current liabilities decreased by $2.0 million at June 30, 2017 compared to December 31, 2016 mainly due to the decrease in deferred revenues as well as in the current portion of long-term debt as scheduled payments on the debt assumed with the Telesta acquisition became due. This was partially offset by an increase in the current portion of the advance on revenues from a supply agreement.

Long-term liabilities

Long-term liabilities increased by $20.1 million at June 30, 2017 compared to December 31, 2016 essentially due to the increase in the carrying value of the long-term debt. The rise results primarily from the increase in the carrying value of the long-term debt by $18.5 million following issuance of the third OID

loan in April 2017 pursuant to a financing transaction with SALP. The third OID has a face value of $39.2 million and matures on July 31, 2022.

Share Capital
Share capital increased by $28.0 million at June 30, 2017 compared to December 31, 2016 principally due to the issuance of shares following the exercise of 44,791,488 future investment rights, in February 2017 for an aggregate price of $21.1 million, and a transfer from warrants and future investment rights to share capital of $6.5 million.

Contributed surplus
Contributed surplus increased by $3.2 million at June 30, 2017 compared to December 31, 2016. The increase is principally due to the recognition of share-based payment expense of $3.3 million during the six months of 2017.

Warrants and future investment rights
Warrants and future investment rights decreased by $0.1 million at June 30, 2017 compared to December 31, 2016 mainly due to the exercise of all of the future investment rights in February 2017 resulting in a reduction of $6.5 million which was essentially offset by the issuance of 10,600,407 warrants, the Sixth Warrants issued in the financing transaction with SALP in April 2017, amounting to $6.5 million.

Non-controlling interests ("NCI")
The non-controlling interests decreased by $2.9 million at June 30, 2017 compared to December 31, 2016. The variation in the NCI between June 30, 2017 and December 31, 2016 is shown below:

NCI balance at December 31, 2016	$	26,976
NCI share in losses		(4,730)
NCI share in Prometic's funding of NantPro		1,807
NCI balance at June 30, 2017	$	24,053

Cash flow analysis

The condensed interim consolidated statements of cash flows for the six months ended June 30, 2017 and the comparative period in 2016 are presented below.

	Six months ended June 30,	
	2017	2016
Cash used in operating activities	$ (62,332)	$ (41,777)
Cash from financing activities	43,804	86,770
Cash flows from (used in) investing activities	5,170	(9,599)
Net change in cash and cash equivalents during the period	(13,358)	35,394
Net effect of currency exchange rate on cash and cash equivalents	(156)	(350)
Cash and cash equivalents, beginning of period	27,806	29,285
Cash, end of the period	$ 14,292	$ 64,329

Cash flow used in operating activities increased by $20.6 million during the six months ended June 30, 2017 compared to the same period in 2016. The increase is due in part to the increase in the Adjusted EBITDA loss of $17.3 million for the Corporation in 2017 and the increase in non-cash working capital items, namely inventories. The increase in Adjusted EBITDA loss was driven mainly by the increase in R&D and administration, selling and marketing expenses.

Cash flows from financing activities decreased by $43.0 million during the six months ended June 30, 2017 compared to the same period in 2016 principally because the proceeds received from the issuance of shares following a bought deal public offering of $60.1 million and from the debt and warrant issuance of

$30.0 million during the six months ended June 30, 2016 were higher than those from the debt and warrant financing of $25.0 million and from the exercise of the future investment rights of $21.1 million during the six months ended June 30, 2017.

Cash flows from investing activities increased by $14.8 million during the six months ended June 30, 2017 compared to the same period in 2016 due to the proceeds of $11.1 million from the sale of marketable securities and short-term investments in 2017 with no similar transaction occurring in the comparative period of 2016, and due a lower investment in capital assets during the current period.

LIQUIDITY AND CONTRACTUAL OBLIGATIONS

At June 30, 2017, the Corporation's position in regards to total current assets net of total current liabilities is a surplus of $17.7 million. Looking forward, there are several transactions that will generate cash inflows that will support the ongoing operation expenditures.

- In April 2017, the Corporation received a $9.5 million purchase order for the supply of affinity resin to an existing client. The affinity resin will be manufactured by Prometic at its Isle of Man facility and supplied to the client starting in the second half of 2017 and continuing throughout 2018.

