

## **PROMETIC LIFE SCIENCES INC.**

Investor Update  
July to September 2000

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

1. Press release of November 29, 2000, with third quarter results.
2. Ratio analysis
3. Consolidated Balance Sheets.
4. Consolidated Statements of Operations and Deficit.
5. Consolidated Statements of Cash Flows

## **FOR IMMEDIATE RELEASE**

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#### **ProMetic Life Sciences Inc.**

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President and CEO

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## **PROMETIC ANNOUNCES ITS THIRD QUARTER RESULTS**

**Montreal, November 29, 2000.** – ProMetic Life Sciences Inc. (« ProMetic »; TSE:PLI) today reported its financial results for the third quarter ended September 30, 2000. For the quarter, ProMetic reported a net loss of \$0.03 per share, compared to a loss of \$0,03 per share from continuing operations for the same period in 1999. The current figures reflect the company's ability to maintain its financial position while increasing significantly its research and development investment for its enabling technology.

The Company reported several significant improvements in its financial position since December 31, 1999, including:

- closing public and private financings for gross proceeds of \$14.3 million;
- increasing net shareholders' equity to \$13.6 million as of September 30, 2000 compared to \$3.9 million as of December 31, 1999;
- expanding its working capital ratio to 3.54:1 compared to 0.69:1 as of December 31, 1999; and
- eliminating all long-term debt.

Commenting on the financial results for the quarter, Mr. Pierre Laurin, President and CEO of ProMetic, stated, "We believe the developments that have taken place during the current as well as previous quarters demonstrate that ProMetic is well positioned for the future. While management recognizes that valuation remains a near-term concern for investors, ProMetic's strategy has been, and continues to be, focused on growth and expansion that will achieve our long-term goals and objectives."

### **Key Highlights, July 1 To-Date**

#### **Intellectual Property**

- On November 9, 2000, ProMetic obtained U.S. Patent No. 6,117,996, for its chemical library of Mimetic Ligands™, further consolidating the proprietary position of its enabling technology. The patent protects a library of ligands constituting billions of synthetic compounds from which promising lead candidates are screened and developed into high value commercial applications.

## **Business development**

- On September 5, 2000, ProMetic announced that Provalis Diagnostics, the medical diagnostics division of Provalis PLC, has received regulatory approval to sell its innovative diabetes-monitoring product, Glycosal™ in the USA and Japan. ProMetic developed and supplied to Provalis a special key affinity ligand that measures glucose levels in diabetics, enabling doctors to determine a three-month average glucose level in just a single 4-minute test. This approval for marketing in US and Japan places ProMetic's technology in key world markets.
- On November 1, 2000, ProMetic signed a development and collaboration agreement with Aventis Behring L.L.C., a global leader in the plasma industry. Aventis chose ProMetic's technology to augment its manufacturing processes based on its ability to meet Aventis' stringent quality assurance requirements.
- On November 16, 2000, ProMetic completed its investment in AlphaOne Pharmaceuticals, Inc ("AlphaOne"), bringing its total equity position to 5.6%. AlphaOne develops and commercializes protease inhibitors for therapeutic applications. AlphaOne's pharmaceutical product, recombinant alpha 1-antitrypsin for respiratory indications by inhalation and topical dermatological uses, is in late-stage pre-clinical development. Last year, ProMetic established a Joint Venture with AlphaOne to develop a recombinant alpha 1-antitrypsin from yeast for worldwide commercialization of targeted applications in dermatology, gastroenterology and urinary tract indications.

## **Financing**

- On September 6, 2000, the Company announced the closing of a previously announced issuance of 6,600,000 Subordinate Voting Shares for gross proceeds of \$8.25 Million through a Short Form Prospectus.
- On November 3, 2000, the Company raised additional \$1.2 Million corresponding to the exercise in whole of the 15% option to cover over-allotments granted on September 6, 2000.

In reviewing the company's progress year-to-date, Mr. Laurin noted that ProMetic has one of the leading bioseparation technologies, and continues to build multinational strategic alliances in the important and growing field of purification. At the same time ProMetic is expanding its combinatorial libraries to find unique protein interactions.

