

## **PROMETIC LIFE SCIENCES INC.**

Investor Update  
July to September 2001

This present release must be considered as the quarterly report to shareholders.

1. Press release of September 27, 2001, with third quarter results.
2. Consolidated Balance Sheets.
3. Consolidated Statements of Operations and Deficit.
4. Consolidated Statements of Cash Flows
5. Notes to consolidated financial statements



**PROMETIC**  
LIFE SCIENCES INC.

**For immediate release**

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**ProMetic reports  
Third Quarter 2001 Financial Results**

*- Company Completes Equity Financing, Increases Investments  
in R & D and Prepares Two Lead Compounds for Clinical Trial -*

**Montreal, November 27, 2001** - ProMetic Life Sciences Inc. (TSE: PLI), today reported results for the third quarter ended September 30, 2001. During the third quarter, the Company secured a series of equity financings totalling approximately \$11.3 million at a price of \$1.50 per share. This corresponds to a private placement of \$3.8 million, which was secured in addition to the previously announced financing of \$7.5 million.

ProMetic continues to pursue market opportunities for its core technologies in both bioseparation and therapeutic drug development that will provide strategic and financial benefits. These activities during the quarter culminated in the closing of a licensing agreement with PharmaAware SEPSIS B. V. to develop both a diagnostic kit and a therapeutic protein for treatment of sepsis and septic shock.

**Third quarter results:**

Revenue for the quarter increased to \$1.1 million compared to about \$400,000 for the third quarter of 2000. This growth was driven by R&D milestones achieved during this period. Net loss for the quarter ending September 30, 2001 was \$1,856,903 or \$0.03 per share, compared with \$1,553,489 or \$0.03 per share for the third quarter of 2000.

Research and development expenses increased to \$1,694,319 during the quarter, compared with \$946,202 for the quarter ending September 30, 2000. This increase is primarily attributed to the pre-clinical development expenses of its leading two compounds, PBI 1402 for cancer indications and rAAT for inflammation, that are expected to enter clinical trials in the next three months. ProMetic also finalized

recruitment of its therapeutic team in Montreal in anticipation of these clinical trials and its increasing emphasis on its drug discovery program.

Total expenses before research and development, depreciation of capital assets and financial expenses came to \$1,117,805 for the quarter ending September 30, 2001 compared to \$815,069 for the same quarter of 2000. This is attributed to investments in corporate and business development activities as well as the expansion of its marketing activities in Asia.

Commenting on the results for the quarter, Mr. Andre Bedard, Executive VP and CFO of ProMetic, stated, "The results reflect our continued efforts to increase revenues as well as strengthen ProMetic's position and accelerate products into the clinic. We look to have two of our major compounds in clinical trials over the next three months. These milestones should translate into an increase value of our product pipeline for existing and future shareholders."

### **Cash Flow**

During the quarter ended September 30, 2001, cash flows from financing activities were mainly generated by the issuance of Subordinate Voting Shares valued at \$6,867,488. Cash flows from investing activities amounted to \$331,642 compared to \$430,401 for the same quarter last year.

### **9-month period ending September 30, 2001**

For the 9-month period ending September 30, 2001, revenues totalled \$1,935,341 compared to \$1,614,547 for the same period last year.

Total expenses before research and development, depreciation of capital assets and financial expenses came to \$2,989,665 for the 9 months period ending September 30, 2001 compared to \$2,235,165 for the same period of 2000.

Development expenses increased to \$4,219,552 during the first 9 months of 2001, compared with \$2,825,428 for the same period last year. The increased investment in R&D activities have contributed to advancing all key projects according to plan and bringing two therapeutic compounds much closer to clinical trial phases.

Net loss for the 9 months period ending September 30, 2001 was \$5,686,882 or \$0.09 per share, compared with \$3,922,103 or \$0.08 per share for the same period of 2000.

## **About ProMetic**

ProMetic Life Sciences Inc. (TSE: PLI) has headquarters in Montreal, Quebec, additional facilities in the UK and a Development and Marketing team in USA. ProMetic owns proprietary enabling technology essential for use in therapeutics, large-scale drug purification, chemical genomics and proteomics, drug delivery and drug development. This existing technology can dramatically lower costs, increase yield, and improve efficacy of existing and new bio-pharmaceutical products. ProMetic accomplishes this through strategic partnerships and in-house therapeutic development. Additional information is available on the company's website: [www.prometic.com](http://www.prometic.com).

