UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13A-16 OR 15D-16 UNDER THE
SECURITIES EXCHANGE ACT OF 1934

Dated May 11, 2016

Commission File Number 001-36421

AURINIA PHARMACEUTICALS INC.

(Exact name of Registrant as specified in its charter)

N/A
(Translation of Registrant's Name)

#1203-4464 Markham Street
Victoria, British Columbia
V8Z7X8
(250) 708-4272
(Address and telephone number of registrant's principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F [ ] Form 40-F [X]

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b) (1): [ ]

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b) (7): [ ]

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes [ ] No [X]

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): Not applicable.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 11, 2016.

Aurinia Pharmaceuticals Inc.
By: /s/ Dennis Bourgeault
Name: Dennis Bourgeault
Title: Chief Financial Officer

EXHIBIT INDEX

Exhibit	Description of Exhibit
99.1	Interim Condensed Consolidated Financial Statements for the First Quarter ended March 31, 2016
99.2	MD&A for the First Quarter ended March 31, 2016
99.3	Certification of Interim Filings - Chief Executive Officer
99.4	Certification of Interim Filings - Chief Financial Officer

Exhibit 99.1

Aurinia Pharmaceuticals Inc.

Interim Condensed Consolidated Financial Statements
(Unaudited)

(Expressed in thousands of United States (U.S.) dollars)

First quarter ended March 31, 2016

Aurinia Pharmaceuticals Inc.
Interim Condensed Consolidated Statements of Financial Position
(Unaudited)

(Expressed in thousands of U.S. dollars)

	March 31, 2016 $	December 31, 2015 $
Assets		
Current assets		
Cash and cash equivalents	3,492	5,756
Short term investment (note 4)	7,040	9,997
Accounts receivable	47	47
Prepaid expenses	523	734
	11,102	16,534
Property and equipment	32	36
Acquired intellectual property and other intangible assets	16,615	16,997
Total assets	27,749	33,567
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	2,149	3,333
Current portion of deferred revenue	143	168
Provision for restructuring costs	77	116
Contingent consideration (note 5)	1,273	-
	3,642	3,617
Deferred revenue	648	678
Contingent consideration (note 5)	2,599	3,810
Derivative warrant liability (note 6)	4,835	5,499
	11,724	13,604
Shareholders' equity		
Share capital		
Common shares (note 7)	261,645	261,645
Warrants (note 7)	1,297	1,297
Contributed surplus	15,908	15,579
Accumulated other comprehensive loss	(805)	(805)
Deficit	(262,020)	(257,753)
	16,025	19,963
	27,749	33,567
Going concern (note 2)		
Subsequent events (note 13)		

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Aurinia Pharmaceuticals Inc.
Interim Condensed Consolidated Statements of Operations and Comprehensive Loss
(Unaudited)
For the three month periods ended March 31, 2016 and 2015

(Expressed in thousands of U.S. dollars, except per share data)

	March 31, 2016 $	March 31, 2015 $
Revenue		
Licensing revenue	30	30
Research and development revenue	25	25
Contract services	2	7
	57	62
Expenses		
Research and development	3,324	3,330
Corporate, administration and business development	1,192	1,905
Amortization of acquired intellectual property and other intangible assets	382	392
Amortization of property and equipment	5	6
Contract services	1	5
Other expense (note 8)	84	98
	4,988	5,736
Net loss before gain (loss) on derivative warrant liability	(4,931)	(5,674)
Gain (loss) on derivative warrant liability (note 6)	664	(2,927)
Net loss and comprehensive loss for the period	(4,267)	(8,601)
Basic and diluted net loss per common share (note 9)	(0.13)	(0.27)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Aurinia Pharmaceuticals Inc.
Interim Condensed Consolidated Statements of Changes in Shareholders' Equity
(Unaudited)
For the three month periods ended March 31, 2016 and 2015

(Expressed in thousands of U.S. dollars)

	Common Shares $	Warrants $	Contributed surplus $	Accumulated Other Comprehensive Loss $	Deficit $	Shareholders' Equity $
Balance – January 1, 2016	261,645	1,297	15,579	(805)	(257,753)	19,963
Stock-based compensation	-	-	329	-	-	329
Net loss and comprehensive loss for the period	-	-	-		(4,267)	(4,267)
Balance – March 31, 2016	261,645	1,297	15,908	(805)	(262,020)	16,025
Balance – January 1, 2015	259,712	1,804	12,306	(805)	(239,146)	33,871
Exercise of warrants (note 7)	427	(142)	-	-	-	285
Exercise of cashless warrants	636	-	-	-	-	636
Exercise of stock options (note 7)	151	-	(67)	-	-	84
Stock-based compensation	-	-	1,284	-	-	1,284
Net loss and comprehensive loss for the period	-	-	-		(8,601)	(8,601)
Balance – March 31, 2015	260,926	1,662	13,523	(805)	(247,747)	27,559

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Aurinia Pharmaceuticals Inc.
Interim Condensed Consolidated Statements of Cash Flow
(Unaudited)
For the three month periods ended March 31, 2016 and 2015

