

PROMETIC LIFE SCIENCES INC.



PROMETIC
LIFE SCIENCES INC.

REVISED INITIAL ANNUAL INFORMATION FORM

Year ended December 31, 2000

APRIL 20, 2001

**NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS
FORM 44-101f1
ANNUAL INFORMATION FORM (“AIF”)**

Item 1

1.1 **Date:** April 20, 2001

Item 2 – Corporate Structure

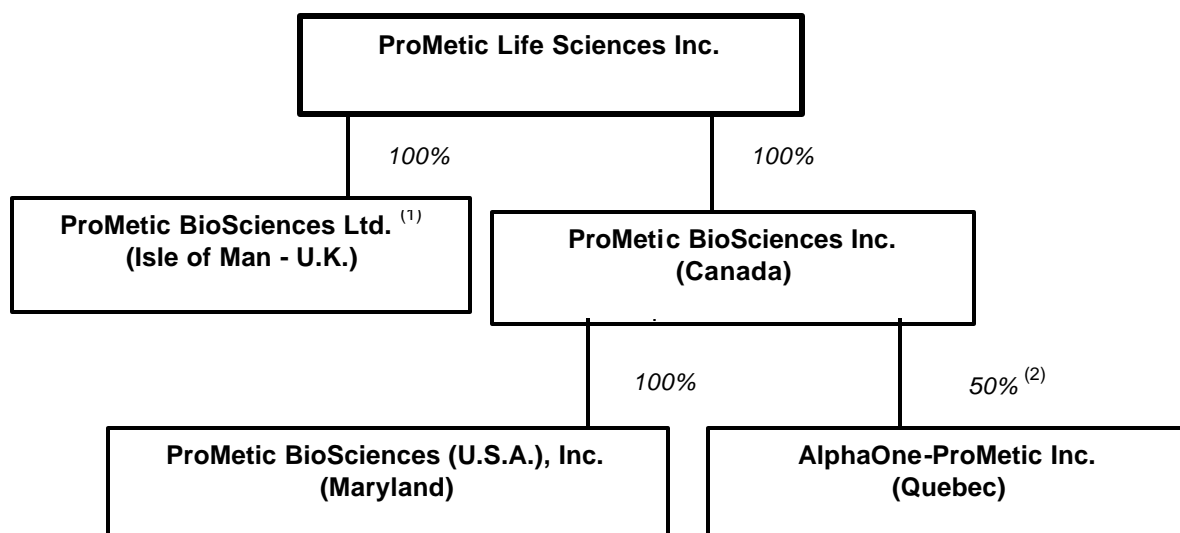
2.1 Name and Incorporation

ProMetic Life Sciences Inc. (the “Company” or “ProMetic”) was incorporated on October 14, 1994 under the *Canada Business Corporation Act*, originally as Innovon Life Sciences Holdings Limited.

Since October 14, 1994, the Company has amended its articles of incorporation by articles of amendment. On December 21, 1995, ProMetic amended its authorized share capital and removed the restrictions on share transfers. It also amended the provisions in its articles pertaining to the Company’s borrowing powers and those in respect of quorums at board of directors meetings. On June 6, 1996, the Company amended the provisions pertaining to the minimum and maximum number of directors. On April 10, 1995, October 10, 1995, June 19, 1997 and August 14, 1997, ProMetic again amended its authorized share capital. On May 19, 1998, the Company changed its name from Innovon Life Sciences Holdings Limited to ProMetic Life Sciences Inc. and simplified its authorized share capital structure. Hence, according to restated articles of incorporation dated May 19, 1998, the Company is authorized to issue an unlimited number of Subordinate Voting Shares, twenty million (20,000,000) Multiple Voting Shares and an unlimited number of preferred shares issuable in series. By certificate of amendment issued on February 16, 2000, the Company created its initial two series of preferred shares consisting of a maximum of one million fifty thousand (1,050,000) Series A Preferred shares and nine hundred and fifty thousand (950,000) Series B Preferred shares.

2.2 Intercorporate relationships

The following chart indicates the jurisdiction of incorporation of the Company’s direct and indirect operating subsidiaries, as well as the voting interest (expressed as a percentage) held or controlled by the Company in each subsidiary.



(1) Formerly known as Affinity Chromatography Limited.

(2) The remaining 50% is held by Arriva Pharmaceuticals, Inc. (formerly AlphaOne Pharmaceuticals, Inc.), the Company's joint venture partner in the development and marketing of serine protease inhibitors such as AAT. See Section 3.2.4 a) "Therapeutic Applications - Inflammation - Protease Inhibitors".

Item 3 – General Development of the Business

ProMetic Life Sciences Inc. is a publicly listed company (Toronto Stock Exchange: PLI) based in Montreal. Through its subsidiaries ProMetic BioSciences Ltd. and ProMetic BioSciences Inc., (hereinafter collectively referred to as "ProMetic" or the "Company"), ProMetic owns proprietary technology essential for use in large-scale drug purification, proteomics, medical devices and therapeutics.

3.1 Three-Year History

In July 1998, the Company successfully completed its initial public offering and was listed on the Toronto Stock Exchange. This generated gross proceeds of \$17.5 million.

In January 1999, (with retroactive effect to November 1, 1998), ProMetic acquired full ownership of ProMetic BioSciences Limited (UK), (formerly Affinity Chromatography Limited) which held a 34% interest in its subsidiary, ProMetic BioSciences Inc., thereby making these corporations wholly-owned subsidiaries with the objective to focus on value-added biopharmaceuticals.

In April 1999, ProMetic entered into its first therapeutic project through the creation of a joint venture, "AlphaOne-ProMetic Inc.", with Arriva Pharmaceuticals, Inc., (formerly AlphaOne Pharmaceuticals, Inc.) a California company. The objective is to develop serine protease inhibitors such as Alpha 1-antitrypsin (AAT) for treatment of dermatological, gastrointestinal and urological disorders, using worldwide patent rights.

In May 1999, ProMetic signed a collaboration agreement with Genzyme Transgenics Corp. for the purification of human Albumin Serum (hAS).

In September 1999, the Company discontinued its generic pharmaceutical activities.

In September 1999, ProMetic signed a collaboration and license agreement with PowderJect Pharmaceuticals, PLC regarding the injection of drugs using ProMetic proprietary particles with a "pain-free" and "needle-free" injection device.

In December 1999, ProMetic granted a license to ZLB (the Central Laboratory of the Swiss Red Cross Foundation) for the purification of immunoglobulin from human plasma.

During the year 2000, ProMetic raised approximately \$14 millions through various financial activities.

In January 2000, ProMetic signed a ten-year supply agreement with Provalis Diagnostics Ltd. for the supply of an essential component for the manufacture of Glycosal™, an innovative diagnostic test kit for diabetes.

In May 2000, ProMetic in-licensed of certain patent rights from Convatec (Bristol-Myers Squibb), enabling partnership in the development of improved biomedical devices applied to the treatment and diagnosis of cancer.

In June 2000, ProMetic signed a collaborative agreement with Integrated Protein Technologies (Monsanto) to develop a purification process for monoclonal antibodies obtained from transgenic plant expression programs and to manufacture for, and supply to IPT the products upon successful completion of the development phase.

In October 2000, ProMetic secured once again its position as a supplier of its advanced technology to the plasma fractionation industry through the signature of a collaborative agreement with Aventis Behring L.L.C. (Aventis) for the development of a purification process for Aventis.

In December 2000, another collaborative agreement was signed with Delta Biotechnology Ltd. ("Delta", an Aventis Behring company) to develop a purification process for human serum Albumin.

In December 2000, Delta announced the successful results of its large clinical trials for Recombumin® 20% for which ProMetic purification technology is used and scaled up.

3.2 Significant Acquisitions and Significant Dispositions

None

3.3 Trends

Three of the Company's compounds are expected to enter soon into clinical trials for the treatment of cancer and inflammatory conditions, each representing significant value to the Company.

The Company is seeking additional investments in order to solidify its short-term asset situation for the next 12 or 14 months of operations.