- On July 6, 2017 the Corporation closed a bought deal public offering that has brought in proceeds net of the broker's commission of $49.9 million.

- On August 11, 2017, the Corporation entered into definitive agreements with SRAM to develop and commercialize PBI-4050, PBI-4547 and PBI-4425 in the People's Republic of China (excluding Hong Kong, Taiwan and Macau). This agreement is expected to generate inflows of $22.1 million (US$17 million) in 2017.

The Corporation expects that its financial position together with the revenues to be generated from its operating activities and the above mentioned transactions will be sufficient to fund its operating activities and meet its contractual obligations over the next year.

The Corporation funds its research and development activities with profits generated from the sale of Bioseparation products to third parties, the revenues it receives from licensing agreements, and periodically from the issuance of shares, warrants and long-term debt. Depending on the licensing agreements or agreements entered into with third parties to jointly develop a therapeutic for a certain health indication and market, the Corporation will likely need to secure additional financing to finance its R&D activities until such time as the plasma-derived therapeutics that are currently at the BLA stage (plasminogen for congenital deficiency) and still in phase 3 clinical trials (IVIG for PIDD) are commercialized and generating revenues. As the Corporation evolves its scale-up plans for both production capacity and plasma sourcing, the level of likely future investment required will be determined by the decision to scale-up in-house or via outsourcing to third parties. The Corporation's capacity to successfully attract new financings will depend namely on the attractiveness of the Prometic common share to investors, which will be influenced by many factors including the success of our regulatory filings and with the clinical trials as they progress and the market, risks and economics merits of our projects.

Financial obligations
The timing and expected contractual outflows required to settle the financial obligations of the Corporation recognized in the interim consolidated statement of financial position at June 30, 2017 are presented in the table below:

		Contractual Cash flows			
At June 30, 2017	**Carrying amount**	**Payable within 1 year**	**2 - 3 years**	**More than 5 years**	**Total**
Accounts payable and accrued liabilities	$ 23,622	$ 23,622	$ -	$ -	$ 23,622
Advance on revenues from a supply agreement	2,242	2,290	-	-	2,290
Long-term portion of settlement fee payable	171	-	230	-	230
Long-term portion of royalty payment obligation	2,267	-	2,369	-	2,369
Long-term portion of other employee benefit liabilities	374	-	433	-	433
Long-term debt [1)]	67,543	3,144	2,020	122,046	127,210
	$ 96,219	$ 29,056	$ 5,052	$ 122,046	$ 156,154

[1)] Under the terms of the OID loans (note 7), the holder of Second, Third, Fourth, Fifth and Sixth Warrants may decide to cancel a portion of the face values of the OID loans as payment upon the exercise of these warrants. The maximum repayment due on these loans has been included in the above table.

Commitments
The Corporation's commitments have remained essentially unchanged from those disclosed in the MD&A for the year ended December 31, 2016 except for a new contract to purchase varying volumes of plasma on a yearly basis until December 31, 2022 for an aggregate commitment of $102.2 million (US$78.8 million).

SUMMARY OF QUARTERLY RESULTS

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

		Net loss attributable to the owners of the parent	
Quarter ended	Revenues	Total	Per share basic & diluted
June 30, 2017	$ 3,619	$ (29,513)	$ (0.04)
March 31, 2017	4,866	(26,397)	(0.04)
December 31, 2016	4,111	(37,308)	(0.06)
September 30, 2016	3,737	(25,569)	(0.04)
June 30, 2016	3,295	(22,351)	(0.04)
March 31, 2016	5,249	(15,579)	(0.03)
December 31, 2015	14,066	(10,673)	(0.02)
September 30, 2015	5,661	(9,227)	(0.02)

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.

Revenues during the quarter ended September 30, 2015 reached $5.7 million reflecting strong affinity resin sales. Total R&D expenses and administration, selling and marketing expenses continued their increasing trend of the past few quarters ended up at $17.7 million and $5.3 million respectively. The Corporation started incurring expenses in regards to the CMO facility as operations commenced in July 2015.