(Expressed in thousands of U.S. dollars)

	March 31, 2016 $	March 31, 2015 $
Cash flow provided by (used in)		
Operating activities		
Net loss for the period	(4,267)	(8,601)
Adjustments for:		
Amortization of deferred revenue	(55)	(55)
Amortization of property and equipment	5	6
Amortization of acquired intellectual property and other intangible assets	382	392
Revaluation of contingent consideration	62	184
Loss (gain) on derivative warrant liability	(664)	2,927
Stock-based compensation	329	1,284
Change in provision for restructuring costs	(39)	(39)
Net change in other operating assets and liabilities (note 11)	(973)	(120)
Net cash used in operating activities	(5,220)	(4,022)
Investing activities		
Purchase of short-term investment	(7,043)	(9,999)
Proceeds on maturity of short-term investment	10,000	10,000
Purchase of equipment	(1)	(5)
Capitalized patent costs	-	(5)
Net cash generated (used in) investing activities	2,956	(11)
Financing activities		
Proceeds from exercise of warrants	-	285
Proceeds from exercise of stock options	-	84
Net cash generated from financing activities	-	369
Decrease in cash and cash equivalents	(2,264)	(3,664)
Cash and cash equivalents – beginning of period	5,756	22,706
Cash and cash equivalents – end of period	3,492	19,042

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

1. Corporate information

Aurinia Pharmaceuticals Inc. or the "Company" is a clinical stage pharmaceutical company with its head office located at #1203-4464 Markham Street, Victoria, British Columbia V8Z 7X8 where clinical, regulatory and business development functions of the Company are conducted. The Company has its registered office located at #201, 17904-105 Avenue, Edmonton, Alberta T5S 2H5 where the finance function is performed.

Aurinia Pharmaceuticals Inc. is organized pursuant to the *Business Corporations Act* (Alberta). The Company's Common Shares are currently listed and traded on the NASDAQ Global Market (NASDAQ) under the symbol AUPH and on the Toronto Stock Exchange under the symbol AUP. The Company's primary business is the development of a therapeutic drug to treat autoimmune diseases, in particular lupus nephritis.

These interim condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Aurinia Pharma Corp., Aurinia Pharmaceuticals, Inc. (Delaware incorporated) and Aurinia Pharma Limited (UK incorporated).

2. Going concern

These interim condensed consolidated financial statements have been prepared using International Financial Reporting Standards (IFRS) applicable to a going concern, which assumes the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business. The Company has no source of operating cash flow and operations to date have been funded primarily from the issue of share capital.

As at March 31, 2016, the Company had net working capital, excluding the current portion of contingent consideration, of $8,733,000 compared to $12,917,000 as at December 31, 2015. For the three month period ended March 31, 2016, the Company reported a loss of $4,267,000 (March 31, 2015 – $8,601,000) and a cash outflow from operating activities of $5,220,000 (March 31, 2015 – $4,022,000). As at March 31, 2016, the Company had an accumulated deficit of $262,020,000 (December 31, 2015 – $257,753,000).

Management believes the Company has sufficient working capital to reach the 24-week primary endpoint for its Phase 2b lupus nephritis (LN) clinical trial, which completed enrollment on January 18, 2016. The Company expects to release the 24-week primary endpoint data in the third quarter of 2016. Management considers this a key milestone event for the Company. In order to complete the remainder of this LN clinical trial and be able to undertake further development and commercialization of voclosporin, the Company will need to raise additional funds within the next 12 months.

On October 16, 2015, the Company filed a Short Form Base Shelf Prospectus (the Shelf Prospectus). The Shelf Prospectus and corresponding shelf registration statement allows the Company to offer up to $250,000,000 of common shares, warrants and subscription receipts or any combination thereof during the 25-month period that the Shelf Prospectus is effective. The Shelf Prospectus is intended to give the Company the capability to access new capital from time to time. The Company intends to undertake an offering within the next 12 months of operations in order to sustain the Company's operations and complete the current Phase 2b LN clinical trial.

The outcome of such an offering is dependent on a number of factors outside of the Company's control. The nature of the biotechnology sector and current financial equity market conditions make the success of any future financing ventures uncertain. There is no assurance any new financings will be successful. This uncertainty casts significant doubt upon the Company's ability to continue as a going concern and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

The success of the Company and recoverability of amounts expended on research and development to date, including capitalized intangible assets, are dependent on the ability of the Company to raise additional cash, then to complete development activities, receive regulatory approval and to be able to commercialize voclosporin in the key markets and indications, whereby the Company can achieve future profitable operations. Depending on the results of the research and development programs and availability of financial resources, the Company may accelerate, terminate, cut back on certain areas of research and development, commence new areas of research and development or curtail certain or all of the Company's operations. There is no assurance these initiatives will be successful.

These interim condensed consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenues and expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

3. Basis of presentation

These interim condensed consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as applicable to interim financial reports including IAS 34, Interim Financial Reporting, and should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2015 which have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB").

These interim condensed consolidated financial statements were authorized for issue by the audit committee of the Board of Directors on May 11, 2016.