The Company must commit major financial resources before its products can be successfully developed and sales can be generated at a profitable level. The Company believes that its current short-term asset situation, combined with what it hopes to bring in during the 2001 financial year, will be sufficient to meet requirements for short-term liquidity with regard to operating expenses and capital expenditures for the next twelve months.

The issues addressed in the AIF are to some extent prospective. This means that for a number of reasons, actual results may be significantly different.

Item 4 - Narrative Description of the Company

4.1 General

(1) Business of the Company

ProMetic is a leading biopharmaceutical company engaged in the research, development, manufacture 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, medical devices proteomics and therapeutics (see below).

By pursuing its business model, the Company believes that it is fostering growth by providing its core technology under license to pharmaceutical and biotech companies to enable them to develop their own proprietary products, and is using its technology to develop its own portfolio of patented biopharmaceutical products.

Increasingly more companies are using ProMetic's technology. The Company expects that existing agreements, combined with the projected growth arising from other agreements, will allow it to establish a strong revenue base. ProMetic also focuses on higher value-added business opportunities through the use of its technology in therapeutic applications in order to produce significant returns on its core technologies and their applications in the healthcare industry.

CORE TECHNOLOGIES

Mimetic Ligand™ and “Intelligent Combinatorial Chemistry (ICC)®”

The drug discovery process has accelerated in recent years with the introduction of combinatorial chemistry, which allows millions of pharmacological agents to be screened in a relatively short time. ProMetic has applied this technology to the development of synthetic organic entities known as ligands that can be used in the separation and purification of biopharmaceutical products. Since the underlying mechanism is a very specific interaction between the naturally-occurring protein in blood or specific organs and the ligands, the ligands developed for purification purposes also have biomedical device applications and can be developed as distinct drugs. Over time, ProMetic has created its Intelligent Combinatorial Chemistry (ICC)®, which contains large quantities of Mimetic Ligands™ specific to certain classes of proteins such as monoclonal antibodies.

Particles Technology

Mimetic Ligands™ are attached to a support matrix such as agarose beads (PuraBead®) or fluorinated polymer. Therefore, each ligand, the binding chemistry and the bead are critical to the production of a final proprietary product, which is then incorporated into a bioseparation process or a particular medical device.

Agarose beads (Purabead®) are produced from a ProMetic proprietary process. Agarose is a natural carbohydrate derived from agar-agar in seaweed and is widely used in the bioseparation and food industries. As such, agarose is a very well known and documented raw material. The manufacturing process developed by ProMetic converts agarose into monodispersed beads to which the Mimetic Ligands™ are attached. The Fluorinated Polymers are also produced from a ProMetic regulatory process. The choice of the base matrix will vary according to the specifications required by particular applications. ProMetic has developed and/or acquired methods to attach its ligands to matrices.

COMMERCIAL APPLICATIONS

ProMetic leverages its platform technology by developing in-house “high value therapeutics” and medical applications and limits its risk exposure through partnerships with multinationals for product development, clinical trials and marketing.

By pursuing its business model, the Company also fosters growth by providing its enabling technology under license to pharmaceutical and biotech companies so as to enable them to develop proprietary products relying on ProMetic's technology.

ProMetic expects to generate revenues through the sale of its own therapeutics and through the licensing of its enabling technology to corporate strategic partners with long-term supply agreements and annuity revenue.

Projects Pipeline at a Glance

Health Conditions	Products / Targets	Bioseparation	Diagnostic	Therapeutic
Hypovolemic shock	Albumin			
Auto-immune disease	Gammaglobulin			
Haemophilia	Factor VII			
Haemophilia	Factor VIII			
Haemophilia	Factor IX			
Plasma Replacement	Universal Plasma			
Various	DNA			
Diabetes	Insulin			
Septic shock	Endotoxin			
TSE / BSE *	Prions			
Cancer	mAbs **			
Anti-inflammatory	Alpha 1-Antitrypsin			
Anti-inflammatory	PBI-1101			
Cancer	PBI-1402			
Cancer	Mimetics			
Auto-immune disease	Mimetics			
Various	Proteomics			
Various	PowderJect			

* TSE : transmissible Spongiform Encephalopathies

BSE : Bovin Spongiform Encephalopathies (mad cow disease)

** mAbs : monoclonal Antibodies

PURIFICATION OF BIOPHARMACEUTICALS (BIOSEPARATION)

Biopharmaceuticals are drugs that are proteins, peptides or other complex macromolecules (collectively "proteins"). Their manufacturing process involves the recovery of the desired protein from its host biomass, such as plasma or non-human biological sources (e.g. recombinant DNA broth, milk of transgenic animals or plant extracts). Separating commercially viable yields of the target protein from a biomass is challenging since the latter contains unwanted host proteins, DNA and other naturally occurring chemical entities.

Each separation and purification process presents unique challenges due to the variety of proteins, the different nature of possible contaminants and impurities, and the quantity of product to separate from the media.

Conventional purification technologies generally involve a series of purification steps. With each step, the yield decreases and manufacturing costs increase. Protein separation and purification costs typically represent over 50% of the total manufacturing costs.

The purification and extraction technique used by ProMetic is an affinity chromatography process which relies on ProMetic's Mimetic Ligands™ (synthetic organic ligands) binding to the protein in order to extract it from the biomass. ProMetic's technique offers advantages over conventional purification techniques, by i) reducing the number of purification steps; ii) improving yields; and iii) increasing purity and overcomes the limitation associated with the traditional use of biological ligands. Biological ligands are unstable, and this instability can lead to the contamination of the targeted protein end-product due to leakage of this type of ligand. In addition, biological ligands are expensive to produce and not as durable as synthetic organic ligands.

The Company collaborates with pharmaceutical and biotechnology companies to optimize the protein purification processes of brand-name products or new compounds. Typically, such clients are seeking to improve their manufacturing processes by increasing efficiency or reducing costs, or to strengthen their market position through product improvements such as increased purity.

The Company expects to generate revenues through the direct sale of chromatography gels to the third-party manufacturer of the final biopharmaceutical product. In addition to revenues generated by the supply of gel, in some cases, the Company will receive royalty revenue from the sale of high-value proteins purified using its own technology.

Plasma Protein Purification

Today, the quality and safety of plasma products have reached high standards, and plasma fractionation has become a highly technical and scientific industry. Viral safety will remain the most significant concern for many years to come, as new infectious agents may enter the blood and plasma supply, thereby requiring constant alertness and counter-measures to maintain product safety. Improving the production yield of plasma-derived products and reducing their cost appear to be challenges that the plasma product industry will face in the next few years.

Over the past three years several developed countries have faced plasma product shortages due to the combination of increasing clinical demand (e.g. IV IgG) and product recalls or withdrawals due to precautionary measures adopted to prevent the theoretical risk of infectious diseases. In addition, the availability of certain products does not meet the world demand. Eighty percent of the world haemophiliac population does not receive adequate treatment owing to insufficient supply or products that are simply not affordable. ProMetic's new synthetic ligands (obtained by means of combinatorial chemistry) are now specifically engineered and screened to offer both high selectivity for specific proteins, and optimal adaptation to operating conditions for production. Such ligands may obviate the need for ligands of biological origin, such as murine monoclonal antibodies, and eliminate concerns about the leakage of non-human proteins or other biological compounds, into plasma protein fractions. This kind of technology may be adopted as a standard with regard to "capturing" proteins from crude plasma fractions, thereby resulting in improved recoveries and purity.

Monoclonal Antibodies and the Strategic Alliance with Merck

Monoclonal antibodies (mAbs) and antibody fragments represent the single largest group of new biotechnology products being developed. These products predominantly target the cancer imaging and treatment, as well as the inflammatory disease markets.

Most mAbs are purified using a multi-step process entailing two or three chromatographic purification steps, each involving an ion exchange column either as a first, second or final (or polishing) step. These steps remove host Until now, Merck's business for the purification of mAbs has been limited to the sale of ion exchange media and select media from the Fractogel® product line. The important (and most lucrative) part of the recovery process - affinity - is missing. In order to close this gap Merck established a strategic alliance with ProMetic. ProMetic has successfully developed a family of synthetic Mimetic Ligands™, which bind monoclonal antibodies and are gaining ground on the market. A recovery process

that incorporates these new synthetic ligands (and combined with the Merck ion exchangers) would be highly efficient and economical. As more mAbs become commercialized therapeutics, production economics become increasingly important.