Mr. Laurin stated, "These interactions can lead to therapeutic applications and to a significant pipeline of drug candidates. Furthermore, taking all of these achievements together moves ProMetic closer to our long-term objectives in drug discovery and development, while continuing to grow and strengthen our substantial core business."

## Financial Highlights

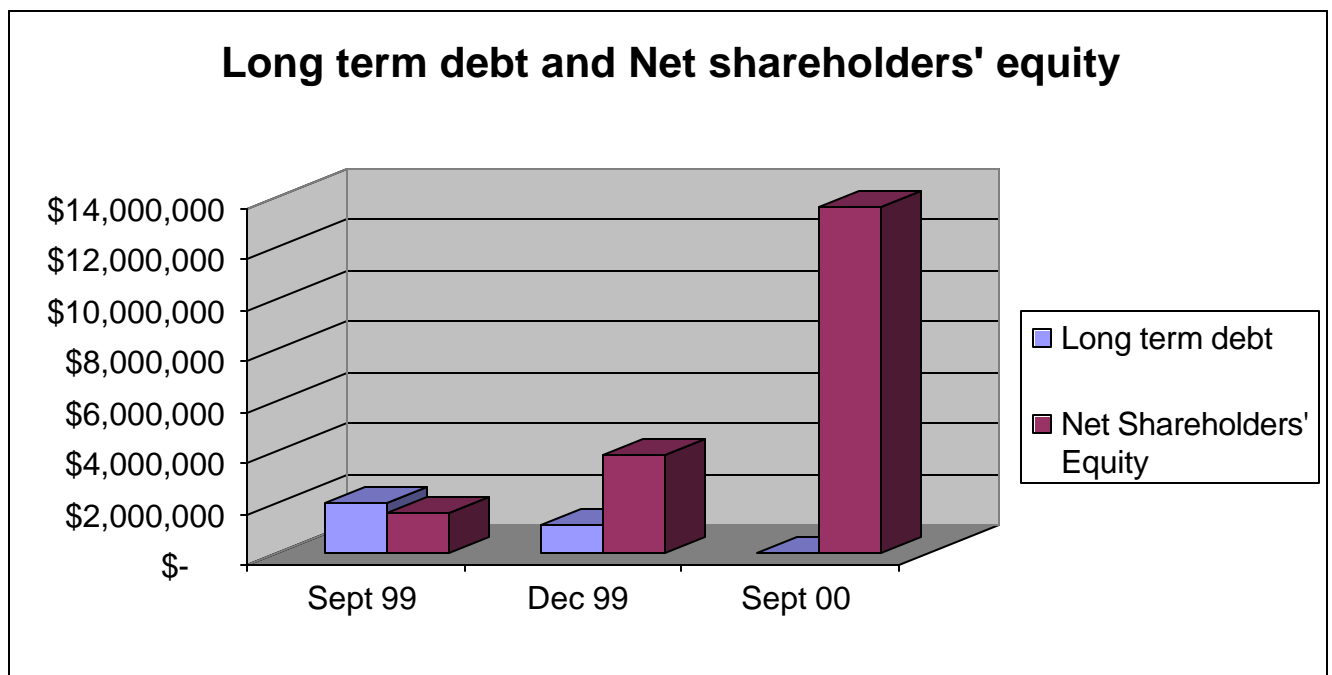
