First Quarter 2016

Management's Discussion and Analysis

of Financial Condition and Results of Operations

Introduction

This Management's Discussion and Analysis ("MD&A") provides a review of the results of operations, financial condition and cash flows of Aeterna Zentaris Inc. for the three-month period ended March 31, 2016. In this MD&A, "Aeterna Zentaris", the "Company", "we", "us", "our" and the "Group" mean Aeterna Zentaris Inc. and its subsidiaries. This discussion should be read in conjunction with the information contained in the Company's condensed interim consolidated financial statements and the accompanying notes thereto as at March 31, 2016 and for the three-month periods ended March 31, 2016 and 2015 (the "condensed interim consolidated financial statements"). Our condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*.

All amounts in this MD&A are presented in US dollars, except for share, option and warrant information, or as otherwise noted.

All share, option and share purchase warrant as well as per share, option and share purchase warrant information presented in this MD&A has been adjusted, including proportionate adjustments being made to each option and share purchase warrant exercise price, to reflect and to give effect to a share consolidation (or reverse split), on November 17, 2015, of our issued and outstanding common shares on a 100-to-1 basis. The share consolidation affected all shareholders, optionholders and warrantholders uniformly and thus did not materially affect any securityholder's percentage of ownership interest.

Company Overview

We are a specialty biopharmaceutical company engaged in developing and commercializing novel treatments in oncology, endocrinology and women's health.

We have two Phase 3 product candidates in development: Zoptrex™, a first-in-class targeted therapy, which, if approved, will be the first United States ("US") Food and Drug Administration (the "FDA")-approved treatment for advanced, recurrent endometrial cancer, and Macrilen™, potentially the first FDA-approved drug to be used in conjunction with the evaluation of adult growth hormone deficiency ("AGHD"). In addition, we currently co-promote three products: EstroGel® (estradiol gel), a leading gel application of estrogen therapy, on behalf of Ascend Therapeutics US LLC ("Ascend"); Saizen® [somatropin (rDNA origin) for injection], a recombinant human growth hormone supplement, on behalf of EMD Serono, Inc., the US and Canadian biopharmaceutical businesses of Merck KGaA of Darmstadt, Germany ("EMD Serono"); and APIFINY®, the first non-prostate-specific antigen ("PSA") blood test for use in evaluating the risk of prostate cancer, on behalf of Armune BioScience, Inc. ("Armune").

In addition to the clinical development programs and current commercial activities, we actively seek opportunities to in-license and acquire products for US commercialization. Our goal is to become a growth-oriented specialty biopharmaceutical company by pursuing successful development and commercialization of our product portfolio, achieving successful commercial presence and growth, while consistently delivering value to our shareholders, employees and the medical providers and patients who will benefit from our products.

The Company's common shares are listed both on The NASDAQ Capital Market ("NASDAQ"), under the symbol "AEZS", and on the Toronto Stock Exchange ("TSX"), under the symbol "AEZ".

About Forward-Looking Statements

This document contains forward-looking statements, which reflect our current expectations regarding future events. Forward-looking statements may include words such as "anticipate", "assume", "believe", "could", "expect", "foresee", "goal", "guidance", "intend", "may", "objective", "outlook", "plan", "seek", "should", "strive", "target" and "will".

Forward-looking statements involve risks and uncertainties, many of which are discussed in this MD&A, while others are discussed under the caption "Key Information - Risk Factors" in our most recent Annual Report on Form 20-F filed with the relevant Canadian securities regulatory authorities in lieu of an annual information form and with the US Securities and Exchange Commission ("SEC"). Such statements include, but are not limited to, statements about the progress of our research, development and clinical trials and the timing of, and prospects for, regulatory approval and commercialization of our product candidates, the timing of expected results of our studies, anticipated results of these studies, statements about the status of our efforts to establish a commercial operation and to obtain the right to promote or sell products that we did not develop and estimates regarding our capital requirements and our needs for, and our ability to obtain, additional financing. Known and unknown risks and uncertainties could cause our actual results to differ materially from those in the forward-looking statements. Such risks and uncertainties include, among others, the availability of funds and resources to pursue our research and development ("R&D") projects, the successful and timely completion of clinical studies, the risk that safety and efficacy data from any of our Phase 3 trials may not coincide with the data analyses from previously reported Phase 1 and/or Phase 2 clinical trials, the rejection or non-acceptance of any new drug application by one or more regulatory authorities and, more generally, uncertainties related to the regulatory process, the ability of the Company to efficiently commercialize one or more of its products or product candidates, the degree of market acceptance once our products are approved for commercialization, our ability to take advantage of business opportunities in the pharmaceutical industry, our ability to protect our intellectual property and general changes in economic conditions. See also the section entitled "Risk Factors and Uncertainties" in this MD&A.

Given these uncertainties and risk factors, readers are cautioned not to place undue reliance on any forward-looking statements. We disclaim any obligation to update any such factors or to publicly announce any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments, unless required to do so by a governmental authority or by applicable law.

