ProMetic

Life Sciences Inc.
2010 Annual Report

WHO WE ARE

Our name defines who we are: ProMetic is derived from the words Protein and Mimetic. At ProMetic we design small chemical molecules that mimic unique and specific interactions between proteins. These proprietary chemical structures can be used in a myriad of commercial applications when incorporated into filters. ProMetic creates affinity filters that bind and recover high levels of the valuable therapeutic proteins. These same technologies allow us to create filters that bind and remove high concentrations of pathogens. These proprietary chemical structures also form the basis for our drug discovery platform.

WHAT WE DO

ProMetic's technologies are used to remove pathogens from blood, and extract and recover valuable proteins from plasma, as well as providing purification technologies to the biopharmaceutical industry. ProMetic also develops novel, orally active, first-in-class therapeutics for unmet medical needs in the fields of hematology, oncology, nephrology, fibrosis and autoimmune diseases.

SIGNIFICANT EVENTS

2010 AND SUBSEQUENT TO YEAR END

ProMetic entered into a collaboration agreement with Abraxis BioScience, Inc. (“Abraxis”) to develop and commercialize various applications deriving from ProMetic’s prion capture technology platform.

ProMetic finalized an equity investment of $3 Million US and a five year loan of $10 Million US with Abraxis.

ProMetic’s project with HemCon Medical Technologies, Inc. to develop a sterile, single-use antibody capture device for the removal of isoagglutinin antibodies met its first development milestone and moved into the second phase of development.

Novozymes and ProMetic entered into a strategic alliance regarding proprietary albumin purification technology based upon a synthetic-ligand affinity adsorbent developed by ProMetic’s UK subsidiary, ProMetic BioSciences Ltd. The new synthetic-ligand affinity adsorbent, AlbuPure®, will be co-marketed by both companies.

ProMetic announced that it had completed the first milestone of its strategic collaboration with the Wuhan Institute of Biological Products, a subsidiary of China National Pharmaceutical Group Corp (“Sinopharm”), China’s largest pharmaceutical company. WIBP’s products will be manufactured under licence using ProMetic’s proprietary protein technologies.

ProMetic signed terms of a strategic agreement for PBI-1402 and PBI-4419 with Allist Pharmaceuticals, Inc. (“Allist”) of China, who will fund the development costs required for the regulatory approval in China for the two products.

ProMetic presented data on its orally-active PBI-1402 compound at the 15th Congress of the European Hematology Association about the management of side effects induced by chemotherapy and the treatment of certain cancers such as lung and pancreatic cancers, and certain forms of leukemia.

ProMetic’s scientists discovered new and proprietary compounds that regulate fibrosis via a novel mechanism of action. Fibrosis is part of the inflammatory process that leads to a loss of functionality in vital organs such as kidney, heart, liver and lungs in certain chronic diseases that affects hundreds of millions of patients.

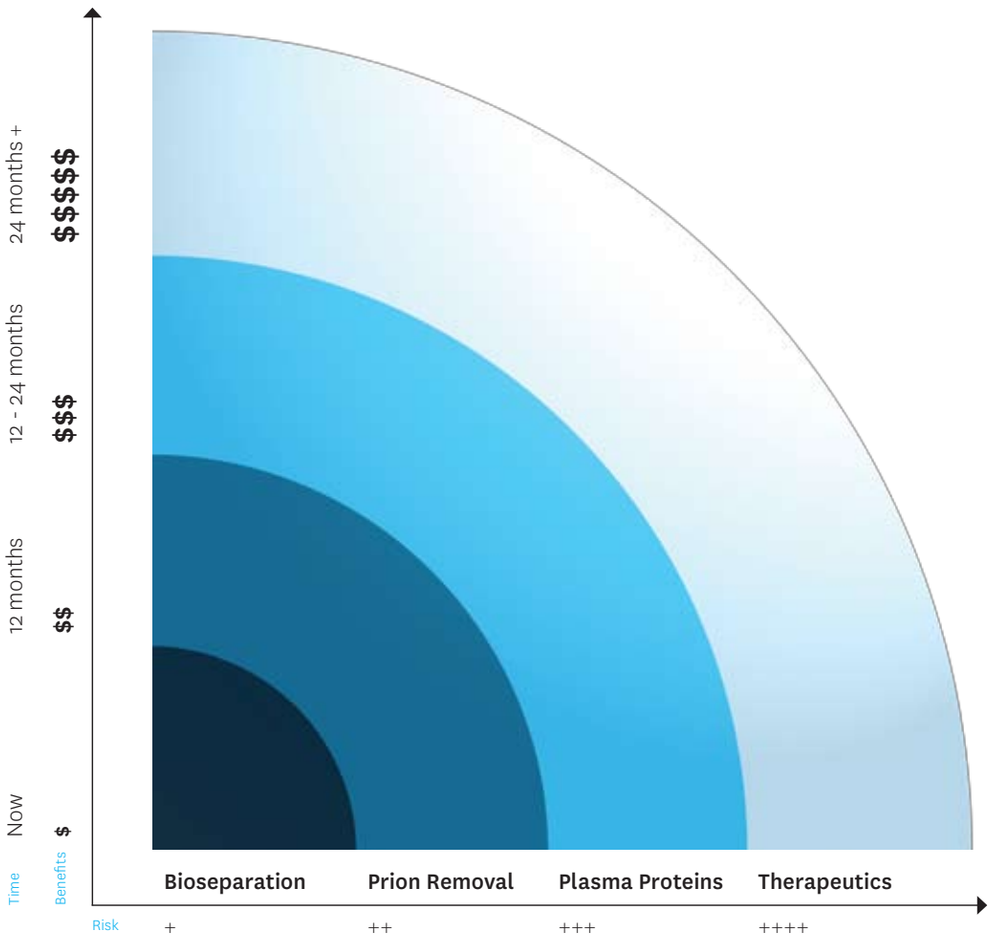
Subsequent to the balance sheet date, the Company announced that it had reorganized the terms of its secured debt, moving $4 million of debt repayments to July 2012, effectively reclassifying it from short-term to long-term debt and removing a significant short-term pressure on cash flow.

ProMetic’s new facility, located in Laval, Quebec’s biotech cluster, will undertake the development and manufacturing of high-value plasma-derived therapeutic biosimilars for ProMetic’s current and future clients.

On March 31, 2011, the Company entered into an agreement with Abraxis, a wholly owned subsidiary of Celgene Corporation (“Celgene”) whereby the Company will assign certain intellectual property rights regarding a protein technology to Celgene for a specific field of use. As consideration for the assignment of intellectual property rights, the $10 million US loan entered into with Abraxis in February 2010 will be eliminated.

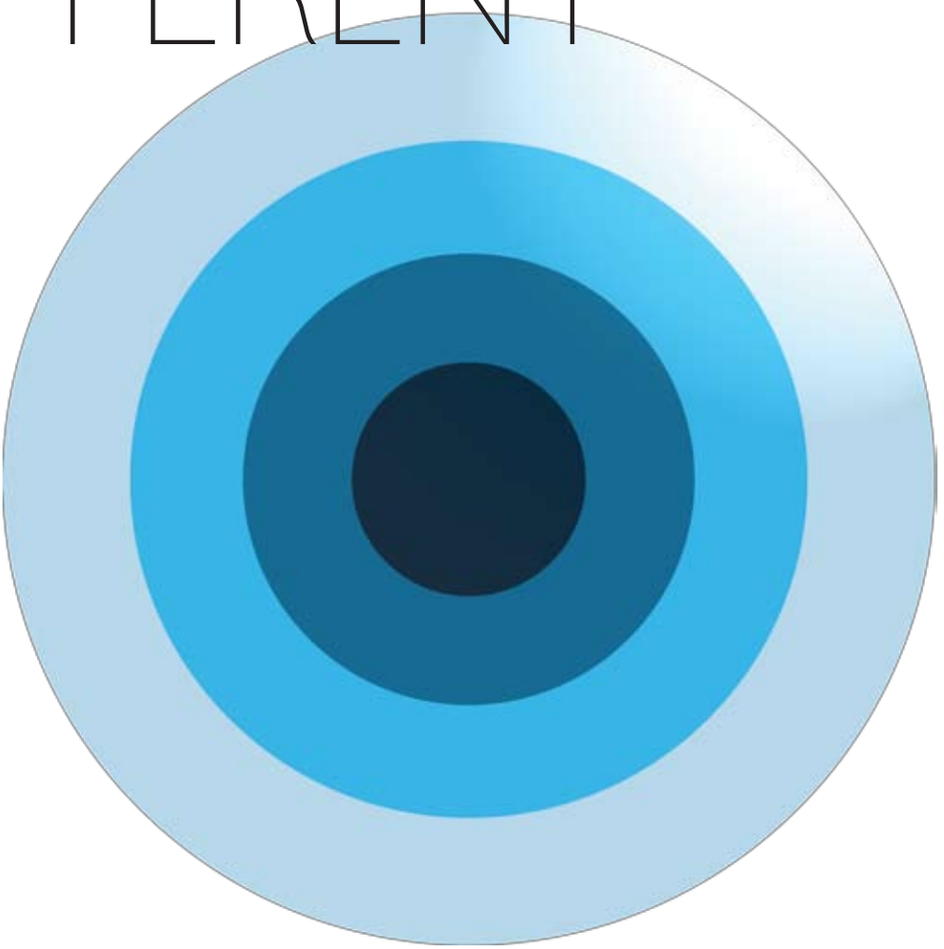
This annual report may contain forward-looking statements regarding future financial and operating results. It also contains forward-looking statements with regards to partnerships, joint ventures and agreements and future opportunities based on these. There are also statements related to the discovery and development of intellectual property, as well as other statements about future expectations, goals and plans. We have attempted to identify these statements by use of words such as “expect”, “believe”, “anticipate”, “intend”, and other words that denote future events. These forward-looking statements are subject to material risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. These risks and uncertainties include but are not limited to the Company’s ability to develop, and successfully manufacture pharmaceutical products, and to obtain contracts for its products and services and commercial acceptance of advanced affinity separation technology. Additional information on risk factors can be found in the Company’s Annual Information Form for the year ended December 31, 2010. 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. Any forward-looking statements we may make as of the date hereof are based on assumptions that we believe to be reasonable as of this date and we undertake no obligation to update these statements as a result of future events or for any other reason, unless required by applicable securities laws and regulations.

WHY INVEST IN PLI?



THE COMPANY OFFERS RISK/REWARD SEGMENTS THAT APPEAL TO VARIOUS INVESTOR PROFILES.

BECAUSE WE ARE DIFFERENT



- Not all cash-burn: ProMetic has an established revenue stream derived from multiple industry leaders
- ProMetic is moving towards EBITDA breakeven, without revenue from key value drivers
- Value drivers are close to delivering material revenues
- Any one of these value drivers can significantly increase share price beyond current value
- Technology with proven track-record
- Solid management that has demonstrated that it can steer through tough market conditions and still build value
- ProMetic is set-up for “multiple shots at the goal”

VALUE DRIVER 1

BIOSEPARATION

[ProMetic BioSciences Ltd – United Kingdom (PBL)]

Core Technologies

Affinity adsorbents for the production and purification of biopharmaceuticals

Achievements

- Profitable since 2007 - Continued revenue growth
- Proprietary adsorbents embedded in partners / clients' manufacturing process translating into recurring revenue streams
- >12 FDA / EMEA approved products
- Expanding client base

Opportunities

- >25 products under development
- Several clients' products are expected to receive regulatory approval = catalyst for additional revenue growth
- New strategic alliances

VALUE DRIVER 2

PRION REDUCTION

[Pathogen Removal and Diagnostic Technologies Inc – USA (PRDT)]

Core Technologies

Prion capture technology to improve the safety profile of blood products and blood-derived therapeutics

Achievements

- CE-marked P-Capt® filter for the removal of prions from red blood cell concentrates commercialized with MacoPharma SA
- Independent studies performed by the UK government validate the safety and efficacy of the P-Capt® filter
- Improved safety profile for Octapharma AG's OctaplasLG®, the only commercially available prion-reduced plasma for transfusion and expansion for use in new product, UniplasLG®

Opportunities

- Adoption of the P-Capt® filter by European governments
- Additional commercial applications at industrial scale with existing and future clients

VALUE DRIVER 3

PLASMA PROTEINS

[ProMetic BioTherapeutics, Inc. – USA (PBT)]

Core Technologies

Plasma Protein Purification System ("PPPS™") for the recovery of valuable plasma proteins

ProMetic's prion capture technology platform incorporated into the plasma protein manufacturing process

Achievements

- ProMetic's new facility in Laval, Quebec, will undertake the development and manufacturing of high-value plasma-derived therapeutic biosimilars for ProMetic's current and future clients

Opportunities

- Access to lucrative plasma-derived therapeutics market
- New agreements adding to revenue stream
- Manufacturing of plasma-derived therapeutics and value added services including technical training of licensees' staff, technology transfers, and engineering services for licensees' facility

VALUE DRIVER 4

THERAPEUTICS

[ProMetic BioSciences Inc. – Canada (PBI)]

Core Technologies

In-house development of novel, orally-active therapeutics

- First-in-class, novel mechanism of action with validated receptors
- Very high safety profile
- Strong intellectual property position / second and third generation analogues
- *In vivo* proof of concepts completed
- Target unmet medical needs

Achievements

- Discovery of novel mechanism to reduce fibrosis that leads to kidney failure
- Effects of drug candidates confirmed in multiple organs (kidneys, heart, lungs, liver)
- Partnering with Allist to advance drug candidates toward clinical programs, and to develop and commercialize compounds in China

Opportunities

- Partnering of therapeutics to further advance the clinical programs of drug candidates, driving value and contributing to global revenue
- Rich pipeline of proprietary drug candidates targeting unmet medical needs – inflammation / fibrosis, autoimmune diseases, oncology and hematology

MESSAGE TO SHAREHOLERS

2010

The financial environment continued to be very difficult for the biotechnology industry in 2010. ProMetic faced many challenges, such as regulatory delays for Octapharma, one of our key customers, which translated into a deferral of their orders originally anticipated for the second half of 2010, into 2011. Despite the existing financial conditions, ProMetic successfully procured operating capital at favourable terms that resulted in minimal dilution for our shareholders.

We are step by step achieving our objectives.

2011 should prove to be a pivotal year for ProMetic. In 2010, we continued to focus on creating multiple revenue streams through the continued development and partnering activities for our novel therapeutics and the added value activities in our protein technologies unit. We were successful in keeping the Company's growth opportunities alive and we are confident that these opportunities are ready to deliver and drive share price.

We believe that ProMetic's novel therapeutics and proprietary technologies offer solutions to many challenging un-met medical needs.

Over the last year ProMetic was successful in maintaining and advancing its key drivers. One example of this is the strategic agreement that was finalized the last quarter of 2010 with Allist for two of ProMetic's lead therapeutics. It is already known that ProMetic's PBI-family of therapeutic compounds target high-value indications in the fields of fibrosis, oncology, anemia and auto-immune diseases but this agreement is further confirmation of their importance as future value-drivers for the Company.

ProMetic achieved a pivotal milestone for its protein technologies business with its latest venture: a facility to manufacture plasma proteins.

ProMetic's latest venture, a manufacturing facility for valuable protein therapeutics located in Laval, Quebec's biotech cluster, should positively impact the Company's revenue streams over the course of the next few years. This undertaking has allowed the Company to actively pursue new opportunities for the in-house development of high-value therapeutics for our existing and future clients. ProMetic will have access, through this new subsidiary, to the lucrative plasma-derived therapeutics market.

In addition, this facility is being funded via third-party investments. This, combined to very favourable leasing terms, removes a significant capital expenditure hurdle for ProMetic, allowing it to deliver on its objectives in a very cost-effective and non-dilutive manner.

Recent achievements further secure the Company's growth opportunities.

The Company announced early on in 2011 that it had postponed repayment of $4 million in secured debt to July 2012.

This was followed by a recent announcement that the Company had entered into an agreement with Abraxis, a wholly owned subsidiary of Celgene, whereby the Company will assign certain intellectual property rights regarding a protein technology to Celgene, for a specific field of use. As consideration for the assignment of intellectual property rights, the $10 million US loan entered into with Abraxis in February 2010, will be forgiven.

This demonstrates the Company's commitment to minimize, as far, as possible, the dilutive effect of financing on existing investors.

We look forward to updating you on the Company's activities during the year as we work to achieve these important milestones.

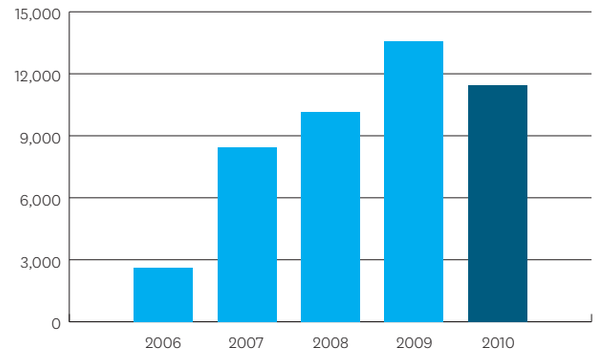
In closing, we would like to thank all of our employees and collaborators for their continued hard work, the Board of Directors for their constant guidance, as well as our shareholders and stakeholders for their ongoing support.

Pierre Laurin
President and Chief Executive Officer

SELECTED FINANCIAL INFORMATION

Revenues

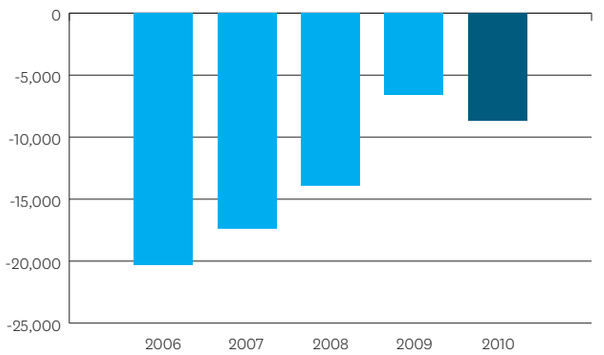
(In thousands of Canadian dollars)



- Until 2010, revenues showed upward trend.
- 2010 revenues lower than forecast due to regulatory delays at Octapharma, and due to delays caused by the Abraxis / Celgene merger.
- Delayed revenue will be pushed into 2011.

EBITDA

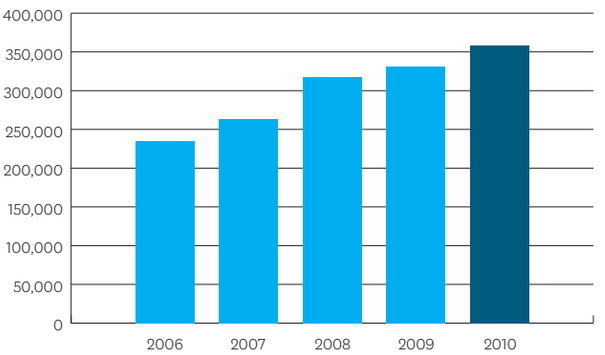
(In thousands of Canadian dollars)



- Lower than expected revenues in 2010 naturally impacted on EBITDA position.
- However trend shows reduction in losses since 2006.
- Cost-containment program functioning successfully.
- Technology value is building despite cuts in R&D spend.

Common shares outstanding during the year

(In thousands)



- Since 2008, the Company has honoured its pledge to minimise dilution, by raising funds through debt rather than equity.
- Since 2008, earlier venture debt has been replaced with secured loans from patient shareholders.
- Subsequent to the balance sheet date $10M US of debt has been eliminated in a commercial transaction and a further $4M of debt has been restructured, extending payment into 2012, reducing short-term cash pressure.

MANAGEMENT TEAM







From Left to right

Pierre Laurin

President and
Chief Executive Officer
ProMetic Life Sciences Inc.

Steven Burton

Chief Executive Officer
ProMetic BioSciences Ltd

Tom Chen

Vice-President, Product and
Asia/Pacific Development
ProMetic BioTherapeutics, Inc.

Timothy Hayes

Vice-President, Product
Development, Quality and
Regulatory Affairs
ProMetic BioTherapeutics, Inc.

Christopher Penney

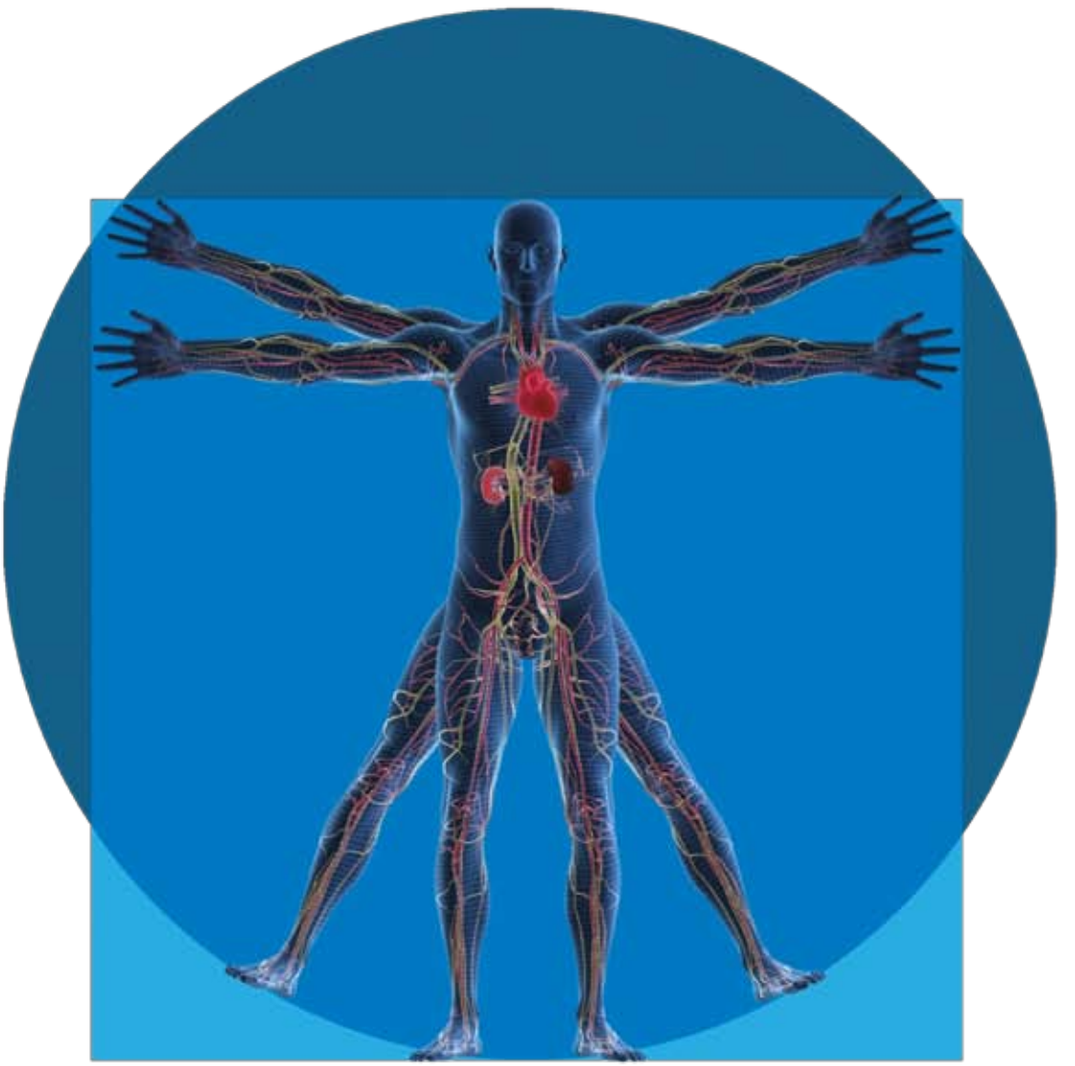
Chief Scientific Officer,
Therapeutics
ProMetic BioSciences Inc.