4. Short term investment

The short-term investment, recorded initially at fair value and subsequently at amortized cost using the effective interest method, is a 3 month HSBC Bank US denominated discount note due May 10, 2016, with an amortized cost of $7,040,000 and an initial cost of $7,035,000. (December 31, 2015 - 6 month HSBC US denominated discount note due February 10, 2016 with an amortized cost of $9,997,000 and an initial cost of $9,984,000). The note has an effective interest rate of 0.445%. (December 31, 2015 - 0.311%).

5. Contingent consideration

The outstanding fair value of contingent consideration payable to ILJIN Life Science Co., Ltd. ("ILJIN") resulting from the Arrangement Agreement completed on September 20, 2013 between the Company, Aurinia Pharma Corp. and ILJIN consists of potential payments of up to $10,000,000 to be paid in five equal tranches according to the achievement of pre-defined clinical and marketing milestones.

The fair value of this portion of contingent consideration at March 31, 2016 was estimated to be $3,872,000 (December 31, 2015 - $3,810,000) and was determined by applying the income approach. The fair value estimates at March 31, 2016 were based on a discount rate of 10% and an assumed probability-adjusted payment range between 35% and 70%. This is a level 3 recurring fair value measurement. There were no changes in the assumptions since December 31, 2015.

6. Derivative warrant liability

The holders of the warrants issued pursuant to the February 14, 2014 private placement may elect, in lieu of exercising the warrants for cash, a cashless exercise option to receive common shares equal to the fair value of the warrants based on the number of warrants to be exercised multiplied by a five day weighted average market price less the exercise price with the difference divided by the weighted average market price. No warrants were exercised in the first quarter ended March 31, 2016. In the quarter ended March 31, 2015, a holder of these warrants elected this option and the Company issued 66,000 common shares upon the cashless exercise of 182,000 warrants. These warrants had a fair value of $636,000 at the date of exercise, determined using the Black-Scholes warrant pricing model. This amount was transferred from derivative warrant liability to common shares.

At March 31, 2016 the Company estimated the fair value of the derivative warrant liability at $4,835,000 (December 31, 2015 - $5,499,000) which resulted in a gain on revaluation of derivative warrant liability for the three months ended March 31, 2016 of $664,000 (March 31, 2015 - loss on revaluation of derivative warrant liability of $2,927,000).

(amounts in tabular columns expressed in thousands of U.S. dollars)

The Company considers the expected volatility of its common shares in estimating its future stock price volatility. The risk-free interest rate for the expected life of the warrants was based on the yield available on government benchmark bonds with an approximate equivalent remaining term at the time of the grant. The expected life is based upon the contractual term.

The Company uses the Black-Scholes option pricing model to estimate fair value. The following weighted average assumptions were used to estimate the fair value of the derivative warrant liability on March 31, 2016 and December 31, 2015:

	March 31, 2016	**December 31, 2015**
Annualized volatility	60%	84%
Risk-free interest rate	0.81%	1.19%
Expected life of warrants in years	2.87	3.13
Dividend rate	0.0%	0.0%
Market price	2.91	2.47
Fair value per warrant	1.06	1.21

This is a Level 3 recurring fair value measurement. The key level 3 inputs used by management to determine the fair value are the market price and the expected volatility. If the market price were to increase by a factor of 10% this would increase the obligation by approximately $902,000 at March 31, 2016. If the market price were to decrease by a factor of 10% this would decrease the obligation by approximately $855,000. If the volatility were to increase by 10%, this would increase the obligation by approximately $483,000. If the volatility were to decrease by 10%, this would decrease the obligation by approximately $495,000 at March 31, 2016.

The following table presents the changes in the derivative warrant liability categorized as Level 3:

	$
Balance at December 31, 2015	5,499
Gain on revaluation of derivative warrant liability	(664)
Balance at March 31, 2016	4,835
Balance at December 31, 2014	11,235
Conversion to equity (common shares) upon exercise of warrants	(636)
Loss on revaluation of derivative warrant liability	2,927
Balance at March 31, 2015	13,526

7. Share Capital

(a) Common shares

Authorized
The Company is authorized to issue an unlimited number of common shares without par value.

	Common Shares	
Issued	**#**	**$**
	(in thousands)	
Balance at December 31 , 2015 and March 31, 2016	32,287	261,645
Balance at December 31 , 2014	31,818	259,712
Issued pursuant to exercise of stock options	30	151
Issued pursuant to exercise of warrants	148	427
Issued pursuant to exercise of derivative liability warrants (note 6)	66	636
Balance at March 31, 2015	32,062	260,926

(b) Warrants

	Warrants	
Issued	**#**	**$**
	(in thousands)	
Balance at December 31, 2015 and March 31, 2016	1,368	1,297
Balance at December 31, 2014	1,724	1,804
Warrants exercised	(148)	(142)
Balance at March 31, 2015	1,576	1,662