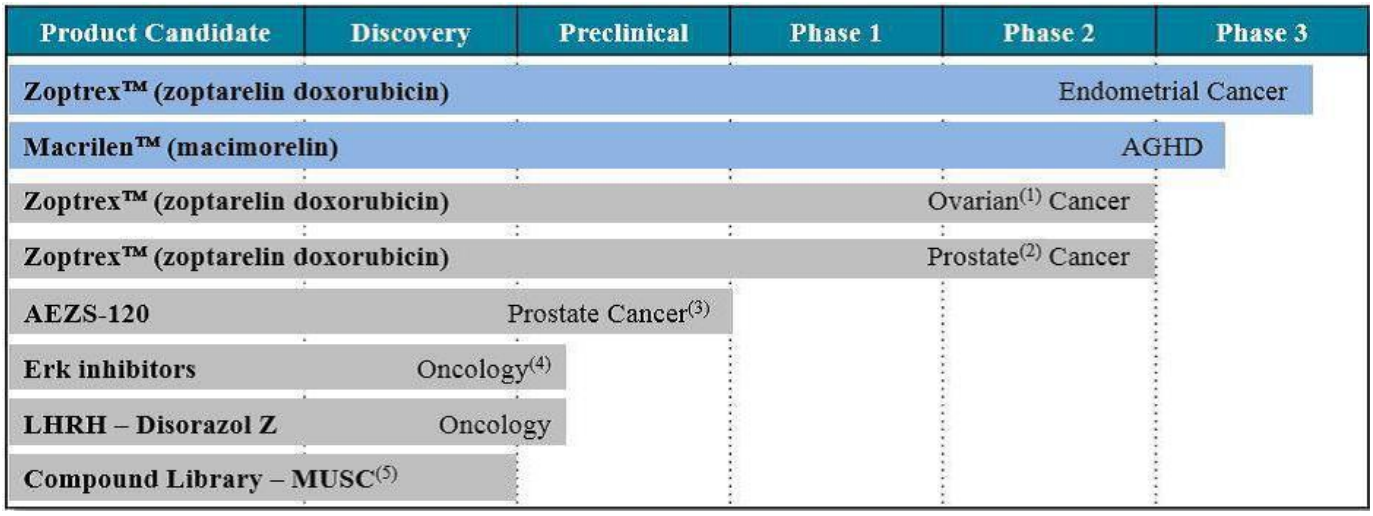
About Material Information

This MD&A includes information that we believe to be material to investors after considering all circumstances. We consider information and disclosures to be material if they result in, or would reasonably be expected to result in, a significant change in the market price or value of our securities, or where it is likely that a reasonable investor would consider the information and disclosures to be important in making an investment decision.

The Company is a reporting issuer under the securities legislation of all of the provinces of Canada, and our securities are registered with the SEC. The Company is therefore required to file or furnish continuous disclosure information, such as interim and annual financial statements, MD&A, proxy or information circulars, annual reports on Form 20-F, material change reports and press releases with the appropriate securities regulatory authorities. Copies of these documents may be obtained free of charge upon request from the Company's Corporate Secretary or on the Internet at the following addresses: www.aezsinc.com, www.sedar.com and www.sec.gov.

Key Developments

Status of Our Drug Pipeline



(1) Phase 2 in ovarian cancer completed.
(2) Investigator-driven and sponsored Phase 2 trial in castration and taxane resistant prostate cancer completed.
(3) Potential oral prostate cancer vaccine available for co-development/out-licensing, subject to an option granted to a third party.
(4) Available for co-development/out-licensing.
(5) Compound library transferred to Medical University of South Carolina. Aeterna Zentaris has access to future potential development candidates.

Zoptrex™ (zoptarelin doxorubicin)

Zoptrex™ is a complex molecule that combines a synthetic peptide carrier with doxorubicin, a well-known chemotherapy agent. The synthetic peptide carrier is a luteinizing hormone-releasing hormone ("LHRH") agonist, a modified natural hormone with affinity for the LHRH receptor. The design of the compound allows for the specific binding and selective uptake of the cytotoxic conjugate by LHRH receptor-positive tumors. Potential benefits of this targeted approach include a better efficacy and a more favorable safety profile with lower incidence and severity of side effects as compared to doxorubicin alone.

We believe that Zoptrex™ has the potential to become the first FDA-approved medical therapy for advanced, recurrent endometrial cancer, potentially resulting in the compound's rapid adoption as a novel core therapy for patient treatment and management, representing a significant potential market opportunity for us. Moving forward, we will continue to develop our commercialization plans regarding Zoptrex™ in this indication. In addition, contingent on the success of the ZoptEC (**Zopt**arelin Doxorubicin in **E**ndometrial **C**ancer) pivotal Phase 3 clinical trial in women with advanced, recurrent or metastatic endometrial cancer, we have additional areas of interest for further therapeutic development for zoptarelin doxorubicin, including ovarian, prostate, breast cancer and potentially bladder cancer.

On October 13, 2015, we announced that the independent Data and Safety Monitoring Board ("DSMB") had recommended that the pivotal Phase 3 ZoptEC study continue as planned. The DSMB's decision followed completion of its pre-specified second interim analysis on efficacy and safety at approximately 192 events. A final analysis of the data is expected during the third quarter of 2016, at approximately 384 events.

On March 1, 2016, we announced that our licensee, Sinopharm A-Think Pharmaceuticals Co., Ltd. (“Sinopharm”), which is affiliated with the largest state-owned pharmaceutical company in the People's Republic of China, is on track to submit a Clinical Trial Application (“CTA”) for Zoptrex™ to the Chinese State Food and Drug Administration (“SFDA”) in the Summer of 2016 and anticipates initiating the clinical development program later this year. In addition, Sinopharm has successfully implemented the technology processes and is preparing to manufacture the compound.

Macrilen™ (macimorelin)

Macimorelin, a ghrelin agonist, is a novel orally-active small molecule that stimulates the secretion of growth hormone. Macimorelin, under the trade name Macrilen™, has been granted orphan drug designation by the FDA for diagnosis of AGHD. The Company owns the worldwide rights to this novel patented compound.

On November 19, 2015, we announced the first patient enrolled for the confirmatory Phase 3 trial of Macrilen™ for the evaluation of AGHD. The confirmatory Phase 3 clinical study of Macrilen™ is designed as a two-way crossover study with the insulin tolerance test ("ITT") as the benchmark comparator and will involve some 30 sites in the US and Europe. The study population will consist of approximately 110 subjects (at least 55 ITT-positive and 55 ITT-negative) with a medical history documenting risk factors for AGHD, and it will include a spectrum of subjects from those with a low risk of having AGHD to those with a high risk of having the condition. The primary endpoint is validation of a single oral dose of macimorelin for the diagnosis of AGHD, using the ITT as a comparator.

