



PRESS RELEASE
For immediate release

PROMETIC REPORTS ON FINANCIAL RESULTS FOR ITS SECOND QUARTER 2004

Revenues of CDN \$5.2 million contributed to reducing net loss

MONTREAL, Quebec (Canada), August 3, 2004 – ProMetic Life Sciences Inc. (TSX: PLI) is pleased to report on its financial results for the second quarter ended June 30th, 2004 and wishes to bring to the attention of its shareholders its key highlights for the last quarter. A business outlook is also offered at the end of this press release.

Highlights:

Enabling Technology:

- License agreement with Hemosol led to first license payment of CDN \$1.5 million, and one million shares of Hemosol. This is in addition to a payment of two million shares already received and recognized in the second quarter of 2004.
- Long-term collaboration agreement with GlaxoSmithKline (GSK); financial considerations of this agreement will carry both short-term and long-term benefits.
- Confirmation that PRDT's technology (the joint venture of ProMetic and the American Red Cross) selectively binds and removes families of viruses from blood and blood products.
- Milestones met with the American Red Cross for plasma proteins: preferred sequence of capture steps is achieving unprecedented recovery yield; technology transfer program six months ahead of schedule.

Therapeutics:

- Human Cytotoxic T Lymphocytes (CTL) stimulated by PBI-1393 proven effective in destroying cancer cells.
- Several lead compounds identified with the Drug Discovery Platform for autoimmune diseases (arthritis and Lupus); drug candidate selection to be made in 2005 for clinical trials.
- Phase II clinical trial for atopic dermatitis with rAAT topical gel completed in June 2004; results expected in Q3 2004
- Phase I study for PBI-1402 ongoing; results expected in Q4 2004.

Financial Results

The following information should be read in conjunction with the unaudited financial statements for the period ended June 30, 2004.

Revenues for the second quarter of 2004 amounted to \$5.2 million compared with \$0.3 million in the second quarter of 2003. The main contributor to revenues stemmed from the execution of the license agreement with Hemosol, reducing materially the net loss for the quarter.

For the six-month period of 2004, revenues amounted to \$5.7 million compared with \$0.6 million in the first six-month period of 2003.

For the second quarter of 2004, research and development expenses increased to \$4.5 million or 68% of overall expenses, from \$3.5 million, or 60% in the same period of 2003. The increase was attributable to the advancement of the joint programs with the American Red Cross, and the Company's clinical trial progression of its lead drug candidates, PBI 1402, PBI-1393 and recombinant alpha 1-antitrypsin (rAAT). Administration, marketing and other expenses excluding depreciation and amortization, decreased slightly to \$1.5 million for the second quarter of 2004, from \$1.7 million in the second quarter of 2003.

Net loss for the quarter was \$1.4 million, or \$0.01 per share, compared with \$5.4 million, or \$0.06 per share, in the same quarter of the previous year.

As at June 30, 2004, cash, cash equivalents and short-term investments were \$18.7 million compared with \$25.9 million as at December 31, 2003.

It is the Company's strategy to continue building a strong portfolio of clients and partners using its Enabling Technology. This strategy alleviates the Company's research and development expenses and contributes in reducing the Company's cash outflow while creating an annuity revenue portfolio (license fees, supply arrangements and milestone payments).

In light of the Company's vision to bring to market high-value therapeutic drugs in the cancer and inflammation/autoimmune diseases area, cash inflows from the Enabling Technology activities will continue to contribute and support research activities and provide strong bases for the development of various self-funding scenarios for the Company going forward.

Business Outlook

The Company intends to continue building on its second quarter achievements. The following projects are expected to yield important cash inflows over the coming months and years:

Enabling Technology:

- PRDT and today's announcement with MacoPharma: The alliance announced today between PRDT (Pathogen Removal and Diagnostic Technologies) and MacoPharma will positively impact on future ProMetic's results. MacoPharma will contribute 50% toward past and future development costs of the prion removal device and for next-generation products. ProMetic was previously co-funding the development activities of PRDT with its partner, the American Red Cross. With a 26% stake in PRDT and the financial value created by the alliance announced today, the commercialization of the first product and the development of additional products by PRDT and MacoPharma, ProMetic is well positioned to financially benefit from such a growth. ProMetic's management responsibilities for PRDT's manufacturing activities will also benefit the Company.