The value of this Strategic Alliance is substantial for both companies because the combined product offerings compliment each party's core competencies. Each company is confident that the relationship will lead to more sales of their respective products and strengthen their respective market positions.

Even though the client-focused marketing effort will constitute a "joint presentation" of an integrated process, which includes Merck and ProMetic technology, each company will sell their respective products and invoice each client independently.

It is expected that the majority of clients will choose to incorporate these new recovery tools in processes for new entities and on average, 35 years will elapse between the time the Merck and ProMetic technology is adopted by a client, and the time significant commercial sales are generated. This alliance will however lay the foundation for an impressive pipeline of mAb projects, thereby providing a solid base of growing annuity revenues to both Merck and ProMetic.

Regarding mAbs, these antibodies represent one of the fastest growing sectors of the biotech industry and are expected to command sales, according to the Company's estimates, in excess of US\$3 billion in the USA by 2002. The bioprocessing portion of this market has a current estimated value of US\$200 million per year and is also expected to grow rapidly over the next couple of years.

MEDICAL DEVICES

ProMetic has developed unique knowledge, expertise and capacity to design and manufacture products for medical use to be employed in conjunction with extra-corporeal procedures similar to kidney dialysis. The products rely on ProMetic's intellectual property and know-how in particle technology, ligand design, surface chemistry and production in aseptic or sterile areas.

ProMetic's technology and know-how are used to good advantage in various medical applications such as diabetes and cancer diagnostics, cancer radiation therapy, drug delivery and the removal of proteins such as antibodies or toxins.

Diabetes Diagnostics

Glycosal™, the innovative "point of care" diabetes-monitoring product by Provalis Diagnostics, has now received approval in the USA, Japan and other markets in Europe, South America and the Far East. Glycosal™ measures glycosylated haemoglobin (HbA1c) in a single four-minute test carried out in a doctor's office.

ProMetic has been working with Provalis since 1998 to optimize a ligand that binds HbA1c in a very specific manner. ProMetic has signed a long-term manufacturing and supply agreement that will provide Provalis with the key ligand for at least the next ten (10) years.

Cancer Diagnostics and Radiation Therapy

In addition to its own therapeutic program for cancer (see Therapeutic Applications section), ProMetic technology is now used to improve cancer therapeutics and diagnostics that rely on monoclonal antibodies (mAbs).

Once an antigen expressed by a cancer cell has been identified, a mAb specific to that antigen can be produced. This mAb can then be injected into the bloodstream to target the tumor directly, either alone or combined with a radioactive isotope or chemotherapeutic drug.

During the process used to combine a mAb and the radioactive agent, a percentage of the radioactive agent remains free (not attached to the antibody). Injecting such a mixture would allow excess and unnecessary radioactivity to cause side effects to the patients. A purification step is necessary, involving the pre-filtration of a mAb linked to a radioactive isotope, prior to injection into a patient.

ProMetic technology is used to quickly remove the non-linked or free radioactive agent before the product is injected into the patient. This provides the patient with a high-purity radioactive antibody directed only at the cancer cells, thereby minimizing side effects and unnecessary toxicity.

ProMetic technology is also used to address another issue associated with radioactive antibodies. When a radioactive antibody targeting a specific cancer site is administered to patients, as much as ninety percent (90%) remains in circulation and non-bound to the tumor site. The removal of excess circulating radioactive-mAbs provides significant clinical advantages such as the reduction of toxicity and the improvement of imaging resolution in the case of radio diagnostics. In this type of application, ProMetic's technology has led to the development of cartridges, which can be installed on regular dialysis equipment.

Drug Delivery System

PowderJect Pharmaceuticals PLC and ProMetic signed a license and collaborative agreement in September 1999. This is a long-term agreement allowing for the use of ProMetic's unique particle technology to deliver drugs in powder form through the skin.

The basic principle underlying this technology is that suitable particles can be painlessly and reproducibly delivered into the body in a highly efficient manner if they are appropriately formulated and travel at sufficiently high velocity to breach the outermost skin barrier called the stratum corneum. Consequently, the technology can be applied to any pharmaceutical agent or vaccine that can be formulated into solid particles of the appropriate size distribution, mass (i.e. density) and strength.

Detection and Removal of Biocontaminants / Prions Transmissible Spongiform Encephalopathies (TSE)

In addition to ligands for therapeutic proteins, our combinatorial libraries have also generated ligands to specifically target and bind pathogenic proteins. Of particular interest is the development of ligands, which can bind prions.

The prion proteins, which cause mad cow disease and its human variant TSE (Transmissible Spongiform Encephalopathies), are present in most cells of the body. In their normal form, prion proteins are harmless. When the prion proteins change shape, they tend to clump together to form plaques in the brain, leaving sponge-like holes, a condition known as TSE.

Mad cow disease, the bovine form of TSE, is transmitted to people by ingestion of bovine products contaminated with BSE. Currently, there are no methods for the sensitive detection, inactivation or cure of TSE.

ProMetic is actively developing specific ligands to be applied to the development of sensitive diagnostic tests, efficient removal systems, and therapeutic agents in order to inhibit the progression of the disease in those already infected.

PROTEOMICS

The sequencing of the human genome and identification of the genes encoded within it, create a new challenge that involves assigning functionality to these sequences. In most cases, the functional expression of the gene sequence is a protein with a characteristic structure and role to play in the body.

It is estimated that the completion of the human genome will lead to as many as 80,000 sequences for potential protein targets. As promised, the field of genomics has delivered a massive amount of new information, but for the most part has been unable to identify valid drug targets. The gene sequence reveals little about protein structures and functions and their relevance to a disease. Proteomics seeks to provide functional information on all proteins. Proteomics is therefore more of a concept, combining the use of several different technologies in order to provide new information about proteins.

The pace of genomic-based approaches has placed new demands on basic protein chemistry methodologies, which in the past employed serial analytical processes. Newer technologies have enabled the parallel processing of many samples employing mass spectrometry and have accelerated protein characterization and identification to meet the challenges of these large-scale proteomics projects.

Such projects are changing the way drug discovery and disease treatment will be conducted in the future. The key difference from what has been practiced in the past is the demand for higher throughput and the drive to carry out many analytical processes in parallel. This is being led by powerful new tools designed to accelerate protein identification. However, there is still a need to reduce the complexity of samples, such as plasma or cellular lysates in order to remove some of the high abundance proteins in a mixture to allow for the study of the lower abundance, regulatory proteins. This important step has stimulated considerable interest with many classical chromatography or electrophoresis approaches being evaluated. There is a strong need for new technology in this area adapted for high throughput parallel processing.

ProMetic's Mimetic Ligand™ technology should be viewed as a source of two important separation tools for Proteomic discovery: i) a source of highly specific ligands for the removal of abundant proteins such as albumin or immunoglobulin, and ii) a source of libraries of diverse chemical ligand structures for protein discovery applications, used to screen a large number of samples in parallel in order to identify differences.

As a supplier of enabling technology to the proteomics industry, ProMetic is strategically positioned to capitalize on this growth. ProMetic is currently developing a range of consumable products to be used by scientists in protein research along with a high throughput screening robotics and a bioinformatics interface.

DNA Purification

Nucleic acids (DNA and RNA) are the building blocks of life. DNA is the basic component of our chromosomes representing the blue print for life determining our physical characteristics, our metabolism, our biochemistry, etc. Each gene carries a coding sequence for making a specific protein that performs a specific function in the body.

RNA is responsible for translating the DNA-based gene message into protein, since it carries a copy of the gene message from the cell nucleus to the protein-producing compartment of the cell.

To better understand how diseases are caused, scientists around the world have been studying the role of genes and the information encoded in DNA or RNA.

Isolating DNA and RNA is currently one of the most frequently preformed procedures in life sciences. A single biologist in a lab can perform up to a hundred isolation procedures in a day, whether from human samples, animal cells or genetically engineered bacteria. It is estimated that the current expenditure on purifying DNA and RNA as well as related procedures exceeds US\$ 2 billion.