On January 19, 2016, we announced that we concluded a successful meeting of the clinical investigators for the confirmatory Phase 3 trial of Macrilen™, a novel orally-active ghrelin agonist for use in evaluating AGHD. Based on the current rate of enrollment, the Company expects the confirmatory Phase 3 clinical study of Macrilen™ to be concluded in the third quarter of 2016.

Pre-clinical developments

On January 13, 2016, during our participation in the annual J.P. Morgan Healthcare conference, we announced that, in addition to our focus on Zoptrex™, we are also focusing on Disorazol Z, because it is an ideal compound for the formation of cytotoxic conjugates with peptides, proteins and antibodies to selectively target cancer cells. We have one cytotoxic conjugate, AEZS-138, in preclinical development. It is a conjugate based on Disorazol Z and the LHRH receptor agonist that is utilized in Zoptrex™. We believe that the peptide directs the compound specifically to LHRH receptor expressing tumor cells, and mediates binding and uptake via endocytosis. Within the cancer cell, the conjugates are cleaved and Disorazol Z can deploy its potent anti-proliferative activity. We have patented the cytotoxic agent Disorazol Z in 35 countries, including the US, Japan, Europe, China, Russia, Korea and Taiwan. This patent protection expires in 2026. The conjugate of Disorazol Z and the LHRH receptor agonist as a targeted cytotoxic agent is patented in 15 countries, including the US, Japan, China, Russia, Korea and Taiwan. This patent protection expires in 2027. We expect the European patent to be granted in the near future.

Commercial Operations

Our commercial operations consist of 21 full-time sales representatives and a sales-management staff. The sales representatives are employed by a contract sales organization; they provide services to us pursuant to our contract with the contract sales organization. Maintaining a sales force is an essential part of our strategy to transform our company into a commercially operating specialty biopharmaceutical company. We do not believe it is practical for a company our size to sustain itself solely on a portfolio of internally derived products; development takes too long, costs too much money and entails too much risk. Therefore, we are seeking to acquire or to in-license products that fit our areas of therapeutic interest and capabilities and that are available on what we consider to be reasonable commercial terms.

EstroGel®

In August 2014, we entered into a co-promotion agreement with Ascend Therapeutics USA LLC related to EstroGel®, a leading non-patch transdermal estrogen replacement therapy product. We promote the product in specific US territories in exchange for a sales commission that is based upon incremental sales volumes of the product over pre-established baselines.

During the first quarter of 2016, our promotion metrics for EstroGel® - average sales calls per day and average sample-to-prescription ratio, for example - were on target. However, the unit volume our representatives generated did not exceed the baseline and we earned no commission. We believe there are two primary reasons for this result. First, there is an overall downward trend in estrogen-replacement-therapy prescriptions. This trend is having an impact on all products in the category. Second, at the end of 2015, a major national pharmacy-benefit-manager moved EstroGel® to its “excluded medications” list, while adding a single competitor product to the "preferred alternative" category of its formulary of prescription medications. EstroGel® is being added to the formulary of another pharmacy-benefit-manager effective late in the second quarter of 2016, which may improve our sales commission results from promoting the product. However, we are currently evaluating whether to continue promoting EstroGel® under the current circumstances.

Saizen®

On May 8, 2015, we announced that we had entered into a promotional services agreement with EMD Serono, allowing us to promote Saizen® [somatropin (rDNA origin) for injection] to designated medical professionals in specified US territories. Saizen® is a recombinant human growth hormone registered in the US for the treatment of growth hormone deficiency in children and adults. Under this agreement, we are detailing Saizen® to designated medical professionals, representing an important incremental field promotion activity in support of EMD Serono's product. We are currently promoting Saizen® in approximately 20 US territories, with efforts having commenced during the third quarter of 2015. We receive a commission based on new, eligible patient starts on Saizen® above an agreed-upon baseline.

The first quarter of 2016 was a strong one for our promotion of Saizen®. Our sales team exceeded their new-patient-start baseline by over 66% during the first quarter, generating approximately $155,000 in sales commission revenue. The trend in new-patient-starts was also promising. New patient starts in the first quarter increased 88% over the fourth quarter.

APIFINY®

During the fourth quarter of 2015, we signed a co-marketing agreement with Armune BioScience, Inc. that gave us the right to promote this product to specified targets in the United States. APIFINY® is the only cancer-specific, non-PSA based blood test for the evaluation of the risk of prostate cancer. As such, it is an important adjunct to the traditional PSA test.

On April 27, 2016, we announced that we have entered into a new co-marketing agreement with Armune that gives us the exclusive right to promote APIFINY® throughout the entire United States. Under the terms of the new co-marketing agreement, we receive a commission for every APIFINY® test ordered, because there is no baseline. The amount of the commission varies depending upon the payor. For commercial insurance tests, we receive a small upfront payment when the test is performed and, within 30 to 90 days, an additional percentage of the reimbursement, minus the amount of the upfront payment. For all other tests, we receive a flat fee at the time the test is performed.

During the first quarter of 2016, we received nominal sales commission revenue from our promotion of APIFINY® because we only started promoting the product with our entire sales force in late February.

Corporate Activities

Public offerings and related events

On December 30, 2015, we announced that we had filed a preliminary short form base shelf prospectus (the “Shelf Prospectus”) with the securities regulatory authorities in each of the provinces of Canada, and a corresponding shelf registration statement on Form F-10 with the SEC under the US/Canada Multijurisdictional Disclosure System. The Shelf Prospectus and corresponding shelf registration statement, which became effective subsequent to year-end on January 13, 2016, will allow us to offer up to $150 million of common shares, preferred shares, debt securities, subscription receipts, warrants or units comprised of one or more of such securities during the 25-month period that the Shelf Prospectus is effective.

On April 1, 2016, we entered into an "At-the-Market" ("ATM") sales agreement under which we are able, at our discretion and from time to time, to sell up to 3 million of our common shares through ATM issuances on the NASDAQ for aggregate gross proceeds of up to approximately $10 million. The ATM program provides that common shares are to be sold at market prices prevailing at the time of sale and, as a result, prices may vary.