- Plasma protein purification: The first license with Hemosol (Nasdaq-HMSL) is expected to be replicated in other countries. Initiatives to commercialize this technology (i.e. the sequence of isolation steps for the capture of proteins from plasma on proprietary technologies from ProMetic and the American Red Cross) are ongoing in various territories. Such commercial strategy is expected to result in additional technological transfers over the coming years.
- Recombinant proteins: Ongoing projects with ProMetic's clients such as GlaxoSmithKline, Serono, Novo Nordisk, AM Pharma and Menarini are progressing according to established guidelines and timeframes. Each project provides increasing cash flows to the Company as proteins are being purified according to the customer's specifications, integrated to the overall clients' manufacturing process and used in the commercial manufacturing of the final products. ProMetic's Enabling Technology is aimed at reducing manufacturing costs and increasing the yield of the clients' drugs or drug candidates.
- Technology transfer in developing countries: ProMetic is involved in a technology transfer project in Tunisia (North Africa) aimed at manufacturing recombinant protein drugs that will be distributed over a vast territory including Africa, the Middle-East and some Eastern European countries. ProMetic met with significant investors and partners of the region over the last months for the implementation of the commercial strategy. Such discussions involve the platform technology for plasma proteins in accordance with ProMetic's strategy to replicate its first license with Hemosol in this region.

Therapeutics:

In light of the Company's business objective to bring to market effective innovative, lower cost, less toxic therapeutic products for the treatment of cancer and inflammation/autoimmune diseases, shareholders may expect the following activities from the Company over the coming months:

- Following the results of PBI-1402 and the rAAT topical gel clinical studies, the Scientific Advisory Board is expected to provide strategic choices for the following development programs; objectives are to reduce time to market and maximize revenues.
- Scale-up of PBI-1393 manufacturing; clinical trials expected to be initiated in 2005.

Corporate matters:

- The Company's new website is scheduled to be launched on September 7, 2004.

Webcast Conference Call

ProMetic will host a conference call tomorrow Wednesday August 4 at 11:00 AM (EST), to discuss its second quarter results. To access the conference call by telephone, dial 1-800-814-4857 (North America) or 416-640-4127 (international). A live webcast with slides will be available at www.prometic.com. To access the archived conference call, dial 1-877-289-8525 and enter 21081047#.

About ProMetic Life Sciences

ProMetic Life Sciences Inc. (TSX-PLI) is a biopharmaceutical company specialized in the research, development, manufacture and marketing of a variety of commercial applications from its proprietary platform technologies, which are used in the development of therapeutics, large-scale purification of biologics and the elimination of pathogens/viruses. Headquartered in Montreal (Canada), ProMetic has additional facilities in the UK and the USA.

Additional information is available on the Company's website: 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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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 June 30, 2004. These interim financial statements have been prepared by the management of the Company.

Net loss for the quarter was \$1.4 million, or \$0.01 per share, compared with \$5.4 million, or \$0.06 per share, in the same quarter of the previous year. Net loss for the six months ended June 30, 2004 was \$6.5 million, or \$0.07 per share, compared with \$9.6 million, or \$0.11 per share in the same period of the previous year. As at June 30, 2004, cash, cash equivalents and short-term investments were \$18.7 million, compared with \$25.9 million on December 31, 2003.

The increase in the research and development expenses during the quarter 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, while administration and marketing expenses slightly decreased. The net loss, however, has been partially offset by revenues resulting from the license agreement with Hemosol Corp. On June 01, 2004, Prometic signed a definitive license agreement with Hemosol Corp. As consideration for signing the definitive license agreement, Hemosol Corp unconditionally issued 1,000,000 common shares to Prometic and paid Prometic \$1,500,000 in cash.

PROMETIC LIFE SCIENCES INC.

CONSOLIDATED BALANCE SHEETS

(In thousands of Canadian dollars)

	June 30	December 31
	2004	2003
	(unaudited)	(audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 15,781	\$ 24,052
Short-term investments	2,870	1,800
Receivable (Note 3)	1,082	684
Inventories	825	586
Prepaid expenses	1,052	958
	21,610	28,080
Investments and interest in a joint venture (Note 4)	3,900	3,371
Capital assets	3,570	3,493
Intellectual property	5,690	5,649
Deferred development costs	1,511	2,027
	\$ 36,281	\$ 42,620
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,003	\$ 6,069
Deferred revenues	-	1,800
Current portion of long-term debt	496	490
	5,499	8,359
Long-term debt	609	847
Preferred shares, retractable at the holder's option	1,261	914
Shareholders' equity:		
Share capital (Note 5)	135,672	132,617
Contributed surplus	63	-
Deficit	(106,823)	(100,117)
	28,912	32,500
	\$ 36,281	\$ 42,620