Bruce Pritchard

Chief Financial Officer
ProMetic Life Sciences Inc.

Patrick Sartore

Senior Legal Counsel, IP and
Corporate Secretary
ProMetic Life Sciences Inc.



MD&A

The Management's Discussion and Analysis of Operating Results and Financial Position, prepared March 31, 2011, aims at helping the reader to better understand the business of the Company and the key elements of its financial results. It explains the trends of the financial situation and the operating results of the Company for the 2010 financial year compared to the 2009 operating results.

This Management's Discussion and Analysis was prepared in accordance with Regulation 51-102 Respecting Continuous Disclosure Obligations and should be read in conjunction with the 2010 consolidated financial statements and the accompanying notes included in the annual report.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and on the basis of the going concern assumption which assumes that the Company will continue in operation for the foreseeable future and accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations.

The use of these principles may not be appropriate because as at December 31, 2010, there is significant doubt that the Company will be able to continue as a going concern without raising additional financial resources. Since inception, the Company has incurred significant losses and has a working capital deficiency of $5.6 million and a shareholders' deficiency of $13.5 million as at December 31, 2010. The Company's committed cash obligations and expected level of expenditures for the year ending December 31, 2011, exceed its committed sources of funds. To date, the Company has financed its activities through bank loans, government financial support, investment tax credits and the issuance of debt and equity.

The Company's ability to continue as a going concern is dependent on raising additional funds either from the issuance of shares or long-term debt and achieving profitable operations. In January 2011, the Company announced the renegotiation of its secured debt, resulting in the postponement of $4 million of related repayments from 2011 to July 2012. The Company has also been successful in raising $1.5 million of funds, subsequent to the balance sheet date, for NewCo, it's new subsidiary, which has been established to operate a pilot-scale manufacturing facility for plasma-derived therapeutics. The investors in NewCo have authorised the temporary use of these funds for working capital purposes in the wider group (see Note 1 in the Consolidated Financial Statements).

Additionally, on March 31, 2011, the Company concluded a transaction with Celgene Corporation ("Celgene") resulting in the forgiveness of the $10 million US loan entered into with Abraxis BioScience, Inc. ("Abraxis") in February 2010, subject to meeting certain administrative milestones (see Note 29 in the Consolidated Financial Statements).

This removes a significant near-term cash pressure for the Company, but these additional sources of funds are not sufficient for the Company to discharge its liabilities for the next 12 months. Continued effort is placed by management on expanding the customer base for existing marketed products and the Company is continuing to seek additional financing alternatives, including non-dilutive financing, collaboration and licensing arrangements, equity and debt financing. The Company's ability to increase its revenues or raise additional capital to generate sufficient cash flows to continue as a going concern is subject to significant doubt and significant risks all of which are beyond management's control. There can be no assurance that such financing will materialize on a timely basis or obtained on favourable terms. The consolidated financial statements do not reflect the adjustments that might be necessary to the carrying amount of reported assets, liabilities and revenues and expenses and the balance sheet classification used if the Company were unable to continue operations in accordance with this assumption. Such adjustments could be material.

More financial information, including the Company's Annual Information Form, is available on SEDAR (www.sedar.com).

FORWARD-LOOKING STATEMENTS

The information contained in Management's Discussion and Analysis of Operating Results and Financial Position contains statements regarding future financial and operating results. It also contains forward-looking statements with regards to partnerships, joint ventures and agreements and future opportunities based on these. There are also statements related to the discovery and development of intellectual property, as well as other statements about future expectations, goals and plans. We have attempted to identify these statements by use of words such as "expect", "believe", "anticipate", "intend", and other words that denote future events. These forward-looking statements are subject to material risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. These risks and uncertainties include but are not limited to the Company's ability to develop, and successfully manufacture pharmaceutical products, and to obtain contracts for its products and services and commercial acceptance of advanced affinity separation technology. Additional information on risk factors can be found in the Company's Annual Information Form for the year ended December 31, 2010. 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. Any forward-looking statements we may make as of the date hereof are based on assumptions that we believe to be reasonable as of this date and we undertake no obligation to update these statements as a result of future events or for any other reason, unless required by applicable securities laws and regulations.

2010 IN SUMMARY

2010 can best be described as a year of building value and opportunity, despite the fact that revenues did not reach anticipated levels. The financial results for the first half of the year were in line with expectations, however delays in programs caused by both the regulatory process and strategic deals for two of our major customers, Octapharma AG ("Octapharma") and Abraxis BioScience, Inc. ("Abraxis"), caused second half revenues to be disappointing. As always, management responded by slowing expenditure as much as possible, and by funding the shortfall using the least-dilutive means available.

Octapharma remains positive regarding the ultimate regulatory approval of its OctaplasLG® product by the MHRA and its ultimate approval in additional key European Union countries. We therefore expect orders for resin to recommence in 2011. Furthermore, Octapharma also announced recently that it is seeking regulatory approval for a prion-depleted version of its UniplasLG® product, which will also rely on ProMetic's prion reduction technology.

During the year, Abraxis, one of our strategic partners, announced its acquisition by Celgene. The transaction, while exciting for Abraxis, caused a degree of hiatus in the development contracts being undertaken for Abraxis by ProMetic. The existing programs continued, but at a slower pace than anticipated, and the new programs which were anticipated to start toward the latter part of 2010 were put on hold. These delays were related solely to the transaction. ProMetic is confident that these programs will begin to move forward at the anticipated pace during 2011 and beyond. We draw attention to the Post-Balance Sheet section of this report which discusses the significant changes to the loan agreement between ProMetic and Abraxis.

More positively, and referring to the building of value and opportunity, during 2010, ProMetic's Management was involved in a significant amount of business development activity relating to the Therapeutics business. This activity resulted in the first deal involving PBI-1402 being announced just after the end of third quarter of 2010. This transaction saw ProMetic sign the terms of a strategic agreement with Allist Pharmaceuticals, Inc. ("Allist") of China to develop and commercialize ProMetic's drug candidates PBI-1402 and PBI-4419 in China. Specifically, the deal requires Allist to fund and accelerate the development programs for PBI-1402 and PBI-4419, in return for exclusive commercial rights for the Chinese market. ProMetic retains rights to data for other markets, representing savings of over $10 million US in future development costs. In relation to the clinical programs, PBI-1402 clinical development will be further advanced for chemotherapy-induced anemia and cancer related anemia indications and PBI-4419 will be developed for fibrotic disease indications. The agreement includes $59 million US in future potential milestone payments to ProMetic as well as royalties on sales in China.

This deal is important for ProMetic for a number of reasons:

- It validates earlier claims about the efficacy of the technology and its commercial impact;
- It demonstrates competition in the market for the technology to other parties involved in due diligence, providing an impetus for further transactions; and
- It provides non-dilutive funding which will drive the technology to the next value inflection point.

Subsequent to December 31, 2010, the results of other negotiations during 2010 became apparent, with the announcement that ProMetic had secured external funding for NewCo, a new subsidiary which will, through a pilot plant leased on very favourable terms, allow the business to capitalize on the development work undertaken by the U.S. subsidiary, ProMetic BioTherapeutics, Inc. (PBT). This plant will enable ProMetic and its licensees to manufacture plasma-derived therapeutics at scale and to commercialize products for the multi-million dollar plasma-derived therapeutics market.

Operating costs for the year decreased to $20.8 million from $21.8 million in the previous year. This decrease was attributable principally to reduced amortization costs and impairment costs. In general, all other operating costs were in line with those incurred in 2009.

The debt on the balance sheet consists of loans from shareholders and strategic business partners. Subsequent to December 31, 2010, it was announced that the secured lenders had renegotiated their loans with the Company, resulting in $4 million of debt being moved from short-term to long-term creditors and relieving a significant short-term pressure on cash flow.

On March 31, 2011, the Company entered into an agreement with Abraxis, a wholly owned subsidiary of Celgene, whereby the Company will assign certain intellectual property rights regarding a protein technology to Celgene for a specific field of use. As consideration for the assignment of intellectual property rights, the $10 million US loan entered into with Abraxis in February 2010 will be forgiven. The agreement requires the Company to comply with certain administrative milestones by February 9, 2012. Failure to meet these milestones would result in a portion of the above loan to be re-instated in the range of $6 million US to $8 million US. The Company considers it unlikely that it will be unable to meet the required milestones.

During the last week of March 2011, the Company received funds in lieu of a series of equity investments in the Company by way of private placements totalling $800,000. The aggregate number of common shares to be issued by the Company in relation thereto remains to be confirmed, as the Company awaits relevant common share pricing (VWAP) confirmation from the Toronto Stock Exchange.

The P-Capt® filter, although still not formally adopted by the UK government, increased its profile within the parliament, through the efforts of ProMetic and MacoPharma SA, who co-developed the P-Capt® filter with ProMetic. Both companies have ensured that newly appointed Ministers in the United Kingdom and other government officials have all relevant information in order that they can make informed decisions. The P-Capt® prion filter, commercially available since 2006, is the only proven approach to reducing the risk of vCJD transmission from red blood cell concentrate.

Analyzing the business segment performance for the year highlights the reduced expenditure associated with the Therapeutics division. Protein Technologies suffered from reduced gross profit contribution due to lower year-on-year revenues. Furthermore, during 2009, Protein Technologies benefited from an extra-ordinary gain of $1.3 million from the acquisition of PRDT from the American Red Cross, which was not repeated during 2010. In addition, corporate losses increased due to a number of factors including lower exchange rate gains during 2010, as well as additional compliance costs associated with work on conversion of future financial reporting to International Financial Reporting Standards.

Analysing this table shows an increase in the annual loss of $1.9 million from the previous year. Of this, $1.3 million can be explained by the PRDT gain in 2009 not being repeated in 2010 and $0.2 million associated with lower exchange gains in 2010. When taken alongside the fact that revenues are also down by $2.2 million in 2010, it can be seen that the ongoing expense reduction programs remain effective.

2010 SIGNIFICANT EVENTS

Protein Technologies

- In January 2010, ProMetic entered into a collaboration agreement with Abraxis BioScience, Inc. (“Abraxis”) to develop and commercialize various applications deriving from ProMetic’s prion capture technology platform. This is a new strategic agreement in addition to the joint-development of biopharmaceuticals from our manufacturing platform technology.
- In February 2010, ProMetic announced that the project with HemCon Medical Technologies, Inc. to develop a sterile, single-use antibody capture device for the removal of isoagglutinin antibodies initiated in March 2009 met its first development milestone and moved into the second phase of development.
- In the same month, Novozymes and ProMetic entered into a strategic alliance regarding proprietary albumin purification technology based upon a synthetic-ligand affinity adsorbent developed by ProMetic’s UK subsidiary, ProMetic BioSciences Ltd. The new synthetic-ligand affinity adsorbent, AlbuPure®, will be co-marketed by both companies.
- In March 2010, ProMetic announced that it had completed the first milestone of its strategic collaboration with the Wuhan Institute of Biological Products (“WIBP”), a subsidiary of China National Pharmaceutical Group Corp (“Sinopharm”), China’s largest pharmaceutical company. WIBP’s products will be manufactured under licence using ProMetic’s proprietary protein technologies. These products will then move into clinical trials to demonstrate their bioequivalence to commercialized products in order to obtain required regulatory approval from the Chinese State Food and Drug Administration (“Chinese SFDA”).

Profit (Loss)*	2010	2009	Change %	*2009 (as adjusted)*	*Change % (as adjusted)*
Therapeutics	**(1,920)**	(2,727)	29.59%	*(2,727)*	*29.59%*
Protein Technologies	**(3,033)**	(872)	(3377.01%)	*(1,387)*	*(118.09%)*
Corporate	**(6,330)**	(5,729)	(10.44%)	*(5,929)*	*(6.71%)*
Total Loss	**(11,283)**	(9,328)	(20.84%)	*(10,043)*	*(12.24%)*

* in thousands of dollars

- During the first half of 2010, ProMetic completed delivery of the largest order for a single Mimetic Ligand™ product. The total order was worth approximately $8.9 million and approximately two-third was recognized in 2010.
- The WIBP project is progressing according to schedule. After the successful completion of the initial technology transfer stage earlier this year, ProMetic's scientists have initiated the second technology transfer stage and are moving ahead with the retrofit of WIBP's GMP pilot facility. ProMetic's proprietary Plasma Protein Purification System ("PPPS™") will be integrated in WIBP's facility as part of this retrofit.
- Initiation of the scale-up activities for the manufacturing of the first GMP products for the Chinese market is expected in second quarter of 2011. WIBP will then pursue regulatory approval from the SFDA for these products manufactured under licence using ProMetic's proprietary protein technologies, by demonstrating their bioequivalence to commercialized products.

Therapeutics

- ProMetic presented data on its orally-active PBI-1402 compound at the 15th Congress of the European Hematology Association held in Barcelona, Spain, June 9 – 13, 2010. Clinical and preclinical results were presented about the management of side effects induced by chemotherapy and the treatment of certain cancers such as lung and pancreatic cancers, and certain forms of leukemia.
- In addition, an oral presentation was made regarding the positive clinical data generated in patients that developed anemia as a result of their chemotherapy. The clinical trial demonstrated a reduction in the need for blood transfusions in chemotherapy-induced anemic patients. Furthermore, the trial data indicated that the level of hemoglobin and red blood cells ("RBC") never exceeded recommended levels even when the drug was used at high dose. This, combined with anti-cancer activity demonstrated in numerous cancer models, supports the potential use of PBI-1402 to address unmet medical needs in oncology.
- The PBI-1402 development program also led to the discovery of new and proprietary chemical compounds ("NCEs") that regulate fibrosis via a novel mechanism of action. Fibrosis is part of the inflammatory process that leads to a loss of functionality in vital organs such as kidney, heart, liver and lungs in certain chronic diseases that affects hundreds of millions of patients. These first-in-class NCEs are orally active, and have been confirmed to exhibit strong anti-fibrotic activity in various *in vivo* models.
- Further advances were also accomplished with the Company's portfolio of autoimmune disease drug candidates.
- In October 2010, ProMetic signed the terms of a strategic agreement for PBI-1402 and PBI-4419 with Allist of China who will fund the development costs required for the regulatory approval in China for the two products. Allist undertakes to perform development activities according to standards meeting the Food and Drug Administration's ("FDA") requirements, which will then allow ProMetic to have full access to and use of data generated by Allist for markets outside China. This represents an investment by Allist in the programs well in excess of $10 million US.
- Allist will retain the rights for the Chinese market for PBI-1402 for the chemotherapy-induced anemia and cancer related anemia indications and for PBI-4419 for fibrotic diseases.

Corporate

- In the first quarter of 2010, ProMetic finalized an equity investment of $13 million US that includes a five year loan of $10 million US with Abraxis, bearing annual interest of 5%. Reimbursement of the loan is due in five annual instalments of $2 million US. Abraxis has the option to request that each annual instalment be converted into ProMetic equity at future prevailing market price. Such conversion may be subject to disinterested shareholder and TSX approvals. The $3 million US equity investment was completed at $0.18 per share to purchase 17,850,000 Common Shares of ProMetic.

Post-Balance Sheet

- Subsequent to the balance sheet date the Company announced that it had reorganized the terms of its secured debt, moving $4 million of debt repayments to July 2012, effectively reclassifying it from short-term to long-term debt and removing a significant short-term pressure on cash flow.
- Subsequent to the balance sheet date the Company announced that it had established a new subsidiary, "NewCo", which had attracted seed investment of $1,5 million, representing a 10% holding in NewCo, thus valuing the new subsidiary at $15 million. NewCo will lease and operate a pilot manufacturing plant which will provide ProMetic an opportunity to commercialize products using its PPPS™ technology for the multi-million dollar plasma-derived therapeutics market.
- On March 31, 2011, the Company entered into an agreement with Abraxis, a wholly owned subsidiary of Celgene, whereby the Company will assign certain intellectual property rights regarding a protein technology to Celgene for a specific field of use. As consideration for the assignment of intellectual property rights, the $10 million US loan entered into with Abraxis in February 2010 will be forgiven. The agreement requires the Company to comply with certain administrative milestones by February 9, 2012. Failure to meet these milestones would result in a portion of the above loan to be re-instated in the range of $6 million US to $8 million US. The Company considers it unlikely that it will be unable to meet the required milestones.
- During the last week of March 2011, the Company received funds in lieu of a series of equity investments in the Company by way of private placements totalling $800,000. The aggregate number of common shares to be issued by the Company in relation thereto remains to be confirmed, as the Company awaits relevant common share pricing (VWAP) confirmation from the Toronto Stock Exchange.

CORE BUSINESS AND STRATEGY

CORE BUSINESS

ProMetic Life Sciences Inc. is a global biopharmaceutical business, comprised of a group of companies focused on developing technologies which bring pharmaceutical products to market that are safer, cost-effective and more convenient than those already available. ProMetic's business is organized into two distinct operating segments; Protein Technologies and Therapeutics, supported by a Head Office in Montreal, Canada.

BUSINESS SEGMENTS

The **Protein Technologies** business segment comprises five operating subsidiaries:

- ProMetic BioSciences Ltd ("PBL"), based in the UK (Isle of Man and Cambridge);
- ProMetic BioTherapeutics Inc ("PBT"), based in Rockville, MD, USA;
- Pathogen Removal and Diagnostic Technologies Inc. ("PRDT"), a company registered in Delaware, USA, operated under the control of PBL;
- ProMetic Manufacturing Inc. ("PMI"), based in Joliette, Quebec, Canada; and
- ProMetic "NewCo", based in Laval, Quebec, Canada.

PBL develops ProMetic's core bioseparations technologies and products. Its proprietary affinity adsorbents and Mimetic Ligand™ purification platform are used by numerous medical and biopharmaceutical companies worldwide, with more than 12 products, relying on ProMetic's proven technology, having received FDA / European Medecines Agency's ("EMEA") approval. PBL's technologies enable the capture of target proteins directly from source material, and provide highly efficient and cost-effective separation from other proteins and impurities delivering high yields of purified product. As a result, manufacturing clients using ProMetic's bioseparations technologies experience significant reductions in their cost of goods. PBL's technology has also been incorporated into various medical device products which specifically capture and remove target molecules from biological fluids.

PBT develops manufacturing processes, based on PBL's affinity technology, to provide for highly efficient extraction and purification of therapeutic proteins from human plasma. ProMetic's PPPS™ multi-product sequential purification process, originally developed in collaboration with the American Red Cross ("ARC"), employs powerful affinity separation materials in a multi-step process to extract and purify commercially important plasma proteins in high yields.

PRDT develops the prion capture technology platform that originated from ProMetic's collaboration with ARC. PRDT's technology forms the basis of the revolutionary P-Capt® filter, a prion reduction device developed with ProMetic's commercialization partner MacoPharma to increase the safety of red cell concentrate. P-Capt® has received CE mark approval in Europe, and provides national blood agencies with the means of significantly reducing the risk of vCJD transmission through blood transfusion. This is particularly relevant since there is no commercially available diagnostic test for detection of the blood-borne form of the vCJD agent responsible for this fatal brain disease. Additionally, PRDT technology has been incorporated by Octapharma into its manufacturing process for OctaplasLG® to further improve the prion safety margin for this plasma product. OctaplasLG® has obtained regulatory approval in Germany. Furthermore, Octapharma also announced recently that it is seeking regulatory approval for a prion-depleted version of its UniplasLG® product, which will also rely on ProMetic's prion reduction technology. PRDT's platform technology has demonstrated its potential for additional uses in the purification of blood derived products. Upwards of forty million units of blood are collected in the world annually, affording ProMetic and its partners' enormous market opportunities.

PMI manufactures the raw agarose beads (Purabead™) that serves as a platform for a large number of PBL's affinity adsorbents.

ProMetic NewCo will undertake the development and manufacturing of high-value plasma-derived therapeutic biosimilars for ProMetic's current and future clients. NewCo will be funded via third-party investments and is anticipated NewCo will become self-sustaining through end product services and sales to ProMetic's existing clients. An initial $1.5 million investment has been received as part of a $2.5 million commitment. This new business venture has also received pledges for additional funding from various institutions and key stakeholders involved in ProMetic's protein technologies activities which could amount to additional financial contributions of $3.5 million.

The Second business segment is **Therapeutics** which comprises of one operating subsidiary:

- ProMetic BioSciences Inc. ("PBI"), based in Laval, Quebec, Canada.

PBI is a small-molecule drug discovery business, with a strong pipeline of products. PBI scientists are focused in developing orally active drugs that can emulate the activity of proven biologics, and provide competitive advantages including improved pharmaco-economics and safety profile. PBI's therapeutics target unmet medical needs in the following indications:

- Inflammation / fibrosis;
- Autoimmune diseases;
- Oncology; and
- Anemia.

