



PROMETIC

PRESS RELEASE

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ProMetic Reports on its Highlights and Financial Results for its First Quarter 2004

MONTREAL, Quebec (Canada), May 14, 2004 – **ProMetic Life Sciences Inc.** (TSX: PLI) is pleased to report on its highlights and financial results for the quarter ended March 31st, 2004.

Highlights, Share Price, Business Outlook and Financial results:

Highlights of the first quarter demonstrate ProMetic's focus on four value drivers:

- Beginning of clinical studies for lead cancer compound PBI-1402. Results are expected in 2004.
- Enrollment of patients for recombinant Alpha1-antitrypsin Phase II study was completed. Results expected in June 2004.
- PRDT's device, a world first, designed to assist blood transfusion services around the world has been demonstrated to eliminate the infectivity of TSE's in red blood cell concentrate. TSE's or Transmissible Spongiform Encephalopathy are deemed responsible for the variant Creutzfeldt-Jakob disease, the human form of the Mad Cow Disease.
- Agreement with Serono S.A. for up to CDN\$1.3M giving Serono access to ProMetic's Enabling Technology for one of its drug candidates.
- Mr. Claude Lambert, formerly from Adaltis and Picchio International was appointed Vice President Finance and Administration. Dr. Steve Burton and Dr. Christopher Penney were also appointed CSO – Enabling Technology and CSO – Therapeutics, respectively.

Share price

The gap between the value of ProMetic's key projects and its current share price was addressed at the Annual Shareholders' Meeting held on May 5, 2004. "ProMetic's business model is quite simple with two core activities: the first one is to develop drug candidates targeting large unsatisfied markets such as cancer. The second is to build value with the Enabling Technology applied to reduce manufacturing costs and improve the purity of biopharmaceutical products", mentioned Mr. Laurin.

"Alone, the application pursued with the American Red Cross on blood derived drugs targets a multi-billion dollar market opportunity that has the potential to yield significant annuity revenue for ProMetic. The value of each of these core activities far exceeds the current market evaluation of

the entire group”, said Mr. Pierre Laurin before outlining some of the key steps the Company intends to take to improve share value which includes changes to be made to the corporate structure and to the communication strategy.

“ProMetic’s significant product portfolio has reached a critical mass which necessitates the hiring of a Chief Operating Officer to participate in the management of the Company’s growth”, added Mr. Laurin. “ProMetic is entering into a new era and we have to prepare for this exciting new phase and capitalize on growth opportunities that are currently completely discounted by the market. It is also my intent to review the share capital structure.” concluded Mr. Laurin.

Business Outlook

In 2004, ProMetic will focus on:

- (i) the completion of the three on-going clinical trials;
- (ii) the signing of a definitive license agreement with Hemosol;
- (iii) the commercial development for PRDT’s pathogen removal device; and
- (iv) progress related to ProMetic’s plasma-derived products.

“We have everything in place to meet our objectives in 2004, i.e. a strong management team, a proven-technology, a wide range of commercial applications advanced with world-class partners and an outstanding pipeline of compounds in development targeting large unsatisfied markets.” stated Mr. Claude Lambert, Vice-President Finance and Administration.

Financial Results

The following information should be read in conjunction with the unaudited financial statements for the period ended March 31, 2004. These interim financial statements have been prepared by the management of the Company and have not been subject to an engagement review by the Company’s auditor.

Net loss for the quarter was \$5.1 million, or \$0.05 per share, compared with \$4.2 million, or \$0.05 per share, in the same quarter of the previous year. As at March 31, 2004, cash, cash equivalents and short-term investments were \$22.2 million, compared with \$25.9 million on December 31, 2003.

The increase in the net loss was attributable to additional investments in R&D expenditures related to the advancement in the joint programs with the American Red Cross and the Company’s two lead compounds, PBI 1402 and recombinant alpha 1-antitrypsin in clinical trials.

Achievement of license agreements with commercial partners will have a material impact on the Company’s cash, cash equivalents and short-term investments.

About ProMetic Life Sciences

ProMetic Life Sciences Inc. is an international biopharmaceutical company with headquarters in Montreal, additional facilities in the U.K., and marketing in the U.S.A. ProMetic specializes in research, development, manufacture and marketing of a variety of commercial applications from its proprietary platform technologies, which are used in the development of therapeutics, the elimination of pathogens, proteomics, and large-scale drug purification.

Additional information is available on the Company's website: www.prometic.com.

ProMetic will host a conference call on May 17th at 11:00 a.m. EST. The telephone number to access the conference call is 1-800-814-4890 (North America) or 416-640-4127 (Toronto and outside of N.A.). A replay of the call will be available until May 21st. To access the replay please dial 1-877-289-8525, passcode: 21050901#. The conference call will be available on the Internet at 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.