		Weighted average
	#	**exercise price**
Expiry date:	**(in thousands)**	**$**
Exercisable in CDN$		
September 20, 2016 (CDN$2.25 and CDN$2.50)	1,039	1.92
June 26, 2018 (CDN$2.25 and CDN$2.50)	315	1.92
December 31, 2018 (CDN$2.00)	14	1.54
	1,368	1.92
Exercisable in US$		
February 14, 2019 (note 6)	4,548	3.22
	5,916	2.92

(c) Stock options and compensation expense

The maximum number of Common Shares issuable under the Stock Option Plan is equal to 10% of the issued and outstanding Common Shares at the time the Common Shares are reserved for issuance. As at March 31, 2016 there were 32,287,000 Common Shares of the Company issued and outstanding, resulting in a maximum of 3,228,700 stock options available for issuance under the Stock Option Plan. An aggregate total of 3,033,000 options are presently outstanding, representing 9.4% of the issued and outstanding Common Shares of the Company.

(amounts in tabular columns expressed in thousands of U.S. dollars)

The Stock Option Plan requires the exercise price of each option to be determined by the Board of Directors and not to be less than the closing market price of the Company's stock on the day immediately prior to the date of grant. Any options which expire may be re-granted. The Board approves the vesting criteria and periods at its discretion. The options issued under the plan are accounted for as equity-settled share-based payments.

A summary of the status of the Company's stock option plan as of March 31, 2016 and 2015 and changes during the three month periods ended on those dates is presented below:

	March 31, 2016		March 31, 2015	
	#	Weighted average exercise price In CDN$	#	Weighted average exercise price In CDN$
Outstanding – Beginning of period	2,713	4.00	1,376	3.68
Granted	320	3.90	960	4.25
Forfeited	-	-	(8)	4.25
Exercised	-	-	(30)	3.50
Outstanding – End of period	3,033	3.99	2,298	3.92
Options exercisable – End of period	2,377	3.99	1,111	3.78

The Company granted 60,000 stock options to directors of the Company on March 23, 2016 at a price of $3.00 (CDN$3.96) per common share. On March 30, 2016 the Company granted 220,000 stock options to officers and employees of the Company at a price of $3.02 (CDN$3.91) per common share. On March 31, 2016 the Company granted 40,000 stock options to the Chief Executive Officer of the Company at a price $2.90 (CDN$3.76) per common share. On January 6, 2015, the Company granted 960,000 stock options to directors, officers and employees of the Company at a price of $3.59 (CDN$4.25) per common share. The options granted in 2015 and 2016 all vest in equal amounts over 12 months and are exercisable for a term of five years.

The Company recognized stock-based compensation expense of $329,000 (2015 – $1,284,000) with corresponding credits to contributed surplus. For the three months ended March 31, 2016, stock compensation expense has been allocated to research and development expense in the amount of $68,000 (2015 – $387,000) and corporate administration expense in the amount of $261,000 (2015 – $897,000).

The Company used the Black-Scholes option pricing model to estimate the fair value of the options granted to employees, officers and directors.

The following weighted average assumptions were used to estimate the fair value of the options granted during the three month periods ended March 31, 2016 and 2015:

	March 31, 2016	March 31, 2015
Expected volatility	76%	85%
Risk-free interest rate	0.59	1.09
Expected life of options in years	3.8	3.9
Estimated forfeiture rate	7.56%	12.2%
Dividend rate	0.0%	0.0%
Exercise price	3.00	3.59
Market price on date of grant	3.00	3.59
Fair value per common share option	1.64	2.19

The Company considers historical volatility of its common shares in estimating its future stock price volatility. The risk-free interest rate for the expected life of the options was based on the yield available on government benchmark bonds with an approximate equivalent remaining term at the time of the grant. The expected life is based upon the contractual term, taking into account expected employee exercise and expected post-vesting employment termination behaviour.

Determining the fair value of stock options on grant date, requires judgment related to the choice of a pricing model, the estimation of stock price volatility and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's reported operating results, liabilities or other components of shareholders' equity. The key assumption used by management is the stock price volatility. The impact of a 10% change had no significant impact.

8. Other expense

Other expense (income), net:	**March 31, 2016 $**	**March 31, 2015 $**
Finance income		
Interest income on short-term bank deposits and discount note	(8)	(16)
Other		
Revaluation adjustment on contingent consideration (note 5)	62	184
Foreign exchange loss (gain)	30	(70)
	92	114
	84	98

9. Net loss per common share

Basic and diluted net loss per common share is computed by dividing net loss by the weighted average number of common shares outstanding for the period. In determining diluted net loss per common share, the weighted average number of common shares outstanding is adjusted for stock options and warrants eligible for exercise where the average market price of common shares for the three months ended March 31, 2016 exceeds the exercise price. Common shares that could potentially dilute basic net loss per common share in the future that could be issued from the exercise of outstanding stock options and warrants were not included in the computation of the diluted loss per common share for the three months ended March 31, 2016 and March 31, 2015 because to do so would be anti-dilutive.