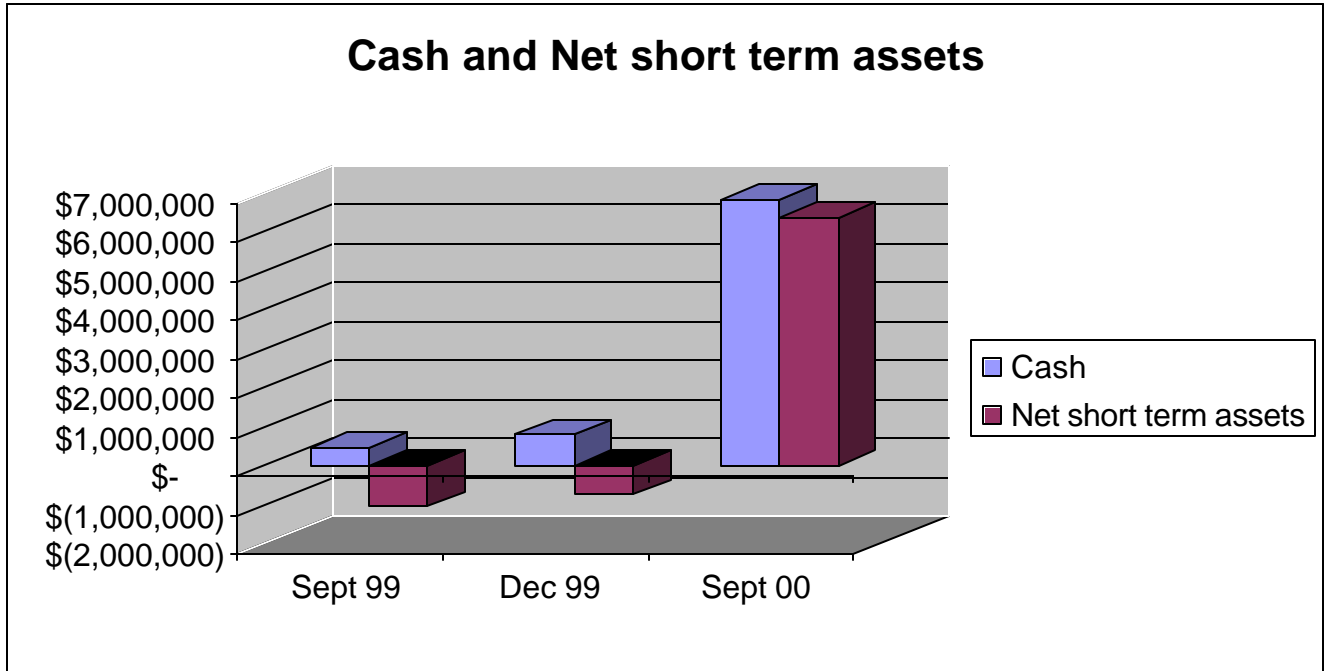
	<b>September 30, 2000</b>	<b>December 31, 1999</b>
Cash and cash equivalents	\$ 6,822,264	\$ 781,662
Subscription receivable	\$ 1,144,688	-
Working Capital	\$ 6,349,721	\$ (751,055)
Working capital ratio	3.54 : 1	0.69 : 1
Long term debt	\$ 40,488	\$ 1,150,114
Net Shareholders' Equity	\$ 13,593,867	\$ 3,874,158