Class action lawsuit

The Company and certain of its current and former officers are defendants in a putative class-action lawsuit brought on behalf of shareholders of the Company. The pending lawsuit is the result of the consolidation of several lawsuits, the first of which was filed on November 11, 2014. The plaintiffs filed their amended consolidated complaint on April 10, 2015. The amended complaint alleged violations of the Securities Exchange Act of 1934 in connection with allegedly false and misleading statements made by the defendants between August 30, 2011 and November 6, 2014 (the "Class Period"), regarding the safety and efficacy of Macrilen™ and the prospects for the approval of the Company's new drug application for the product by the FDA. The plaintiffs seek to represent a class comprised of purchasers of the Company's common shares during the Class Period and seek unspecified damages, costs and expenses and such other relief as determined by the court.

On September 14, 2015, the Court dismissed the lawsuit, but granted the plaintiffs leave to amend. In dismissing the lawsuit, the court affirmed that the plaintiffs had failed to state a claim. On October 14, 2015, the plaintiffs filed a second amended complaint. We subsequently filed a motion to dismiss, because we believe that the second amended complaint also fails to state a claim. The hearing of the motion to dismiss the Second Amended Complaint occurred on January 19, 2016. On March 2, 2016, the Court issued an order granting our motion to dismiss the complaint in part and denying it in part. The Court dismissed certain of our current and former officers from the lawsuit. The Court allowed the claim that we omitted material facts from our public statements during the Class Period to proceed against us and our former CEO who departed in 2013, while dismissing such claims against other current and former officers. The Court also allowed a claim for "controlling person" liability to proceed against certain current and former officers. We disagree with the Court's decision and we filed a motion for reconsideration on March 16, 2016. That motion remains pending. We also filed an answer to the second amended complaint on April 6, 2016.

Condensed Interim Consolidated Statements of Comprehensive Loss Information

(in thousands, except share and per share data)	Three months ended March 31, 2016	2015
	$	$
Revenues		
Sales Commission and Other	**181**	—
License fees	**61**	73
	242	73
Operating expenses		
Research and development costs	**3,657**	4,466
General and administrative expenses	**1,894**	3,443
Selling expenses	**1,682**	1,700
	7,233	9,609
Loss from operations	**(6,991)**	(9,536)
Gain (loss) due to changes in foreign currency exchange rates	**468**	(1,474)
Change in fair value of warrant liability	**2,805**	1,189
Other finance income	**42**	185
Net finance income (costs)	**3,315**	(100)
Net loss from continuing operations	**(3,676)**	(9,636)
Net loss from discontinued operations	**—**	(100)
Net loss	**(3,676)**	(9,736)
Other comprehensive loss:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	**(469)**	1,775
Items that will not be reclassified to profit or loss:		
Actuarial loss on defined benefit plans	**(1,426)**	(1,301)
Comprehensive loss	**(5,571)**	(9,262)
Net loss per share (basic and diluted) from continuing operations	**(0.37)**	(13.45)
Net loss per share (basic and diluted) from discontinued operations	**—**	(0.14)
Net loss per share (basic and diluted)	**(0.37)**	(13.59)
Weighted average number of shares outstanding:		
Basic	**9,928,697**	716,536
Diluted	**9,928,697**	716,536

Revenues

Sales commission and other recorded during the three months ended March 31, 2016 resulted from our sales team exceeding pre-established unit sales baseline thresholds under our co-promotion agreements to sell Saizen® . We also started generating sales commission in connection with our promotion of APIFINY®.

License fees recorded during the three months ended March 31, 2016 and 2015 resulted predominantly from the amortization of a one-time, non-refundable payment made to us in 2014 in connection with a master collaboration agreement, a technology transfer and technical assistance agreement and a license agreement we entered into with Sinopharm, which is related to Zoptrex™. We deferred this non-refundable payment and we amortize it on a straightline basis over a four-year period.

We expect revenues during the second quarter of 2016 to be higher than those recorded during the first quarter of 2016 due to higher sales commission revenue that we expect to generate in connection with our promotion efforts mainly related to Saizen® and APIFINY®.

Operating Expenses

R&D costs were $3.7 million for the three-month period ended March 31, 2016, compared to $4.5 million for the same period in 2015. The decrease for the three-month period ended March 31, 2016, as compared to the same period in 2015, is attributable to lower comparative third-party costs, as described below. It is also explained by lower employee compensation and benefits costs, lower facilities rent and maintenance as well as lower other costs. A substantial portion of this decrease is due to the realization of cost savings in connection with our effort to streamline our R&D activities and to increase our commercial operations and flexibility by reducing our R&D staff, which was started in 2014 (the "Resource Optimization Program"), for which a provision was recorded in the third quarter of 2014.

The following table summarizes our R&D costs by nature of expense:

(in thousands)	Three months ended March 31, 2016	Three months ended March 31, 2015
	$	**$**
Third-party costs	**2,494**	3,173
Employee compensation and benefits	**829**	1,041
Facilities rent and maintenance	**226**	335
Other costs*	**110**	191
Gain on disposal of equipment	**(2)**	(274)
	3,657	4,466

* Includes mainly depreciation, amortization, reversal of impairment charges and of unused provision as well as operating foreign exchange losses.

The following table summarizes primary third-party R&D costs, by product candidate, incurred by the Company during the three-month periods ended March 31, 2016 and 2015.

(in thousands, except percentages)	Three months ended March 31, 2016		Three months ended March 31, 2015	
Product Candidate	**$**	**%**	**$**	**%**
Zoptarelin doxorubicin	**1,808**	72.5	2,803	88.3
Macrilen™, macimorelin	**570**	22.9	82	2.6
LHRH-Disorazol Z	**51**	2.0	47	1.5
Erk inhibitors	**17**	0.7	216	6.8
Other	**48**	1.9	25	0.8
	2,494	100.0	3,173	100.0

As shown above, a substantial portion of the quarter-to-date R&D costs relates to development initiatives associated with Zoptrex™, and in particular with our pivotal Phase 3 ZoptEC clinical trial initiated in 2013 with Ergomed. Third-party costs attributable to Zoptrex™ decreased during the three-month period ended March 31, 2016, as compared to the same period in 2015, mainly due to the fact that the number of patients in active treatment in the clinical trial was lower in the first quarter of 2016 as compared to the same period in 2015. This is in line with our expectations as we are coming closer to the end of the clinical trials.