The numerator and denominator used in the calculation of historical basic and diluted net loss amounts per common share are as follows:

	March 31, 2016 $	**March 31, 2015 $**
Net loss for the period	(4,267)	(8,601)
	# (in thousands)	**# (in thousands)**
Weighted average common shares outstanding	32,287	31,859
	$	**$**
Loss per common share *(expressed in $ per share)*	(0.13)	(0.27)

The outstanding number and type of securities that would potentially dilute basic loss per common share in the future and which were not included in the computation of diluted loss per share, because to do so would have reduced the loss per common share (anti-dilutive) for the years presented, are as follows:

	March 31, 2016 # (in thousands)	March 31, 2015 # (in thousands)
Stock options	3,033	2,298
Warrants (derivative liability)	4,548	4,548
Warrants (equity)	1,368	1,576
	8,949	8,422

10. Segment disclosures

The Company's operations comprise a single reporting segment engaged in the research, development and commercialization of therapeutic drugs. As the operations comprise a single reporting segment, amounts disclosed in the financial statements represent those of the single reporting unit. In addition, all of the Company's long-lived assets are located in Canada.

The following geographic area data reflects revenue based on customer location.

Geographic information

	March 31, 2016 $	March 31, 2015 $
Revenue		
Canada	27	32
China	30	30
	57	62

11. Supplementary cash flow information

Net change in other operating assets and liabilities:

	March 31, 2016 $	March 31, 2015 $
Accounts receivable	-	(22)
Prepaid expenses and deposits	211	341
Accounts payable and accrued liabilities	(1,184)	(439)
	(973)	(120)

12. Foreign exchange risk

The Company is exposed to financial risk related to the fluctuation of foreign currency exchange rates. Foreign currency risk is the risk that variations in exchange rates between the United States dollar, which is the Company's functional currency, and foreign currencies, primarily with the Canadian dollar, will affect the Company's operating and financial results.

(amounts in tabular columns expressed in thousands of U.S. dollars)

The following table presents the Company's exposure to the CDN dollar:

	March 31, 2016 $	March 31, 2015 $
Cash and cash equivalents	7	268
Accounts receivable	42	54
Accounts payable and accrued liabilities	(574)	(420)
Net exposure	(525)	(98)

	Reporting date rate	
	March 31, 2016 $	March 31, 2015 $
CDN$ - US$	0.770	0.789

Based on the Company's foreign currency exposures noted above, varying the foreign exchange rates to reflect a ten percent strengthening of the U.S. dollar would have decreased the net loss by $53,000 assuming that all other variables remained constant. An assumed 10 percent weakening of the U.S. dollar would have had an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

13. Subsequent events

(a) Change in Management and Board

On April 10, 2016 the President and Chief Executive Officer, who was also a Director of the Company, resigned from his positions as an Officer and Director of the Company. The Company entered into an agreement with him whereby the Company will pay him $597.000 over 14 months.

(b) Grant of stock options

On May 2, 2016 the Company granted 200,000 stock options at a price of $2.92 (CDN$3.66) per common share to the newly hired General Manager of the Americas and Global Commercial Assessment. These options vest in equal amounts over 36 months and are exercisable for a term of five years.

Exhibit 99.2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE FIRST QUARTER ENDED MARCH 31, 2016

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") provides information on the activities of Aurinia Pharmaceuticals Inc. ("Aurinia" or the "Company") and its subsidiaries on a consolidated basis and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and accompanying notes for the three months ended March 31, 2016 and the Company's annual MD&A and audited financial statements for the year ended December 31, 2015. All amounts are expressed in United States (U.S.) dollars unless otherwise stated. Dollar amounts in tabular columns are expressed in thousands of U.S. dollars. This document is current in all material respects as of May 11, 2016.

The financial information contained in this MD&A and in the Company's unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards or IFRS as issued by the International Accounting Standards Board or IASB applicable to the preparation of interim financial statements including International Accounting Standards 34: *Interim Financial Reporting.* The unaudited interim condensed consolidated financial statements and MD&A have been reviewed and approved by the Company's Audit Committee on May 11, 2016.

FORWARD-LOOKING STATEMENTS

A statement is forward-looking when it uses what the Company knows and expects today to make a statement about the future. Forward-looking statements may include words such as "*anticipate", "believe", "intend", "expect", "goal", "may", "outlook", "plan", "seek", "should", "strive", "target", "could", "continue", "potential"* and

"estimated", or the negative of such terms or comparable terminology. You should not place undue reliance on forward-looking statements, particularly those concerning anticipated events relating to the development, clinical trials, regulatory approval, and marketing of the Company's product and the timing or magnitude of those events, as they are inherently risky and uncertain.