	<b>Q3 / September 30</b>		<b>Nine months/September 30</b>	
	2000	1999	2000	1999
Loss per share from Continuing Operations	\$ 0.03	\$ 0.03	\$ 0.08	\$ 0.13
Net Loss per Share	\$ 0.03	\$ 0.42	\$ 0.08	\$ 0.69

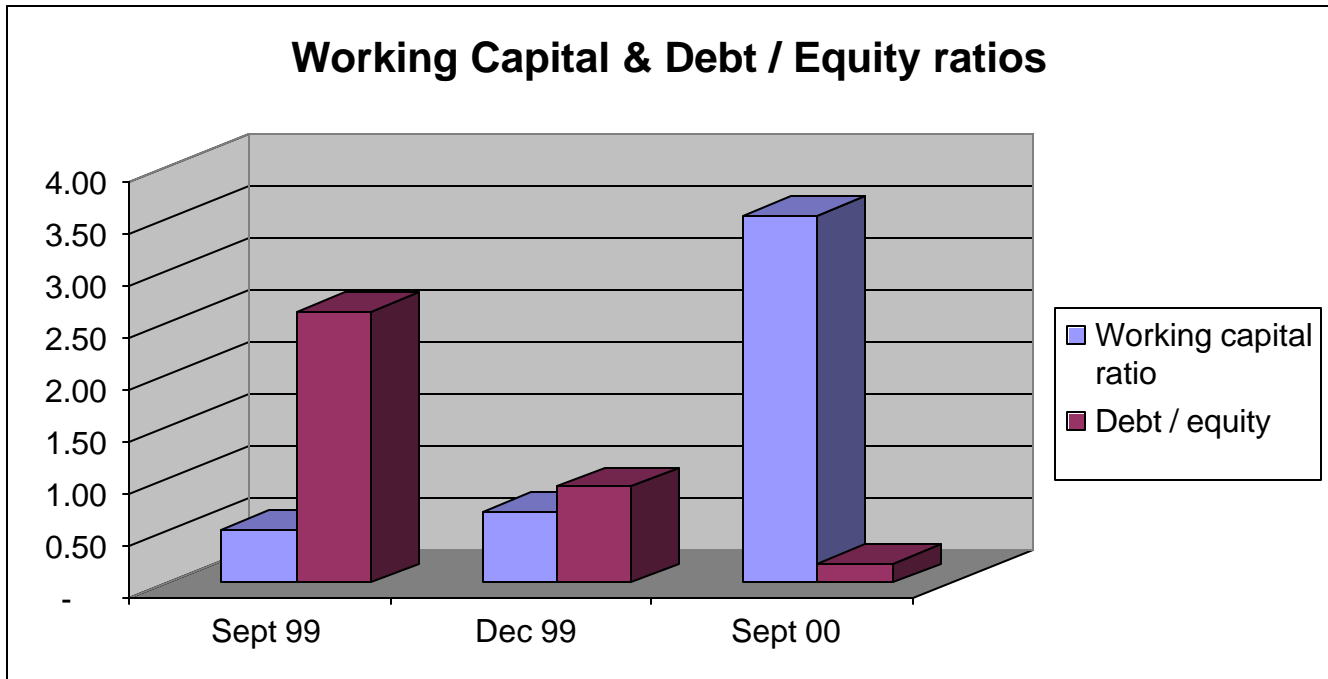
*ProMetic owns proprietary enabling technology essential for use in large-scale drug purification, chemical genomics, proteomics, drug discovery and drug development. This technology can significantly reduce costs, increase yield and improve purity of existing and new bio-pharmaceutical products. ProMetic accomplishes this through strategic partnerships and in-house therapeutic development. The headquarters of ProMetic Life Sciences Inc. are in Montreal and it has operations in Canada, the United States and the UK. Its shares are traded on the Toronto Stock Exchange under the ticker symbol PLI. Additional information is available on the company's website: [www.prometic.com](http://www.prometic.com).*

ProMetic press releases and other company information can be found on our Web site at [www.prometic.com](http://www.prometic.com)

# RATIO ANALYSIS



# RATIO ANALYSIS



Consolidated Financial Statements of  
(unaudited)

**PROMETIC LIFE SCIENCES INC.**

For the third quarter and the nine-month period ended  
September 30, 2000

**PROMETIC LIFE SCIENCES INC.**

(unaudited)

For the third quarter and the nine-month period ended September 30, 2000

**Financial Statements**

1. Consolidated Balance Sheets
2. Consolidated Statements of Operations and Deficit
3. Consolidated Statements of Cash Flows
4. Notes to consolidated financial statements

PROMETIC LIFE SCIENCES INC.

CONSOLIDATED BALANCE SHEETS

	September 30,		December 31,
	2000		1999
	(unaudited)		(audited)
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 6,822,264	\$	781,662
Accounts receivable	577,665		235,888
Subscriptions receivable (note 1)	1,144,688		-
Inventories	169,946		519,597
Prepaid expenses	127,937		155,335
	8,842,500		1,692,482
Capital assets	3,642,549		3,367,994
Deferred development costs	2,529,460		1,665,433
Investment (note 1)	1,112,625		741,900
	\$ 16,127,134	\$	7,467,809
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 1,793,054	\$	2,247,229
Due to shareholders	533,463		-
Current portion of long-term debt	166,262		196,308
	2,492,779		2,443,537
Long-term debt	40,488		115,114
Due to shareholders	-		1,035,000
Shareholders' equity			
Share capital	64,432,380		49,659,979
Deficit	(50,838,513)		(45,785,821)
	13,593,867		3,874,158
Subsequent events (note 1)			
Contingencies (note 2)			
	\$ 16,127,134	\$	7,467,809

PROMETIC LIFE SCIENCES INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

(unaudited)