ProMetic's platform technology has led to the optimization of proprietary high performance purification devices designed to meet the needs of scientists involved in research. These devices will be launched this year and will be part of a new range of consumables ProMetic will be marketing to capitalize on the rapidly expanding market of genomics and proteomics research.

THERAPEUTIC

Simultaneous to the consolidation of long-term annuity revenue stemming from various commercial agreements, ProMetic has built a strong portfolio of proprietary therapeutic compounds that focus on cancer, and on inflammatory and autoimmune disorders.

By the end of 2001, ProMetic should have three compounds in clinical trials, specifically recombinant alpha 1-antitrypsin (rAAT), PBI-1101 and PBI-1402.

Remarkable progress has been made over the past 18 months with the development of rAAT for dermatological applications expected to lead to the commencement of clinical trials in Q4 2001. Atopic dermatitis affects 10% of all infants, and 60% of these will retain this condition throughout adulthood. An estimated 15 million Americans suffer from atopic dermatitis, and the annual cost of treatment for this condition, combined with that of psoriasis, exceeds US\$1 billion.

ProMetic has also filed a patent for PBI-1101, which displays very potent anti-inflammatory properties. This, combined with rAAT and other protease inhibitors, constitute an impressive pipeline of proprietary anti-inflammatory drugs.

In the field of cancer, ProMetic recently discovered remarkable chemoprotective properties of compound PBI-1402. This compound does not act directly on tumour cells but promotes the production of blood cells from bone marrow.

From its libraries of Mimetic™ compounds, ProMetic continues to develop synthetic compounds targeting cancer sites, and others binding immune complexes with promising therapeutic advantages for the treatment of auto-immune diseases.

The value and potential revenue from its portfolio of therapeutic compounds is significant. ProMetic will limit its risk exposure by partnering with other companies for product development, clinical trials and marketing.

The advancement of three of its therapeutic compounds into clinical trials over the next 12 months combined with our progress with high value commercial applications will contribute to building shareholder value.

Inflammation

Protease Inhibitors / Recombinant alpha 1-antitrypsin (rAAT)

AAT is a very well known protein present in our body and which acts as a regulator of inflammation by inactivating proteases (enzymes secreted by white blood cells and other cells). Several scientific groups worldwide have identified protease/protease inhibitor imbalances in the lesions of patients affected by dermatitis, psoriasis and ulcers.

Atopic dermatitis affects 10% of all infants, and 60% of them will retain this condition throughout adulthood. An estimated 15 million Americans suffer from this condition, and combined with psoriasis, the annual cost of treatment exceeds US\$ 1billion.

Since 1987, scientists have been able to demonstrate that plasma-derived rAAT could successfully treat advanced cases of psoriasis and atopic dermatitis. However, its use has been restricted due to the limited availability of the product. Currently, the only commercially available source of rAAT is extracted from human plasma in small quantities only sufficient to treat a restricted number of patients suffering from hereditary emphysema due to AAT deficiency.

Annual sales of plasma-derived AAT generated from such limited supply is estimated to exceed \$100 million US. Recent studies have demonstrated the equivalent protease inhibiting activities of rAAT to the plasma-derived source. rAAT is produced from yeast and the manufacturing process has now been successfully scaled up. Since there is virtually no limit to the production capacity of rAAT, Arriva-ProMetic is in an excellent strategic position to commercialize highly efficacious anti-inflammatory preparations addressing unsatisfied markets.

In April 1999, ProMetic entered into a 50-50 joint venture with Arriva Pharmaceuticals, Inc. (formerly AlphaOne Pharmaceuticals Inc.) for the development of applications relating to rAAT. This agreement was signed with a view to marketing this protease inhibitor as a platform for various pharmaceutical products for dermatological, gastrointestinal and uro-genital indications. The joint venture will target indications unsatisfied with conventional therapies, each such indication requiring regulatory approval prior to marketing.

Through its 5.6% equity participation in Arriva Pharmaceuticals, Inc., ProMetic will participate in the future sales of rAAT in the treatment of respiratory disorders. Arriva has entered into a joint venture agreement with Baxter HealthCare to pursue the development of rAAT in the treatment of hereditary emphysema, asthma and other respiratory indications.

ProMetic anticipates that rAAT will enter into clinical trials by the end of 2001.

PBI-1101

Inflammation is the body's defence mechanism against external aggression. It involves the participation of many cell types, particularly leucocytes, and the interplay of humoral elements such as growth factors, cytokines, prostaglandins and leukotrienes, and proteases. It is a well-documented fact that neutrophils, eosinophils and their constituents are important mediators of inflammation. When deregulated, neutrophil-derived serine proteases such as elastase and cathepsin G, are widely regarded as pathogenic factors in degenerative and inflammatory diseases with abnormal tissue catabolism.

In chronic inflammatory conditions, peripheral blood mononuclear leucocytes (PBML) are attracted to the inflammatory site and stimulated. This further exacerbates the inflammation and destruction of tissue.

PBI-1101 has been found to inhibit the proteinases and more particularly elastase, and to inhibit T cell proliferation. Given this vocation,

PBI-1101 is a proprietary anti-inflammatory drug, which can be used alone or in combination with other anti-inflammatory drugs.

Initially PBI-1101 will be formulated into pharmaceutical products targeting dermatological, gastrointestinal and uro-genital indications.

PBI-1101 will probably be introduced into clinical trials by the end of 2001, as a stand-alone therapy and in combination with other anti-inflammatory drugs.

Auto Immune Disease

Mimetic A™

Mimetic A™ corresponds to a family of Mimetic Ligands™, which bind polyclonal and monoclonal antibodies in a fashion similar to Protein A.

Protein A is a protein found on the surface of the bacteria *Staphylococcus aureus*, which has unique binding specificity to the Fc fragment of immunoglobulins (IgG). Affinity chromatography relying on immobilized staphylococcal or recombinant Protein A are used to purify monoclonal antibodies. Protein A like most biologic ligands tends to be labile and can leak to contaminate the purified product (see the Purification of Biopharmaceuticals section).

In 1999, a blood filtration device containing a Protein A column (ProSORBA, Cypress Fresenius Bioscience) for the treatment of moderate to severe rheumatoid arthritis was approved by the FDA. An estimated 2.1 million Americans are affected by rheumatoid arthritis, and half of all arthritis sufferers are aged 65 and older. As the "baby boom" generation ages, arthritis will become more prevalent. It is anticipated that by 2020, 59 million Americans, or one in five, will be afflicted by the disease.

Although Protein A seems safe and efficacious as an extra-corporeal device when attached to surfaces and used, its use as a free compound in vivo is undesirable.

The chemical complexation between Protein A and IgG were identified from X-ray crystallographic structures. Combining ProMetic combinatorial libraries to computer-aided molecular modeling, ProMetic's scientists were able to design a series of biomimetic compounds that could emulate the specific Protein A - IgG interaction.

Mimetic A™ offers significant advantages over Protein A, as it is non-toxic, less expensive and more chemically stable.

Mimetic A™ represents an additional opportunity if it can be safely administered to patients to treat auto-immune disorders where immune complexes are implicated.

A selected range of lead compounds is currently in the pre-clinical stage of study.

Cancer

PBI-1402 and mAbs Mimetic

Cancer is a general term used to describe a group of over 100 related diseases that are characterized by loss of control of cell growth. This abnormal growth causes the development of a cellular mass or tumour, which frequently invades the surrounding tissues and spreads (metastases) to other parts of the body. Metastases are commonly the cause of morbidity and mortality and once present a cure is difficult to achieve.

The three conventional methods used to treat cancer are surgery, radiotherapy and chemotherapy. Each has a place either singly or in combination with one or both of the others. For many early stage cancers, surgery offers a good chance of a cure but if the tumour is inaccessible, too advanced locally or if metastases are present, then surgery alone is inadequate and a combination of treatments is likely to achieve the best results.