Typically, these first-in-class therapeutics are orally active, with efficacy and high safety profiles confirmed in several *in vivo* experiments and enjoy strong proprietary positions:

One of ProMetic's lead candidates, PBI-1402 has demonstrated positive clinical data in patients with anemia induced by chemotherapy. New drug candidates and analogues to PBI-1402 have also demonstrated the following key benefits:

- PBI-1402 and analogues are orally active, whereas most other drugs treating anemia are injectables.
- PBI-1402 and analogues are affordable low molecular weight synthetic candidate drugs, relative to costly recombinant proteins, such as ESAs.
- PBI-1402 and analogues have a distinct mechanism of action from EPO, as it does not bind to the same cell surface receptor as EPO. It therefore provides great promise of serving as a stand-alone therapeutic in the treatment of patients with anemia.
- PBI-1402 has demonstrated anticancer activity in multiple pre-clinical models, which could make it a drug of choice for the treatment of anemia in cancer patients (Cancer Related Anemia ("CRA"), Chemotherapy Induced Anemia ("CIA")).
- PBI-1402 and analogues demonstrate anti-fibrotic activity which supports the potential use for nephroprotection in patients with chronic kidney disease and patients undergoing different drug therapies typically toxic to the kidney and other vital organs.

The initial indication targeted by PBI-1402 is anemia in cancer patients undergoing chemotherapy. Upwards of two thirds of cancer patients treated with chemotherapy develop anemia. This represents an estimated one million patients annually in the USA alone.

Since the publication of the FDA briefing document, the Oncology Drugs Advisory Committee in March 2008, treatment of choice for these patients has been RBC transfusion and represents an unmet medical need.

The encouraging positive results from the CIA clinical trial and the anticancer effects reported in animal models suggest that PBI-1402 is well suited for the treatment of anemia in oncology, resulting in the PBI-1402 clinical platform being extended to patients suffering from cancer-related anemia.

Moreover, approximately twenty million patients in the U.S. alone are diagnosed with chronic kidney diseases ("CKD"). Patients with severe CKD stages (3 and 4) often develop anemia before they require hemodialysis. CKD patients still at the pre-dialysis stage could greatly benefit from an orally administered drug as a treatment for their anemia. Other experiments in animal models simulating chronic renal failure in humans or acute renal toxicity induced by toxic drugs such as some antibiotics and chemotherapeutic agents have demonstrated the ability of PBI-1402 and new analogues to correct anemia. What drew the most interest from the presentations at the American Society of Nephrology annual meeting last Fall, was evidence that PBI-1402 reduced significantly the fibrosis in the kidney, the underlying cause that ultimately lead to the loss in the kidney function.

These results indicate additional potential for PBI-1402 and new analogues that are not related to anemia and offer alternative potential avenues for a regulatory pathway.

PBI has several other compounds with *in vivo* proof of concept validation in its library at differing stages of development. These represent a complete, well defined platform with the ability to produce high-value drugs. This will allow ProMetic to address unmet medical needs and extremely complex medical conditions associated with certain diseases, for which the market potential is immense. At the present time, no significant research and development activity is being undertaken on these other compounds.

In late 2010, ProMetic announced that it had signed the terms of a strategic agreement for PBI-1402 and PBI-4419 with Allist of China who will fund the development costs required for the regulatory approval in China for the two products. Allist undertakes to perform development activities according to standards meeting FDA requirements, which will then allow ProMetic to have full access to and use the data generated by Allist for markets outside China. This represents an investment in the programs well in excess of $10 million US. Allist will retain the rights for the Chinese market for PBI-1402 for the chemotherapy-induced anemia and cancer related anemia indications and for PBI-4419 for fibrotic diseases.

BUSINESS STRATEGY

ProMetic's strategy in relation to its **Protein Technologies** business segment has been well defined by management: applying ProMetic's proprietary technologies to new and existing markets for large-scale drug purification, drug development, proteomics (the study of proteins), and the elimination of pathogens. The ultimate benefit that can be derived from ProMetic's Protein Technologies unit is the enabling of our partners to manufacture more affordable and safer therapeutics, thus aligning ProMetic's business perfectly with current market pressures on the healthcare sector.

PBL's bioseparations business is being expanded into a profitable, cash-generative business through the securing of long-term supply agreements with major pharmaceutical and biotech companies. The profits and therefore excess cash generated by this business unit will be used in the short-term to partly finance the losses of ProMetic's other business segments.

The strategy in relation to **PBT** is to establish key relationships with biopharmaceutical companies to co-develop plasma derived therapeutics relying on PBT's proven high yield manufacturing process. Typically through these partnerships, the therapeutics developed are chosen to address totally unmet medical needs or target very large and established markets but with a significant safety and cost leadership advantage.

PRDT's unique prion reduction technology has already been commercialized through a long-term supply agreement with Octapharma, who have incorporated the technology into the manufacturing process of their OctaplasLG® and UniplasLG® products. The strategy is to expand the commercialization of the PRDT technology into use in RBC concentrate by the sale of the P-Capt® prion filter. Thereafter, the Company will focus on applying PRDT technology to other commercial applications.

Subsequent to year end, ProMetic created a new subsidiary, **NewCo**, which has entered into a long-term lease on very favorable conditions with Quebec's *Institut national de la recherche scientifique* ("INRS") for an existing state-of-the-art facility. NewCo will undertake the development and manufacturing of high-value plasma-derived therapeutic biosimilars for ProMetic's current and future clients. NewCo will be funded via third-party investments and is anticipated NewCo will become self-sustaining through end product services and sales to ProMetic's existing clients. An initial $1.5 million investment has been received as part of a $2.5 million commitment. This new business venture has also received pledges for additional funding from various institutions and key stakeholders involved in ProMetic's protein technologies activities which could amount to additional financial contributions of $3.5 million. This relieves a significant capital expenditure hurdle for ProMetic, allowing it to deliver in its objectives in a very cost-effective and non-dilutive manner.

The following Strengths, Weaknesses, Opportunities, and Threats analysis is a helpful summary indicating how management focuses its decisions in relation to the business strategy for the Protein Technologies business segment.

Strengths

- Recurring revenues from external licensing and partnering of technologies
- Strong product pipeline
- Innovative technologies
- Validated products
- Some products target niche markets
- Turn-key services
- Technologies integrated for long-term of client products
- Solid management team
- Established sales force

Weaknesses

- Some products target niche markets
- Ability to recognize revenues from complex contracts with multiple deliverables

Opportunities

- Development of innovative products for new applications
- Ability to scale according to client needs
- Vast partnering opportunities

Threats

- Ability to stay competitive in rapidly changing environment
- Client products have to undergo regulatory process
- Subject to client timeline
- Fluctuating exchange rates
- Government processes

ProMetic's strategy in relation to the **Therapeutics** business segment has been to develop orally active compounds leading to more convenient and cost-effective treatment regimes in already developed markets or targeting unmet medical needs. ProMetic's Management strongly believes that this strategy is highly relevant in the current market economy where cost pressures, above all else, impact the adoption of new drugs.

The business model for this division is to partner promising drug candidates upon completion of *in vivo* proof of concept studies. While the Therapeutics Unit has several of such promising drug candidates, Management has acted to cut the burn-rate of this division such that only costs associated with the regulatory and partnering activities for PBI-1402 and its analogues are incurred.

These cost-saving measures are clearly reflected in the financial statements accompanying this Discussion and Analysis.

FINANCING STRATEGY

Across the business, Management monitors closely the company's financial performance, both actual and forecasted, to ensure that appropriate measures are taken to limit cash burn.

In late 2008, the Company declared that it would seek to finance the business in the least dilutive means possible, recognizing that shareholders had experienced dilution in the past.

Since 2009, the Company has been successful in securing "patient" debt, principally from existing shareholders whose interests are aligned with those of the business. In addition, funds were advanced by Octapharma, a customer with whom ProMetic has long-term supply arrangements, with repayments being made against future sales of product to that customer.

In January 2011, the Company successfully restructured the secured loans provided to the Company by a select group of stakeholders. The restructuring arrangements postponed the repayment of $4 million of ProMetic's secured debt originally scheduled to occur in the first half of 2011 to July 1st 2012. As consideration for the above-mentioned debt restructuring, the stakeholders collectively received 4,508,499 shares in ProMetic's share capital at market price, representing 1.28% of ProMetic's outstanding shares or 1.26% on a fully diluted basis. The stakeholders shall also collectively received 2,857,139 warrants, which if exercised could, collectively with the above-mentioned shares, represent 2.08% of ProMetic's outstanding shares or 2.04% on a fully diluted basis. The Toronto Stock Exchange has given conditional approval to this issuance of shares and granting of warrants.

In addition, on March 31, 2011, the Company entered into an agreement with Abraxis, a wholly owned subsidiary of Celgene, whereby the Company will assign certain intellectual property rights regarding a protein technology to Celgene for a specific field of use. As consideration for the assignment of intellectual property rights, the $10 million US loan entered into with Abraxis in February 2010 will be forgiven. The agreement requires the Company to comply with certain administrative milestones by February 9, 2012. Failure to meet these milestones would result in a portion of the above loan to be re-instated in the range of $6 million US to $8 million US. The Company considers it unlikely that it will be unable to meet the required milestones.

During the last week of March 2011, the Company received funds in lieu of a series of equity investments in the Company by way of private placements totalling $800,000. The aggregate number of common shares to be issued by the Company in relation thereto remains to be confirmed, as the Company awaits relevant common share pricing (VWAP) confirmation from the Toronto Stock Exchange.

Certain of these arrangements have required the up-front payment of interest in the form of shares. Therefore, the funding is partially dilutive, but the level of dilution has been minimal in comparison to the dilution level that would have been incurred if a straight equity investment or other more commonly available instruments had been used to finance the Company.

KEY PERFORMANCE DRIVERS

The company has identified the following list of key performance drivers for each of the business units. It is the intention of the Company to monitor and evaluate the progress of each performance driver and to provide status updates in the Company's quarterly MD&A report.

PBL	EVENTS 2010 onwards
· Maintain a profitable bioseparations business	· PBL has increased its contribution to the costs of the wider group year-on-year since 2007.
· Generate positive cash-flow from operations	· PBL generated net cash inflows during 2009. These have already increased in 2010.
· Expand affinity adsorbent sales	· New contracts signed and expansion on existing contracts – Halozyme, large European biopharmaceutical. · Overall sales in PBL exceeded GBP 5M in 2009 and have reached GBP 8.9M in 2010.
· Establish long-term supply agreements	· Agreement signed with Octapharma and Halozyme and a major pharmaceutical company during 2009. · Octapharma launched second product, UniplasLG®, which incorporates ProMetic's prion-capture technology.
· Develop new strategic alliances	· Strategic alliance with Novozymes signed in 2010
PBT	
· Drive collaboration programs with existing partners including Abraxis, WIBP/Sinopharm, Kedrion, Blue Blood and Sartorius	· Collaboration with WIBP/Sinopharm proceeding well. WIBP/Sinopharm personnel recently trained at PBT laboratories. Small scale resin batches supplied in H2 2010. · Work with Abraxis continues on the development of a key compound and is progressing towards the next stage. · Further opportunities are being explored with other plasma fractionators.
· Expand the number of strategic partners and products developed	· Current focus is on delivering quality results for existing customers; these will be used as the catalyst to expand into new relationships.
· Build a solid pipeline of products	· Currently 7 products are under development. A further 2 are being actively pursued.
· Expand business to include manufacturing of bulk active for existing partners and others	· Work is progressing towards this objective, with production of first bulk material for clinical trials expected in 2011.

PRDT	
• Adoption of P-Capt® in UK	• Recommendation for adoption in children born after January 1, 1996 by SaBTO. • Heightened awareness at senior levels of the UK government. • PRISM study patient recruitment has been completed. • Adoption in Macau
• Adoption of P-Capt® in Ireland as well as other European countries	• Expansion of trials into Cavan General Hospital and Crumlin Hospital in Ireland.
• Expand commercial use of prion reduction resin in bulk applications	• Contract with Octapharma for OctaplasLG®. Octapharma seeking approval for UniplasLG®
PBI	
• Partner PBI-1402 and or NCE analogues	• The terms for a strategic agreement for PBI-1402 was PBI-4419 were announced with Allist of China on October 18, 2010. • Other partnering discussions are ongoing.
• New data to support expanded potential uses	• Peer-reviewed positive phase Ib/IIa clinical data presented at the Annual Meeting of the European Haematology Association. • Peer-reviewed data presented at the Annual Meeting of the American Society of Nephrology. • Analogue NCEs discovered to have higher potency as anti-fibrotic agents.
• Regulatory milestones in key markets	• Autoimmune disease program revitalised with new discovery. • FDA guidance corroborating ProMetic's regulatory pathway for PBI-1402 and its analogues for anemia and cancer.

CAPABILITY TO DELIVER RESULTS

CAPITAL RESOURCES

The Company has no commitments for capital expenditure at the date of the financial statements.

As mentioned earlier, NewCo will be funded via third-party investments. This relieves a significant capital expenditure hurdle for ProMetic, allowing it to deliver in its objectives in a very cost-effective and non-dilutive manner. It is anticipated NewCo will become self-sustaining through end product services and sales to ProMetic's existing clients.

Over the coming periods, it may be necessary for the Company to invest in further capital expenditure in order to service the requirements of some of its contracts. It is important to note however that PBL's current manufacturing capacity far exceeds its current level of sales. At the present time, the resources are being fully employed, but are manufacturing batch sizes which are below the optimal size. PBL's current manufacturing capacity can therefore accommodate significant revenue growth such that there is no linear relationship between the incremental costs and revenue growth.

As the Company grows and develops a sustainable revenue line and resulting positive cash flow, it should be possible for the business to raise cash for expansion through debt facilities.

LIQUIDITY

Current assets totaled $3.3 million as at December 31, 2010, and $5.4 million as at December 31, 2009. Attention is drawn to the going concern (Note 1). Management plans to particularly improve the Company's going concern position.

Accounts receivable were $1.8 million as at December 31, 2010, compared to $2.6 million as at December 31, 2009. Accounts receivable consist mostly of trade receivables related to the sale of resin, as well as research and development tax credits receivable related to the activities of the Therapeutics and the Protein Technology Units. The net capital assets reduced slightly to $0.9 million as at December 31, 2010, compared with $1.1 million as at December 31, 2009.

Cash was $0.3 million as at December 31, 2010.

As discussed earlier in the MD&A and subsequent to the balance sheet date, the secured debt on the balance sheet has been renegotiated, effectively making it long-term and as a result easing pressure on short-term cash flows. In addition, the $10 million US due to Abraxis will also be eliminated as the loan agreement was fully satisfied as part of a commercial transaction, details of which are available in the Post-Balance Sheet section of this report. The remaining unsecured debt has been provided by strategic business partners, which provides for repayments against product shipments.

INTELLECTUAL PROPERTY AND TECHNOLOGY

The Company and each of its business segments are entirely reliant on its Intellectual Property ("IP") assets in the form of Patents and Trademarks, as well as know-how. The Company employs an in-house Senior Legal Counsel and a Patent & Trademark Coordinator who administer the IP portfolio. A significant budget is allocated each year for the creation, maintenance and protection of the IP portfolio. Know-how is protected by confidentiality arrangements and staff with said know-how is regarded as an important asset for the ProMetic group.

HUMAN CAPITAL

The most vital non-capital resource is the know-how the Company's employees. ProMetic has a talented team of staff and an experienced management team that share in the Company's vision and recognize its potential. All employees participate in the Company's Stock Option Plan. The contribution of senior executives to the results of corporate and business units is recognized through a combination of base salary and benefits, and through equity based compensation. The Human Resources and Compensation Committee has devised a Compensation Policy for Senior Management, which it believes to be aligned with Shareholder Interest.

RESULTS AND OUTLOOK

RESULTS OF OPERATIONS

Year ended December 31, 2010, compared to December 31, 2009

Selected Annual Information

The following selected annual information is derived from the consolidated financial information of the Company for each of the three most recently completed financial years. The financial statements are prepared in accordance with Canadian GAAP. More financial information, including the Company's Annual Information Form, is available on SEDAR (www.sedar.com).

(December 31 – in thousands of Canadian dollars, except for per share amounts)

	2010	2009	2008
Revenues	**11,433**	13,560	10,145
Net loss	**(11,283)**	(9,328)	(20,178)
Net loss per share (basic and diluted)	**(0.03)**	(0.03)	(0.07)
Total assets	**8,593**	11,084	19.152
Long-term debt	**13,763**	5,433	3,949

Revenues

Total revenues for 2010, which were derived mainly from the Protein Technologies unit, were $11.4 million compared with $13.6 million in 2009.

These revenues came from contract development services and sales of affinity adsorbents to major pharmaceutical companies. Revenue also arose from the release of non-refundable up-front payments, and certain development revenues, from deferred revenues, relating to the TECPAR project, which has now been terminated.

There were no significant revenues associated with the Therapeutics business unit.

Costs of Goods Sold and Rechargeable Research and Development Expenses

The combined costs of goods sold and rechargeable research and development expenses for the year ended December 31, 2010, totalled $5.1 million compared to $6.2 million for the year ended December 31, 2009.

Based on the combined cost of goods sold and the rechargeable research and development expenses, a gross profit of 55% was achieved during 2010 compared to 54% for 2009.

Research and Development Expenses – Non rechargeable

Non rechargeable research and development expenses were $9.6 million for the year ended December 31, 2010, compared to $9.3 million for the year ended December 31, 2009. This increase relates to strategic costs to support the business development activities associated with the Therapeutics business.

Administrative and Marketing Expenses

Administrative and marketing expenses were $5.5 million for the year ended December 31, 2010 compared to $4.6 million for the year ended December 31, 2009. The variance is mainly attributable to the increase of legal fees related to corporate matters combined with additional compliance costs associated with work on conversion of future financial reporting to International Financial Reporting Standards.

Amortization Expenses

Amortization and write-off expenses for the year ended December 31, 2010 were $0.7 million compared to $1.9 million for the year ended December 31, 2009 reflecting the lack of significant capital expenditure in recent years.

Net Results

The Company generated a net loss of $11.3 million or $0.03 per share (basic and diluted), for the year ended December 31, 2010, as compared to a net loss of $9.3 million or $0.03 per share (basic and diluted) for year ended December 31, 2009. Analysing the increase in the annual loss of $1.9 million from the previous year, $1.3 million can be explained by the PRDT gain in 2009 not being repeated in 2010 and $0.2 million associated with lower exchange gains in 2010. When taken alongside the fact that revenues are also down by $2.2 million on 2009, it can be seen that the ongoing cost control measures remain effective.

EBITDA BY BUSINESS UNITS

Year ended December 31, 2010 – In millions of dollars

	Protein Technologies	Therapeutics	Corporate	Total
Revenues	**11,431**	**2**	**–**	**11,433**
Cost	**(13,654)**	**(1,869)**	**(4,616)**	**(20,139)**
EBITDA	**(2,223)**	**(1,867)**	**(4,616)**	**(8,706)**

The EBITDA is a non Canadian GAAP measure employed by the Company to monitor its performance. Therefore, it is unlikely to be comparable to similar measures presented by other companies. The Company calculates its EBITDA by subtracting from Revenues its Costs of Goods Sold, excluding amortization of capital assets, its Research and Development Expenses Rechargeable and Non-Rechargeable as well as its Administration and Marketing Expenses.

CASH FLOWS

Cash flows used in operating activities amounted to $11.1million for the year ended December 31, 2010, compared with $6.8 million for the year ended December 31, 2009. In 2010 a significant amount of the funds received from Abraxis were used to clear balances with suppliers. The cash inflows from financing activities amounted to $11.3 million for the year ended December 31, 2010, resulting from the long-term debt and equity provided by Abraxis.

The cash outflows from investing activities amounted to $0.6 million for the year ended December 31, 2010, resulting from the acquisition of patents and capital assets, compared to $0.2 million in 2009.

SUMMARY OF QUARTERLY RESULTS

The following unaudited quarterly information is presented in millions of Canadian dollars except for per share amounts.

	2010				2009			
	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
Revenues	**1.1**	**2.1**	**5.1**	**3.2**	4.3	3.2	2.3	3.8
Net profit/(loss)	**(4.3)**	**(2.9)**	**(0.9)**	**(3.1)**	(2.4)	0.2	(5.1)	(2.0)
Net loss per share (basic and diluted)	**(0.01)**	**(0.01)**	**(0.00)**	**(0.01)**	(0.01)	(0.00)	(0.02)	(0.01)
Weighted average number of outstanding shares	**351**	**350**	**350**	**341**	331	327	320	317

OFF-BALANCE SHEET ARRANGEMENTS

In the normal course of business, the Company finances certain of its activities off-balance sheet through leases.

On an ongoing basis, the Company enters into operating leases for buildings and equipment. Minimum future rental payments under these operating leases, determined as at December 31, 2010, are included in the contractual obligations table below.

CONTRACTUAL OBLIGATIONS

In the normal course of operations, the Company has entered into several contracts resulting in the following payments over the next few years:

(in thousands of dollars) — Payment due by period

	Total	Less than 1 year	1–2 years	3–4 years	After 4 years
Long-term debt	13,747	2,240	5,540	1,989	3,978
Operating leases	11,435	2,131	2,611	1,591	5,102
Capital leases and obligations	16	13	3	–	–
Total contractual obligations	25,198	4,384	8,154	3,580	9,080

The Company has no significant research and development obligations.

RELATED PARTY TRANSACTION

On December 5, 2008, the Company entered into an agreement to provide a guarantee (the "Guarantee") in favor of Camofi Master LDC ("Camofi"), relating to an amended and restated loan agreement (the "Loan") that Camofi had provided to a company ("the borrower") wholly owned by a senior officer of the Company. The Loan was originally contracted in December 2007 for the purposes of purchasing shares of the Company.

The Guarantee provides that the Company must be prepared to fulfill the borrower's obligations with respect to the full payment of capital and interest for the Loan if the borrower is unable to do so. Any such payment shall be made within two days of receipt of notice of default from Camofi. Alternatively, the borrower can force Camofi to liquidate some or all of the shares of the Company that are held as collateral to cover the Loan. If called upon under the Guarantee, the Company may choose either to pay in cash or request that the borrower instruct Camofi to liquidate up to 2,300,000 shares of the Company to repay the Loan.