This press release contains forward-looking statements that involve risks and uncertainties, including, but not limited to the Company's ability to develop, manufacture, and successfully commercialize value-added pharmaceutical products and to obtain contracts for its products and services and commercial acceptance of advanced affinity separation technology. Shareholders are cautioned that these statements are predictions and these actual events or results may differ materially from those anticipated in these forward-looking statements.

PROMETIC LIFE SCIENCES INC.

CONSOLIDATED BALANCE SHEETS

	September 30,		December 31,	
	2001		2000	
	(unaudited)		(audited)	
ASSETS				
Current assets:				
Cash and cash equivalents	\$	5,294,953	\$	2,270,316
Short-term Investments		-		2,000,000
Accounts receivable		1,324,383		524,133
Subscriptions (Note 4)		4,485,750		-
Inventories		335,270		300,594
Prepaid expenses		192,473		172,659
		11,632,829		5,267,702
Capital assets		4,037,588		3,620,386
Deferred development costs		3,449,301		3,018,104
Investment		2,281,245		2,281,245
	\$	21,400,963	\$	14,187,437
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities	\$	2,785,710	\$	1,741,756
Current portion of long-term debt		42,081		110,758
		2,827,791		1,852,514
Shareholders' equity				
Share capital		77,545,617		64,432,379
Deficit		(58,972,445)		(52,097,456)
		18,573,172		12,334,923
	\$	21,400,963	\$	14,187,437

PROMETIC LIFE SCIENCES INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

(unaudited)

	Quarters ended		Nine-Month periods ended	
	September 30,		September 30,	
	2001	2000	2001	2000
Revenues	\$ 1,111,096	\$ 397,127	\$ 1,935,341	\$ 1,614,547
Expenses before the undernoted items:	1,117,805	815,069	2,989,665	2,235,165
Research and development expenses	1,694,319	946,202	4,219,552	2,825,428
Depreciation of capital assets	159,375	149,642	466,102	411,255
Net financial expenses (revenues)	(3,500)	39,703	(53,096)	64,802
Net loss	1,856,903	1,553,489	5,686,882	3,922,103
Deficit, beginning of the period	55,994,290	48,292,540	52,097,456	45,785,821
Share issue expenses	1,121,252	992,484	1,188,107	1,130,589
Deficit, end of period	\$ 58,972,445	\$ 50,838,513	\$ 58,972,445	\$ 50,838,513
Net loss per share	0.03	0.03	0.09	0.08
Weighted average number of outstanding shares (in thousands)	62,662	53,454	61,064	50,878

PROMETIC LIFE SCIENCES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2001	2000	2001	2000
Cash flows from operating activities:				
Net loss	\$ (1,856,903)	\$ (1,553,489)	\$ (5,686,882)	\$ (3,922,103)
Adjustments to reconcile net loss to cash flows used by operating activities:				
Loss (gain) on disposal of tangible assets	-	-	-	3,739
Amortization and write-off of deferred development costs	6,017	-	17,757	-
Depreciation of capital assets	159,375	149,642	466,102	411,255
Cash flows used in operating activities	(1,691,511)	(1,403,847)	(5,203,023)	(3,507,109)
Net change in non-cash operating working capital items				
	389,358	451,571	189,214	(418,903)
	(1,302,153)	(952,276)	(5,013,809)	(3,926,012)
Cash flows from financing activities:				
Proceeds from share issues and subscription	6,867,488	8,342,812	8,627,488	13,127,713
Share issue expenses	(1,121,252)	(992,484)	(1,188,107)	(1,130,589)
Bank indebtedness	-	(51,554)	-	-
Repayment of long-term debt	(19,351)	(51,403)	(68,677)	(106,209)
	5,726,885	7,247,371	7,370,704	11,890,915
Cash flows from investing activities:				
Acquisition of an investment	-	-	-	(370,725)
Disposal of short-term investments	-	-	2,000,000	-
Additions to capital assets	(176,930)	(97,245)	(883,304)	(717,155)
Proceeds from disposal of capital assets	-	-	-	27,606
Deferred development costs	(154,712)	(333,156)	(448,954)	(864,027)
	(331,642)	(430,401)	667,742	(1,924,301)
Increase in cash and cash equivalents	4,093,090	5,864,694	3,024,637	6,040,602
Cash and cash equivalents, beginning of period	1,201,863	957,570	2,270,316	781,662
Cash and cash equivalents, end of period	\$ 5,294,953	\$ 6,822,264	\$ 5,294,953	\$ 6,822,264
Other information related to cash flows:				
Interests paid during the period	\$ 8,790	\$ 41,311	\$ 129,062	\$ 56,746
Interests received during the period	1,281	9,688	6,518	44,259