During the three-month period ended March 31, 2016, ongoing services provided by Ergomed included the conducting of monitoring visits at various clinical sites, screening and enrollment initiatives, investigation-related management and analysis as well as regulatory and quality assurance support. ZoptEC-related efforts are progressing in accordance with pre-established timelines. As we continue to closely monitor all initiatives supported by Ergomed, we may decide to revise some of the trial's parameters or expand the scope of work performed by Ergomed and, consequently, total estimated costs in connection with the co-development and revenue sharing agreement may be adjusted. To date, our arrangement with Ergomed has been revised following our decision to open additional clinical sites and to perform additional sub-studies, resulting in overall, cumulative cost increases of approximately $2.4 million, as compared to our original expectations. We currently estimate that we will incur approximately $3.4 million pursuant to our agreement with Ergomed over the next 9 months as we proceed with and complete our ZoptEC trial.

In addition, during 2015, we started the new confirmatory Phase 3 clinical trial of Macrilen™, which explains the increase in costs for this product candidate.

Excluding the impact of foreign exchange rate fluctuations, we expect R&D costs for 2016 to increase, as compared to 2015, with the recent initiation of our confirmatory Phase 3 clinical trial for Macrilen™. Based on currently available information and excluding the impact of foreign exchange rate fluctuations, we expect that we will incur overall R&D costs of between $19 million and $20 million for the year ended December 31, 2016.

General and administrative ("G&A") expenses were $1.9 million for the three-month period ended March 31, 2016, as compared to $3.4 million for the same period in 2015. The decrease is mainly attributable to the recording, in the prior year quarter, of certain transaction costs allocated to warrants in connection with the completion of the March 2015 Offering.

During 2016, excluding the impact of foreign exchange rate fluctuations and the recording of transaction costs related to potential financing activities (not currently known or estimable), we expect G&A expenses to be lower as compared to 2015, ranging between $6 million and $7 million, because we do not expect to record any restructuring charges in 2016 as we had in 2015.

Selling expenses were $1.7 million for each of the three-month periods ended March 31, 2016, and 2015. The selling expenses for the three-month periods ended March 31, 2016 and 2015 represent the costs of our contracted sales force related to the co-promotion activities as well as our internal sales management team. Those activities were launched during the fourth quarter of 2014.

Based on currently available information and forecasts, excluding the impact of foreign exchange rate fluctuations, we expect selling expenses to remain relatively stable and reach a range of between $7 million and $8 million during 2016.

Net finance income (costs) were $3.3 million for the three-month period ended March 31, 2016, as compared to a loss of $0.1 million for the same period in 2015. This change is mainly attributable to foreign currency fluctuations which was driven by the fluctuations of the Canadian dollar against the US dollar and the change in fair value recorded in connection with our warrant liability. Such change in fair value results from the periodic "mark-to-market" revaluation, via the application of the intrinsic valuation and the Black-Scholes option pricing models, of currently outstanding share purchase warrants. The "mark-to-market" warrant valuation was impacted by the issuance of 3.1 million additional share purchase warrants in 2015 and by the closing price of our common shares, which, on the NASDAQ, fluctuated from $2.67 to $4.40 during the three-month period ended March 31, 2016 compared to $51.11 to $84.20 during the same period in 2015.

Net loss for the three-month period ended March 31, 2016 was $3.7 million, or $0.37 per basic and diluted share, as compared to a net loss of $9.7 million, or $13.59 per basic and diluted share, for the same period in 2015. The decrease in net loss for the three-month period ended March 31, 2016, as compared to the same period in 2015, is due largely to lower operating expenses and higher comparative net finance income, as presented above.

Quarterly Consolidated Results of Operations Information

(in thousands, except for per share data)	Three months ended			
	March 31, 2016	**December 31, 2015**	**September 30, 2015**	**June 30, 2015**
	$	**$**	**$**	**$**
Revenues	**242**	102	173	197
Loss from operations	**(6,991)**	(9,858)	(7,501)	(7,989)
Net loss from continuing operations	**(3,676)**	(10,043)	(15,401)	(15,148)
Net loss	**(3,676)**	(10,018)	(15,290)	(15,099)
Net loss per share from continuing operations (basic and diluted)*	**(0.37)**	(1.46)	(6.71)	(13.69)
Net loss per share (basic and diluted)*	**(0.37)**	(1.46)	(6.66)	(13.65)

(in thousands, except for per share data)	Three months ended			
	March 31, 2015	**December 31, 2014**	**September 30, 2014**	**June 30, 2014**
	$	**$**	**$**	**$**
Revenues	**73**	11	—	—
Loss from operations	**(9,536)**	(10,947)	(9,843)	(8,410)
Net (loss) income from continuing operations	**(9,636)**	3,995	(11,629)	(5,249)
Net (loss) income	**(9,736)**	4,153	(11,337)	(5,024)
Net (loss) income per share from continuing operations (basic and diluted)*	**(13.45)**	6.11	(19.66)	(9.29)
Net (loss) income per share (basic and diluted)*	**(13.59)**	6.35	(19.16)	(8.89)

* Net (loss) income per share is based on the weighted average number of shares outstanding during each reporting period, which may differ on a quarter-to-quarter basis. As such, the sum of the quarterly net (loss) income per share amounts may not equal year-to-date net (loss) income per share.

Historical quarterly results of operations and net (loss) income from continuing operations cannot be taken as reflective of recurring revenue or expenditure patterns or of predictable trends, largely given the unpredictable quarterly variations attributable to our net finance income (costs), which in turn are comprised of the impact of the periodic "mark-to-market" revaluation of our warrant liability and of foreign exchange gains and losses. Additionally, our R&D costs have historically varied on a quarter-over-quarter basis due to the ramping up or winding down of potential product candidate activities, which in turn are dependent upon a number of factors that often do not occur on a linear or predictable basis.