Revenues, mainly from sales of goods, reached their highest level for a given quarter during the last two years during the quarter ended December 31, 2015, for a total of $14.1 million while the same could be said for total R&D expenses and administrative, selling and marketing expenses. There were several

on-going clinical trials during the quarter in relation to plasminogen, IVIG and PBI-4050 and preparatory work for forthcoming clinical programs.

Revenues, mainly from the sale of goods were $5.2 million during the quarter ended March 31, 2016. R&D and Administration, selling and marketing expense were both slightly lower than during the fourth quarter of 2015 but surpassed $21 million combined. Research and development expenses for the period were lower by $1.5 million at $16.5 million mainly reflecting the fact that there were no plasma fractionation activities scheduled at the CMO in Winnipeg during the quarter.

During the second quarter of 2016, the R&D expense and the administration, selling and marketing expense were $19.4 million and $5.2 million respectively, which were higher than previous quarters due to the increase in the level of pre-clinical and clinical activities within the Corporation. Also, a non-cash loss on extinguishment of liabilities of $2.6 million was recorded as the holder of the long-term debt decided to reduce the face value of the loan in consideration of the shares they received pursuant to a private placement. Finally, slightly lower sales of goods were registered in the second quarter of 2016 compared to previous quarter.

Revenues during the quarter ended September 30, 2016 totalled $3.7 million. Total R&D expenses increased by $4.2 million compared to the previous quarter. The majority of the increase is due to the increase in the production expenses at the Laval manufacturing facility resulting from an increase in production levels during the quarter and an increase in the expenses regarding the CMO mainly reflecting the timing of the production schedule which in 2016 takes place throughout the third and fourth quarters. The remainder of the increase is due to higher employee compensation and related expenses as the number of employees increased. Administration, selling and marketing expenses were $6.5 million, an increase of $1.3 million from the prior quarter which was mainly due to the recording of $0.9 million in fees regarding the GE settlement and license agreement.

Revenues during the quarter ended December 31, 2016 totalled $4.1 million. Total R&D expenses were $28.7 million, an increase of $5.1 million compared to the previous quarter due to increase clinical trial spend, employee compensation and an increase in share-based payment expenses of $1.8 million. Administration, selling and marketing expenses were $12.8 million, an increase of $6.3 million from the prior quarter which was mainly attributable to salary and benefit expenses resulting from an increase in headcount and the related increase in operating costs, higher share-based payments expense of $1.5 million, severance expense of $2.1 million in relation to rationalisation efforts at Telesta and a provision for bad debts of $0.8 million.

Revenues were $4.9 million during the quarter ended March 31, 2017, which represents an increase of $0.8 million compared to the previous quarter ended December 31, 2016. Research and development and administration, selling and marketing expense both decreased by $4.4 million and $5.9 million respectively compared to the fourth quarter of 2016. The decline in R&D expense were mainly due to lower clinical trial expenses and a reduction in the cost of manufacturing therapeutics for the clinical trials expensed in R&D as PBP started the manufacturing of plasminogen for commercial purposes, which cost was capitalized in inventories. Share-based payment expenses recorded under R&D and Administration, selling and marketing expenses, were at lower by $1.2 million and $1.3 million, respectively this quarter. The fact that there were no severance expense nor bad debt expense recorded as compared to the fourth quarter of 2016, brought Administration, selling and marketing expense to a more normal level.

Revenues declined to $3.6 million during the quarter ended June 30, 2017 as a result of lower sales of affinity resins. Research and development and administration, selling and marketing expense both were $24.5 million and $8.1 million respectively. The R&D cost were similar to prior quarter and administration, selling and marketing expense increased as the corporation is building the infrastructure to support the commercial launch of plasminogen.

OUTSTANDING SHARE DATA

The Corporation is authorized to issue an unlimited number of common shares. At August 11, 2017, 706,041,516 common shares, 15,866,071 options to purchase common shares, 8,062,563 restricted share units and 67,672,099 warrants 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 or the first six months of 2017.

SIGNIFICANT JUDGMENTS 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. The significant accounting judgments and critical accounting estimates applied by the Corporation are disclosed in the MD&A for the year ended December 31, 2016.

CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the condensed interim financial statements are consistent with those applied by the Corporation in its December 31, 2016 audited annual consolidated financial statements except for the amendments to certain accounting standards which are relevant to the Corporation and were adopted by the Corporation as of January 1, 2017 as described below.

IAS 7, *Statement of Cash Flows* ("IAS 7")
An amendment to IAS 7 requires additional disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The amendment is effective for annual periods beginning on or after January 1, 2017, and is applied prospectively. The adoption of the amendment did not have a significant impact on the disclosures as the Corporation was already providing similar disclosures in its long-term debt note in the financial statements.

IAS 12, *Income Taxes* ("IAS 12")
An amendment to IAS 12 clarifies the guidance on the recognition of deferred tax assets related to unrealized losses resulting from debt instruments that are measured at their fair values on a continuous basis. The amendment is effective for annual periods beginning on or after January 1, 2017 and is applied retrospectively. The adoption of the amendment did not have any impact on the consolidated financial statements on the adoption date since the Corporation did not hold any debt instrument measured at fair value for which there were unrealized losses.

Segmented information
During the second quarter of 2017, the Corporation made changes to the reported segments by splitting the former Protein technology segment into two new segments being the Bioseparations and the Plasma-derived therapeutics segments. The Small molecule therapeutic segment was unaffected by this change. The modification reflects the desire of the Chief Operating Decision Makers ("CODM") to obtain, starting in the second quarter of 2017, discrete financial information to assess the performance of these activities

separately as the Plasma-derived therapeutic business approaches the commercial launch of its first therapeutic (plasminogen) with other therapeutics expected to be commercialized in the following years. The organizational structure and business activities required to develop the products, run the clinical trials and support the commercial activities relating to the sale of a plasma-derived therapeutic are different than those required to develop and commercialize the bioseparation products. The CODM assess the performance of the operating segments based on segment profit or loss which comprises revenues, cost of goods sold, research and development and administration, selling and marketing expense.

The accounting policies of the segments are the same as the accounting policies of the Corporation. The operating segments include intercompany transactions between the segments which are done in a manner similar to transactions with third parties.

All prior period segments disclosures have been restated to reflect the changes in the Corporation's operating segments.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Other than as described below, there have been no other changes to existing IFRS accounting standards and interpretations since December 31, 2016 that the Corporation reasonably expects to have a material impact on the disclosures, the financial position or results of operations of the Corporation when applied at a future date.

IFRIC 22, *Foreign Currency Transactions and Advance Consideration* ("IFRIC 22")
In December 2016, the IASB issued IFRIC 22, which addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) and on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The Corporation is in the process of evaluating the impact of adopting the interpretation of IFRIC 22 on its consolidated financial statements.

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.

Impact of financial instruments in the consolidated statements of operations
The following line items in the consolidated statement of operations for the six months ended June 30, 2017 include income, expense, gains and losses relating to financial instruments:

- finance costs; and
- foreign exchange gains and losses.

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, 2016 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

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

No changes were made to the Corporation's internal controls over financial reporting during the six months ended June 30, 2017 that have materially affected, or are reasonably likely to materially affect the internal controls over financial reporting.

Limitation on scope of design

The Corporation's Chief Executive Officer, the Chef Operating officer and Chief Financial Officer have limited the scope of the design of disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of Telesta, which was acquired on October 31, 2016. This scope limitation is in accordance with Section 3.3 of National Instrument 52-109. respecting certification of disclosure in issuers' annual and interim filings which allows an issuer to limit its design of controls over financial reporting and disclosure controls of a company acquired not more than 365 days before the end of the financial period to which the certificate relates.

The summarized financial information of Telesta included in the consolidated financial statements as of and for the six months ended June 30, 2017 and that is not covered by the certifying officers attestation is presented below.

Condensed statement of financial position:

At June 30,		2017
Current assets	$	3,108
Long-term assets		12,382
Current liabilities		4,216
Long-term liabilities		2,937

Condensed statement of operations:

Six months ended June 30,		2017
Revenues	$	502
Research and development expenses		712
Administration expenses		685
Loss on foreign exchange, finance costs and other		554
Net loss	$	(1,449)