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

### 1- Basis of presentation:

The unaudited consolidated balance sheet as of September 30, 2001 and the related unaudited consolidated statements of operations and deficit and cash flows for the nine month periods ended September 30, 2000 and 2001, have been prepared using accounting principles and practices consistent with those used and described in the annual financial statements, but do not include all disclosures required by generally accepted accounting principles. Accordingly, they should be read in conjunction with the Company's audited consolidated financial statements and notes thereto as of and for the year ended December 31, 2000 included in the Company's annual report to shareholders.

### 2- Comparative figures:

Comparative figures have been reclassified in order to conform to the current period's presentation.

### 3- Segmented information:

ProMetic is a leading biopharmaceutical company engaged in the research, development, manufacturing and commercialisation of a variety of commercial applications from its platform technology. ProMetic owns proprietary enabling technology essential for use in large-scale drug purification proteomics, medical applications and therapeutics.

Revenues by geographic segment are as follows:

	Quarters ended September 30,		Nine-Month periods ended September 30,	
	2001	2000	2001	2000
United States	\$ 854,014	\$ 81,215	\$ 1,374,190	\$ 727,908
United Kingdom	127,745	205,717	297,298	937,115
Europe (excluding United Kingdom)	120,564	110,195	179,986	123,269
Other	8,528	-	54,556	
Canada	245	-	29,311	
Intersegment sales	-	-		(173,745)
	\$ 1,111,096	\$ 397,127	\$ 1,935,341	\$ 1,614,547

Net losses from the continuing operations by geographic segment are as follows:

	Quarters ended September 30,		Nine-Month periods ended September 30,	
	2001	2000	2001	2000
Canada	\$ 949,065	\$ 517,286	\$ 2,326,484	\$ 1,480,226
United States	(118,544)	54,787	91,046	90,663
United Kingdom	1,026,382	981,416	3,269,352	2,351,214
	\$ 1,856,903	\$ 1,553,489	\$ 5,686,882	\$ 3,922,103

Assets by geographic segment are as follows:

	September 30, 2001	December 31, 2000
Canada	\$ 53,387,724	\$ 38,650,917
United States	4,358,179	3,304,807
United Kingdom	4,735,735	3,913,571
Intersegment eliminations	(41,080,675)	(31,681,858)
	\$ 21,400,963	\$ 14,187,437

Capital assets by geographic segment are as follows:

	September 30, 2001	December 31, 2000
Canada	\$ 1,209,898	\$ 973,143
United States	413,941	47,677
United Kingdom	2,413,749	2,599,566
	\$ 4,037,588	\$ 3,620,386

Capital expenditures by geographic segment are as follows:

	Quarters ended September, 30		Nine-Month periods ended September 30,	
	2001	2000	2001	2000
Canada	\$ 191,113	\$ 45,687	\$ 772,343	\$ 127,902
United States	-	284	6,990	1,785
United Kingdom	(14,183)	51,274	103,971	587,468
	\$ 176,930	\$ 97,245	\$ 883,304	\$ 717,155

#### 4- Subscriptions receivables

Equity financings of \$11,356,237 at a price of \$1.50 per share have been secured during the third quarter, out of which \$7,516,237 has already been closed as of November 27, 2001. The remaining private placements of \$3,840,000, included in subscriptions receivable as of September 30, 2001 will be closed shortly.

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