Our selling expenses have increased on a quarter-over-quarter basis due to the ramping up of pre-commercialization activities associated with Macrilen™ (prior to the receipt in November 2014 of the CRL from the FDA) and to the deployment of our contracted sales force and managerial staff related to our co-promotion and other commercial activities.

In addition to the items referred to above, our net (loss) income has also been impacted by net variations attributable to our discontinued operations related to the manufacturing of Cetrotide® and related activities.

Consolidated Interim Consolidated Statement of Financial Position Information

	As at March 31, 2016	As at December 31, 2015
	$	$
Cash and cash equivalents[1]	**32,981**	41,450
Trade and other receivables and other current assets	**1,358**	944
Restricted cash equivalents	**266**	255
Property, plant and equipment	**231**	256
Other non-current assets	**9,210**	8,593
Total assets	**44,046**	51,498
Payables and other current liabilities[2]	**3,643**	4,770
Current portion of deferred revenues	**254**	244
Warrant liability (current and non-current portions)	**8,086**	10,891
Non-financial non-current liabilities[3]	**15,766**	13,978
Total liabilities	**27,749**	29,883
Shareholders' equity	**16,297**	21,615
Total liabilities and shareholders' equity	**44,046**	51,498

1 Approximately $1.1 and $1.5 million are denominated in EUR as at March 31, 2016 and December 31, 2015, respectively.
2 Approximately $0.2 and $0.6 million related to our provision for restructuring as at March 31, 2016 and December 31, 2015, respectively.
3 Comprised mainly of employee future benefits, provisions for onerous contracts and non-current portion of deferred revenues.

The decrease in cash and cash equivalents as at March 31, 2016, as compared to December 31, 2015, is due to variations in components of our working capital and by net cash used in operating activities, as well as by the effect of exchange rate fluctuations.

The increase in trade and other receivables and other current assets as at March 31, 2016, as compared to December 31, 2015, is mainly due to higher trade accounts receivable related to our co-promotional agreements as well as the fact that we pay our insurance premium once a year in January.

The increase in other non-current assets as at March 31, 2016, as compared to December 31, 2015, is primarily due to the exchange rate fluctuation of the EUR against the US dollar relating to goodwill. In addition, since the sales commission revenue in connection with Saizen® are receivable quarterly over two years following the patient enrollment, a portion of it has therefore been included in other non-current assets.

The decrease in payables and other current liabilities as at March 31, 2016, as compared to December 31, 2015, is mainly explained by the decrease of our trade payables.

Our warrant liability decrease from December 31, 2015 to March 31, 2016 is due to a net fair value revaluation gain of $2.8 million, which was recorded pursuant to our periodic "mark-to-market" revaluation of the underlying outstanding warrants. The revaluation gain is explained by the decrease of the price of our common shares during the period.

The increase in non-financial non-current liabilities from December 31, 2015 to March 31, 2016 is due to a decrease in the discount rate used to estimate our employee future benefits obligation.

The decrease in shareholders' equity as at March 31, 2016, as compared to December 31, 2015, is attributable primarily to the recording of a net loss for the quarter and an actuarial loss on our pension-related employee benefit obligation for the same period.

Financial Liabilities, Obligations and Commitments

Our Financial Liabilities, Obligations and Commitments have not changed significantly from those disclosed in our most recent Annual Report on Form 20-F for the financial year ended December 31, 2015.

Outstanding Share Data

As at May 9, 2016, we had 9,939,863 common shares issued and outstanding, as well as 270,832 stock options outstanding. Warrants outstanding as at May 9, 2016 represented a total of 2,842,309 equivalent common shares (excluding any exercises of Series B Warrants under the alternate cashless exercise feature of such warrants).

Capital Disclosures

Our objective in managing capital, consisting of shareholders' equity, with cash and cash equivalents and restricted cash equivalents being its primary components, is to ensure sufficient liquidity to fund R&D costs, selling expenses, general and administrative expenses and working capital. Over the past several years, we have increasingly raised capital via public equity offerings and drawdowns under various ATM sales programs as our primary source of liquidity.

Our capital management objective remains the same as that in previous periods. The policy on dividends is to retain cash to keep funds available to finance the activities required to advance our product development portfolio and to pursue appropriate commercial opportunities as they may arise. We are not subject to any capital requirements imposed by any regulators or by any other external source.

Liquidity, Cash Flows and Capital Resources

Our operations and capital expenditures have been financed through certain transactions impacting our cash flows from operating activities, public equity offerings, as well as from drawdowns under various ATM programs.

Based on our assessment, which took into account current cash levels, as well as our strategic plan and corresponding budgets and forecasts, we believe that we have sufficient liquidity and financial resources to fund planned expenditures and other working capital needs for at least, but not limited to, the 12-month period following the statement of financial position date of March 31, 2016.

We may endeavor to secure additional financing, as required, through strategic alliance arrangements or through other activities, as well as via the issuance of new share capital or other securities.

The variations in our liquidity by activity are explained below.

(in thousands)	Three months ended March 31,	
	2016	**2015**
	$	**$**
Cash and cash equivalents - Beginning of period	**41,450**	34,931
Cash flows from operating activities:		
Cash used in operating activities from continuing operations	**(8,848)**	(9,871)
Cash used in operating activities from discontinued operations	**—**	(314)
	(8,848)	(10,185)
Cash flows from financing activities:		
Net cash provided by financing activities	**—**	28,737
Cash flows from investing activities:		
Net cash (used in) provided by investing activities	**(3)**	492
Effect of exchange rate changes on cash and cash equivalents	**382**	(716)
Cash and cash equivalents - End of period	**32,981**	53,259

Operating Activities

Cash used in operating activities totaled $8.8 million for the three-month period ended March 31, 2016, as compared to $10.2 million for the same period in 2015. The decrease in cash used in operating activities for the three-month period ended March 31, 2016, as compared to the same period in 2015, is mainly due to lower operating expenses.