Securities laws encourage companies to disclose forward-looking information so that investors can get a better understanding of the Company's future prospects and make informed investment decisions. In this MD&A, these statements may include, without limitation:

- plans to fund the Company's operations;
- statements concerning strategic alternatives and future operations;
- partnering activities;
- summary statements relating to results of the past voclosporin trials or plans to advance the development of voclosporin;
- statements concerning partnership activities and health regulatory discussions;
- the timing of the release of the primary end-point results of the Company's voclosporin Phase 2b Lupus Nephritis clinical trial ("AURA") ;
- the timing of the analysis and review of the AURA data with the U.S. Food and Drug Administration ("FDA");
- the timing of commencement and completion of clinical trials;
- the Company's intention to seek regulatory approvals in the United States and Europe for voclosporin;
- the Company's intention to seek additional corporate alliances and collaborative agreements to support the commercialization and development of its product;
- the Company's intention to demonstrate that voclosporin possesses pharmacologic properties with the potential to demonstrate best-in-class differentiation with first-in-class status for the treatment of LN outside of Japan;
- the Company's intention to use the AURA clinical trial program to gain a clearer understanding of voclosporin's time to onset of action in patients suffering from lupus nephritis ("LN");
- the Company's intention to initiate a Japanese Phase 1 trial;
- the Company's belief that recent granted formulation patents regarding the delivery of voclosporin to the ocular surface for conditions such as dry eye have the potential to be of therapeutic value;
- the Company's belief that voclosporin has further potential to be of therapeutic value in other autoimmune indications and in the prevention of transplant rejection;
- the Company's intention to seek regulatory approval in other jurisdictions in the future and initiate clinical studies;
- the Company's anticipated future financial position, future revenues and projected costs;
- the Company's intention to raise additional funds in the next 12 months;
- the timing of the Company's anticipated milestones for 2016;
- the Company's belief that voclosporin offers relevant clinical benefits as compared to the older off-patent calcineurin inhibitors ("CNI") and existing commercially available CNIs and thus possess a unique position in the market;
- the Company's belief that the inhibition of activation of T-cells will have a positive modulatory effect in the treatment of LN;
- plans and objectives of management; and
- the Company's belief that utilizing a multi-targeted approach with voclosporin may help LN patients.

Such statements reflect the Company's current views with respect to future events and are subject to risks and uncertainties and are necessarily based on a number of estimates and assumptions that, while considered reasonable by the Company, as at the date of such statements, are inherently subject to significant business, economic, competitive, political, scientific and social uncertainties and contingencies, many of which, with respect to future events, are subject to change. The factors and assumptions used by the Company to develop such forward-looking statements include, but are not limited to: the assumption that the Company will be able to reach agreements with regulatory agencies on executable development programs; the assumption that recruitment to clinical trials will occur as projected; the assumption that the Company will successfully complete its clinical programs on a timely basis, including the AURA clinical trial currently in progress, to enable the Company to proceed to conduct future required LN clinical trials and meet regulatory requirements for approval of marketing authorization applications and new drug approvals; the assumption the regulatory requirements will be maintained; the assumption that the Company will be able to manufacture and secure a sufficient supply of voclosporin on a timely basis to successfully complete the development and commercialization of voclosporin; the assumption that the Company's patent portfolio is sufficient and valid; the assumption that there is a potential commercial value for other indications for voclosporin; the assumption that market data and reports reviewed by the Company are accurate; the assumptions relating to the availability of capital on terms that are favourable to the Company; the assumption that the Company will be able to attract and retain skilled staff; the assumption that general business and economic conditions will be maintained, and the assumptions relating to the feasibility of future clinical trials.

It is important to know that:

- Actual results could be materially different from what the Company expects if known or unknown risks affect its business, or if the Company's estimates or assumptions turn out to be inaccurate. As a result, the Company cannot guarantee that any forward-looking statement will materialize and, accordingly, you are cautioned not to place undue reliance on these forward-looking statements.
- Forward-looking statements do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made may have on the Company's business.
  For example, they do not include the effect of mergers, acquisitions, other business combinations or transactions, dispositions, sales of assets, asset write-downs or other charges announced or occurring after the forward-looking statements are made. The financial impact of such transactions and non-recurring and other special items can be complex and necessarily depends on the facts particular to each of them. Accordingly, the expected impact cannot be meaningfully described in the abstract or presented in the same manner as known risks affecting the Company's business.
- The Company disclaims any intention and assumes no obligation to update any forward-looking statements even if new information becomes available, as a result of future events, new information, or for any other reason except as required by law.

Such forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, performance, or achievements to differ materially from any further results, performance or achievements expressed or implied by such forward-looking statements. Important factors that could cause such differences include, among other things, the following:

- the need for additional capital to fund the Company's development programs and the effect of capital market conditions and other factors on capital availability;
- difficulties, delays, or failures the Company may experience in the conduct of and reporting of results of its clinical trials for voclosporin, and in particular its current AURA clinical trial;
- difficulties, delays or failures in obtaining regulatory approvals for the initiation of clinical trials;
- difficulties, delays or failures in obtaining regulatory approvals to market voclosporin;
- difficulties the Company may experience in completing the development and commercialization of voclosporin;
- insufficient acceptance of and demand for voclosporin;
- difficulties, delays, or failures in obtaining appropriate reimbursement of voclosporin.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance or achievements. These forward-looking statements are made as of the date hereof.

For additional information on risks and uncertainties in respect of the Company and its business, please see the "Risks and Uncertainties" section of this MD&A. Although the Company believes that the expectations reflected in such forward-looking statements and information are reasonable, undue reliance should not be placed on forward-looking statements or information because the Company can give no assurance that such expectations will prove to be correct.