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PROMETIC LIFE SCIENCES INC.

CONSOLIDATED BALANCE SHEETS

(In thousands of Canadian dollars)

	March 31		December 31	
	2004		2003	
	(unaudited)		(audited)	
ASSETS				
Current assets:				
Cash and cash equivalents	\$	4 852	\$	24 052
Short-term investments		17 334		1 800
Accounts receivable (Note 3)		836		684
Inventories		752		586
Prepaid expenses		1 126		958
		24 900		28 080
Investments and interest in a joint venture (Note 4)		3 504		3 371
Capital assets		3 468		3 493
Intellectual property		5 632		5 649
Deferred development costs		1 770		2 027
	\$	39 274	\$	42 620
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities	\$	4 937	\$	6 069
Deferred revenues		1 800		800
Current portion of long-term debt		510		490
		7 247		8 359
Long-term debt		718		847
Preferred shares, retractable at the holder's option		1 047		914
Shareholders' equity:				
Share capital (Note 5)		135 672		132 617
Contributed surplus		50		-
Deficit		(105 460)		(100 117)
		30 262		32 500
	\$	39 274	\$	42 620

PROMETIC LIFE SCIENCES INC.**CONSOLIDATED STATEMENTS OF OPERATIONS****(In thousands of Canadian dollars except for per share amounts)**

	Three months ended			
	March 31			
	2004		2003	
	Unaudited		Unaudited	
Sales	\$	229	\$	241
Licensing and contract R&D revenues		299		60
Revenues	\$	528	\$	301
Research and development expenses		3 719		2 736
Administration, marketing and other expenses excluding the undernoted items		1 381		1 332
Depreciation of capital assets		256		242
Amortization of intellectual property and deferred development costs		382		315
		5 738		4 625
Net interest income		94		123
Net loss		5 116		4 201
Net loss per share		0,05	\$	0,05
Weighted average number of outstanding shares		99 204		86 450

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS**(In thousands of Canadian dollars)**

	Three months ended			
	March 31			
	2004		2003	
	Unaudited		Unaudited	
Deficit, beginning of the period	\$	100 117	\$	78 395
Adjustment for change in stock-based compensation		44		-
Deficit, beginning of the period as restated		100 161		78 395
Net Loss		5 116		4 201
Share issue expenses		183		-
Deficit, end of period	\$	105 460	\$	82 596

Management Discussion and Analysis of Operating Results and Financial Position

The following information should be read in conjunction with the unaudited financial statements for the period ended March 31, 2004. These interim financial statements have been prepared by the management of the Company, and have not been subject to an engagement review by the Company's auditor.

Net loss for the quarter was \$5.1 million, or \$0.05 per share, compared with \$4.2 million, or \$0.05 per share, in the same quarter of the previous year. As at March 31, 2004, cash, cash equivalents and short-term investments were \$22.2 million, compared with \$25.9 million on December 31, 2003.

The increase in the net loss was attributable to additional investments in R&D expenditures related to the advancement in the joint programs with the American Red Cross, and the Company's two lead compounds, PBI 1402 and recombinant alpha 1-antitrypsin in clinical trials.

Achievement of license agreements with commercial partners will have a material impact on the Company's cash, cash equivalents and short-term investments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ProMetic Life Sciences (the “Company” or “ProMetic”) is an international biopharmaceutical company engaged in the research, development, manufacturing and marketing of a variety of applications developed from its own exclusive technology platform. ProMetic owns proprietary technology essential for use in the large-scale purification of drugs, genomics and proteomics products and for medical and therapeutic applications.

1- Basis of Presentation

The unaudited consolidated balance sheet as of March 31, 2004 and the related unaudited consolidated statements of operations and deficit, and cash flows, for the three-month period ended March 31, 2004 and 2003, 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, 2003 included in the Company’s annual report to shareholders. Information as at March 31, 2004 and for the periods ended March 31, 2004 and 2003 are unaudited.

2- New Accounting Standard

a) Impairment of Long-Lived Assets:

In December 2002, the CICA issued Section 3063 of the Handbook, *Impairment of Long-lived Assets*, effective for fiscal years beginning on or after April 1, 2003. Among other things, the Section establishes the recognition, measurement and reporting standards with respect to the impairment of long-lived assets held for use. Pursuant to the recommendations, a loss of value should be recognized when the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. The Company adopted these recommendations as of January 1, 2004. The adoption of these recommendations had no impact on the financial statements of the Company.

b) Stock-Based Compensation:

Effective January 1, 2004, Canadian GAAP requires the fair value of options granted to employees to be expensed over their vesting period. Prior to January 1, 2004, the company did not recognize any compensation for stock options granted to employees as the granting and exercising of options were accounted for as equity transactions.