Chemotherapy is the use of cytotoxic drugs to kill or disable cancer cells so that they lose their ability to replicate. These drugs typically disrupt replication by targeting nucleic acids (DNA) and enzymes involved in cell division and proliferation. The advantage of chemotherapy over radiation and surgery is that it can reach most parts of the body. This means that it can be used to treat widespread metastases. Although it cannot generally cure metastatic diseases, it can offer palliation and an improved quality of life.

The problem with chemotherapy is that it affects both cancer cells and healthy cells giving rise to unwanted side effects. Proliferating cells such as bone marrow cells are the most vulnerable to cytotoxic drugs putting the patient at risk of infection and spontaneous bleeding.

PBI-1402

ProMetic has recently discovered remarkable chemoprotective properties in compound PBI-1402. This compound does not act directly on tumour cells but promotes the survival and activation of neutrophils such as the Granulocytes Macrophages Colony-Stimulating factor (GM-CSF).

The combination of PBI-1402 to conventional chemotherapy should contribute to significantly improve the safety profile of these cytotoxic drugs. PBI-1402 is currently being tested in combination with various cytotoxic agents in proven animal models. Subject to the results of these studies in Q2 2001, the company anticipates entering into clinical trials in 2002.

mAbs Mimetics

In addition to purification, proteomics and biomedical device applications, ProMetic's Mimetic Ligands™ can be developed as drugs themselves, and as such, the market for monoclonal antibodies (mAbs) is of a particular interest. Several studies predict that annual revenues from mAbs in the USA alone should exceed US\$3.5 billion by 2002. The type of mAbs expected to account for the highest revenues are those for cancer diagnostics and treatments, followed by those for autoimmune diseases.

Although the future seems bright for mAbs and mAbs fragments, there are still several limitations to overcome for an ideal therapeutic in cancer and auto-immune diseases. Even fully human mAbs will most likely be immunogenic i.e. therapies requiring prolonged chronic doses of a mAb are likely to stimulate the patient's immune system to create antibodies against the mAb, annihilating the therapeutic action of the mAb. MABs do not pass the blood-brain barrier and do not penetrate well in tissue and need to be injected. They are also very expensive to produce.

ProMetic Mimetic Ligand™ technology enables the design of small synthetic compounds, which can emulate the function of a mAb or a mAb fragment. In addition to a similar ability to specifically target the desired binding site, these synthetic compounds are much less expensive to produce, more stable than mAbs, can be taken orally and are less likely to be immunogenic given their small size (<500 daltons).

ProMetic has identified targets for which proprietary Mimetic Ligands™ have been synthesized. The company will develop in-house some of these promising targets, but will also look to partner with other biotech and pharmaceutical companies to develop several synthetic alternatives to therapeutic mAbs.

COMPETITIVE CONDITIONS

Competition in the biopharmaceutical sector is extremely intense. The Company competes with companies that produce similar or identical biopharmaceutical products or that proposes different approaches to the separation or purification of proteins. Many of such companies have greater resources than the Company. Accordingly, no assurance can be given that products developed by these other companies or that their equivalent technology in the area of separation or purification of proteins will not affect the Company's competitiveness.

The Company believes that products based on its core technology will have numerous applications and that there is a growing market for the products that it has developed. However, there can be no assurance that these assumptions will prove justified, particularly considering competition from existing or new products and considering the uncertain commercial viability of the Company's products.

AVAILABILITY AND SOURCES OF RAW MATERIALS

The Company depends on third parties for the sourcing of components for its various products. The Company believes that alternative sources of supply for its various raw materials exist. However, any change by ProMetic in its supplier of components for its technology could have a significant impact on the Company's capacity to complete certain of its current research and development projects and, accordingly, would affect its projected commercial and financial growth. While other potential alternative suppliers of raw materials have been identified or are in the process of being determined, they must first pass intensive validation tests to ensure their compliance with product specifications. No assurance can be given regarding the successful outcomes of such tests.

INTELLECTUAL PROPERTY RIGHTS

a) Ligands and "Intelligent Combinatorial Chemistry (ICC)®": Subject to royalties, the Company owns the know-how, information and technology relating to chromatographic separation media, developed in collaboration with the Cambridge University's Institute of Biotechnology ("IOB"), to develop, manufacture, sell and market chromatographic separation and extraction processes, and separation and purification devices. A portion of this technology is protected under worldwide patent applications and national issued patents (US, Australia) jointly held by ProMetic and Novo Nordisk. The Company holds the exclusive rights to use all applications except insulin and Factor VII, those applications being reserved to Novo Nordisk. Over the years ProMetic has created its "Intelligent Combinatorial Chemistry (ICC)®" which contains numerous Mimetic

Ligands™ specific to certain protein classes such as monoclonal antibodies and has further protected its Mimetic Ligands™ technology through other patent applications.

- b) Purabead® (agarose) beads:** ProMetic has developed a unique proprietary technology for producing agarose beads. The technology consists of know-how, production equipment and a process allowing for the production of agarose beads in accordance with comprehensive specifications determined by client requirements. A provisional patent application was filed in August 2000. Purabead® is a registered trademark owned exclusively by the Company and refers to agarose beads manufactured using the Company's proprietary technology.
- c) Fluorinated Polymer:** ProMetic has developed a spherical bead technology which is subject to a pending patent application.
- d) "Linker Technology":** Pursuant to a license agreement dated November 9, 1995 and amended on December 20, 2000 with DCV, Inc., (formerly a Dupont Company) the Company owns the exclusive right to use under patent rights, a technology permitting to link its Mimetic Ligands™ to a matrix with a Teflon-like surfaces. This technology is useful in chromatographic applications and for medical devices. This license is subject to the payment of a royalty to DCV, Inc. on net sales with respect to any products covered by the patent rights.
- e) Recombinant AAT:** The Company has entered into a joint venture (AlphaOne-ProMetic Inc.) with a California company, Arriva Pharmaceuticals Inc. (formerly AlphaOne Pharmaceuticals, Inc.) AlphaOne-ProMetic holds the exclusive worldwide licences to use the know-how and the patents held or controlled by Arriva Pharmaceuticals Inc. to develop AAT and other protease inhibitors produced in yeast form for worldwide marketing of various forms of pharmaceuticals to be used in dermatological applications (atopic dermatitis, psoriasis, genital herpes, wound healing) and gastrointestinal disorders (ulcerative colitis, Crohn's disease).
- f) PBI-1101:** ProMetic's compound PBI-1101 was found to inhibit the proteins and particularly elastases and to inhibit Tcell proliferation. A provisional patent application has been filed in November 2000.
- g) PBI-1402:** ProMetic has recently discussed remarkable chemo protective properties in compound PBI-1402. A patent application has recently been filed.
- h) Patents and Proprietary Technology:** The Company's success depends in part on its ability to obtain patents, protect its trade secrets and operate without infringing third-party exclusive rights or without others infringing the Company's exclusive rights or those granted to it under license. The Company has filed patent applications in Canada, the United States and elsewhere in the world and is actively pursuing these matters. The patent position of biopharmaceutical firms is generally uncertain and involves complex legal, factual and scientific issues, several of which remain unresolved. The Company does not know whether any of its pending patent applications will be granted or whether the Company will be able to develop other patentable proprietary products. Furthermore, the Company does not know whether its existing or future patents will provide a competitive advantage or afford protection against competitors with similar technology, Furthermore the Company cannot give any assurance that such patents will not be challenged successfully or circumvented by others using alternative technology or whether existing third-party patents will prevent the Company from marketing its products. In addition, competitors or potential competitors may have independently developed products as effective as those of the Company or invented other products based on the Company's patented products.

Pharmaceutical and biopharmaceutical companies and research and development and academic institutions have filed patent applications for processes related to those of the Company of which may have an effect on the business of the Company. Some of these applications have been granted. Some of the processes and patents may conflict with the processes or patent applications of the Company, which could limit the scope of the

patents that may be granted to the Company or even result in its patent applications being rejected.