Additional information related to Aurinia, including its most recent Annual Information Form, is available by accessing the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com or the U.S. Securities and Exchange Commission's ("SEC") Electronic Document Gathering and Retrieval System ("EDGAR") website at www.sec.gov/edgar.

OVERVIEW

THE COMPANY

Corporate Structure

Name, Address and Incorporation

Aurinia is a clinical stage biopharmaceutical company with its head office located at #1203-4464 Markham Street, Victoria, British Columbia V8Z 7X8 where clinical, regulatory and business development functions of the Company are conducted. The Company has its registered office located at #201, 17904-105 Avenue, Edmonton, Alberta T5S 2H5 where the finance function is performed.

Aurinia Pharmaceuticals Inc. is organized under the *Business Corporations Act* (Alberta). The Company's Common Shares are currently listed and traded on the NASDAQ Global Market ("NASDAQ") under the symbol "AUPH" and on the Toronto Stock Exchange ("TSX") under the symbol "AUP". The Company's primary business is the development of a therapeutic drug to treat autoimmune diseases, in particular LN.

The Company has the following wholly-owned subsidiaries: Aurinia Pharma Corp. (British Columbia incorporated), Aurinia Pharmaceuticals, Inc. (Delaware incorporated) and Aurinia Pharma Limited (UK incorporated).

RECENT DEVELOPMENTS

Change in Management and Board

On April 11, 2016 the Company appointed Charles Rowland, MBA, CPA, as its Chief Executive Officer ("CEO") replacing Stephen Zaruby who resigned as the Company's President and CEO and from its Board of Directors on April 10, 2016. In conjunction with Mr. Rowland's appointment as President and CEO, Gregory Ayers, MD, PhD was appointed as the Audit Committee Chair.

Mr. Rowland has more than 30 years of experience in pharmaceutical operations, strategic value creation as well as financial management. He served as the Vice President and Chief Financial Officer of ViroPharma Incorporated, an international biopharmaceutical company, until it was acquired by Shire plc for $4.2B in January 2014. As a member of the executive team, he was key in developing the global strategic direction of the company, its international expansion and its strong financial position. During his time at ViroPharma, the company returned significant value to its stakeholders through a series of strategic business and operational activities including the acquisition and launch of several products in the U.S. and Europe, including Cinryze® (C1 esterase inhibitor, human) for prevention of attacks of a rare disease called hereditary angioedema. Prior to joining ViroPharma in 2008, Mr. Rowland held a number of leadership positions at several biotechnology and pharmaceutical companies, most recently as interim Co-Chief Executive Officer and Executive Vice President and Chief Financial Officer for Endo Pharmaceuticals Inc., a specialty pharmaceutical company with a primary focus in pain management, where he served from 2006 to 2008. At Endo, Mr. Rowland drove the strategic planning process, including the design and implementation of the company's mid and long-term business and financial strategy. Mr. Rowland previously held positions of increasing responsibility at Biovail Corporation, Breakaway Technologies, Inc., Pharmacia Corporation, Novartis AG and Bristol-Myers Squibb. Mr. Rowland's board experience includes companies such as BluePrint Medicines, Vitae Pharmaceuticals and Idenix Pharmaceuticals. Idenix was acquired by Merck in 2014.

On April 29, 2016 the Company hired Bradley J. Dickerson, as the General Manager of the Americas and Global Commercial Assessment.

Mr. Dickerson has more than 15 years of experience in the healthcare industry with a focus on pharmaceutical market access, distribution and patient services. He served as Vice President, Access and Reimbursement at NPS Pharmaceuticals, until it was acquired by Shire plc. As a member of the US Leadership team, he was key to implementing the market access and patient services strategy for NPS products. Prior to his role at NPS, Mr. Dickerson was Director of Managed Markets at ViroPharma with responsibility for all market access functions. He provided leadership for the launch and ongoing commercialization of Cinryze® Prior to joining ViroPharma in 2009, Mr. Dickerson held a number of positions of increasing responsibility in both the pharmaceutical and health insurance industry including Wyeth Pharmaceuticals, United Health Group and Caremark.

FIRST QUARTER KEY DEVELOPMENTS

FDA Fast Track

On March 2, 2016 the Company announced that the FDA granted Fast Track designation for voclosporin, the Company's next generation calcineurin inhibitor, for the treatment of LN.

The Fast Track program was created by the FDA to facilitate the development and expedite the review of new drugs that are intended to treat serious or life-threatening conditions and that demonstrate the potential to address significant unmet medical needs. Compounds that receive this FDA designation benefit from more frequent meetings and communications with the FDA to review the drug's development plan including the design of clinical trials and the use of biomarkers to support approval. Additionally, Fast Track designation allows the Company to submit parts of the New Drug Application ("NDA") on a rolling basis for review as data becomes available. The Company expects to analyse and review the AURA data with the FDA later in 2016 in order to reach agreement on further clinical development requirements.