	Quarters ended		Nine-Month period ended	
	September 30,		September 30,	
	2000	1999	2000	1999
Revenues	\$ 427,554	\$ 329,099	\$ 1,684,691	\$ 1,146,263
Expenses before the undernoted items:	1,051,385	1,404,131	3,377,040	4,791,288
Research and development expenses	709,886	393,345	1,683,552	1,157,843
Depreciation	149,642	79,289	411,255	342,838
Financial expenses	70,130	(30,741)	134,946	40,739
Loss from continuing operations	1,553,489	1,516,925	3,922,103	5,186,445
Loss from the discontinuation of the generic pharmaceutical segment	-	16,825,716	-	23,387,579
Net loss	1,553,489	18,342,641	3,922,103	28,574,024
Deficit, beginning of the period	48,292,540	27,488,550	45,785,821	16,300,223
Share issue expenses	992,484	253,352	1,130,589	1,210,296
Deficit, end of period	\$ 50,838,513	\$ 46,084,543	\$ 50,838,513	\$ 46,084,543
Loss per share from continuing operations	\$ 0.03	\$ 0.03	\$ 0.08	\$ 0.13
Net loss per share	\$ 0.03	\$ 0.42	\$ 0.08	\$ 0.69
Weighted average number of outstanding shares (in thousands)	53,454	43,829	50,892	41,444

**PROMETIC LIFE SCIENCES INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(unaudited)

	Nine-month period ended September 30,	Nine-month period ended September 30,
	<b>2000</b>	<b>1999</b>
Cash flows from operating activities:		
Net loss	\$ (3,922,103)	\$ (28,574,024)
Adjustments to reconcile net loss to cash flows used by operating activities:		
Loss from discontinued segment	-	23,387,579
Depreciation of capital assets	411,255	342,838
Cash flows used in operating activities	(3,510,848)	(4,843,607)
Net change in non-cash operating working capital items	(418,903)	1,191,950
	(3,929,751)	(3,651,657)
Cash flows from financing activities:		
Proceeds from share issues and subscription	13,127,713	9,723,750
Share issue expenses	(1,130,589)	(1,210,296)
Due to Shareholders	(1,537)	2,935,000
Increase (repayment) of long-term debt	(104,672)	24,812
Increase (decrease) in bank indebtedness	-	(145,856)
	11,890,915	11,327,410
Cash flows from investing activities:		
Acquisition of an investment	(370,725)	(741,900)
Additions to capital assets	(685,809)	(96,466)
Deferred development costs	(864,027)	(343,277)
	(1,920,561)	(1,181,643)
Cash used by the discontinued segment	-	(10,574,090)
Increase (Decrease) in cash and cash equivalents	6,040,602	(4,079,980)
Cash and cash equivalents, beginning of period	781,662	4,535,377
Cash and cash equivalents, end of period	\$ 6,822,264	\$ 455,397
Other information related to cash flows:		
Interests paid during the period	\$ 55,261	\$ 33,828
Interests received during the period	43,468	69,469

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

### 1- Subsequent events

#### Subscription receivable

On November 3, ProMetic closed a placement of 990,000 Subordinate Voting Shares for gross proceeds of \$1,237,500 (\$ 1,144,688 net) representing the exercise in whole of the 15% option to cover over-allotments granted to BLC Securities Inc. and Dlouhy Investments Inc. These shares were subscribed as of September 30, 2000. This will bring the total gross proceeds for the issue of Subordinate Voting Shares announced on August 18, 2000 to \$9.5 Million.

#### AlphaOne Pharmaceuticals investment

On November 16, 2000, the Company completed its equity stake in AlphaOne Pharmaceuticals, Inc, by investing US \$ 750,000, bringing its equity position to 5.6%. AlphaOne Pharmaceuticals, Inc is dedicated to the development and commercialisation of protease inhibitors for therapeutic applications.

### 2- Contingencies

On September 30, 1999, the Company 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 Montreal, 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 Montreal as well as each individual claim of the other three creditors, and on the basis of the opinions provided by legal counsel, the Company 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 judgment rendered in favour of one of the above creditors could have an adverse effect on its cash flows, its results and its financial position.