In conjunction with the above, the Company had entered into an agreement with the borrower providing that any payment made by the Company under the Guarantee immediately triggers an equivalent receivable from the borrower. This receivable bears interest at 10% per annum, is evidenced by a demand promissory note and, upon termination of the Loan and the pledge agreement, will be secured by 2,300,000 shares of the Company until all payments of principal and interests owed to the Company are made. This receivable will be recorded at fair value by the Company only when its collectability is reasonably assured.

The Company risks losing a maximum amount of $2.3 million including interests and penalties, without taking into consideration the net proceeds arising from the disposal of the 9,500,000 pledged shares of the Company. The Company has not required any consideration in exchange for this Guarantee. As at December 31, 2009, the Loan had an outstanding balance of $0.9 million.

On March 25, 2010, the parties entered into a settlement agreement, which called for the Company to pay to Camofi an amount of $800,000 US ($837,280 CDN) on April 1, 2010, in addition to a payment of $250,000 US ($260,725 CDN) made by the Company in January 2010, for the full payment of the outstanding balance of the loan and the termination of the borrower's and the Company's obligations.

In the year ended December 31, 2010, the Company recognized an amount of $0.2 million as a loss on this guarantee ($0.9 million in 2009). As at December 31, 2010, no receivable from the borrower was recorded given collectability was not reasonably assured.

Concurrent with this settlement agreement being reached, an amended and restated loan agreement was entered into between the borrower and the Company requiring the borrower to fully repay the Company no later than March 31, 2013. Furthermore, should certain stock price thresholds be reached, the Company may require the borrower to pay the unpaid balance of the loan. This amended and restated loan agreement received shareholder approval at the May 5, 2010 Annual and Extraordinary Meeting of the shareholders. The said loan is secured by a pledge in favour of the Company by the borrower of 9,500,000 shares of the Company stock. The loan is also secured by a pledge in favour of the Company by Invhealth Capital Inc. of all its shares of the borrower and by a pledge in favour of the Company by the senior officer of the Company of 100% of the shares of Invhealth Capital Inc.

As a result of a request by the TSX, ProMetic, during March 2010, issued a press release disclosing the arrangements relating to the Guarantee.

POST BALANCE SHEET EVENTS

In January 2011, the Company successfully restructured the secured loans provided to the Company by a select group of stakeholders. The restructuring arrangements postpone the repayment of $4 million of ProMetic's secured debt originally scheduled to occur in the first half of 2011 to July 1st 2012. As consideration for the above-mentioned debt restructuring, the stakeholders will collectively receive 4,508,499 shares in ProMetic's share capital at market price, representing 1.28% of ProMetic's outstanding shares or 1.26% on a fully diluted basis. The stakeholders shall also collectively receive 2,857,139 warrants, which if exercised could, collectively with the above-mentioned shares, represent 2.08% of ProMetic's outstanding shares or 2.04% on a fully diluted basis. The Toronto Stock Exchange has given conditional approval to this issuance of shares and granting of warrants.

Subsequent to the balance sheet date the Company announced on February 7, 2011, that it had established a new subsidiary, "NewCo", which had attracted seed investment of $1.5 million, representing a 10% holding in NewCo, thus valuing the new subsidiary at $15 million. NewCo will lease and operate a pilot manufacturing plant which will provide ProMetic an opportunity to commercialize products using its PPPS™ technology into the multi-million dollar plasma-derived therapeutics market.

In addition, on March 31, 2011, the Company entered into an agreement with Abraxis, a wholly owned subsidiary of Celgene, whereby the Company will assign certain intellectual property rights regarding a protein technology to Celgene for a specific field of use. As consideration for the assignment of intellectual property rights, the $10 million US loan entered into with Abraxis in February 2010 will be forgiven. The agreement requires the Company to comply with certain administrative milestones by February 9, 2012. Failure to meet these milestones would result in a portion of the above loan to be re-instated in the range of $6 million US to $8 million US. The Company considers it unlikely that it will be unable to meet the required milestones.

During the last week of March 2011, the Company received funds in lieu of a series of equity investments in the Company by way of private placements totalling $800,000. The aggregate number of common shares to be issued by the Company in relation thereto remains to be confirmed, as the Company awaits relevant common share pricing (VWAP) confirmation from the Toronto Stock Exchange.

CAPITAL STOCK INFORMATION

Authorized Share Capital

The authorized share capital of the Company consists of an unlimited number of common shares, and an unlimited number of preferred shares issuable in series.

Issued and Outstanding Share Capital

The following details the issued and outstanding equity securities of the Company:

Common Shares

As at December 31, 2010, the capital stock issued and outstanding consisted of 353,164,339 common shares (331,743,400 as at December 31, 2009).

As at March 31, 2011, the capital stock issued and outstanding consisted of 357,672,838 common shares.

Stock Options

As at December 31, 2010, the Company has 8,987,451 stock options outstanding with exercise prices ranging from $0.12 to $1.50.

OUTLOOK

Management's outlook for 2011 remains positive. Despite the fact that revenues from our development contracts have been lower than expected, resulting from amendments to the programs requested by our clients, management has been able to control and modulate the cost base of the business to respect previous EBITDA forecasts.

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Subsequent to the balance sheet date the Company announced on February 7, 2011, that it had established a new subsidiary, "NewCo", which had attracted seed investment valuing the new subsidiary at $15 million. NewCo will lease and operate a pilot manufacturing plant which will provide ProMetic an opportunity to commercialize products using its PPPS technology into the multi-million dollar plasma-derived therapeutics market. NewCo will undertake the development and manufacturing of high-value plasma-derived therapeutic biosimilars for ProMetic's current and future clients. Discussions with PBT's partners will continue in 2011 and will drive the level of anticipated business for this subsidiary.

Octapharma remains positive regarding the ultimate regulatory approval of its OctaplasLG® product by the Medicines and Healthcare products Regulatory Agency ("MHRA") and its ultimate approval in additional key European Union countries, we therefore expect orders for resin to recommence in 2011. Furthermore, Octapharma also announced recently that it is seeking regulatory approval for a prion-depleted version of its UniplasLG® product, which will also rely on ProMetic's prion reduction technology.

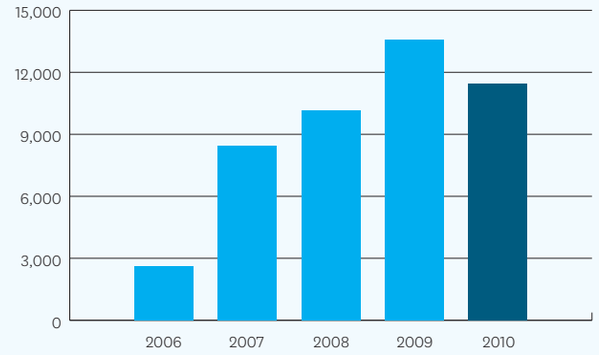
In line with SaBTO's recommendation, in November 2009, for adoption of the P-Capt® filter for children born after January 1, 1996, the Company, is hopeful that sales will commence during 2011 after the reporting of the PRISM clinical study results.

Partnering discussions continue with regard to PBI-1402, its NCE analogues and other therapeutics. Finally, and in line with earlier commitments, Management will continue to control costs with a view to driving profitability.

Ongoing effects of foreign exchange variances will be monitored and additional steps will be put in place in an effort to minimize the impact going forward.

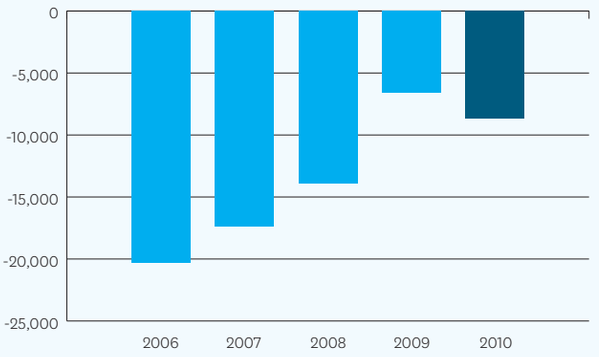
Revenues

(In thousands of Canadian dollars)



EBITDA

(In thousands of Canadian dollars)



CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items for which management must make estimates relate to revenue recognition, the valuation and assessment of recoverability of the investments, inventory, licenses and patents, impairment of long-lived assets and tax credits and calculation of stock-based compensation. Reported amounts and note disclosure reflect the overall economic conditions that are most likely to occur and anticipated measures to be taken by management. Actual results could differ from those estimates.

Impairment of Long-Lived Assets

Capital assets and licenses and patents subject to amortization are tested for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying amount of a long-lived asset is not recoverable when it exceeds the sum of the undiscounted cash flows expected from its use and eventual disposal. In such a case, an impairment loss must be recognized and is equivalent to the excess of the carrying amount of a long-lived asset over its fair value.

Research and Development and Tax Credits

Research expenditures (net of related tax credits) are expensed as incurred and include reasonable allocation of overhead expenses. Development expenditures (net of related tax credits) are deferred when they meet the criteria for capitalization in accordance with Canadian GAAP, and the future benefits could be regarded as being reasonably certain. Related tax credits are accounted for as a reduction to research and development expenditures on the condition that the Company is reasonably certain that these credits will materialize. During 2010 and 2009, no development costs were deferred.

Revenue recognition

The Company earns revenues from research and development services, license fees and products sales, which may include multiple elements. The individual elements of each agreement are divided into separate units of accounting, if certain criteria are met. The applicable revenue recognition method is then applied to each unit. Otherwise, the applicable revenue recognition criteria are applied to combined elements as a single unit of accounting.

Revenues from combined elements as a single unit of accounting are recognized using the percentage of completion method, which requires estimates. Under this method, revenues and profits are recognized proportionally with the degree of completion of the services under the contract when collection is reasonably assured.

Revenues from research and development services are recognized as the contracted services are performed in accordance with the terms of the specific agreements and reasonable assurance of collection exists.

Certain license fees are comprised of up-front fees and milestone payments. Up-front fees are deferred and recognized over the estimated term of the substantive contractual obligations for the Company, which involve estimates by management. Milestone payments are recognized as revenue when the milestone is achieved, customer acceptance is obtained and the customer is obligated to make performance payment. Certain license arrangements require no continuing involvement by the Company.

Stock-Based Compensation, Warrants, and Rights to Acquire Shares

When the Company issues warrants and stock options (to its employees, directors and officers), a fair value is derived using the Black-Scholes pricing model. The application of this pricing model requires Management to make assumptions regarding several variables, including the expected life of the options and warrants, the price volatility of the Company's stock over a relevant timeframe, the determination of a relevant risk-free interest rate and an assumption regarding the Company's dividend policy in the future.

For the year ended December 31, 2010, the Company expensed $345,000 for stock-based compensation compared to $338,000 for the same period in 2009. Regarding issuance of warrants and rights to acquire shares, $6.5 million was accounted for in 2010, and $343,000 in 2009.

FUTURE ACCOUNTING STANDARDS

Certain new primary sources of Canadian generally accepted accounting principles (standards) have been published but are not yet in effect. The Company has not yet adopted any of these standards. The new standards, which could potentially impact the Company's consolidated financial statements, are detailed as follows:

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

In January 2009, the ClCA issued Section 1582 Business Combinations, Section 1601 Consolidated Financial Statements and Section 1602 Non-Controlling Interests, which supersede 1581 Business Combinations and Section 1600 Consolidated Financial Statements. The standards apply to annual and interim financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1582 establishes standards for the accounting for a business combination. It provides the Canadian GAAP equivalent to IFRS 3, Business Combinations (January 2008) and applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Section 1601, together with Section 1602, establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IAS 27, Consolidated and Separate Financial Statements. Earlier application of the standards is permitted. If an entity applies the Sections before January 1, 2011, it shall disclose that fact and apply Sections 1582, 1601 and 1602 at the same time. The Company is currently evaluating the impact of adopting the standards as part of its IFRS conversion plan.

Multiple Deliverable Revenue Arrangements

In December 2009, the CICA issued EIC 175 "Multiple Deliverable Revenue Arrangements" replacing EIC 142, Revenue Arrangements with Multiple Deliverables. This abstract was amended to: (1) provide updated guidance on whether multiple deliverables exist, how the deliverables in an arrangement should be separated, and the consideration allocated; (2) require, in situations where a vendor does not have vendor-specific objective evidence ("VSOE) or third-party evidence of selling price, that the entity allocate revenue in an arrangement using estimated selling prices of deliverables; (3) eliminate the use of the residual method and require an entity to allocate revenue using the relative selling price method; and (4) require expanded qualitative and quantitative disclosures regarding significant judgments made in applying this guidance.

The accounting changes summarized in EIC 175 are effective for fiscal years beginning on or after January 1, 2011, with early adoption permitted. Adoption may either be on a prospective basis or by retrospective application. If the Abstract is adopted early, in a reporting period that is not the first reporting period in the entity's fiscal year, it must be applied retroactively from the beginning of the Company's fiscal period of adoption.

The Company is currently assessing the future impact of these amendments on its financial statements as part of its IFRS conversion plan.

International Financial Reporting Standards

In March 2009, the Canadian Accounting Standards Board reconfirmed in its second omnibus Exposure Draft that Canadian GAAP for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS") for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Accordingly, the Company will prepare its financial statements in accordance with IFRS commencing January 1, 2011; thus, its first quarter under IFRS reporting standards will be for the three months ended March 31, 2011 for which current and comparative information will be prepared under IFRS as well as an opening IFRS balance sheet as at January 1, 2010 (the date of transition).

Described below are the Company's IFRS changeover plan, selected key activities and their status, and the significant, known possible high impact accounting areas on the Company's financial reporting identified to date.

This information is provided to allow investors and others to obtain a better understanding of our IFRS changeover plan. Readers are cautioned, however, that it may not be appropriate to use such information for any other purpose. This information also reflects our most recent assumptions and expectations; circumstances may arise, such as changes in IFRS, regulations or economic conditions, which could have an impact on these assumptions or expectations. The information presented below is therefore subject to change and does not represent a final assessment of divergences noted by the Company to date but is intended to highlight areas in which it has achieved considerable progress.

IFRS changeover plan

The Company has developed a detailed plan for its changeover to IFRS comprised of three phases:

- Phase 1: Scope and Plan
- Phase 2: Design and Build
- Phase 3: Implementation and Review

The Company is progressing according to schedule as it prepares for its March 31, 2011 unaudited interim financial statement under IFRS. The effects of any Canadian GAAP to IFRS differences noted to date during the Company's changeover plan are in the process of being quantified and reviewed. The Company has completed its Phase 1 and 2 stages and is now well underway in Phase 3. The findings of the Phases, insofar as they relate to the significant accounting areas for conversion to IFRS that will impact the Company's financial statements are summarized below.

Phase 1: Scope and Plan

The objective of this phase was to identify the required changes to the Company's accounting policies and practices resulting from the changeover to IFRS and to thereby determine the scope of the work effort required for the subsequent phases of the project.

Phase 1 involved:

- a review of all relevant IFRS standards to identify differences with the Company's current accounting policies and practices;
- the separate consideration of one-time accounting choices that must be addressed at the changeover date and those accounting policy choices that will be applied on an ongoing basis in periods subsequent to the changeover to IFRS;
- Initiating the prioritization process for those differences that could have a more than inconsequential impact on the Company's financial statements, business processes, or Information Technologies systems.

Phase 2: Design and Build

Phase 2 involved the design and development of detailed solutions to address the differences identified in Phase 1. Phase 2 activities included:

- the in-depth analysis, quantification and documentation of key differences identified in Phase 1 requiring changes to existing accounting policies;
- identifying processes and controls which would require changes to ensure compliance with the requirements of the applicable international accounting standards;
- The implementation of a change management strategy to address the information and training needs of internal and external stakeholders.

Phase 3: Implementation and Review

In the third and final phase of the Company's changeover plan, the changes that affect accounting policies and practices, business processes, systems and internal controls are being implemented and reviewed. These changes are being tested prior to the formal reporting requirements under IFRS to ensure all significant differences are addressed in time for the changeover.

Progress towards completion of the Company's IFRS changeover plan

As mentioned above, the Company has now finalized Phases 1 and 2. It has reviewed all currently relevant IFRS standards and identified a number of areas of likely and possible accounting differences under IFRS as compared to Canadian GAAP.

IFRS 1 "First Time Adoption of Reporting Standards"

IFRS 1, "First-Time Adoption of International Financial Reporting Standards" ("IFRS 1"), provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions in certain areas to the general requirement for full retrospective application of IFRS.

The areas below have been identified as having an impact on the Company's financial statements.

Cumulative translation differences – Enables an entity to reset all cumulative translation differences for all foreign operations to zero at date of transition, with the balance transferred to retained earnings (deficit). The Company will deem cumulative translation differences relating to foreign operations to equal zero as at January 1, 2010. This application is expected to result in a decrease of approximately $735,000 to the Company's opening IFRS deficit balance as at January 1, 2010.

Share-based payment transactions – Full retrospective application of IFRS 2 "Share-based Payment" may be avoided for certain share-based instruments depending on the grant date, vesting terms and settlement of any related liabilities. The Company will apply IFRS 2 to equity instruments that were granted after 7 November 2002 and vested before January 1, 2010.

For stock options that vest in installments, IFRS requires the use of the graded vesting method for purposes of the measurement and amortization of the fair value of stock based compensation to earnings. This method requires that each installment within a grant to be treated as a separate grant with its own separate fair value. Canadian GAAP, as applied by ProMetic, however, permits the use of a straight-line recognition model which considers the individual installments to be measured as a single award. The expense would then be recognized equally over the Company's five year grant period.

The graded vesting method results in a decrease of approximately $300,000 thousand to the Company's opening IFRS deficit balance as at January 1, 2010. While graded vesting compared to straight-line results in a greater proportion of the total expense being recognized during the first 2 years of the options 5 year expected life, this is offset by a lower overall expense under IFRS compared to Canadian GAAP due to each successive installment having a longer expected life.

In addition to the application of the transition adjustments above, a difference relating to the measurement and recording of available for sale securities for the Company's AM-Pharma Holding B.V Convertible preferred shares has been identified. ProMetic has determined that these shares, presently measured at cost under Canadian GAAP will be measured at fair value for IFRS purposes. The difference between the carrying value under current GAAP and the asset's fair value under IFRS is approximately $181,000 and will be recorded as a decrease to the Company's opening IFRS deficit balance as at January 1, 2010.

The following summarizes other significant accounting areas analyzed by management for conversion to IFRS that could possibly impact the Company's financial statements post transition:

IAS 32 "Financial Instruments Presentation" and IAS 39 "Recognition and Measurement"

The objective of IAS 39 is to establish principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. Requirements for presenting information about financial instruments are in IAS 32 Financial Instruments: Presentation. IAS 32 applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments. The standards and their current Canadian GAAP equivalents, are based on the same basic principles, however, the guidance is not fully harmonized. As a result, certain instruments could be measured and or classified differently under IFRS.

Notwithstanding the above, the scope of IAS 32 is broader than Section 3863 "Financial instruments – Presentation", due in part to the broadened definition of what qualifies as a financial asset and financial liability. Careful review of the definitions and scope exemptions in IAS is being performed to conclude on this matter.

In terms of the options to acquire shares, and the recent loan and equity financing, a review of the details of the arrangement(s) was performed to determine whether the current treatment under Canadian GAAP will continue to be appropriate under IFRS (measured at fair value and presented in equity). Conditionally, no significant differences were identified.

For embedded derivatives, none were identified in a cursory review, by ProMetic, of long-term contracts still in force as at January 1, 2010 which had been in existence and entered into prior to the January 1, 2003 which marked the Company's transition date for adopting embedded derivative accounting under Canadian GAAP.

IAS 36 "Impairment of Assets"

Under Canadian GAAP, capital assets and licenses and patents subject to amortization are tested for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. IAS 36 requires that an entity assess at each reporting date whether there is any indication that an asset may be impaired. Conceptually, IAS 36 therefore requires a more active ongoing consideration of all possible indicators of impairment.

As it relates to the measurement of the impairment loss, under Canadian GAAP for assets other than financial assets, a write-down to estimated fair value is recognized if the estimated undiscounted future cash flows from an asset or group of assets are less than their carrying value. Under IAS 36, a write-down is recognized if the recoverable amount, determined as the higher of the estimated fair value less costs to sell or the discounted future cash flows from an asset or group of assets, is less than carrying value. In contrast, under Canadian GAAP, impairments are measured at the amount by which carrying value exceeds fair value.

The difference in testing and determining an impairment may result in more frequent impairment charges, where carrying values of assets may have been supported under Canadian GAAP on an undiscounted cash flow basis, but cannot be supported on a discounted cash flow basis.

IAS 36 also requires the reversal of any previous impairment losses where circumstances requiring the impairment charge have changed and reversed. With respect to long-lived assets, Canadian GAAP does not permit the reversal of impairment losses under any circumstances.

ProMetic will be required to actively assess a minimum set of impairment indicators at each reporting period and document this quarterly assessment. Under IFRS, ProMetic will need to assess impairment in terms of the recoverable amount as defined under IFRS. ProMetic will monitor possible subsequent reversals of previously written down long-lived assets; this will require that ProMetic track assets and their original carrying values as well as implied accumulated depreciation for possible future reversals of impairment allowed under IFRS.

IAS 37 "Provisions, contingent liabilities and contingent assets"

IAS 37, "Provision, Contingent Liabilities and Contingent Assets", requires a provision to be recognized when all of the following conditions have been satisfied: (1) there is a present obligation as a result of a past transaction or event; and (2) it is probable that an outflow of resources will be required to settle the obligation; and (3) a reliable estimate can be made of the obligation. "Probable" in this context means more likely than not. Under Canadian GAAP, the criterion for recognition in the financial statements is "likely", which is a higher threshold than "probable". Therefore, it is possible that there may be some contingent liabilities which would meet the recognition criteria under IFRS that were not recognized under Canadian GAAP.

Other differences between IFRS and Canadian GAAP exist in relation to the measurement of provisions, such as the methodology for determining the best estimate where there is a range of equally possible outcomes (IFRS uses the mid-point of the range, whereas Canadian GAAP uses the low end of the range), and there is a requirement under IFRS for provisions to be discounted where material.

- Due to the difference with respect to the recognition threshold, ProMetic considered in its assessment those provisions appropriately not recognized under GAAP but that would potentially need to be recognized under IAS 37.

In addition, ProMetic assessed whether there were any significant current constructive obligations which would require recognition under IFRS not required to be recognized under Canadian GAAP.