The company is adopting the new accounting policy on a retroactive basis with no restatement of prior periods. Accordingly, on January 1, 2004, retained earnings was reduced and contributed surplus was increased by \$44,000 to account for the stock option expense that would have been charged to loss in 2002 and 2003 with respect to all options granted since January 1, 2002. The Company uses the Black-Scholes option valuation model to calculate the fair value of options at the date of grant. In the first quarter of 2004, compensation expense related to stock options was approximately \$6,000 after-tax.

Had the company expensed the fair value of the stock options in prior periods, the following pro forma amounts would have resulted:

	Three months ended March 31,	
	2004	2003
Net loss	\$ 5,116	\$ 4,201
Plus: Compensation expense recognized in the statement of earnings	6	-
Less: Total compensation expense	(6)	(9)
Pro forma net loss	\$ 5,116	\$ 4,210
Pro forma net loss per share	0.05	0.05

c) Earnings per share:

Stock options were not included in the computation of the diluted loss per share because to do so would have been anti-dilutive.

3- Accounts receivable

	March 31,	December 31,
	2004	2003
Trade	\$ 300	\$ 245
Sales taxes receivable	405	414
Other	131	25
	\$ 836	\$ 684

4- Investments and interest in a joint venture

	March 31, 2004	December 31, 2003
Investments:		
Investment in convertible preferred shares of Arriva Pharmaceuticals, Inc.	\$2,281	\$2,281
Investment in convertible preferred shares of AM-Pharma Holding B.V.	176	176
Interest in a joint venture:		
Excess of the interest in the joint venture Pathogen Removal and Diagnostic Technologies Inc. over proportionate share in consolidated net assets	1,047	914
	\$ 3,504	\$ 3,371

5- Share capital

a) Share issue:

Changes in the issued and outstanding subordinate voting shares were as follows:

	Number	Amount
Balance as at December 31, 2003	84,843	\$ 131,504
Shares issued pursuant to:		
Exercise of the over allotment option	1,579	3,000
Exercise of options	55	56
Balance as at March 31, 2004	86,477	\$ 134,560

b) Stock options:

The following table summarizes the changes in the number of stock options outstanding:

	Options	Weighted average exercise price per share
Number of options as at December 31, 2003	4,293	\$ 1.51
Granted	-	-
Exercised	(55)	\$ 1.01
Cancelled	(16)	\$ 2.65
Number of options as at March 31, 2004	4,222	\$ 1.51

6- Other cash flow information

	Three months ended March 31,	
	2004	2003
Interest paid	\$ 30	\$ 5
Interest earned	\$ 130	\$ 133

7- Non-cash transactions:

	Three months ended March 31,	
	2004	2003
Unpaid additions to capital assets and intellectual property	\$ 109	\$ 761
Excess of the interest in the joint venture Pathogen: Removal and Diagnostic Technologies Inc. over the proportionate share in the consolidated net assets	133	122
Preferred shares retractable at the holder's option	133	122

8- Segmented Information

Revenues¹ by geographic segment are as follows:

	Three months ended March 31,	
	2004	2003
United States	\$ 41	\$ 36
United Kingdom	193	203
Europe (excluding United Kingdom)	262	37
Other countries	32	25
	\$ 528	\$ 301

¹ Revenues are attributed to countries based on customer's location.

8- Segmented Information (continued)

Net losses by geographic segment are as follows:

	Three months ended March 31,	
	2004	2003
Canada	\$ 3,103	\$ 2,782
United States	195	133
United Kingdom	1,815	1,286
	\$ 5,113	\$ 4,201

The assets by geographic segment are as follows:

	March 31		December 31	
	2004		2003	
Canada	\$ 30,132	\$	33,617	
United States	520		456	
United Kingdom	8,622		8,547	
	\$ 39,274	\$	42,620	

The capital assets and intellectual property by geographic segment are as follows:

	March 31		December 31	
	2004		2003	
Canada	\$ 5,300	\$	5,302	
United States	102		97	
United Kingdom	3,698		3,742	
	\$ 9,100	\$	9,141	

Additions to capital assets and intellectual property by geographic segment are as follows:

	Three months ended March 31,	
	2004	2003
Canada	\$ 188	\$ 462
United States	10	27
United Kingdom	143	241
	\$ 341	\$ 730

9- Comparative Figures

Certain comparative figures have been reclassified in order to conform with the current period's presentation.