Financing Activities

Cash flows provided by financing activities were nil for the three-month period ended March 31, 2016, as compared to $28.7 million for the same period in 2015. The decrease for the three-month period ended March 31, 2016, as compared to the same period in 2015, is due to net proceeds received from the issuance of common shares and warrants during the first quarter of 2015.

Investing Activities

Cash flows used in investing activities were not significant for the three-month period ended March 31, 2016, as compared to $0.5 million provided by investing activities for the same period in 2015. The decrease for the three-month period ended March 31, 2016, as compared to the same period in 2015, is due to proceeds received in connection with the disposal of equipment in connection with our Resource Optimization Program during the first quarter of 2015.

Critical Accounting Policies, Estimates and Judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of our assets, liabilities, revenues, expenses and related disclosures. Judgments, estimates and assumptions are based on historical experience, expectations, current trends and other factors that management believes to be relevant at the time at which our consolidated financial statements are prepared.

Management reviews, on a regular basis, the Company's accounting policies, assumptions, estimates and judgments in order to ensure that our consolidated financial statements are presented fairly and in accordance with IFRS. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical accounting estimates and assumptions, as well as critical judgments used in applying accounting policies in the preparation of our condensed interim consolidated financial statements were the same as those that applied to our annual consolidated financial

statements as at December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013, except for the two items below, which were not yet adopted or previously disclosed.

a. Revenue Recognition

Sales Commission

Revenues from sales commission are recognized when all the following conditions are satisfied:

i. the amount of revenue can be measured reliably; and
ii. it is probable that the economic benefits associated with the transaction will flow to the Company.

The Company is only responsible for promoting various products. Therefore, there is no continuing involvement following the patient starting the treatment and buying the products. When the inflow of cash is deferred, the fair value of the consideration is determined by discounting all future receipts using the prevailing rate for similar debt of the customer.

b. Annual improvements to IFRS (2012-2014) cycle

On September 25, 2014, the IASB issued narrow-scope amendments to a total of four standards as part of its annual improvements process. The amendments applied for annual periods beginning on or after January 1, 2016. Amendments were made to clarify the following in their respective standards:

i. Changes in method for disposal under IFRS 5, Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5");
ii. Continuing involvement for servicing contracts and offsetting disclosures in condensed interim financial statements under IFRS 7, Financial Instruments: Disclosures ("IFRS 7");
iii. Discount rate in a regional market sharing the same currency under International Accounting Standard ("IAS") 19, Employee Benefits;
iv. Disclosure of information "elsewhere in the interim financial reports" under IAS 34, Interim Financial Reporting;

These amendments had no material impact on the Company's condensed interim consolidated financial statements.

Recent Accounting Pronouncements

The International Accounting Standards Board ("IASB") continues to issue new and revised IFRS. A listing of the recent accounting pronouncements promulgated by the IASB and not yet adopted by the Company is included in note 4 to the Company's December 31, 2015 consolidated financial statements and in note 3 to the Company's March 31, 2016 interim condensed consolidated financial statements.

Outlook for the remainder of 2016

Clinical Activities

Zoptrex™

With the DSMB's recommendation that our pivotal Phase 3 ZoptEC study in women with advanced, recurrent, or metastatic endometrial cancer continue as planned, we are expanding our commercialization planning for Zoptrex™. Our commercialization efforts will focus on the development of a scientific platform, the identification of key opinion leaders and the expansion of market research initiatives. We expect to complete the ZoptEC trial during the third quarter of 2016 and, if the results of the trial warrant doing so, to file the NDA for Zoptrex™ in 2017, looking toward commercial launch of the product in 2018, assuming positive Phase 3 results and that our NDA is granted.

Macrilen™

We will focus on patient recruitment for the confirmatory Phase 3 trial in AGHD. We also initiated the QT study. We currently estimate that the trials will be completed by year-end and probably as early as during the third quarter of 2016, with expected combined third-party expenses of approximately $3.1 million over the remaining trial period. This would permit us to submit a New Drug Application for Macrilen™ to the FDA by the end of the first quarter of 2017 and, if the study is successful in meeting its primary endpoint, to obtain FDA approval of the drug by the end of the third quarter of 2017.

Commercial Operations

EstroGel®

Our promotional efforts in support of EstroGel® continue to demonstrate positive promotional response; however, we are not confident that we will exceed the pre-established baseline thresholds for unit sales in our US territories for the reasons described in the key developments section above. Therefore, we are currently analyzing whether to continue our promotional activities of EstroGel®.

Saizen®

Based on momentum established during the first quarter, we expect that our promotional efforts with respect to Saizen® will continue to be successful during the remainder of 2016. A physician desiring to prescribe Saizen® (or any similar product) for a new patient must first submit a 'statement of medical necessity' to the patient's insurance provider. The insurance provider will make its coverage decision on the basis of the statement of medical necessity. During the first quarter, the number of statements of medical necessity submitted by the physicians we target exceeded the number submitted in the fourth quarter by approximately 61%. Furthermore, we intend to request that EMD Serono make additional Saizen® target physicians available to us. We are hopeful that they will do so in light of our results to date in promoting the product.

APIFINY®

During the fourth quarter of 2015, we signed a co-marketing agreement with Armune. On April 27, 2016, we announced that we had entered into a new co-marketing agreement with Armune pursuant to which we acquired the exclusive right to promote APIFINY® throughout the United States, effective as of June 1, 2016. Based on our acquisition of the exclusive right to promote the product, we expect our sales commission revenue from APIFINY® to grow rapidly.

Summary of key expectations for revenues, operating expenditures and cash flows

As noted above, we do not expect to record significant sales commission revenues in connection with our co-promotion agreement for EstroGel®. We will continue to record sales commission revenues in relation to our promotional services agreement for Saizen® and with our co-marketing agreement with Armune. As for license fee revenues, we will continue to recognize the amortization of deferred revenues related to the agreements we entered into with Sinopharm in 2014, as mentioned above.