The Company has performed an analysis of its data system infrastructure and internal controls and has concluded that transition to IFRS will not result in a material modification to any of its IT processes as a result of the differences it has identified to date. Significant impacts identified, if any, on processes and controls will be disclosed in future filings when the assessment will be finalized.

Phase 3 of the changeover plan began in the fourth quarter of 2010. During 2010, the Company completed the selection of accounting policies and transition options under IFRS. As described above some adjustments to the opening IFRS deficit balance as at January 1, 2010, are expected.

During the fourth quarter of 2010 and prior to the end of the first quarter of 2011, the Company will complete the design and implementation effort required to ready business processes and internal controls for the changeover. Based on the analysis to date, no significant changes are anticipated to processes and internal controls.

Appropriate resources have been secured to complete the changeover on a timely basis according to the Company's plan milestones. The Company continues to ensure that training needs are met. Third-party subject matter experts continue to assist the Company throughout the changeover.

Summarized below is a description of the Company's progress towards completion of selected key activities of our IFRS changeover plan as of March 31, 2011.

Selected Key Activities	Milestones / Deadlines	Progress to date
Financial statement preparation		
· Identify relevant differences between IFRS and our accounting policies and practices and design and implement solutions; · Evaluate and select one-time and ongoing accounting policy alternatives; · Benchmark findings with peer companies; · Prepare financial statements and related note disclosures to comply with IFRS; · Quantify the effects of changeover to IFRS.	· Assessment and quantification of the significant effects of the changeover completed by approximately the third quarter of 2010; · Final selection of accounting policy alternatives by third quarter of 2010.	· Completed the identification of IFRS differences; · Assessment and quantification of the impact of one-time transition choices is complete and being reviewed; · Management recommended to the Audit Committee that the Company avail itself of a one-time transition choice and reset all cumulative translation gains and losses to zero through the opening deficit as at the date of transition; · Management also recommended to the Audit Committee that the Company apply IFRS 2 to equity instruments that were granted after 7 November 2002 and vested before January 1, 2010; · Draft annual and quarterly draft financial statements as well as the related note disclosures compliant with IFRS have been created and are being reviewed; · The quantitative impacts as a result of the changeover have been determined.
Training and communication		
· Provide training to affected employees, management and the Board of Directors including the Audit Committee; · Engage third-party subject matter experts to assist in the transition; · Communicate progress of changeover plan to internal and external stakeholders.	· Timely training provided to align with work under changeover - training completed by end 2010; · Communicate effects of changeover throughout 2010 and 2011.	· Third-party subject matter experts continue to support management throughout the changeover where they assisted management with the identification and implementation of differences through Phases 1 and 2 and 3. Periodic internal and external communications about progress are ongoing.
Internal controls (financial reporting and disclosure controls and procedures)		
· Revise existing internal control to address significant changes to existing accounting policies and practices, if any, including the need for dual record-keeping during 2010; · For changes to accounting policies and practices identified, assess the design and effectiveness of related controls.	· Changes completed by third quarter of 2010 once accounting policy choices have been finalized and approved.	· MD&A disclosures began in December 2008; · Audit committee follows status of conversion plan at interim and year-end meetings.

RISK

Since inception, the Company has concentrated its resources on research and development. It has had no net earnings, growing revenues which do not yet fully offset the cost base of the Company, resulting in negative operating cash flows, working capital deficiencies and a shareholder's deficiency as at December 31, 2010. The Company has financed its activities through bank loans, government financial support and the issuance of debt and equity. The Company's ability to continue as a going concern is dependent on raising additional funds either from the issuance of shares or long-term debt and achieving profitable operations. The Company's ability to increase revenue or raise additional capital to generate sufficient cash flows to continue as a going concern is subject to significant doubt and significant risks, including those described above. These financial statements do not reflect the adjustments that might be necessary to the carrying amount of reported assets, liabilities and revenues and expenses and the balance sheet classification used if the Company were unable to continue operations in accordance with this assumption.

Commercial Risk

The global economic environment may on occasion impact the ability of the Company's contracted customers to progress on certain segments of R&D and service agreements according to previously anticipated timelines.

The Company mitigates the commercial risk associated to these contracts through constant monitoring of the progression of customer R&D and service contracts and by adjusting the Company's cost base in line with the revised revenue forecast to ensure that ProMetic respects its EBITDA ("earnings before interest, tax, depreciation and amortization"), projections as far as possible.

Financial Risk

Until each of the units is independently financed, the success of the Company is dependent on its ability to support the development of its two operating units and its ability to bring its products to market, obtain the necessary regulatory approvals, and achieve future profitable operations. This is dependent on the Company's ability to obtain adequate financing through a combination of financing activities and operations. It is not possible to predict either the outcome of future research and development programs nor the Company's ability, nor its operating units' ability, to fund these programs going forward.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer, partner or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash, investments, receivables and share purchase loan to an officer. The carrying amount of the financial assets represents the maximum credit exposure.

The financial instruments that potentially expose the Company to credit risk are primarily cash, restricted cash and trade accounts receivables.

The Company invests its cash in high quality commercial paper issued by government agencies and financial institutions and diversifies its investments in order to limit its exposure to credit risk, while following approved investment guidelines.

The Company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. Given the company's current revenue expectations there is some uncertainty as whether it will have sufficient working capital to fund its current operating and working capital requirements for the next 12 months. To the extent that the Company does not believe it has sufficient liquidity to meet its current obligations, the Management considers securing additional funds through equity, debt or partnering transactions. The Company manages its liquidity risk by continuously monitoring forecasts and actual cash flows.

Accounts payable and accrued liabilities are due within the current operating period.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income or the value of its financial instruments.

Interest Risk
The majority of the Company's debt is at fixed rate, there is limited exposure to interest rate risk.

Foreign Exchange Risk
The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in the United Kingdom and in the U.S. and portion of its expenses incurred and revenues generated are in US dollar and in pound sterling. Financial instruments potentially exposing the Company to foreign exchange risk consist principally of cash, receivables, accounts payable and accrued liabilities and long-term debt. The Company manages the foreign exchange risk by holding foreign currencies on hand to support foreign currencies forecasted cash outflows, and the majority of the Company's revenues are in US dollar and in pound sterling which mitigates the foreign exchange risk.

Equity Risk

The changes in the Company's equity price could impact its ability to raise additional capital.

OVERSIGHT OF RELIABILITY OF DISCLOSURES

Management has developed and maintains effective systems, controls and procedures to ensure that information used internally and disclosed externally is reliable and timely. During the past year, the control framework has once again been tested against the requirements of COSO, a recognised control model. The Chief Executive Officer and Chief Financial Officer certify the filings as required in Canada by Multilateral Instrument 52-109 (Certification of Disclosure in Issuers' Annual and Interim Filings).

The Board of Directors oversees management's responsibilities for financial reporting through the Audit Committee, which is composed of four Independent Directors who are not officers or employees of the Company. The Audit Committee meets regularly with management and reviews the Company's interim and annual consolidated financial statements and MD&A and recommends them for approval to the Board of Directors. Other key responsibilities of the Audit Committee include monitoring the Company's system of internal control, monitoring its compliance with legal and regulatory requirements selecting the shareholders' auditors and reviewing the qualifications, independence and performance of the shareholders' auditors.

Ernst & Young LLP, the shareholders' auditors, have full independent access to the Audit Committee to discuss their audit and related matters.

Furthermore, all members of the Board of Directors and employees of ProMetic must comply with the Company's Information Disclosure policy. It addresses the management and use of information relating to or concerning ProMetic, including press releases, documents filed with securities regulatory authorities, including annual reports and quarterly reports issued by the Company, letters to shareholders, management presentations and information posted on the Company website and disclosed via other electronic means of communication, as well as the disclosure of confidential information to third parties.

The objective of this Information Disclosure Policy is to ensure that all information released to the public regarding ProMetic is:

- Timely, factual and exact; and
- Widely disseminated in compliance with applicable securities laws.

The Disclosure Committee, which consists exclusively of Management, is responsible for:

- The contents and periodic review of this Information Disclosure Policy;
- Its implementation;
- Overseeing and monitoring its implementation and enforcement;
- Training of ProMetic management, directors and employees in matters pertaining to the disclosure of information;
- Examining information and authorizing its disclosure (in electronic, written or verbal form) before its dissemination to the public; and
- Monitoring the Company's and its subsidiaries' website contents.

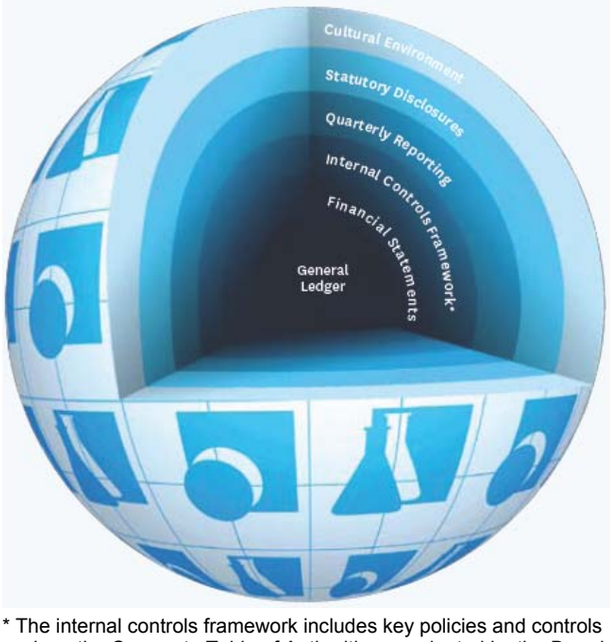
The Disclosure Committee will report its activities to the Audit Committee at intervals throughout the year.

DISCLOSURE CONTROLS AND PROCEDURES

Based on an evaluation of the effectiveness of ProMetic's disclosure controls and procedures, the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") have concluded that disclosure controls and procedures were effective as of December 31, 2010, and that their design provides reasonable assurance that material information relating to ProMetic, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the annual filings are being prepared.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Based on an evaluation of the effectiveness of ProMetic's internal controls over financial reporting, the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") have concluded that the internal controls were effective as of December 31, 2010, and that their design provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements.



* The internal controls framework includes key policies and controls such as the Corporate Table of Authorities as adopted by the Board of Directors, Contract of Employment, Information Technology, Confidentiality and Disclosure Agreement, Intellectual Property, and Insider Policies.

APPROACH USED TO ASSESS THEEFFECTIVENESS OF INTERNAL CONTROLS AT PROMETIC

In order to assess the effectiveness of internal controls at ProMetic, Management has taken a top-down, risk-based approach as recommended by the Canadian Securities Administrators and the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

This involves three main stages:

1.Identifying and prioritising the key risk areas;

2.Identifying and evaluating the associated internal controls;

3.Classifying any deficiencies that may exist and putting procedures in place to remedy these weaknesses.

1. IDENTIFYING AND PRIORITIZING THE KEY RISK AREAS

Based on an assessment of the business, management considers the following to be the current key risk areas for ProMetic:

- Liquidity and going concern;
- Compliance with IFRS;
- Integrity of shareholder reporting.

Historical risk areas that management considers to have been satisfactorily addressed are as follows:

- Revenue recognition – due to the complex nature of some customer agreements;
- Cash management – due to an operating environment that has historically meant restricted cash flows;
- IP – due to the size of the expenditure and the importance of IP in safeguarding the Group's future income streams;
- The Disclosure Committee – due to historical concerns about its effectiveness;
- Payroll – due to the magnitude of the cost.

2. IDENTIFYING AND EVALUATING THE ASSOCIATED INTERNAL CONTROLS

For liquidity and going concern; having gained comfort over the management of cash (with regular cash flow forecasts being produced and reviewed by senior management) issues still exist over liquidity and going concern. The current projection is for a cash runway into 2011, but beyond cash may be required to see the Group through to profitability. This could come from trading operations. Improvements in forecasting have enabled this risk to be highlighted at an early stage, enabling measures to be put in place to address these concerns.

Threats to going concern other than cash do need to be considered, however, and this process has been started by the Group CFO and Financial Controller with a thorough review of managing risks in the ProMetic Group.

Compliance with IFRS; the ProMetic Group is obliged to prepare Financial Statements to IFRS from 2011, which also requires the publication of the comparatives (i.e. 2010) numbers to these standards too. This requirement has been flagged early within the ProMetic Group and the conversion process is in its final stages with the assistance of Deloitte both in Canada and the UK.

Regarding shareholder reporting; there are concerns in this area, especially in light of the Section 602 breach concerning Camofi that was identified by the Toronto Stock Exchange in the first quarter of 2010. The risk is that there could be further breaches. It is the intention to tighten up controls over this area to ensure that this does not occur.

For revenue recognition; the issue lies not with accounting for product sales, which is straight forward, but in ensuring revenues from complex contracts with multiple deliverables are accounted for in accordance with EIC-142. Comprehensive policy notes are prepared by the CFO with input from the legal and business development representatives responsible for the deal negotiations. These are then circulated to the Audit Committee and the auditors. Collective agreement is sought before applying the policy.

Revenue recognition reports are now prepared by the Group CFO which covers all complex customer agreements that give rise to material revenue; which are reviewed and approved by an external consultant (currently Deloitte).

Due to the historical issues regarding revenue recognition for PLI, management now also ensure that significant consideration is given to the issue of revenue recognition before agreements are reached with customers. Auditor opinion is also sought where required to make sure that no problems arise once a deal has been finalized.

Cash and cash management is controlled tightly by the CFO in conjunction with the Finance Director in Canada and the Financial Controller in the UK. Daily cash flow forecast covering a three month cash horizon are updated three times each week and circulated to the CFO and once a week to the CEO . This level of visibility together with regular reconciliation of bank accounts provides tight control over cash.

The Intellectual Property (“IP”) is monitored and controlled by the Legal Department at PLI. All IP expenditure is made in compliance to the Group’s Corporate Authorization Policy for Operating and Capital Expenditures. The Legal team, Group CEO and PBL’s CEO carry out regular reviews of the IP portfolio.

The Disclosure Committee composition and mandate complies with current best practice and has recently been updated by the Board of Directors. The Charter of the Disclosure Committee lays out its role and responsibilities.

The Committee therefore has the correct structure (as recommended by Deloitte’s advisory notes on membership) and its purpose is well defined The Committee did meet regularly and did cover the issues that it was set up to do. The CFO chairs this committee.

Payroll operations are linked closely to the function of the Human Resources departments in Canada and the UK as well as the Compensation Committee where the payroll cost relates to senior management. These functions feed exceptions into the regular payroll process which, when combined by review and authorization procedures implemented by finance personnel provides for a high level of control.

3. CLASSIFYING ANY DEFICIENCIES THAT MAY EXIST AND PUTTING PROCEDURES IN PLACE TO REMEDY THESE WEAKNESSES

Having reviewed and tested the controls framework around each of the key areas of risk identified and described above, management has concluded that no material weaknesses exist.

The review and testing identified certain minor areas where controls and operation of controls could be strengthened. Management will address these during 2011.

Following a review of disclosures by the Toronto Stock Exchange in 2010, the Company was found, despite having sought external legal counsel and followed adequate Corporate Governance practices, to have inadvertently breached certain disclosure regulations in relation to the guarantee outlined in note 16 of the Financial Statements.

Accordingly, the Company has undertaken to improve its external legal counsel, and to ensure that its Senior Executive Officers, who have compliance responsibility, undertake additional training in this area. The intention is to attend this as soon as the Toronto Stock Exchange confirm the available dates.

SUMMARY OF QUARTERLY RESULTS

The following unaudited quarterly information is presented in thousands of Canadian dollars except for per share amounts.

FOURTH QUARTER

The following information is a summary of selected unaudited consolidated financial information of the Company for the three-month periods ended December 31, 2010, and 2009.

	2010	2009
Revenues	**1,116**	4,260
Operating expenses	**4,797**	6,095
Operating loss	**(3,681)**	(1,835)
Gain on extinguishment of debt	**-**	(341)
Impairment of an investment	**186**	-
Loss on disposition of capital assets	**20**	-
Charges related to a guarantee	**-**	586
Net interest expense	**454**	283
Net loss	**(4,341)**	(2,363)

Revenues for the fourth quarter of 2010 are $3.1 million lower than the same quarter in 2009. This decrease is due to the selling of a significant quantity of affinity resins from the subsidiary in the UK in 2009.

Operating expenses are lower by $1.3 million in 2010. This mainly relates to the costs of goods sold of the significant quantity of affinity resins sold in the fourth quarter of 2009 and the gain on exchange rate obtained in 2010 compare to a loss on exchange rate in 2009.

The net loss increased significantly during the fourth quarter of 2010 mainly due to the increased gross profit resulting from the 2009 sales.

Cash outflows from operating activities were $2.0 million compared to $4.3 million for the same period in 2009. This decrease is attributed to the collection of receivables in 2010, the delay in paying suppliers in 2010 and the recognition of deferred revenues in 2009.

Cash inflows from financing activities of $0.9 million in 2010 were lower compared to $2.3 million in the fourth quarter of 2009. This decrease is mainly attributed to the different loan agreements concluded in the fourth quarter of 2009.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2010 AND 2009

MANAGEMENT REPORT

The accompanying consolidated financial statements for ProMetic Life Sciences Inc. are Management's responsibility and have been approved by the ProMetic Life Sciences Inc. Board of Directors. These consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles. They include some amounts that are based on estimates and judgments. The financial information contained elsewhere in the annual report is consistent with those obtained in the consolidated financial statements.

To ensure the accuracy and the objectivity of the information contained in the consolidated financial statements, the management of ProMetic Life Sciences Inc. maintains a system of internal accounting controls. Management believes that this system gives a reasonable degree of assurance that the financial documents are reliable and provide an adequate basis for the consolidated financial statements, and that the Company's assets are properly accounted for and safe-guarded.

The Board of Directors upholds its responsibility for the consolidated financial statements in this annual report primarily through its Audit Committee. The Audit Committee is made up of independent directors who review the Company's annual consolidated financial statements, as well as Management's Discussion and Analysis of operating results and financial position, and recommend their approval by the Board of Directors. Ernst & Young LLP, Chartered Accountants, the external auditors designated by the shareholders, periodically meet with the Audit Committee to discuss auditing, the reporting of financial information and other related subjects.

Pierre Laurin
President and Chief Executive Officer

Bruce Pritchard
Chief Financial Officer

Montreal, Canada
March 31, 2011

INDEPENDENT AUDITORS'S REPORT

To the shareholders of ProMetic Life Sciences Inc.

We have audited the accompanying consolidated financial statements of ProMetic Life Sciences Inc. (the "Company"), which comprise the consolidated balance sheet as at December 31, 2010, and the consolidated statements of operations and comprehensive loss, contributed surplus, accumulated other comprehensive loss, deficit and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of ProMetic Life Sciences Inc. as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company incurred a net loss of $11,283,000 during the year ended December 31, 2010 and, as of that date, the Company had a working capital deficiency of $5,560,000 and a shareholders' deficiency of $13,468,000. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Other matter
The consolidated financial statements of ProMetic Life Sciences Inc. for the year ended December 31, 2009, were audited by another auditor who expressed an unmodified opinion on those statements on February 23, 2010, except as to Note 15 and Note 26 c), which are as of March 25, 2010.

Ernst & Young LLP
Chartered Accountants
Montreal, Canada
March 31, 2011

(1) Auditor Permit No. 20201

CONSOLIDATED BALANCE SHEETS

(See governing statutes, nature of operations and going concern uncertainty - note 1)
(In thousands of Canadian dollars)

December 31,	2010	2009
Assets (note 14)		
Current assets		
Cash	**$ 252**	$ 493
Accounts receivable (note 5)	**1,790**	2,612
Inventories (note 6)	**1,032**	2,128
Prepaid expenses	**220**	201
	3,294	5,434
Restricted cash (note 7)	**228**	356
Investments (note 8)	**52**	253
Capital assets (note 9)	**883**	1,133
Licenses and patents (note 10)	**4,136**	3,908
	$ 8,593	$ 11,084
Liabilities and shareholders' deficiency		
Current liabilities		
Bank loan (note 11)	**$ –**	$ 911
Other loan (note 12)	**652**	–
Accounts payable and accrued liabilities (note 13)	**4,508**	6,956
Deferred revenues	**271**	910
Current portion of long-term debt (note 14)	**2,251**	3,137
Current portion of advance on revenues from a supply agreement (note 15)	**1,172**	1,316
	8,854	13,230
Long-term debt (note 14)	**11,511**	2,296
Advance on revenues from a supply agreement (note 15)	**1,696**	1,826
	22,061	17,352
Shareholders' deficiency		
Share capital (note 16)	**215,266**	212,728
Contributed surplus	**8,169**	7,824
Future investment rights (note 16)	**6,542**	2,195
Accumulated other comprehensive loss	**(480)**	(735)
Deficit	**(242,965)**	(228,279)
	(13,468)	(6,267)
	$ 8,593	$ 11,084

The accompanying notes are an integral part of the consolidated financial statements.

Subsequent events (note 29)
Commitments (note 20)

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(See governing statutes, nature of operations and going concern uncertainty - note 1)
(In thousands of Canadian dollars except for per share amounts)

Years ended December 31,	**2010**	2009
Revenues	**$ 11,433**	$ 13,560
Expenses		
Costs of goods sold excluding amortization of capital assets	**2,818**	3,101
Research and development expenses rechargeable	**2,272**	3,145
Research and development expenses non rechargeable	**9,596**	9,335
Administration and marketing expenses	**5,452**	4,596
Gain on foreign exchange	**(77)**	(304)
Amortization and write-off of capital assets	**299**	839
Amortization and write-off of license and patents	**399**	1,058
	20,759	21,770
Loss before the following items	**$ (9,326)**	$ (8,210)
Gain on disposal of capital assets	**177**	–
Impairment of an investment (note 8)	**(186)**	–
Gain on derecognition of net investment liability in PRDT (note 4)	–	1,257
Gain on extinguishment of debt (note 14)	–	341
Charges related to a guarantee (note 17)	**(180)**	(943)
Net interest expense and penalties (note 19)	**(1,768)**	(1,774)
Net loss	**$ (11,283)**	$ (9,328)
Net loss per share (basic and diluted)	**(0.03)**	(0.03)
Weighted average number of outstanding shares (in thousands)	**348,035**	323,858
Comprehensive loss		
Net loss	**$ (11,283)**	$ (9,328)
Foreign currency translation adjustment at January 1, 2009 (note 2a)	–	(885)
Foreign currency translation adjustment	**255**	150
Total comprehensive loss	**$ (11,028)**	$ (10,063)

For supplemental operations information, see note 19

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CONTRIBUTED SURPLUS

(See governing statutes, nature of operations and going concern uncertainty – note 1)
(In thousands of Canadian dollars)

Years ended December 31, 2010 and 2009	Stock-based compensation	Warrants	Other	Total contributed surplus
Contributed surplus, as at December 31, 2008	$ 1,064	$ 3,943	$ 2,136	$ 7,143
Stock-based compensation	338	–	–	338
Issuance of warrants	–	343	–	343
Contributed surplus, as at December 31, 2009	$ 1,402	$ 4,286	$ 2,136	$ 7,824
Stock-based compensation	**345**	**–**	**–**	**345**
Contributed surplus, as at December 31, 2010	**$ 1,747**	**$ 4,286**	**$ 2,136**	**$ 8,169**

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE LOSS

(See governing statutes, nature of operations and going concern uncertainty – note 1)
(In thousands of Canadian dollars)

Years ended December 31,	2010	2009
Balance, beginning of the period	**$ (735)**	$ –
Foreign currency translation adjustment as at January 1, 2009 (note 2a)	**–**	(885)
Foreign currency translation adjustment	**255**	150
Balance, end of the period	**$ (480)**	$ (735)

The accompanying notes are an integral part of the consolidated financial statements.