If third-party licenses are required, there can be no assurance that the Company will be able to obtain such licenses, or if obtainable, that it would be available on reasonable terms. Furthermore there can be no assurance that the Company could develop or obtain alternative technologies related to third party patents that may inadvertently cover its products. Inability to obtain such licenses or alternative technologies could delay the market launch of certain ProMetic products, or even prevent the Company from developing, manufacturing or selling certain products. In addition, the Company could incur significant costs in defending itself in patent infringement proceedings initiated against it or in bringing infringement proceedings against others.

The Company cannot determine with any certainty if it has priority of invention in relation to a product or process covered by a patent application or if it was the first to file a patent application for any such invention. Further, in the event of patent litigation there can be no assurance that the Company's patents, if issued, would be held valid or enforceable by a court of competent jurisdiction or that that a court would rule that the competitor's products or technologies constitute patent infringement.

Moreover, a significant part of the Company's technological know-how constitutes trade secrets. The Company, therefore, requires that its employees, consultants, advisers and collaborators sign confidentiality agreements. However, there can be no assurance that such agreements provide adequate protection in the event of unauthorized use or disclosure of the Company's trade secrets, know-how or other proprietary information.

In particular, ProMetic is currently involved in a dispute with a Swedish company, Monogel AB ("Monogel"), regarding a technology license signed by ProMetic and Monogel in January 1996. Under the terms of the license, ProMetic was granted the right to use certain technology to which Monogel holds certain rights. The technology was to include a patented invention and specific know-how that presumably would have allowed ProMetic to produce beaded agarose on a continuing basis and in sufficient quantities for commercialization. The dispute arises from Monogel's claims that the technology currently used by ProMetic to produce beaded agarose on a commercial basis corresponds to the technology under license to ProMetic in 1996. After having obtained independent legal advice, the Company has concluded that the claim is without foundation. Accordingly, the Company is of the view that it may make use of its current technology to manufacture beaded agarose without any major risk that it will be successfully enjoined from so doing as a result of any legal action instituted by Monogel.

RELIANCE ON COLLABORATIVE PARTNERS

The Company's strategy involves entering into various arrangements with corporate and academic partners, licensors, licensees and others for the research, development, clinical testing, manufacturing, marketing and commercialization of its products. Under such agreements, the Company may receive additional funding, including milestone payments. The Company also intends to enter into other similar arrangements with corporate partners for the development and commercialization of products based on its core technology. However, there can be no assurance that it will be able establish such partnerships on favorable terms, or that its current and future partnership arrangements will prove successful.

Should any of its collaborative partners be unsuccessful in developing or commercializing a ProMetic product to which the partner has rights, or one of the partner's products to which the Company has rights, the Company's business could be adversely affected. Furthermore, while the Company believes that the current and future corporate partners have sufficient financial motivation to maintain their funding, there can be no assurance that these partnership arrangements will continue or that they will result in successful commercialization of the Company products. Should one of the Company's collaborators

terminate its funding of a particular program, this could delay or interrupt the development or commercialization of the products resulting from such program. Moreover, there can be no assurance that the partners will not pursue other technologies or develop alternative products, either on their own or in collaboration with others, including competitors of the Company, as a means for developing products that treat the same diseases as those targeted by the Company's various programs.

ENVIRONNEMENT

ProMetic produces a certain amount of chemical waste in its R&D and manufacturing activities, which is removed in accordance with the applicable environmental protection standards by companies that specialize in hazardous waste management. ProMetic research laboratories generate radioactive waste that is also removed by companies that specialize in hazardous waste management, in accordance with strict internal procedures and in accordance with the applicable regulatory requirements. Compliance with environmental protection requirements does not have a significant effect on the Company's capital expenditures or on its competitive position.

HUMAN RESOURCES

As at December 31 2000, ProMetic had in its employ, on a consolidated basis, 80 employees working in research and development, manufacturing, sales, marketing and administration.

INTERNATIONAL BUSINESS

Most of the Company's bioseparation and medical business is conducted on international markets and the Company expects this to continue. The majority of the Company's expenses are incurred in pounds Sterling. The sale of the Company's products on international markets is subject to the risks that are normally associated therewith, such as government regulation, import and export licence requirements, risks related to tariffs or trade barriers, and political and economic instability. While such risks have not to date had any material adverse effect on the Company, there can be no assurance that this will not occur in the future. Currency-related risks primarily concern appreciation of the Canadian dollar against a particular foreign currency. There can be no assurance that the Canadian dollar will not increase in relation to currencies, which could reduce the Company's returns on sales of its products expressed in Canadian dollars. Furthermore, there can be no assurance given against major currency fluctuations, which could create sizeable discrepancies in the prices of products in various countries requiring the Company to consider reducing its prices in certain currencies in order to balance the relative cost of its products. The Company neither holds nor issues financial instruments for commercial or hedging purposes.

(2) Discontinuation of the Company's Generic Pharmaceutical Business

On September 30, 1999, ProMetic discontinued activities in its generic pharmaceuticals business when its subsidiary ProMetic Pharma Inc. ("Pharma") made an assignment in favour of its creditors generally under section 49 of the *Bankruptcy and Insolvency Act*, a course of action that gave rise to the following court proceedings:

The Bank of Montréal, a Pharma creditor, is claiming \$2,021,619 from the Company pursuant to guarantees and agreements related to certain credit contracts concluded between the Bank of Montréal and Pharma. The action was commenced on June 29, 2000. The most recent proceeding filed in the court record was a Motion for Particulars presented on July 19, 2000.

Three Pharma creditors instituted actions on account claiming recovery of amounts owing to them. The total of the three claims is \$563,543.

The Company is contesting the claim of the Bank of Montréal as well as each individual claim of the other three creditors, and on the basis of the opinions provided by legal counsel, ProMetic is of the view that it has valid grounds for defence in respect of each claim. While the Company is confident in this regard, it should however be noted that judgement rendered in favour of one of the above creditors could have an adverse effect on its cash flows, its

Item 5 – Selected Consolidated Financial Information

5.1 Annual Information

	12 Month Period Dec. 31, 2000	12 Month period Dec 31, 1999	12 Month period Dec 31, 1998	15 Month period Dec 31, 1998
Collaboration Revenues	\$2,219,029	\$2,955,640	\$1,979,043	\$2,018,075
Loss from continuing operations	\$5,167,640	\$4,682,536	\$2,703,280	\$3,214,764
Loss per share from continuing operations	\$0.10	\$0.11	\$0.09	\$0.11
Net Loss	\$5,167,640	\$28,273,826	\$6,474,187	\$7,496,869
Net loss per share	\$0.10	\$0.66	\$0.22	\$0.27
Total Assets	\$14,187,437	\$7,467,809	\$36,374,371	\$36,374,371
Long-term Debt	0	\$1,150,114	\$5,509,219	\$5,509,219
Cash dividend per share (per class)		-	-	-

Notes:

- i) Discontinuance of the generic pharmaceutical segment. On September 30, 1999, the subsidiary ProMetic Pharma Inc. ("the subsidiary") made an assignment for the benefit of its creditors generally under Section 49 of the *Bankruptcy and Insolvency Act*. This subsidiary represented the generic pharmaceutical segment of the Company.
- ii) Comparative figures for 1998 and 1999 have been restated to reflect the discontinuance of the generic pharmaceutical segment except for the balance sheet.
- iii) Business acquisition: With retroactive effect to November 1, 1998, the Company acquired all the outstanding shares of Affinity Chromatography Limited (ProMetic BioSciences Ltd.), the minority shareholder of ProMetic BioSciences Inc., by the issuance of 1,200,000 Subordinate Voting Shares. By this acquisition, the Company consolidated its worldwide rights to the proprietary protein purification technology. The Company completed this transaction in January 1999. The acquisition was accounted for using the purchase method. Operating results from the effective date of acquisition are included in these financial statements.

5.2 Dividends

To date, the Company has not paid any dividends in respect of its outstanding shares nor in respect of any class of shares of its share capital, and it does not anticipate paying dividends in the foreseeable future. At the present time, the policy of the Board of Directors is to reinvest all available funds in operating activities. The Board will periodically review this policy.

Item 6 – Management's Discussion and Analysis of Financial Position and Operating Results / Form 44-101F2

The management analysis of the financial position and operating results presented below should be read along with the consolidated financial statements and notes to these statements included later in the Annual Report. All amounts are in Canadian dollars unless otherwise specified.