See accompanying notes to consolidated financial statements

PROMETIC LIFE SCIENCES INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands of Canadian dollars except for per share amounts)

	Quarter ended		Six months ended	
	June 30		June 30	
	2004 Unaudited	2003 Unaudited	2004 Unaudited	2003 Unaudited
Sales	\$ 447	\$ 285	\$ 676	\$ 531
Licensing and contract R&D revenues (Note 6)	4,746	17	5,045	72
Revenues	\$ 5,193	\$ 302	\$ 5,721	\$ 603
Research and development expenses	4,485	3,461	8,204	6,197
Administration, marketing and other expenses excluding the undernoted items	1,459	1,731	2,840	3,063
Depreciation of capital assets	272	245	528	487
Amortization of intellectual property and deferred development costs	417	309	799	624
	6,633	5,746	12,371	10,371
Net interest income	76	84	170	207
Net loss	1,364	5,360	6,480	9,561
Net loss per share	\$ 0.01	\$ 0.06	\$ 0.07	\$ 0.11
Weighted average number of outstanding shares	99,503	87,268	99,354	86,109

See accompanying notes to consolidated financial statements

PROMETIC LIFE SCIENCES INC.

CONSOLIDATED STATEMENTS OF DEFICIT

(In thousands of Canadian dollars)

	Quarter ended		Six months ended	
	June 30		June 30	
	2004 Unaudited	2003 Unaudited	2004 Unaudited	2003 Unaudited
Deficit, beginning of the period	\$ 105,460	\$ 82,596	\$ 100,117	\$ 78,395
Adjustment for change in stock-based compensation	-	-	44	-
Deficit, beginning of the period as restated	105,460	82,596	100,161	78,395
Net Loss	1,364	5,360	6,480	9,561
Share issue expenses	(1)	-	182	-
Deficit, end of period	\$ 106,823	\$ 87,956	\$ 106,823	\$ 87,956

See accompanying notes to consolidated financial statements

PROMETIC LIFE SCIENCES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of Canadian dollars)

	Quarters Ended		Six months ended	
	June 30		June 30	
	2004	2003	2004	2003
	Unaudited	Unaudited	Unaudited	Unaudited
Cash flows from (used in) operating activities:				
Net loss	\$ (1,364)	\$ (5,360)	\$ (6,480)	\$ (9,561)
Adjustments to reconcile net loss to cash flows used in operating activities:				
Stock-Based compensation	19	-	19	-
Depreciation of capital assets	272	245	528	487
Amortization of deferred development costs	261	204	516	421
Amortization of intellectual property	156	105	283	203
	(656)	(4,806)	(5,134)	(8,450)
Net change in operating assets and liabilities	(3,123)	972	(3,409)	1,454
	(3,779)	(3,834)	(8,543)	(6,996)
Cash flows from (used in) financing activities:				
Proceeds from share issues	-	10	3,056	25
Share issue expenses	8	-	(398)	-
Increase in long-term debt	-	268	-	1,095
Repayment of long-term debt	(123)	(75)	(232)	(172)
	(115)	203	2,426	948
Cash flows from (used in) investing activities:				
Disposal (acquisition) of short-term investments	15,534	(382)	-	8,333
Acquisition of an investment	(182)	-	(182)	(175)
Additions to capital assets	(348)	(621)	(890)	(1,293)
Additions to Intellectual property	(181)	(241)	(1,082)	(582)
	14,823	(1,244)	(2,154)	6,283
Net (decrease) increase in cash and cash equivalents	10,929	(4,875)	(8,271)	235
Cash and cash equivalents, beginning of period	4,852	18,500	24,052	13,390
Cash and cash equivalents, end of period	\$ 15,781	\$ 13,625	\$ 15,781	\$ 13,625

See accompanying notes to consolidated financial statements

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 June 30, 2004 and the related unaudited consolidated statements of operations and deficit, and cash flows, for the six-month period ended June 30, 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 June 30, 2004 and for the periods ended June 30, 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 \$43,822 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. The grant was estimated with the following assumptions:

Risk-Free interest rate	4.51%
Dividend yield	0%
Expected volatility of share price	50.0%
Expected life	5 years

The estimated fair value of options during the second quarter ended June 30, 2004 was \$0.38.