As of December 31, 2010, the sum of deficit and accumulated other comprehensive loss is $243,445 ($229,014 in 2009).

CONSOLIDATED STATEMENTS OF DEFICIT

(See governing statutes, nature of operations and going concern uncertainty – note 1)
(In thousands of Canadian dollars)

Years ended December 31,	2010	2009
Deficit, beginning of the period	**$(228,279)**	$ (218,897)
Net loss	**(11,283)**	(9,328)
Adjustment related to future investment rights (note 16)	**(3,333)**	–
Share issue expenses	**(70)**	(54)
Deficit, end of the period	**$(242,965)**	$ (228,279)

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(See governing statutes, nature of operations and going concern uncertainty – note 1)
(In thousands of Canadian dollars)

Years ended December 31,	2010	2009
Cash flows used in operating activities	**$ (11,283)**	$ (9,328)
Net loss		
Adjustments to reconcile net loss to cash flows used in operating activities		
Non-cash interest on long-term debt	**958**	634
Gain on derecognition of the net liability in PRDT	**–**	(1,257)
Gain on disposal of capital assets	**(177)**	–
Gain on extinguishment of debts	**–**	(341)
Charges paid with shares	**51**	399
Stock-based compensation	**345**	338
Impairment of an investment	**186**	–
Reimbursement of advance on revenues from a supply agreement	**(13)**	–
Unrealized gain on exchange rate	**(719)**	(298)
Amortization and write-off of capital assets	**299**	839
Amortization and write-off of license and patents	**399**	1,058
	(9,954)	(7,956)
Change in working capital items (note 24)	**(1,235)**	1,137
	(11,189)	(6,819)
Cash flows from financing activities		
Proceeds from share issuance	**3 501**	–
Share issue expenses	**(70)**	57
Repayment of bank loan	**(911)**	–
Issuance of loan	**652**	–
Issuance of long-term debt	**10 671**	6 845
Repayment of long-term debt	**(2 525)**	(3 793)
Advance on revenues from a supply agreement	**–**	3 306
	11 318	6 415
Cash flows used in investing activities		
Acquisition of an investment	**–**	(1)
Disposal of an investment	**114**	50
Proceeds from sale of capital assets	**255**	–
Additions to capital assets	**(176)**	(146)
Additions to licenses and patents	**(774)**	(131)
	(581)	(228)
Net decrease in cash during the year	**(452)**	(632)
Net effect of currency exchange rate on cash	**211**	208
Cash, beginning of the year	**493**	917
Cash, end of the year	**$ 252**	$ 493

For supplemental cash flow information, see note 24

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 1. GOVERNING STATUTES, NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY

ProMetic Life Sciences Inc. ("ProMetic" or the "Company"), incorporated under the Canada Business Corporations Act, 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. The Company owns proprietary technology essential for use in the large-scale purification of drugs, genomics and proteomics products as well as medical and therapeutic applications.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and on the basis of the going concern assumption which assumes that the Company will continue in operation for the foreseeable future and accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations. The use of these principles may not be appropriate because as at December 31, 2010, there is significant doubt that the Company will be able to continue as a going concern without raising additional financial resources. Since inception, the Company has incurred significant losses and has a working capital deficiency of $5,560 and a shareholders' deficiency of $13,468 as at December 31, 2010. The Company's committed cash obligations and expected level of expenditures for the year ending December 31, 2011 exceed its committed sources of funds. To date, the Company has financed its activities through bank loans, government financial support, investment tax credits and the issuance of debt and equity.

The Company's ability to continue as a going concern is dependent on raising additional funds either from the issuance of shares or long-term debt and achieving profitable operations. In January 2011, the Company announced the renegotiation of its secured debt, resulting in the postponement of $4,000 of related repayments from 2011 to July 2012 (see note 14). The Company has also been successful in raising $1.500 of funds, subsequent to the balance sheet date, for NewCo, its new subsidiary, which has been established to operate a pilot-scale manufacturing facility for plasma-derived therapeutics. The investors in NewCo have authorised the temporary use of these funds for working capital purposes in the wider group (see note 29). Additionally, on March 31, 2011, the Company concluded a transaction with Celgene Corporation ("Celgene") resulting in the forgiveness of the $10,000 US loan entered into with Abraxis BioScience, Inc. ("Abraxis") in February 2010, subject to meeting certain administrative milestones (see note 29). This removes a significant near-term cash pressure for the Company, but these additional sources of funds are not sufficient for the Company to discharge its liabilities for the next 12 months. Continued effort is placed by management on expanding the customer base for existing marketed products and the Company is continuing to seek additional financing alternatives, including non-dilutive financing, collaboration and licensing arrangements, equity and debt financing. The Company's ability to increase its revenues or raise additional capital to generate sufficient cash flows to continue as a going concern is subject to significant doubt and significant risks all of which are beyond management's control. There can be no assurance that such financing will materialize on a timely basis or obtained on favourable terms. These consolidated financial statements do not reflect the adjustments that might be necessary to the carrying amount of reported assets, liabilities and revenues and expenses and the balance sheet classification used if the Company were unable to continue operations in accordance with this assumption. Such adjustments could be material.

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 2.
CHANGES IN ACCOUNTING POLICIES

a) Change in accounting policy – self-sustaining subsidiary

Effective January 1, 2009, the Company reclassified its subsidiary ProMetic BioSciences Ltd from integrated to a self-sustaining foreign operation because the subsidiary has demonstrated that it is no longer wholly dependent on its Canadian parent for capital requirements. Accordingly, the subsidiary now uses the pound sterling as its functional currency.

The Company has prospectively adopted the current rate method of foreign currency translation in accordance with Section 1651 of the Canadian Institute of Chartered Accountants' ("CICA") Handbook. Under this method, revenues and expenses are translated using average exchange rates for the applicable period, assets and liabilities are translated using the exchange rates in effect on the balance sheet dates. Resulting exchange differences are reported as a separate component of other comprehensive loss. As of January 1, 2009, the foreign currency translation adjustment was ($885). This amount arose from the prospective adoption of the current rate method for foreign currency translation of the accounts of its reclassified self-sustaining foreign operations.

b) Future accounting standards

Certain new primary sources of Canadian generally accepted accounting principles (standards) have been published but are not yet in effect. The Company has not yet adopted any of these standards. The new standards, which could potentially impact the Company's consolidated financial statements, are detailed as follows:

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests
In January 2009, the ClCA issued Section 1582 Business Combinations, Section 1601 Consolidated Financial Statements and Section 1602 Non-Controlling Interests, which supersede Section 1581 Business Combinations and Section 1600 Consolidated Financial Statements. The standards apply to annual and interim financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1582 establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financing Reporting Standards ("IFRS") 3, Business Combinations (January 2008) and applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Section 1601, together with Section 1602, establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IAS 27, Consolidated and Separate Financial Statements. Earlier application of the standards is permitted. If an entity applies the Sections before January 1, 2011, it shall disclose that fact and apply Sections 1582, 1601 and 1602 at the same time. The Company is currently evaluating the impact of adopting the standards as part of its IFRS conversion plan.

Multiple Deliverable Revenue Arrangements
In December 2009, the CICA issued EIC 175 "Multiple Deliverable Revenue Arrangements" replacing EIC 142, Revenue Arrangements with Multiple Deliverables. This abstract was amended to: (1) provide updated guidance on whether multiple deliverables exist, how the deliverables in an arrangement should be separated, and the consideration allocated; (2) require, in situations where a vendor does not have vendor-specific objective evidence ("VSOE") or third-party evidence of selling price, that the entity allocate revenue in an arrangement using estimated selling prices of deliverables; (3) eliminate the use of the residual method and require an entity to allocate revenue using the relative selling price method; and (4) require expanded qualitative and quantitative disclosures regarding significant judgments made in applying this guidance.

The accounting changes summarized in EIC 175 are effective for fiscal years beginning on or after January 1, 2011, with early adoption permitted. Adoption may either be on a prospective basis or by retrospective application. If the Abstract is adopted early, in a reporting period that is not the first reporting period in the entity's fiscal year, it must be applied retroactively from the beginning of the Company's fiscal period of adoption.

The Company is currently assessing the future impact of these amendments on its consolidated financial statements as part of its IFRS conversion plan.

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 3.
SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described below.

a) Basis of presentation:

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

b) Use of estimates:

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items for which management must make estimates relate to revenue recognition, the valuation and assessment of recoverability of the investments, inventory obsolescence, impairment of long-lived assets, the recoverability of tax credits and calculation of stock-based compensation. Reported amounts and note disclosure reflect the overall economic conditions that are most likely to occur and anticipated measures to be taken by management. Actual results could differ from those estimates.

c) Basis of consolidation:

The consolidated financial statements include the accounts of ProMetic Life Sciences Inc., of its subsidiaries ProMetic BioSciences Inc., 7662114 Canada Inc., ProMetic BioSciences (USA), Inc., ProMetic BioSciences Ltd., ProMetic BioTherapeutics Inc., ProMetic Manufacturing Inc. and Pathogen Removal and Diagnostic Technologies Inc. (hereinafter referred to as "PRDT"). The Company acquired control of PRDT and applied the accounting treatment described in note 4 starting on September 23, 2009. All significant intercompany transactions and balances have been eliminated.

d) Financial instruments:

The classification and measurement of the Company's financial instruments is as follows:

- Cash and restricted cash are respectively classified and designated as held-for-trading financial assets. They are measured at fair value and changes in fair value are recognized in consolidated net loss.
- Accounts receivable, excluding tax credits receivable and sales taxes receivable, and the share purchase loan to an officer, are classified as loans and receivables. They are measured at amortized cost, which is generally the amount on initial recognition less an allowance for doubtful accounts.
- The convertible preferred shares of AM-Pharma Holding B.V., a private company, are classified as available-for-sale and they are measured at cost.
- Bank loan, other loans and accounts payable and accrued liabilities are classified as other financial liabilities. They are measured at amortized cost using the effective interest method.
- Long-term debt and advance on revenues from a supply agreement are classified as other financial liabilities. They are measured at amortized cost, using the effective interest method. Financing costs are applied against long-term debt.

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 3. Significant accounting policies (cont.)

e) Inventories:

Inventories of raw materials, work in progress and finished goods are valued at the lower of cost and net realizable value. Cost is determined on a first in, first out basis.

f) Investments:

When, in management's opinion, there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. In determining the estimated realizable value of its investment, management relies on its judgment and knowledge of each investment as well as on assumptions about general business and economic conditions that prevail or are expected to prevail. These assumptions are limited due to the uncertainty of projected future events.

g) Capital assets:

Capital assets are recorded at cost less accumulated amortization and write-downs. Amortization is provided over the useful lives of capital assets using the following method, annual rates and period:

Asset	Method	Rate/period
Leasehold improvements	Straight-line	Lease term of 12.5 and 15 years
Equipment tools	Straight-line	5 years
Office equipment and furniture	Straight-line	5 years
Computer equipment	Straight-line	5 years

h) Government grants:

Government grants on capital expenditures are credited to capital assets and are amortized over the expected life of the relevant assets. Grants receivable in connection with operating expenditures are credited to the consolidated statement of operations in the period in which the expenditures take place.

i) Licenses and patents:

Licenses and patents include acquired rights as well as licensing fees for product manufacturing and marketing. Amortization is provided over the useful lives of the licenses and patents acquired using the straight-line method over a period of 20 years.

j) Impairment of long-lived assets:

Capital assets and licenses and patents subject to amortization are tested for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying amount of a long-lived asset is not recoverable when it exceeds the sum of the undiscounted cash flows expected from its use and eventual disposal. In such a case, an impairment loss must be recognized and is equivalent to the excess of the carrying amount of a long-lived asset over its fair value, which is generally determined on a discounted cash flow basis.

k) Research and development:

Research expenditures (net of related tax credits) are expensed as incurred and include a reasonable allocation of overhead expenses. Development expenditures (net of related tax credits) are deferred when they meet the criteria for capitalization in accordance with Canadian GAAP, and the future benefits could be regarded as being reasonably certain. Related tax credits are accounted for as a reduction to research and development expenditures on condition that the Company is reasonably certain that these credits will materialize. During fiscal years ended December 31, 2010 and 2009, no development costs were deferred.

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 3. Significant accounting policies (cont.)

l) Revenue recognition:

The Company earns revenues from research and development services, license fees and products sales, which may include multiple elements. The individual elements of each agreement are divided into separate units of accounting, if certain criteria are met. The applicable revenue recognition method is then applied to each unit. Otherwise, the applicable revenue recognition criteria are applied to combined elements as a single unit of accounting.

Revenues from combined elements as a single unit of accounting are recognized using the percentage of completion method. Under this method, revenues and profits are recognized proportionally with the degree of completion of the services under the contract when collection is reasonably assured.

Revenues from research and development services are recognized as the contracted services are performed in accordance with the terms of the specific agreements and reasonable assurance of collection exists.

Certain license fees are comprised of up-front fees and milestone payments. Up-front fees are deferred and recognized over the estimated term of the substantive contractual obligations for the Company. Milestone payments are recognized as revenue when the milestone is achieved, customer acceptance is obtained and the customer is obligated to make performance payment. Certain license arrangements require no continuing involvement by the Company.

Revenue from product sales is recognized when there is persuasive evidence that an arrangement exists; products are shipped; the selling price is fixed or determinable and collection is reasonably assured.

Amounts received in advance of meeting the revenue recognition criteria is recorded as deferred revenue on the consolidated balance sheet.

m) Foreign currency translation:

The Company's foreign subsidiaries, except for the sub-group headed by ProMetic BioSciences Ltd (ProMetic BioSciences (USA) Inc., ProMetic Manufacturing Inc. and PRDT), are considered as integrated foreign operations. Foreign denominated monetary assets and liabilities of Canadian and foreign operations are translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities are translated at year-end exchange rates while non-monetary items are translated at historical exchange rates. Expense items are translated at the exchange rates on the transaction date or at average exchange rates prevailing during the year. Exchange gains or losses are included in the consolidated statement of operations.

For the sub-group headed by ProMetic BioSciences Ltd, the current rate method is used. Under this method, revenues and expenses are translated using average exchange rates for the applicable period, assets and liabilities are translated using the exchange rates in effect on the balance sheet dates. Resulting exchange differences are reported as a separate component of other comprehensive income.

n) Income taxes:

The Company uses the liability method of accounting for income taxes. Future income tax assets and liabilities are recognized in the balance sheet for the future tax consequences attributable to differences between the financial statement carrying values of existing assets and liabilities and their respective income tax bases. Future income tax assets and liabilities are measured using income tax rates expected to apply when the assets are realized or the liabilities are settled. The effect of a change in income tax rates is recognized in the year during which these rates change. Future income tax assets are recognized and a valuation allowance is provided if realization is not considered "more likely than not".

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 3. Significant accounting policies (cont.)

o) Stock-based compensation:

The Company maintains a stock option plan as described in note 16 b). The Company uses the fair value method to account for all stock-based payments to employees and non-employees. The stock-based compensation is measured based on the fair value of the award and is recognized over the related vesting period for employees and over the related service period for non employees.

p) Earnings per share:

Basic net loss per share is calculated using the weighted average number of common shares outstanding during the year. Diluted net loss per share is calculated using the treasury stock method giving effect to the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to such shares at the later of the beginning of the year or the issuance date. The treasury stock method assumes that any proceeds that could be obtained upon the exercise of options, warrants and rights to acquire shares would be used to repurchase common shares at the average market price during the year. The diluted net loss per share is equal to the basic loss per share due to the anti-dilution effect of stock options, warrants and rights to acquire shares described in Note 16.

q) Share issue expenses:

The Company records share issue expenses in the consolidated statement of deficit.

NOTE 4. ASSET ACQUISITION

On September 23, 2009, the Company acquired American Red Cross' 51% interest in the voting shares of PRDT bringing its ownership to 77% of the voting shares. In return, the Company paid a cash amount of $5 and will pay tapering royalties based on the revenues generated by PRDT from specified technologies over the remaining lives of the patents.

This transaction has been accounted as an asset acquisition in accordance with the CICA Emerging Issues Committee Abstract 124 "Definition of a Business". The assets acquired consisted mainly of patents.

Concurrent with the acquisition, the terms of the preferred shares previously issued by PRDT were modified and are no longer retractable at the holder's option. Accordingly, the preferred shares, which were previously classified as a liability and as the excess of interest in the joint venture PRDT over proportionate share in consolidated net assets, in the Company's consolidated balance sheets as a result of proportionate consolidation, are now considered as share capital of PRDT and were derecognized by the Company.

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 4. Asset acquisition (cont.)

As a result of the asset acquisition and the modification of PRDT's preferred shares terms, the consolidated balance sheet items presented under proportionate consolidation were derecognized resulting in a gain of $1,257 in the consolidated statement of operations and comprehensive loss. The effect of this acquisition on the Company's consolidated financial statements in 2009 was as follows:

Patents	$ 5
Excess of interest in PRDT over proportionate share in consolidated net assets	(2,960)
Preferred shares, retractable at the holder's option	4,217
Gain on derecognition of net investment liability in PRDT	(1,257)
Consideration paid in cash	$ 5

Since September 23, 2009 and until PRDT generates profits, the Company assumes 100% of PRDT's charges.

NOTE 5. ACCOUNTS RECEIVABLE

	2010	2009
Trade	**$ 799**	$ 1 531
Tax credits and sales taxes receivable (note 12)	**961**	936
Advance to an officer, without interest	**13**	–
Other	**17**	145
	$ 1,790	$ 2,612

NOTE 6. INVENTORIES

	2010	2009
Raw materials	**$ 222**	$ 538
Work in progress and finished goods	**810**	1,590
	$ 1,032	$ 2,128

During the year ended December 31, 2010, a total cost of products sold of $2,818 ($3,101 in 2009) was recognized as an expense.

During the year ended December 31, 2010, there were write-downs of inventories for a total of $65 ($47 in 2009) and there was no reversal of provision previously recognized (nil in 2009).

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 7. RESTRICTED CASH

	2010	2009
Restricted cash	**$ 228**	$ 356

The restricted cash is composed of two Guaranteed Investment Certificates, 0.35% and 0.45% pledged as security of letters of credit to suppliers expiring in August 2012 and March 2013 for a total of $164. It also consists of a Grant Treasury Deposit for a total of $64 pledged in favor of the Isle of Man government for grants received.

NOTE 8. INVESTMENTS

	2010	2009
Convertible preferred shares of AM-Pharma Holding B.V., a private company based in the Netherlands.	**$ 52**	$ 253

The investment in the convertible preferred shares of AM-Pharma Holding B.V. was considered to have an other than temporary impairment and was written down by $186 (excluding the effect of the exchange rate) during the year ended December 31, 2010.

NOTE 9. CAPITAL ASSETS

	2010		2009	
	Cost	**Accumulated amortization**	Cost	Accumulated amortization
Leasehold improvements	**$ 2,168**	**$ 2,088**	$ 2,638	$ 2,481
Equipment and tools	**3,227**	**2,640**	4,912	4,218
Office equipment and furniture	**511**	**423**	503	408
Computer equipment	**679**	**551**	1,079	892
	6,585	**5,702**	9,132	7,999
Accumulated amortization	**5,702**		7,999	
Net book value	**$ 883**		$ 1,133	

Deferred capital grants for a total of $42 in 2010 and of $30 in 2009 received from the Isle of Man government were credited to the cost of capital assets (see note 26). During the year 2010, as a result of impairment, there were write-offs for a total of $41 as a result of disposal of capital assets ($190 in 2009).

Amortization of capital assets for the year 2010 was $258 ($649 in 2009).

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 10.
LICENSES AND PATENTS

	2010		2009	
	Cost	**Accumulated amortization**	Cost	Accumulated amortization
Licenses	**$ 3,831**	**$ 2,229**	$ 3,870	$ 2,010
Patents	**3,118**	**584**	2,489	441
	6,949	**2,813**	6,359	2,451
Accumulated amortization	**2,813**		2,451	
Net book value	**$ 4,136**		$ 3,908	

No write down or write-offs were made by the Company for licenses in 2010 ($142 in 2009) but $36 was written off for patents ($637 in 2009) following an impairment review. The review was conducted in order to identify licenses and patents that were no longer of use to the Company. In 2010, the amount was related to the Therapeutics operating segment. In 2009, $708 was related to the Therapeutics operating segment and $71 to the Protein Technology operating segment.

a) The Company owns the rights, title and interest in and to the know-how, information, technology and patents relating to its Mimetic Ligands™ technology. A portion of these rights, title and interest were assigned to the Company by Cambridge University's Institute of Biotechnology in consideration of the payment of continuing royalties; the others having been developed by the Company.

b) The purpose of the strategic alliance between the Company and the American Red Cross signed in January 2003 is to co-develop the Plasma Protein Purification Scheme ("PPPS") process and license to third parties proprietary technology for the recovery and purification of valuable therapeutic proteins from human blood plasma. The PPPS process integrates novel technologies in a sequence that is expected to significantly improve both the yield and range of valuable proteins capable of being isolated from human plasma. In April 2006, the Company paid the American Red Cross US $1,000,000 for an exclusive license for access to and use of intellectual property rights for PPPS project. ProMetic will collect revenues derived from any licensing activities, such as royalties on net sales, lump sum amounts and/or milestone payments. ProMetic will pay a royalty to the American Red Cross of 12% of revenues derived from sales of all products to third parties. Also, every year, an annual minimum royalty of US $30,000 is payable.

c) An officer of the Company is entitled to receive royalties based on the sales of certain products made available to ProMetic before joining the Company. These royalties are 0.5% of net sales or 3% of revenues received by the Company. This employee also has the exclusive right to commercialize these products should ProMetic decide to stop developing and (or) commercializing them, subject to mutually acceptable terms and conditions.

d) In the normal course of business, the Company enters into license agreements for the market launching or commercialization of intellectual property. Under these licenses, including those mentioned above, the Company has committed to pay royalties ranging generally between 0.5% and 10% of net sales from products it commercializes.