6.1 – General Overview

ProMetic Life Sciences Inc. (ProMetic or the Company) is a leading biopharmaceutical company engaged in the research, development, manufacture and commercialization of a variety of commercial applications from its core technologies. ProMetic owns proprietary enabling technology essential for use in large-scale drug purification, proteomics, medical applications and therapeutics.

Financial Analysis

Financial summary – “On the right track to increasing shareholders’ value”

During the 2000 financial year, the Company pursued its reorganization plan introduced in the last quarter of the 1999 financial year and took measures to strengthen its balance sheet. The Company also took actions to reinforce its position in the field of bioseparation, to consolidate its strategic position by increasing its investments in intellectual property, and to develop, from its core technologies, new “high-value” market opportunities including the detection and removal of pathogens (such as prions), proteomics and therapeutics. All these significant improvements were accomplished while incurring lower expenses before R&D than those for the 1999 financial year.

Over the past 18 months, ProMetic has entered into several collaboration agreements with reputable biotech and pharmaceutical companies. This trend will further intensify with the strategic alliance formed with Merck KGaA. This alliance is in line with our strategy to partner with strong companies that can help accelerate our corporate growth and maximize the value of our proprietary platform technology.

Improved Balance Sheet

The financial reorganization plan initiated during the last quarter of the 1999 financial year continued until December 31, 2000. Current assets increased to \$5.3 million as at December 31, 2000, from \$1.7 million as at December 31, 1999, representing an increase of \$3.6 million or 212%. The increase is attributable to the cash, cash equivalents and short term investments. During the financial year ended December 31, 2000, the Company completed an equity stake in Arriva Pharmaceuticals, Inc. (formerly AlphaOne Pharmaceuticals, Inc.) thereby bringing its total equity position to 5.6%. Arriva’s pharmaceutical product, recombinant alpha1-antitrypsin for respiratory indications by inhalation and topical dermatological uses, is in the late-stages of pre-clinical development.

ProMetic’s total assets totalled \$14.2 million as at December 31, 2000 compared to \$7.5 million as at December 31, 1999, thereby representing an increase of \$6.7 million, or 89%, which is mainly attributable to a \$3.6 million increase in current assets, an additional investment of \$1.5 million in Arriva Pharmaceuticals, Inc., \$0.2 million increase in capital assets and \$1.4 million in deferred development costs.

Current liabilities decreased from \$2.4 million as at December 31, 1999 to \$1.9 million as at December 31, 2000, representing a decrease of 25% due to year 2000 accrued expenses invoiced and paid sooner than those of year 1999. Long-term debt had been completely eliminated as at December 31, 2000 compared to \$1.1 million as at December 31, 1999. Net shareholders’ equity of \$12.3 million as at December 31, 2000 represents an increase of \$8.5 million or 218% over December 31, 1999, mainly due to net proceeds of \$13.1 million from share issues and subscription and operating loss of \$5.5 million.



Revenues Contributing to a Reduced Burn Rate

Revenues for the 12-month period ended December 31, 2000 totalled \$2.2 million compared to \$1.5 million for the 12-month period ended December 31, 1999 (excluding a license revenue of \$1.5 million from ZLB in Q4 1999). Source of revenues were generated by collaborative funding programs. Revenues from the sale of products having reached commercial status represented less than 10% of total revenues.

The average period between the time ProMetic's technology is adopted by a client and the time commercial sales are made is approximately 3-4 years.

Typically, a client must proceed with a series of development, scale up and pre-clinical validation phases before being in a position to submit dossiers to the appropriate regulatory authorities. ProMetic collects collaborative and development revenues throughout this pre-commercial phase.

As clients' products progress through the development and regulatory phases, ProMetic's revenues are expected to gradually increase and gain significant growth upon obtaining regulatory approval. The revenue line from each product that reaches the market will be proportionate to its performance on the market and should last throughout its life cycle.

An increasing number of companies now use ProMetic's technology. In light of this and of anticipated growth arising from numerous agreements, the Company is clearly in the process of establishing a strong revenue base.

Expenses

Total expenses before research and development, depreciation of capital assets and financial expenses amounted to \$2.8 million for the 2000 financial year compared to \$3.9 million for the 1999 financial year. This \$1.1 million decrease is mainly due to a management's strategic decision to reduce global expenses before R&D, a concerted cost-containment program, and the reallocation of funds to the acceleration of R&D programs for proteomics, prions and therapeutics. In order to maximize value for shareholders, ProMetic expects to have 3 therapeutics compounds in clinical phase trials by the end of 2001.

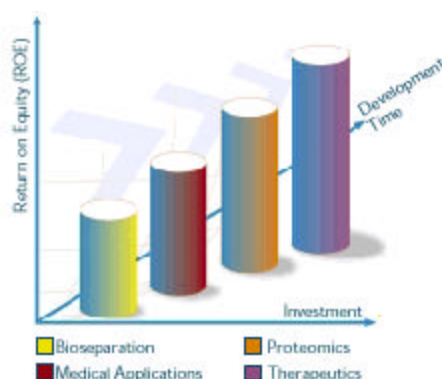
For the financial year ended December 31, 2000, R&D expenses totalled \$3.8 million compared to \$3.2 million for the 1999 financial year, representing an increase of 19%.

During the 2000 financial year, ProMetic sustained its activities in industrial bioseparation and increased its investments in proteomics and therapeutics. The additional investment of \$0.6 million in R&D prepared the company to capitalize on the growth opportunity arising from research in proteomics, prions, and therapeutics as discussed above.

Depreciation of fixed assets totalled \$561,172 for the 2000 financial year, representing an increase of \$127,340 over the 1999 financial year. This increase was mainly due to the acquisition of fixed assets during the year.

Financial expenses for the 12-month period ended December 31, 2000 totalled \$240,776 compared to \$74,624 for the same period in 1999. This increase is attributable mainly to 1999 and 2000 interests payable on long-term debt that was converted or repaid during the 2000

financial year. The 1999 accrued interests were not recorded in 1999 since not material at that time.



6.2 – Quarterly Information

	Fourth Quarter 2000	Third Quarter 2000	Second Quarter 2000	First Quarter 2000	Fourth Quarter 1999	Third Quarter 1999	Second Quarter 1999	First Quarter 1999
Collaboration Revenues	\$534,337	\$427,554	\$372,016	\$885,122	\$1,809,377	\$329,099	\$324,333	\$492,831
Loss (earnings) from continuing operations	\$1,245,537	\$1,553,489	\$1,337,089	\$1,031,525	(\$303,910)	\$1,516,925	\$1,950,050	\$1,519,471
Loss (earnings) per share from continuing operations	\$0.02	\$0.03	\$0.03	\$0.02	(\$0.01)	\$0.03	\$0.05	\$0.04
Net loss (earnings)	\$1,245,537	\$1,553,489	\$1,337,089	\$1,031,525	(\$300,198)	\$18,342,641	\$5,547,276	\$4,684,107
Net loss (earnings) per share	\$0.02	\$0.03	\$0.03	\$0.02	(\$0.01)	\$0.41	\$0.14	\$0.12

6.3 - Liquidity and Capital Resources

For the 12-month period ended December 31, 2000, cash flows used for operating activities totalled \$4.6 million compared to \$3.5 million for the 12-month period ended December 31, 1999. This increase is mainly due to additional investments in R&D programs (see additional comments in the “Results” section).

During the 2000 financial year, cash flows from financing activities were generated mainly by the issue of Subordinate Voting Shares valued at \$13.1 million and from a Preferred Shares subscription totalling \$1.2 million. For the 12-month period ended December 31, 1999, the Company issued shares with a total value of \$13.5 million (most of which was used to finance the generic pharmaceutical segment now discontinued).