As noted above, our main focus for R&D efforts will be on Zoptrex™, with the ongoing pivotal Phase 3 ZoptEC clinical trial, as well as on Macrilen™ with the initiated confirmatory Phase 3 clinical trial and the QT study, where we continue to anticipate substantial investment to fund ongoing development initiatives. More specifically, we currently estimate that we will incur approximately $6.5 million in third-party costs over the next 9 months as we complete our QT study and our confirmatory Phase 3 clinical trial for Macrilen™ and as we proceed with and complete our ZoptEC trial.

As discussed above, excluding the impact of foreign exchange rate fluctuations, we expect that we will incur R&D costs of between $19 million and $20 million for the year ended December 31, 2016.

We expect that selling expenses will slightly increase for the year ended December 31, 2016, as compared to the year ended December 31, 2015, mainly due to our increased promotional activities associated with Saizen® and APIFINY®.

Excluding the impact of foreign exchange rate fluctuations, we expect that our G&A expenses will be lower for the year ended December 31, 2016, as compared to the year ended December 31, 2015, mainly due to the aforementioned recording of transaction costs in connection with our public offerings completed in March and December 2015 and to the recording of a provision for restructuring in connection with the closure of our Quebec City office during the fourth quarter of 2015.

Excluding any foreign exchange impacts, as well as income from new business development initiatives, we now expect that our overall use of cash for operations in 2016 will range from $32 million to $34 million as we continue to fund ongoing operating activities and working capital requirements. The increase in our cash needs since previous guidance is mainly explained by the sales commission revenues, which are lower than expected.

The preceding summary with regard to our revenue, operating expenditure and cash flow expectations excludes any consideration of any potential strategic commercial initiatives that may be consummated in connection with our efforts to expand our commercial operations in the US or elsewhere. In addition, these expectations may be materially impacted by our expected growth in sales commission revenues. As such, the guidance presented in this MD&A is subject to revision based on new information that is not currently known or available.

Financial Risk Factors and Other Instruments

The nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk, liquidity risk and market risk (share price risk) and how the Company manages those risks are included in note 13 in the Company's March 31, 2016 interim condensed consolidated financial statements.

Related Party Transactions and Off-Balance Sheet Arrangements

As at March 31, 2016, we did not have any related party transactions.

As at March 31, 2016, we did not have any interests in special purpose entities or any other off-balance sheet arrangements.

Risk Factors and Uncertainties

An investment in our securities involves a high degree of risk. In addition to the other information included in this Quarterly Report, you are urged to carefully consider the risks described under the caption "Risk Factors and Uncertainties" in our most recent Annual Report on Form 20-F for the year ended December 31, 2015 for a discussion of the various risks that may materially affect our business. Except as set forth below, there have been no material changes to such risks. The risks and uncertainties not presently known to us or that we currently deem immaterial may also materially harm our business, operating results and financial condition and could result in a complete loss of your investment.

Our most recent Annual Report on Form 20-F was filed with the relevant Canadian securities regulatory authorities in lieu of an annual information form at www.sedar.com and with the SEC at www.sec.gov, and investors are urged to consult such risk factors.

The following paragraphs replace, restate and supersede the paragraph entitled "*We believe that there is a reasonable likelihood that we may lose our foreign private issuer status as of June 30, 2016, which would require us to comply with the Exchange Act's domestic reporting regime and cause us to incur additional legal, accounting and other expenses.*" contained in the risk factors included in the Company's Annual Report on Form 20-F for the year ended December 31, 2015:

In the event we were to lose our foreign private issuer status as of June 30 of a given financial year, we would be required to comply with the Exchange Act's domestic reporting regime and to incur additional legal, accounting and other expenses.

In order to maintain our current status as a foreign private issuer, either (1) a majority of our common shares must not be either directly or indirectly owned of record by residents of the US or (2) (a) a majority of our executive officers and of our directors must not be US citizens or residents, (b) more than 50 percent of our assets cannot be located in the US and (c) our business must be administered principally outside the US.

Our management has recently conducted its annual assessment of the various facts and circumstances underlying the determination of our status as a foreign private issuer and, based on the foregoing, we have determined that, if the various foreign private issuer tests were applied to the Company as of the date of this document, we would continue to be a foreign private issuer.

There can be no assurance, however, that we will remain a foreign private issuer when the test actually applies to us on June 30, 2016 as well as on June 30 in future financial years.

If we were to lose our foreign private issuer status as of June 30 of any given financial year, we would be required to comply with the Exchange Act reporting and other requirements applicable to US domestic issuers, which are more detailed and extensive than the requirements for foreign private issuers. We may also be required to make changes in our corporate governance practices in accordance with various SEC rules and NASDAQ listing standards. The regulatory and compliance costs to us of complying with the reporting requirements applicable to a US domestic issuer under US securities laws may be higher than the cost we have historically incurred as a foreign private issuer. In addition, if we were to lose our foreign private issuer status, we would no longer qualify under the Canada-US multijurisdictional disclosure system to benefit from being able to file registration statements on Form F-10 (even if we satisfy the other conditions to eligibility), which could make it longer and more difficult to register our securities and raise funds by way of public, registered offerings in the US, and we would become subject to "baby shelf" rules that place limitations on our ability to issue an amount of securities above a certain threshold depending on our market capitalization and public float at a given point in time. As a result, we would expect that a potential loss of foreign private issuer status at some future point in time could increase our legal, financial reporting and accounting compliance costs, and it is difficult at this time to estimate by how much our legal, financial reporting and accounting compliance costs may increase in such eventuality.

Changes in Internal Controls over Financial Reporting

There have been no changes in our internal control over financial reporting during the three-month period ended March 31, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

The design of any system of controls and procedures is based in part upon certain assumptions about the likelihood of certain events. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, including conditions that are remote.