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 11.
BANK LOAN

	2010	2009
Bank loan for an authorized amount of $915 related to research and development tax credits, secured by a hypothec for that amount on all present and future research and development tax credits bearing interest at prime plus 2% (4.25% as at December 31, 2009) and repayable upon receipt of tax credits.	**$ –**	$ 911

In 2010, the bank loan was fully repaid by the Company.

NOTE 12.
OTHER LOAN

	2010	2009
Loan from Investissement Quebec for an authorized amount of $652 related to research and development tax credits, secured by a hypothec for that amount on all present and future accounts receivable bearing interest at prime plus 4% (7% as at December 31, 2010)	**$ 652**	$ –

The loan is reimbursable upon reception of the research and development tax credits.

NOTE 13.
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2010	2009
Accounts payable	**$ 2,561**	$ 4,039
Accruals related to a guarantee (note 17)	**–**	920
Accrued liabilities	**1,947**	1,997
	$ 4,508	$ 6,956

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 14. LONG-TERM DEBT

	Current portion	2010	2009
Promissory note (note a)	**$ 250**	**$ 250**	$ 250
Other loans (note b)	**1,989**	**13,497**	5,144
Capital leases (note c)	**12**	**15**	39
	2,251	**13,762**	5,433
Current portion of long-term debt		**2,251**	3,137
		$ 11,511	$ 2,296

Note a) Promissory note:

Loan from a director of the Company, for an amount of $250 bearing interest at a rate of 15% and repayable on demand.

Note b) Other loans:

1) Loan for an initial principal amount of $2,000 that could reach an amount of $5,000 under certain conditions. In consideration of the initial loan, ProMetic has issued to the lender 4,025,000 fully paid common shares and 3,750,000 warrants at an exercise price of $0.12 per share and exercisable for a period of three years. For accounting purposes, the initial loan contains both a liability component and an equity component (the shares and the warrants). The Company used the Black-Scholes valuation model to calculate the fair value of the warrants using a volatility of 85% and a free risk interest rate of 1.36%. The fair value of the shares was based on the quoted price observed on the active market. The fair value of the shares and the warrants was respectively $513 and $172. By difference, the fair value of the initial loan was $1,315 and this value is being accreted to its nominal value using the loan's effective interest rate.

   During 2009, the repayment terms of the loan were renegotiated in consideration of the issuance of 571,428 shares. ProMetic shall repay $1,000 in March 2010 and $1,000 in March 2011. The loan bears no interest (effective rate of 42.50% after the renegotiation). The renegotiation created debt extinguishment for accounting purposes and the initial loan was derecognized and a new loan recognized at fair value creating a gain on extinguishment of a debt of $182. The fair value was estimated using discounted future cash flows.

   The loan is secured by a hypothec of $6,000 on ProMetic and its subsidiary's universality of movable property.

   In March 2010, ProMetic repaid $1,000 of the loan. As at December 31, 2010, the carrying value of the loan was $910 ($1,536 as at December 31, 2009).

   On December 31, 2010, the Company and the lender signed a letter of intent to extend the payment terms of the debt from March 23, 2011 to July 1, 2012 for consideration to be mutually agreed upon within 30 days of the signing of the letter of intent. On January 24, 2011, the repayment terms were formally renegotiated and the Company agreed to issue to the lender 1,335,828 fully paid common shares and 714,285 warrants with an exercise price of $0.14 per share, exercisable for a period of three years. As per the new agreement, no cash interest has been charged to the Company for this extension. The loan was therefore reclassified as a long-term liability as at December 31, 2010. The renegotiation will be accounted for as a debt extinguishment for accounting purposes in January 2011.

2) Loan for an initial principal amount of $500 that could reach an amount of $1,000 under certain conditions. In consideration of the initial loan, ProMetic issued to the lender 416,666 fully paid common shares and 500,000 warrants at an exercise price of $0.18 per share and exercisable for a period of three years. For accounting purposes, the initial loan contains both a liability component and an equity component (the shares and the warrants). The Company used the Black-Scholes valuation model to calculate the fair value of the warrants using a volatility of 85% and a free risk interest rate of 1.74%. The fair value of the shares was based on the quoted price observed on the active market. The fair value of the shares and the warrants was respectively $115 and $35. By difference, the fair value of the initial loan was $350 and this value is being accreted to its nominal value using the loan's effective interest rate.

NOTE 14. Long-term debt (cont.)

During 2009, the repayment terms of the loan were renegotiated in consideration of the issuance of 285,714 shares. ProMetic shall repay the loan to the lender in June 2011. The loan bears no interest (effective rate of 42.50% after the renegotiation). The renegotiation was debt extinguishment for accounting purposes and the initial loan was derecognized and a new loan recognized at fair value creating a gain on extinguishment of a debt of $103. The fair value was estimated using discounted future cash flows.

The loan is secured by a hypothec of $1,000 on ProMetic and its subsidiary's universality of movable property.

As at December 31, 2010, the carrying value of the loan was $431 ($303 as at December 31, 2009).

On December 31, 2010, the Company and the lender signed a letter of intent to extend the payment terms of the debt from June 3, 2011 to July 1, 2012 for consideration to be mutually agreed upon within 30 days of the signing of the letter of intent. On January 24, 2011, the repayment terms were formally renegotiated and the Company agreed to issue to the lender 476,272 fully paid common shares and 357,142 warrants with an exercise price of $0.14 per share, exercisable for a period of three years. As per the new agreement, no cash interest was charged to the Company for this extension. The loan was therefore reclassified as a long-term liability as at December 31, 2010. The renegotiation will be accounted for as a debt extinguishment for accounting purposes in January 2011.

3) Loan for a principal amount of $500. In consideration of this loan, ProMetic has issued to the lender 1,375,000 fully paid common shares and 375,000 warrants at an exercise price of $0.12 per share and exercisable for a period of three years. For accounting purposes, the loan contains both a liability component and an equity component (the shares and the warrants). The Company used the Black-Scholes valuation model to calculate the fair value of the warrants using a volatility of 90% and a free risk interest rate of 1.76%. The fair value of the shares was based on the quoted price observed on the active market. The fair value of the shares and the warrants was respectively $191 and $18. By difference, the fair value of the loan was $291 and this value is being accreted to its nominal value using the loan's effective interest rate.

   During 2009, the repayment terms of the loan were renegotiated in consideration of the issuance of 285,714 shares. ProMetic shall repay the loan to the lender in August 2011. The loan bears no interest (effective rate of 42.50% after the renegotiation). The renegotiation was debt extinguishment for accounting purposes and the initial loan was derecognized and a new loan recognized at fair value creating a gain on extinguishment of a debt of $56. The fair value was estimated using discounted future cash flows.

   The loan is secured by a hypothec of $500 on ProMetic and its subsidiaries' universality of movable property.

   As at December 31, 2010, the carrying value of the loan was $398 ($279 as at December 31, 2009).

   On December 31, 2010, the Company and the lender signed a letter of intent to extend the payment terms of the debt from August 21, 2011 to July 1, 2012 for consideration to be mutually agreed upon within 30 days of the signing of the letter of intent. On January 24, 2011, the repayment terms were formally renegotiated and the Company agreed to issue to the lender 377,963 fully paid common shares and 357,142 warrants with an exercise price of $0.14 per share, exercisable for a period of three years. As per the new agreement, no cash interest was charged to the Company for this extension. The loan was therefore reclassified as a long-term liability as at December 31, 2010. The renegotiation will be accounted for as a debt extinguishment for accounting purposes in January 2011.

4) Loans for principal amounts of $1,500, $500, $470 and $250. In consideration for these loans, ProMetic has issued to the lenders a total of 4,942,855 fully paid common shares and 2,039,999 warrants at exercise prices ranging from $0.12 and $0.22 per share and exercisable for a period of three years. For accounting purposes, the loans contain both a liability component and an equity component (the shares and the warrants). The Company used the Black-Scholes valuation model to calculate the fair value of the warrants using a volatility of 90% and a free risk interest rate of 1.76% and 1.88%. The fair value of the shares was based on the quoted price observed on the active market. The fair value of the shares and the warrants was respectively $538 and $118. By difference, the fair value of the loans was $2,064 and this value is being accreted to its nominal value using the loan's effective interest rate.

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 14. Long-term debt (cont.)

No interest is applicable on the loans (effective rate between 23.39% and 29.05%). ProMetic shall repay $1,220 to the lenders in May 2010 and $1,500 in August 2011. The loans are secured by a hypothec of $2,720 on ProMetic and its subsidiaries' universality of movable property.

In May 2010, ProMetic repaid $720 of the loans. As at December 31, 2010, the carrying value of the loans was $1,812 ($1,912 as at December 31, 2009).

On December 31, 2010, the Company and the lender signed a letter of intent to extend the payment terms of the two loans to July 1, 2012 for consideration to be mutually agreed upon within 30 days of the signing of the letter of intent. On January 24, 2011, the repayment terms were formally renegotiated and the Company agreed to issue to the lender, for both loans, a total of 2,318,436 fully paid common shares and 1,428,570 warrants with an exercise price of $0.14 per share, exercisable for a period of three years. As per the new agreement, no cash interest was charged to the Company for this extension. The loans were therefore reclassified as a long-term liability as at December 31, 2010. The renegotiation will be accounted for as a debt extinguishment for accounting purposes in January 2011.

5) Loan of $10 million US ($10.7 million CAD) from Abraxis BioScience Inc., issued in February 2010. The long-term loan bears an interest rate of 5% and is reimbursable in five annual instalments. Abraxis BioScience Inc. has the option to request that each annual instalment be converted into ProMetic common shares at the future prevailing market price at the time of the annual instalment. As at December 31, 2010 the carrying value of the loan was $9,946 (see Subsequent events – note 29).

6) Repayable loan from the Isle of Man government for 492,000 pounds sterling ($0.9 million CAD). The loan bears no interest and was repaid in August 2010. The loan was secured by a hypothec on ProMetic BioSciences Ltd. assets which have a cost of $5,435.

Note c) Capital leases:

Obligations under capital leases bearing interest from 11.54% to 13.94% payable in monthly installments of $0.3 to $0.4 maturing from May 2011 to August 2012.

The instalments on the long-term debt for the next 5 years are as follows:

Year ending December 31:	
2011	**2,252**
2012	**5,993**
2013	**1,989**
2014	**1,989**
2015	**1,989**

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 15.
ADVANCE ON REVENUES FROM A SUPPLY AGREEMENT

Advance on revenues from a supply agreement for an initial amount of 2 million pounds sterling ($3.4 million CAD) that could reach an amount of 2.5 million pounds sterling, which is deemed to be the fair value, and bearing interest at 5% per annum. The advance is repayable by the revenues received under the supply agreement as products are supplied. The advance has a 5 year term and the balance due at the maturity date is repayable in cash. The current portion of the advance on revenues from a supply agreement was determined with the expected product sales under the supply agreement in the coming 12 months. A reduction in the advance of $13 (excluding the effect on the exchange rate) was made during the year ended December 31, 2010 ($49 in 2009), related to products supplied under the agreement.

NOTE 16.
SHARE CAPITAL

Authorized and without par value:

Unlimited number of common shares, participating, carrying one vote per share, entitled to dividends.

Unlimited number of preferred shares, no par value, issuable in one or more series.

1,050,000 preferred shares, series A, non-participating, non-voting, redeemable for cash or convertible into common shares, convertible at the option of the holder into common shares at $0.50 per share except for unpaid dividends, convertible at a rate equal to the trading average of the common shares on the Toronto Stock Exchange during the 20 business days prior to the conversion, cumulative preferential cash dividend of 12% per year, calculated monthly and payable quarterly.

950,000 preferred shares, series B, non-participating, non-voting, redeemable for cash or convertible into common shares, convertible at the option of the holder into common shares at $0.60 per share except for unpaid dividends, convertible at a rate equal to the trading average of the common shares on the Toronto Stock Exchange during the 20 business days prior to the conversion, cumulative preferential cash dividend of 12% per year, calculated monthly and payable quarterly.

	2010		2009	
	Number	**Amount**	Number	Amount
Issued and fully paid common shares	**353,164,339**	**$ 215,716**	331,743,400	$ 213,178
Share purchase loan to an officer, without interest and due no later than December 31, 2011 (*)		**(450)**		(450)
Balance at end of the period		**$ 215,266**		$ 212,728

(*) The share purchase loan to an officer has been extended for a year having a new maturity date of December 31, 2011.

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 16. Share capital (cont.)

a) Share issue:

Changes in the issued and outstanding common shares were as follows:

	2010		2009	
	Number	**Amount**	Number	Amount
Balance, at the beginning of year	**331,743,400**	**$ 213,178**	317,401,768	$ 211,422
Issuance of shares	**21,420,939**	**3,553**	14,341,632	1,756
Adjusment related to future Investment rights		**(1,015)**		–
Balance, end of year	**353,164,339**	**$ 215,716**	331,743,400	$ 213,178

In February 2010, the Company issued 17,850,000 common shares to a strategic partner (Abraxis BioScience Inc.) for a consideration of $3,201 recorded in the share capital based on quoted price of the common shares on the issuance date. Issuance costs of $70 were recorded in the consolidated statement of deficit in accordance with the Company's accounting policy. Also, in 2010, the Company concluded a private placement for which 3,000,000 shares were issued for a consideration of $300. Interest charges for a total of $51 were paid by the issuance of 428,082 shares. In addition, 142,857 shares were also issued at the beginning of 2010 after having received regulatory approval in relation to a loan agreement concluded in 2009.

In February 2010, 14,495,452 future investment rights given to Abraxis BioScience inc. on a previous financing dated September 3, 2008 were cancelled and immediately reissued having the same conditions except for the term which was extended from 3.5 years to 7 years. These modified rights could not be exercised for a period of four months from their issuance. The fair value of these modified future investment rights was determined using the Black & Scholes model, with a volatility of 81.46%, a risk free interest rate of 3% and a share price of $0.18. The incremental value as a result of the modification of the term of the investment rights resulted in an adjustment to share capital of $1,000.

Reported concurrently with the February 2010 investment, were a further 30,296,036 future investment rights granted to Abraxis BioScience inc. having the same terms as the future investment rights above. Due to certain contingencies associated with these rights never having been resolved by Abraxis, with no intention of resolution ever declared, these rights were never issued or recorded at fair value at the time of the 2008 investment. Concurrent with the February 2010 investment, the contingencies associated with these 30,296,036 future investment rights were resolved. As a result, the fair value of these has now been assessed using the Black & Scholes model, with a volatility of 81.46%, a risk free interest rate of 3% and a share price of $0.18 resulting in an adjustment of $3,300 to the Company's deficit, on the basis that ProMetic has given nothing new in exchange for these rights.

In 2009, the Company issued 11,759,520 common shares and 6,664,999 warrants under strategic loan agreements for a consideration of $1,700. An amount of $1,357 was recorded in the share capital based on the common shares quoted price on the issuance date. The residual amount of $343 was recorded in contributed surplus for warrants. Also, $399 in interest and penalties was paid by the issuance of 2,582,112 shares.

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 16. Share capital (cont.)

As at December 31, 2010, the following warrants and rights to acquire shares were outstanding:

Warrants and rights to acquire shares	Expiry date	Exercise price
2,999,394	January 2011	US $0.30
3,750,000	June 2012	$0.12
500,000	June 2012	$0.18
1,500,000	August 2012	$0.12
539,999	December 2012	$0.22
375,000	April 2013	$0.22
14,495,452	February 2017	$0.47
30,296,036	February 2017	$0.47

b) Stock options:

The Company has established a stock option plan for its directors, officers and employees or service providers. The plan provides that the aggregate number of shares reserved for issuance at any time under the plan and any other employee incentive plans may not exceed 15,913,317 common shares. Since September 10, 2001, the new options issued may be exercised over a period not exceeding 5 years and 1 month from the date they were granted (options vest 20% per annum, after one year following the date they were granted or immediately as they are granted). The exercise price is based on the average strike price of the five business days prior to the grant.

The following table summarizes the changes in the number of stock options outstanding over the last two years:

		Options	Weighted average exercise price per share
Number of options as at December 31, 2008		7,956,417	$0.64
2009	Granted	3,033,000	0.17
	Forfeited	(1,001,826)	0.47
	Expired	(1,318,200)	1.33
Number of options as at December 31, 2009		8,669,391	0.39
2010	Granted	951,800	0.18
	Forfeited	(83,240)	0.32
	Expired	(550,500)	1.07
Number of options as at December 31, 2010		8,987,451	$0.33

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 16. Share capital (cont.)

The following tables summarize information about stock options outstanding as at December 31, 2010:

Range of exercise price	Number outstanding	Weighted average remaining contractual life (in years)	Weighted average exercise price	Number exercisable	Weighted average exercise price
0.12 – 0.18	3,902,300	3.95	0.17	3,340,300	0.17
0.28 – 0.40	3,274,817	2.07	0.37	2,279,787	0.36
0.41 – 0.60	1,092,000	1.22	0.47	981,750	0.47
0.61 – 0.90	518,334	1.97	0.64	311,800	0.64
0.91 – 1.35	100,000	1.30	1.00	100,000	1.00
1.36 – 1.50	100,000	1.30	1.50	100,000	1.50
	8,987,451			7,113,637	0.32

In 2009, 3,733,731 stock options were exercisable at a weighted average exercise price of $0.56.

Weighted average exercise price of the options having an exercise price

	Grant date	
	2010	2009
Lower than the market price	**-**	0.17
Equal to the market price	**0.12**	–
Higher than the market price	**0.33**	0.51

Weighted average fair value of the options having an exercise price

	Grant date	
	2010	2009
Lower than the market price	**0.06**	0.09
Equal to the market price	**0.12**	–
Higher than the market price	**0.24**	0.28

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 16. Share capital (cont.)

c) Stock-based compensation and other stock-based payments:

The Company uses the Black-Scholes option valuation model to calculate the fair value of options at the date of grant, using the following assumptions:

	2010	2009
Risk-free interest rate	**2.92%**	1.26%
Dividend yield	**0%**	0%
Expected volatility of share price	**86.17%**	87.82%
Expected life	**5 years**	1 and 5 years

The estimated fair value of options granted for the year ended December 31, 2010 was $0.12 ($0.06 for 2009).

A compensation expense of $345 in 2010 and $338 in 2009 was recorded as a result of stock options granted to directors, officers, employees and consultants.

NOTE 17.
RELATED PARTY TRANSACTION

On December 5, 2008, the Company entered into an agreement to provide a guarantee (the "Guarantee") in favour of Camofi Master LDC ("Camofi"), relating to an amended and restated loan agreement (the "Loan") that Camofi had provided to a company (the "borrower") wholly owned by a senior officer of the Company. The Loan was originally contracted in December 2007 for the purposes of purchasing shares of the Company.

The Guarantee provides that the Company must be prepared to fulfill the borrower's obligations with respect to the full payment of capital and interest for the Loan if the borrower is unable to do so. Any such payment shall be made within two days of receipt of notice of default from Camofi. Alternatively, the borrower can force Camofi to liquidate some or all of the shares of the Company that are held as collateral to cover the Loan. If called upon under the Guarantee, the Company may chose either to pay in cash or request that the borrower instruct Camofi to liquidate up to 2,300,000 shares of the Company to repay the Loan.

In conjunction with the above, the Company entered into an agreement with the borrower providing that any payment made by the Company under the Guarantee immediately triggers an equivalent receivable from the borrower. This receivable bears interest at 10% per annum, is evidenced by a demand promissory note and, upon termination of the Loan and the pledge agreement, will be secured by 2,300,000 shares of the Company until all payments of principal and interests owed to the Company are made. This receivable will be recorded at fair value by the Company only when its collectability is reasonably assured.

The Company risks losing a maximum amount of $2,300 plus interest and penalties, without taking into consideration the net proceeds arising from the disposal of the 9,500,000 pledged shares of the Company. The Company has not required any consideration in exchange for this Guarantee.

As at December 31, 2009, the Loan had an outstanding balance of $920.

On March 25, 2010, the parties entered into a settlement agreement, which called for the Company to pay to Camofi an amount of US$800,000 (CDN$837,280) on April 1, 2010, in addition to a payment of US$250,000 (CDN$260,725) made by the Company in January 2010, for the full payment of the outstanding balance of the loan and the termination of the borrower's and the Company's obligations.

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 17. Related party transaction (cont.)

In the year ended December 31, 2010, the Company recognized an amount of $180 as a loss on this guarantee ($943 in 2009). As at December 31, 2010, no receivable from the borrower was recorded given collectability was not reasonably assured.

Concurrent with this settlement agreement being reached, an amended and restated loan agreement was entered into between the borrower and the Company requiring the borrower to fully repay the Company no later than March 31, 2013. Furthermore, should certain stock price thresholds be reached, the Company may require the borrower to pay the outstanding balance of the loan. This amended and restated loan agreement received shareholder approval at the May 5, 2010 Annual and Extraordinary Meeting of the shareholders. The said loan is secured by a pledge in favour of the Company by the borrower of 9,500,000 shares of the Company stock. The loan is also secured by a pledge in favour of the Company by Invhealth Capital Inc. (a wholly owned subsidiary of a senior officer of the Company) of all its shares of the borrower and by a pledge in favour of the Company by the senior officer of the Company of all of his shares of InvHealth Capital Inc.

NOTE 18. CAPITAL DISCLOSURES

The Company's capital consists of cash, bank loan, other loan, long-term debt and shareholders' deficiency.