In the 2000 financial year, cash flow from investment activities increased to \$5.7 million from \$2.7 million for the same period last year. The Company committed US \$1.5 million in capital stock of Arriva Pharmaceuticals, Inc. (formerly AlphaOnePharmaceuticals, Inc.), which corresponds to participation of 5.6%. In 2000, the Company completed an equity stake in Arriva with the payment of CDN \$1,539,345 (US\$ 1,000,000). The acquisition of capital assets during the 2000 financial year for \$844,909 was mainly due to equipment and leasehold improvements at our Cambridge R&D laboratories, as well as new equipment at our Isle of Man production facility. Deferred development expenses for 2000 in the amount of \$1.4 million against \$1.6 million for the 12-month period ended December 31, 1999, were due to the intensification of selected R&D projects in bioseparation, in medical applications and in proteomics, and to the advancement of ProMetic’s promising therapeutic compounds.

For the 2000 financial year, the Company's activities generated \$1.5 million in cash and cash equivalents compared to a \$3.8 million use of cash for the 12-month period ended December 31, 1999.

For ProMetic, 2000 constituted a year of consolidation in the field of bioseparation as well as one of investment in its proprietary technology into "high value" areas such as the detection and removal of pathogens (prions), proteomics and therapeutics.

ProMetic has entered into several collaboration agreements with reputable biotech and pharmaceutical companies including Aventis Behring, Novo Nordisk, Genzyme Transgenics, IPT/Monsanto, Eli Lilly, American Red Cross, ZLB, PowderJect this positive trend. ProMetic is now strategically positioned to move forward and participate more aggressively in the fast-growing monoclonal antibodies market, without having to invest and build the corporate infrastructure that would otherwise be required.

ProMetic already boasts an impressive pipeline of commercial projects that provide a solid base of growing annuity revenues from current clients and strategic partners. To the exponential growth of its focused, well-diversified commercial base, ProMetic anticipates additional growth opportunities through its involvement in proteomics, therapeutics, and prions research.

By the end of 2001, ProMetic expects three of its compounds to enter clinical trials for the treatment of cancer and inflammatory conditions, each representing significant value to the Company.

The Company is seeking additional investments in order to solidify its short-term asset situation for the next 12 to 24 months of operations.

The Company must commit major financial resources before its products can be successfully developed and sales can be generated at a profitable level. The Company believes that its current short-term asset situation, combined with what it hopes to bring in during the 2000 financial year, will be sufficient to meet requirements for short-term liquidity with regard to operating expenses and capital expenditures for the next twelve months.

The issues addressed in this Annual Information Form and more specifically, those relating to the Management's Analysis of the Financial Position and Operating Results, are to some extent prospective. This means that for a number of reasons, actual results may be significantly different.

6.4 - Results of Operations

For the 12-month period ended December 31, 2000, the loss from continuing operations before R&D expenses totalled \$1.4 million compared to \$1.5 million for the 12-month period ended December 31, 1999. The Company decided to reallocate additional funds to its proteomics, prions and therapeutics R&D projects, and anticipates that three of its compounds will begin clinical trials by the end of year 2001. For the financial year ended December 31, 2000, the net loss from continuing operations after R&D expenses was \$5.2 million or \$0.10 per share, compared to a loss of \$4.7 million or \$0.11 per share for the 12-month period ended December 31, 1999.

The net loss for the financial year ended December 31, 2000 was \$5.2 million or \$0.10 per share compared with \$28.3 million or \$0.66 per share for the 12-month period ended December 31, 1999 due to the discontinuation of the generic pharmaceutical segment in Q3 1999.

Item 7 - Market For Securities

ProMetic's Subordinate Voting Shares are listed on the Toronto Stock Exchange under the symbol PLI.

Item 8 - Directors And Officers

Directors

The following table sets forth the names of all the directors, their position with the Company, their present principal occupation and the year in which they became a director of the Company.

(The present term of each director will expire immediately prior to the election of directors at the annual shareholder's meeting to be held on May 24, 2001).

Directors

Name and Municipality of Residence	Position with the Corporation	Director Since	Principal occupations within the five preceding years
Pierre Laurin Montréal, Quebec	Director and Chairman	1994	Chairman, President and Chief Executive Officer, ProMetric
Roger Garon ⁽²⁾ Verdun, Quebec	Director	1995	Chairman, Multivet Ltd (a Veterinary Products Company)
Barry Gibson Naples, Florida, USA	Director	1994	Barry Gibson, Consultant
Claude Lemire ⁽¹⁾ Westmount, Quebec	Director	1997	Claude Lemire, Consultant
Roger A. Perrault ⁽²⁾ Ottawa, Ontario	Director	1998	President, R.A. Perrault Consultants Inc. (a Consulting Company)
Hans W. Schmid ⁽²⁾ Zug, Switzerland	Director	1998	Chairman, HPC Healthcare & Pharma Consulting AG (a Consulting Company)
Sadok Besrou ⁽¹⁾ Westmount, Quebec	Director	2000	President, Placements Sadobex Inc.
Robert Lacroix ⁽¹⁾ St-Bruno, Quebec	Director	2000	Senior Vice-President CTI Capital Inc.
John Bienenstock Toronto, Ontario	Director	2000	Professor, Medicine & Pathology Sciences Faculty of Health Physician, Scientist and Consultant McMaster University (Ontario)

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

Officers

The following table sets forth the name of each ProMetic officer, his or her municipality of residence, his position with ProMetic, the principal operating subsidiaries in which each officer currently holds office as of the date hereof, the year he took up his position and the positions held for the last five years at ProMetic.

Officers			
Name and Municipality of Residence	Position	Since	Other principal occupation during the last five years
Pierre Laurin Montréal, Quebec	Chairman of the Board, President and Chief Executive Officer, ProMetic	1994	N/A
André Bédard Rosemère, Quebec	Vice-President Finance and Chief Financial Officer, ProMetic	1999	President, Conseils Vision A. Bédard Inc.
Steve Burton Cambridge, England	Vice-President Research and Development, BioSciences (UK)	1999	Director R & D, Affinity Chromatography Limited (UK)
Peter Bonnett Silver Spring, Maryland	Vice-President, North American Operations, BioSciences (U.S.A.)	1994	N/A
Michelle Laflamme Montreal, Quebec	Corporate Secretary and Legal Counsel, ProMetic	1999	Lawyer, Private Practice

Security Holdings

The number and percentage of securities of Subordinate Voting Shares and Multiple Voting Shares of the Company or its subsidiaries beneficially owned directly or indirectly, or over which control or direction is exercised, by all directors and executive officers of the Company as a group is:

	Number	%
Subordinate Voting Shares	1,620,074	4.37 %
Multiple Voting Shares	13,076,375	92.67 %

The information as to the number of Subordinate Voting Shares and Multiple Voting shares beneficially owned or over which control is exercised, not being within the knowledge of the Company, has been provided by each director.

Item 9 - Additional Information

The Company will provide to any person, upon written request made to the secretary of the Company (6100, Royalmount Avenue, Montréal, Québec H4P 2R2, telephone: 514 496-2115):

- (a) when the securities of the Company are in the course of a distribution pursuant to a short form prospectus or a preliminary short form prospectus has been filed in respect of a distribution of its securities.

- i) one copy of the AIF of the Company, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the AIF;
 - ii) one copy of the comparative financial statements of the Company for its most recently completed financial year together with the accompanying report of the auditor and one copy of any interim financial statements of the Issuer subsequent to the financial statements for its most recently completed financial year;
 - iii) one copy of the information circular of the Company in respect of its most recent annual meeting of shareholders that involved the election of directors or one copy of any annual filing prepared in lieu of that information circular, as appropriate; and
 - iv) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus and are not required to be provided under I) to iii) above, or
- (b) at any other time, one copy of any other documents referred to in (a) i), ii) and iii) above, provided the Company may require the payment of a reasonable charge if the request is made by a person who is not a security holder of the Company.

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interest of insiders in material transactions, where applicable is contained in the Company's information circular for its most recent annual meeting of shareholders that involved the election of directors, and additional financial information is provided in the Company's comparative financial statements for its most recently completed financial year.

Dated at Montréal, Québec, this 20th day of April 2001.

ProMetic Life Sciences Inc.

(signed) *Pierre Laurin*

per: Pierre Laurin
President and CEO

(signed) *André Bédard*

per: André Bédard
Executive Vice-President and CEO