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

	Quarters ended June 30,		Six-month ended June 30,	
	2004	2003	2004	2003
Net loss	\$ 1,364	\$ 5,360	\$ 6,480	\$ 9,561
Plus: Compensation expense recognized in the statement of earnings	12	-	19	-
Less: Total compensation expense	(12)	(13)	(19)	(22)
Pro forma net loss	\$ 1,364	\$ 5,373	\$ 6,480	\$ 9,583
Pro forma net loss per share	0.01	0.06	0.07	0.11

(c) Revenue Recognition

During the year, the Company adopted the recommendations of the Emerging Issues Committee (“EIC”) of the CICA in abstracts EIC-141, Revenue Recognition and EIC-142, Revenue Arrangements with Multiple Deliverables. EIC-141 provides interpretative guidance on the application of Section 3400 of the CICA Handbook, “Revenue”. More specifically, the abstract presents the criteria to be met so that revenue recognition can be considered as having been achieved. EIC-142 addresses not only when and how an arrangement involving multiple deliverables should be divided into separate elements of accounting, but also how the arrangement’s consideration should be allocated among separate units. Adoption of these recommendations did not affect the financial position or results of operations in the consolidated financial statements.

3- Receivable

	June 30,	December 31,
	2004	2003
Trade	\$ 450	\$ 245
Sales taxes receivable	438	414
Accrued Interest and Other	194	25
	\$1,082	\$ 684

4- Investments and interest in a joint venture

	June 30,	December 31,
	2004	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.	358	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	1,261	914
	\$ 3,900	\$ 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 June 30, 2004	86,477	\$ 134,560

5- Share capital (continued)

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	522	\$ 2.70
Exercised	(55)	\$ 1.01
Cancelled	(20)	\$ 2.66
Number of options as at June 30, 2004	4,740	\$ 1.64

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.

6- Licensing Revenues

On June 1, 2004, ProMetic signed a definitive license agreement with Hemosol Corp. As consideration for signing the definitive license agreement, Hemosol Corp unconditionally issued 1,000,000 common shares (\$1.07 per share) to ProMetic as well as an amount of \$1,500,000 as a cash consideration. Since the term of the license began upon the closing of the agreement, the payments received on June 1, 2004 and the deferred revenue of \$1 800 000 received in 2003 from Hemosol Corp were recognized as licensing revenues.

7- Non-cash transactions:

	Quarters ended June 30,		Six-month ended June 30,	
	2004	2003	2004	2003
Unpaid additions to capital assets and intellectual property	\$ 169	\$ -	\$ 169	\$ 361
Unpaid share issue expenses	7	-	7	-
Excess of the interest in the joint venture Pathogen. Removal and Diagnostic Technologies Inc. over the proportionate share in the consolidated net assets	214	152	347	274
Preferred shares retractable at the holder's option	214	152	347	274

8- Segmented Information

Revenues¹ by geographic segment are as follows:

	Quarters ended June 30,		Six-month ended June 30,	
	2004	2003	2004	2003
Canada	\$ 4,375	\$ -	\$ 4,365	\$ -
United States	275	70	315	106
United Kingdom	148	118	341	322
Europe (excluding United Kingdom)	395	106	658	142
Other countries	-	8	42	33
	\$ 5,193	\$ 302	\$ 5,721	\$ 603

Net losses by geographic segment are as follows:

	Quarters ended June 30,		Six-month ended June 30,	
	2004	2003	2004	2003
Canada	(275)	3,696	\$ 2,831	\$ 6,478
United States	1,530	367	1,725	500
United Kingdom	109	1,297	1,924	2,583
	1,364	5,360	\$ 6,480	\$ 9,561

The assets by geographic segment are as follows:

	June 30		December 31	
	2004	2003	2004	2003
Canada	\$ 26,974	\$ 33,617		
United States	394	456		
United Kingdom	8,913	8,547		
	\$ 36,281	\$ 42,620		

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

8- Segmented Information (continued)

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

		June 30	December 31
		2004	2003
Canada	\$	5,359	\$ 5,302
United States		97	97
United Kingdom		3,804	3,742
	\$	9,260	\$ 9,141

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

	Quarters ended June 30,		Six-month ended June 30,	
	2004	2003	2004	2003
Canada	\$ 287	\$ 357	\$ 475	\$ 819
United States	-	47	10	74
United Kingdom	302	59	445	300
	\$ 589	\$ 463	\$ 930	\$ 1,193

9- Comparative Figures

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