	2010	2009
Bank loan	**$ –**	$ 911
Other loan	**652**	–
Long-term debt	**13,762**	5,433
Shareholder's deficiency	**(13,468)**	(6,268)
Cash	**(252)**	(493)
	$ 694	$ (417)

The Company's objectives in managing capital is to ensure a sufficient liquidity position to finance its research and development activities, administration and marketing expenses, working capital and overall capital expenditures, including those associated with patents and trademarks. The Company makes every effort to manage its liquidity to minimize dilution to its shareholders, whenever possible.

To meet the objectives in managing capital, the Company may attempt to issue new shares or to seek additional debt financing. The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 2009.

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 19.
INFORMATION INCLUDED IN THE CONSOLIDATED STATEMENTS OF OPERATIONS

	2010	2009
Gross research and development expenses	**$ 13,469**	$ 13,197
Research and development tax credits	**(1,601)**	(717)
Interest and penalties on long term debt	**1,646**	1,554
Interest on bank loan and other interest expenses	**129**	265
	1,775	1,819
Interest income on financial assets held for trading	**(7)**	(45)

NOTE 20.
COMMITMENTS

The Company has total commitments of $11,791 under various operating leases for the rental of offices, production plant, and laboratory space and office equipment. The minimum annual payments for the coming years are as follows:

2011	**2,465**
2012	**1,759**
2013	**875**
2014	**790**
2015 and thereafter	**5,902**
	$ 11,791

Other commitments are included in note 10.

NOTE 21.
PENSION PLAN

The Company contributes to a defined contribution pension plan for all of its permanent employees. The Company matches most employees' contributions up to 4% (3% in 2009) of their annual salary. The Company's contributions for the year are $346 ($302 in 2009).

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 22.
FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

a) **Financial instruments**: The Company has classified its financial instruments as follows:

	2010	2009
FINANCIAL ASSETS		
Held for trading		
Cash, measured at fair value	**$ 252**	$ 493
Restricted cash, measured at fair value	**228**	356
	480	849
Loans and receivables		
Accounts receivable and share purchase loan to an officer, recorded at amortized cost	**1,279**	2,126
Available-for-sale		
Convertible preferred shares of AM-Pharma, recorded at cost	**52**	253
FINANCIAL LIABILITIES		
Other financial liabilities		
Bank loan, other loan and accounts payable and accrued liabilities, measured at amortized cost	**$ 5,160**	$ 7,867
Long-term debt, measured at amortized cost	**13,762**	5,433
Advance on revenues from a supply agreement, measured at amortized cost	**2,868**	3,142
	21,790	16,442

Fair value hierarchy
Financial instruments recorded at fair value on the balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices observed in active markets for identical assets or liabilities.

Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – valuation techniques with significant unobservable market inputs.

A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The financial instruments in the Company's consolidated financial statements, measured at fair value, are the cash and the restricted cash. Both financial instruments were classified as Level 1 by the Company since there is an active trading market for both of them.

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 22. Financial instruments and financial risk management (cont.)

b) Fair value:

The carrying value of cash, accounts receivable, guaranteed investment certificate, restricted cash, bank loan, other loan and accounts payable and accrued liabilities equals their fair value because of the near-term maturity of these instruments.

The fair value of the investment AM-Pharma Holding B.V. considered to have an other than temporary impairment and was written down accordingly.

The other loans are carried at their amortized cost, which approximates fair value due to the use of discount rates the Company would expect for similar loans. The carrying value of the long-term debt with Abraxis BioSciences Inc. and the advance on the revenues from a supply agreement are considered to approximate fair value as the rates are similar to those the Company would expect for similar loans having the same maturities and relationships with the lenders.

c) Financial risk management

The Company has exposure to credit risk, liquidity risk and market risk.

The Company's Board of Directors has the overall responsibility for the oversight of these risks and reviews the Company's policies on an ongoing basis to ensure that these risks are appropriately managed.

i) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer, partner or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash, investments, receivables and share purchase loan to an officer. The carrying amount of the financial assets represents the maximum credit exposure.

The financial instruments that potentially expose the Company to credit risk are primarily cash, restricted cash and trade accounts receivable.

The Company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance.

The Company evaluates accounts receivables balances based on the age of the receivable, credit history of the customers and past collection experience. As at December 31, 2010, there were doubtful amounts related to past due accounts as indicated in the following table:

Trade and other receivables:		**2010**		2009
Current and not impaired	**$**	**784**	$	1,521
Past due in the following periods				
31 to 60 days		**15**		4
61 to 90 days		**–**		–
Over 90 days		**526**		574
Allowance for doubtful accounts – over 90 days		**(526)**		(568)
Trade receivables		**799**		1,531
Other receivables		**29**		145
Total accounts receivables	**$**	**828**	$	1,676

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 22. Financial instruments and financial risk management (cont.)

The Company invests its cash in titles of high quality issued by government agencies and financial institutions and diversifies its investment in order to limit its exposure to credit risk while implementing investment guidelines in place.

The reserve for doubtful accounts as at December 31, 2010 totaled $526. As at December 31, 2009, it amounted to $568.

The Trade accounts receivable include an amount from one customer which represents approximately 54% of the Company's total trade accounts receivable as at December 31, 2010 and one customer representing 80% of total trade receivable as at December 31, 2009.

The Company derives significant revenues from certain customers. As at December 31, 2010, there was one customer who accounted for 50% of total revenues. In 2009, there were three customers who each accounted for 30%, 21% and 17% of revenues respectively.

ii) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. Given the Company's current revenue expectations there is some uncertainty as whether it will have sufficient working capital to fund its current operating and working capital requirements for the next 12 months. To the extent that the Company does not believe it has sufficient liquidity to meet its current obligations, management considers securing additional funds through equity, debt or partnering transactions (note 1). The Company manages its liquidity risk by continuously monitoring forecasts and actual cash flows.

As at December 31, 2010

	Less than 3 months	3 – 6 months	6 months to 1 year	More than 1 year	Total
Other loan	–	652	–	–	652
Accounts payable and accrued liabilities	4,508	–	–	–	4,508
Long-term debt	2,244	4	4	11,960	14,212
Advance on revenues from a supply agreement	71	323	779	1,696	2,869
	$ 6,823	$ 979	$ 783	$ 13,656	$ 22,241

This table only covers liabilities and obligations, and does not anticipate any of the income associated with assets or rights.

iii) Market risk:

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Company's income or the value of its financial instruments.

a) Interest risk:

The majority of the Company's debt is at fixed rate, there is limited exposure to interest rate risk.

b) Foreign exchange risk:

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in the United Kingdom and in the United States and a portion of its expenses incurred and revenues generated are in U.S dollar and in pound sterling. Financial instruments potentially exposing the Company to foreign exchange risk consist principally of cash, receivables, accounts payable and accrued liabilities and long-term debt. The Company manages the foreign exchange risk by holding foreign currencies to support forecasted cash outflows in foreign currencies. The majority of the Company's revenues are in US dollar and in pound sterling which serve to mitigates the foreign exchange risk.

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 22. Financial instruments and financial risk management (cont.)

As at December 31, 2010, the Company is exposed to currency risk through the following assets and liabilities denominated respectively in U.S dollar and pound sterling.

in US dollar	**2010 US dollar**	**2010 CDN dollar**	2009 US dollar	2009 CDN dollar
Cash	**78,460**	**78,036**	237,708	248,785
Accounts receivable	**646,459**	**642,968**	156,681	163,982
Accounts payable and accrued liabilities	**(2,412,282)**	**(2,399,256)**	(3,003,800)	(3,143,778)
Long term debt	**(10,011,453)**	**(9,957,391)**	(20,527)	(21,484)
Net exposure	**(11,698,816)**	**(11,635,642)**	(2,629,938)	(2,752,495)

In sterling pound	**2010 Pound sterling**	**2010 CDN dollar**	2009 Pound sterling	2009 CDN dollar
Cash	**33,057**	**51,282**	77,374	130,901
Accounts receivable	**120,230**	**186,512**	881,506	1,491,332
Accounts payable and accrued liabilities	**(407,388)**	**(631,981)**	(734,495)	(1,242,617)
Advance on revenues from a supply agreement and long term debt	**(1,848,817)**	**(2,868,070)**	(2,348,443)	(3,973,096)
Net exposure	**(2,102,918)**	**(3,262,257)**	(2,124,058)	(3,593,480)

Based on the above net exposures as at December 31, 2010, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar would result in a decrease or an increase of the consolidated net loss of US$1,169,882 (CAD$1,163,564).

A 10% depreciation or appreciation of the Canadian dollar against the pound sterling would result in a decrease or an increase of the accumulated other comprehensive loss of 210,292 pounds sterling (CAD$326,226).

The Company has not hedged its exposure to currency fluctuations.

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 23.
INCOME TAXES

The following table reconciles the differences between the domestic statutory tax rate and the effective tax rate used by the Company in the determination of the income tax expenses:

	2010	2009
Net loss	**$ (11,283)**	$ (9,328)
Basic income tax rate	**30%**	31%
Computed income tax provision	**(3,374)**	(2,882)
Decrease (increase) in income taxes resulting from:		
Unrecorded potential tax benefit arising from current period losses and other deductible temporary differences	**2,387**	342
Expiration of net operating losses	**1,475**	1,272
Effect of tax rate differences in foreign subsidiaries	**(851)**	(340)
Non-taxable items	**769**	705
Future tax rate differences	**(406)**	903
	$ –	$ –

Significant components of the Company's net future income tax balances are as follows:

	2010	2009
Future income tax assets:		
Net loss	**$ 28,241**	$ 26,240
Financing costs	**266**	467
Unused research and development expenses	**5,880**	5,135
Accounts payable and accrued liabilities	**70**	517
Licenses and patents	**464**	380
Deferred revenues	**–**	191
Interest expenses carry forward	**2,670**	2,325
Capital assets	**234**	167
Unrealized loss on exchange rate	**734**	–
Accounting reserve	**642**	94
Start-up expense	**2,995**	2,748
	42,196	38,264
Less: valuation allowance	**(40,987)**	(37,990)
Net future income tax assets	**1,209**	274
Future income tax liabilities:		
Capital assets	**(281)**	(274)
Intellectual property	**(158)**	–
Unrealized loss on exchange rate	**(770)**	–
Net future income tax assets	**$ –**	$ –

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 23. Income taxes (cont.)

As at December 31, 2010, the Company had available the following deductions, losses and credits:

	Canada		Foreign
	Federal	Provincial	countries
Deductions:			
Research and development expenses, without time limit	$ 19,010	$ 26,011	$ –
Share issue expenses	950	950	–
Interest deductions carryover	–	–	6,676
	$ 19,960	$ 26,961	$ 6,676
Losses carried forward expiring in:			
2011	–	–	217
2014	2,363	1,969	–
2015	1,726	1,205	–
2017	–	–	993
2018	–	–	370
2020	–	–	12
2021	–	–	1,503
2023	–	–	2,649
2024	–	–	4,514
2025	–	–	4,366
2026	6,550	5,086	8,520
2027	7,256	5,951	9,537
2028	8,580	7,268	8,569
2029	3,151	2,099	4,328
2030	4,528	3,358	7,525
2031	622	149	–
	$ 34,776	$ 27,085	$ 53,103

As at December 31, 2010, the Company also had unused federal tax credits available to reduce future Canadian taxable income in the amount of $5,164 and expiring between 2020 and 2031. Those tax credits have not been recorded and no future income tax liability has been recorded with respect to those tax credits.

The Company has also accumulated capital loss carry forwards amounting to $37,546 which are available to reduce future taxable income, the related tax benefits of which have not been recognized in the financial statements.

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 24.
ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

		2010	2009
a)	Change in working capital items		
	Accounts receivable	**$ 716**	$ 1,707
	Inventories	**1,005**	281
	Prepaid expenses	**(22)**	36
	Accounts payable and accrued liabilities	**(2,302)**	(388)
	Deferred revenues	**(632)**	(499)
		$ (1,235)	$ 1,137

		2010	2009
b)	Non-cash transactions		
	Excess of the interest in the joint venture PRDT over the proportionate share in the consolidated net assets	**–**	(2,959)
	Preferred shares retractable at the holder's option	**–**	(4,217)
	Non-cash interests related to long-term debt	**958**	16
c)	Other cash flow information		
	Interests paid	**174**	374
	Interests earned	**(7)**	45

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 25.
SEGMENTED INFORMATION

The financial information is presented in two different operating segments. The two operating segments are: In-house Therapeutics and Protein Technology

In-house Therapeutics: This operating segment has lead compounds, namely PBI-1402 and analogues PBI-4419, which target unmet medical needs such as the treatment of fibrosis in patients with chronic kidney diseases and certain cancers, and the side effects associated with chemotherapy.

Protein Technology: This operating segment contains the financial information of the following activities:

BioTherapeutics: The developer of a unique, validated, state-of-the-art solution for plasma fractionation, the Plasma Protein Purification System (PPPS™).

Bioseparation: Develops and markets bioseparation products based on applications of its patented Mimetic Ligand™ technology.

Prion Capture/Pathogen Removal: Provides a technology platform that improves the safety profile of blood products and blood-derived therapeutics.

a) Revenues and expenses by operating segments

For the year ended December 31, 2010	Therapeutics	Protein Technology	Corporate	Total
Revenues	**2**	**11,431**	**–**	**11,433**
Costs of good sold excluding amortization of capital assets	**–**	**2,818**	**–**	**2,818**
Research and development expenses rechargeable	**–**	**2,272**	**–**	**2,272**
Research and development expenses non rechargeable	**1,869**	**7,727**	**–**	**9,596**
Administration and marketing expenses	**–**	**836**	**4,616**	**5,452**
Amortization and write-off of capital assets	**104**	**164**	**31**	**299**
Amortization and write-off of licenses and patents	**109**	**290**	**–**	**399**
Gain on foreign exchange rate	**–**	**–**	**(77)**	**(77)**
Loss (gain) on disposal of capital assets	**(191)**	**1**	**13**	**(177)**
Impairment of an investment	**–**	**186**	**–**	**186**
Charges related to a guarantee	**–**	**–**	**180**	**180**
Interest expenses	**36**	**172**	**1,567**	**1,775**
Interest revenues	**(5)**	**(2)**	**–**	**(7)**
Net loss	**1,920**	**3,033**	**6,330**	**11,283**

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 25. Segmented information (cont.)

For the year ended December 31, 2009	Therapeutics	Protein Technology	Corporate	Total
Revenues	38	13,522	–	13,560
Costs of good sold excluding amortization of capital assets	–	3,101	–	3,101
Research and development expenses rechargeable	–	3,145	–	3,145
Research and development expenses non rechargeable	1,687	7,649	–	9,335
Administration and marketing expenses	–	720	3,876	4,596
Amortization and write-off of capital assets	177	617	45	839
Amortization and write-off of licenses and patents	793	265	–	1,058
Gain on deregognition of a net investment liability in PRDT	–	(1,257)	–	(1,257)
Gain on extinction of debts	–	–	(341)	(341)
Charges related to a guarantee	–	–	943	943
Gain on foreign exchange rate	–	–	(304)	(304)
Interest expenses	114	159	1,545	1,818
Interest revenues	(6)	(4)	(35)	(45)
Net loss	2,727	872	5,729	9,328

b) Revenues by geographic segment[1]

	2010	2009
United States	**$ 9,613**	$ 10,270
Brazil	**712**	–
United Kingdom	**500**	488
Germany	**218**	14
Austria	**117**	2,193
Holland	**74**	19
Denmark	**95**	69
Switzerland	**67**	128
Canada	**2**	56
Australia	**–**	148
Italy	**–**	99
India	**–**	46
Finland	**–**	14
Other countries	**35**	16
	$ 11,433	$ 13,560

(1) Revenues are attributed to countries based on location of customer and not on location of subsidiaries

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 25. Segmented information (cont.)

c) Assets by operating segments

	2010	2009
Therapeutics	**$ 2,759**	$ 2,812
Protein Technology	**5,577**	7,690
Corporate	**257**	582
	$ 8,593	$ 11,084

d) Assets by geographic segments

	2010	2009
Canada	**$ 3,411**	$ 3,838
United States	**2,069**	1,303
United Kingdom	**3,113**	5,943
	$ 8,593	$ 11,084

e) Capital assets and licenses and patents by operating segments

	2010	2009
Therapeutics	**$ 1,831**	$ 1,713
Protein Technology	**3,122**	3,224
Corporate	**66**	104
	$ 5,019	$ 5,041

f) Capital assets and licenses and patents by geographic segments

	2010	2009
Canada	**$ 1,968**	$ 1,898
United States	**1,331**	1,096
United Kingdom	**1,720**	2,048
	$ 5,019	$ 5,041

g) Acquisition of capital assets and licenses and patents by operating segments

	2010	2009
Therapeutics	**$ 442**	$ 213
Protein Technology	**519**	257
Corporate	**6**	2
	$ 967	$ 472

h) Acquisition of capital assets and licenses and patents by geographic segments

	2010	2010
Canada	**$ 464**	$ 215
United States	**348**	63
United Kingdom	**155**	194
	$ 967	$ 472

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 26.
GOVERNMENT GRANTS

The Company has received government grants from Isle of Man Government for operating and capital expenditures.

For grants received in 2005 and 2006, $1,073 and $80 respectively, the Isle of Man government reserves the right to reclaim in part or all of the grants should the Company leave the Isle of Man according to the following schedule – 100% repayment within 5 years of receipt, then a sliding scale after that for the next 5 years – 6 years 80%, 7 years 60%, 8 years 40%, 9 years 20%, 10 years 0%.

The grants received amounted to $42 in 2010 and $30 in 2009.

No provision has been made in these consolidated financial statements for any future repayment to the Isle of Man government relating to the above agreement.

NOTE 27.
CONTINGENCIES

The Company was served with a lawsuit relating to a claim for payment for unpaid services for a total of $195. The Company believes that this claim is not valid and is defending its position to this effect. On the basis that the Company does not feel that this claim will be successful, no provision, for this sum, has been made in the consolidated financial statements.

The Company has also been served with a lawsuit relating to a claim for payment of fees with respect to a consulting agreement, with such claim amounting to approximately US$650,000. The Company believes that this claim is not valid and is defending its position to this effect. On the basis that the Company does not feel that this claim will be successful, no provision, for this sum, has been made in the consolidated financial statements.

NOTE 28.
COMPARATIVE FIGURES

Certain figures for the prior years have been reclassified to conform to the current year's consolidated financial statements presentation.

Years ended December 31, 2010 and 2009
(In thousands of Canadian dollars except for number of shares or as otherwise specified)

NOTE 29. SUBSEQUENT EVENTS

a) In January and February 2011, the Company received a total of $1,500 equity investment out of a $2,500 commitment for its new subsidiary NewCo. The new subsidiary will undertake the development and manufacturing of high-value plasma-derived therapeutic biosimilars for ProMetic's current and future clients.

b) The Company has obtained a waiver from Abraxis BioScience, Inc. to postpone the first US$2,000 repayment of the loan from February 9, 2011 to February 28, 2011 (note 14).

On March 31, 2011, the Company entered into an agreement with Abraxis BioScience Inc., wholly owned subsidiary of Celgene Corporation, whereby the Company will assign certain intellectual property rights regarding a protein technology to Celgene Corporation, for a specific field of use. As consideration for the assignment of intellectual property rights, the US $10,000 loan entered into with Abraxis BioScience, Inc. in February 2010, will be forgiven. The agreement requires the Company to comply with certain administrative milestones by February 9, 2012. Failure to meet these milestones would result in a portion of the above loan to be re-instated in the range of US $6,000 to US $8,000. The Company considers it unlikely that it will be unable to meet the required milestones.

c) During the last week of March 2011, the Company received funds in advance of a series of equity investments in the Company by way of private placements totalling $800. The aggregate number of common shares to be issued by the Company in relation thereto remains to be confirmed, as the Company awaits relevant common share pricing (VWAP) confirmation from the TSX.

BOARD OF DIRECTORS

G.F. KYM ANTHONY[1]

Chairman of the Board
ProMetic Life Sciences Inc.
Chair
DFG Investment Advisers

ROBERT LACROIX[1]

Senior Vice-President
CTI Capital Securities Inc.

PIERRE LAURIN

President and Chief Executive Officer
ProMetic Life Sciences Inc.

LOUISE MÉNARD[2] [3]

President
Groupe Méfor inc. and
Corporate Director

PAUL MESBURIS[1]

Senior Portfolio Manager &
Chief Compliance Officer
Excel Investment Counsel Inc.

NANCY ORR[1]

Consultant

LOUISE PARADIS[2] [3]

Senior Vice-President, Legal Affairs and
Corporate Secretary
Banque de Développement du Canada

ROGER PERRAULT[2] [3]

Corporate Director

BRUCE WENDEL

Corporate Director

BENJAMIN WYGODNY[2] [3]

President
Angus Partnership Inc.

Positions – Committees

(1) Audit Committee
- Paul Mesburis(Chairman)
- G.F. Kim Anthony
- Robert Lacroix
- Nancy Orr

(2) Compensation Committee & HR Committee
- Benjamin Wygodny (Chairman)
- Louise Ménard
- Louise Paradis
- Roger Perrault

(3) Corporate Governance Committee
- Louise Ménard (Chairman)
- Louise Paradis
- Roger Perrault
- Benjamin Wygodny

CORPORATE INFORMATION

HEADQUARTERS

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Investor Relations
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On peut se procurer la version française du présent rapport annuel en s'adressant au service des relations avec les investisseurs de ProMetic Sciences de la Vie inc. (coordonnés ci-dessus) ou sur notre site internet à l'adresse www.prometic.com.

THERAPEUTICS

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Canada

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada
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Montreal, Quebec H3A 3S8
Canada

LISTING: TORONTO STOCK EXCHANGE

Symbol: PLI
Outstanding shares as of December 31, 2010: 353,164,339

ANNUAL MEETING OF SHAREHOLDERS

Wednesday, May 18 2011 at 10:30 (EDT)
Le Centre Sheraton Montréal Hotel
Salon 3, Level 2
1201 René-Lévesque Blvd. West
Montreal, Quebec H3B 2L7
Canada

ANNUAL INFORMATION FORM

The 2010 Annual Information Form of ProMetic Life Sciences Inc. is available upon request from the Company's Head Office or by accessing the SEDAR (System for Electronic Document Analysis and Retrieval) site, www.sedar.com.

ProMetic

www.prometic.com

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