AURION Study Update

On February 8, 2016 the Company announced that it had completed a preliminary analysis of its AURION study. In the first seven patients of the total ten patients enrolled in the study that have reached at least eight weeks of therapy in the AURION study, 100% (7/7) have achieved at least a 25% reduction in proteinuria compared to study entry. A 25% reduction in proteinuria has been shown to be predictive of a positive clinical response at 24 weeks. All of the other pre-specified eight week biomarkers of active LN have also improved and are trending towards normalization. These biomarkers have also been shown to be predictive of positive clinical response rates at 24 weeks.

In the first eight weeks of a 48 week regimen of multi-target therapy including voclosporin in the AURION study, an overall mean reduction of proteinuria of 72% compared to pre-treatment levels was observed, and 57% (4/7) of these patients achieved complete remission as defined by a urinary protein creatinine ratio of $\leq$ 0.5mg/mg. Overall renal function as measured by eGFR in these patients has remained stable.

For more information on the AURION study, please see "LN Clinical Development Program" below.

AURA Phase 2b Clinical Trial Update - Patient Enrollment Completed

On January 19, 2016, the Company announced completion of patient enrollment of its AURA Phase 2b clinical trial at 265 patients (the target number of patients was 258).

Un-blinding and disclosure of the primary trial data is scheduled within approximately one month of the last enrolled patient completing 24 weeks of active treatment. Therefore, the Company expects that the primary end-point results of the AURA trial will be released in the latter half of the third quarter of 2016.

For more information on the AURA Phase 2b clinical trial, please see "LN Clinical Development Program" below.

SUMMARY DESCRIPTION OF BUSINESS

Aurinia is a clinical stage pharmaceutical company focused on the global nephrology market.

The Company has, since September 20, 2013, rebranded, restructured and refocused itself around a strategy that focuses on the development of voclosporin for the treatment of LN. The mechanism of action of voclosporin, a CNI, has been validated with certain first generation CNIs for the prevention of rejection in patients undergoing solid organ transplants and in several autoimmune indications, including dermatitis, keratoconjunctivitis sicca (Dry Eye Syndrome), psoriasis, rheumatoid arthritis, and for LN in Japan. The Company believes that voclosporin possesses pharmacologic properties with the potential to demonstrate best-in-class differentiation with first-in-class regulatory approval status for the treatment of LN outside of Japan.

Voclosporin is a novel and potentially best-in-class CNI with extensive clinical data in over 2,000 patients in other indications. Voclosporin is made by a modification of a single amino acid of the cyclosporine molecule (a CNI approved for use in transplant patients since 1983). This modification results in a more predictable pharmacokinetic and pharmacodynamic relationship, an increase in potency vs. cyclosporine, an altered metabolic profile, and potential for flat dosing. It has been previously studied in kidney rejection following transplantation, psoriasis and in various forms of uveitis (an ophthalmic disease).

LN Clinical Development Program

AURA-LV ("AURA") Phase 2b LN Clinical Trial

In June 2014, Aurinia announced the initiation of its planned global 258 patient AURA (Aurinia Urinary protein Reduction in Active lupus nephritis) clinical trial to evaluate the safety and efficacy of voclosporin as a treatment for LN. LN is an inflammation of the kidney that if untreated or inadequately treated can lead to end-stage renal disease and the requirement for life-long dialysis, or even death.

The AURA trial is being conducted in 20 countries and is a randomized, controlled, double-blind study comparing the efficacy of voclosporin against placebo in achieving remission in patients with active LN. The AURA trial has been designed to demonstrate that voclosporin can induce a rapid and sustained reduction of proteinuria with extremely low steroid exposure. The placebo-controlled trial assesses two doses of voclosporin (23.7 mg and 39.5 mg), with all patients receiving background therapy of MMF coupled with an aggressive oral corticosteroid taper. There will be a primary analysis to determine complete remission at week 24 (confirmed at 26 weeks) and various secondary analyses at both 24 and 48 weeks which include biomarkers and markers of non-renal lupus. This disease has shown to be particularly difficult to treat with fewer than 20% of patients achieving clinical remission at six months on existing regimens which often require unacceptably high steroid exposure in this predominantly young, female population.

The Company's clinical strategy involves layering voclosporin on top of the current standard of care (CellCept®/MMF and steroids) as a multi-targeted therapeutic ("MTT") approach to induce and maintain remission in patients suffering from active LN. In 2012, the Company gained alignment with both the Cardio-Renal and Pulmonary, Allergy, and Rheumatology Products divisions of the FDA on its proposed Phase 2b protocol. The Company has an open Investigational New Drug ("IND") with the FDA.

With the existing evidence that supports the utility of CNIs in combination with MMF in treating LN, the robust safety data base of voclosporin generated in other disease states and the fact that CellCept®/MMF in combination with the other CNIs is the standard of care in solid organ transplant patients, it is reasonable to consider that voclosporin is a risk-mitigated clinical asset for the treatment of LN.

The AURA Phase 2b clinical trial is one of the largest prospective registration-quality studies ever conducted within this specific disease area.

AURION Study

The AURION (Aurinia early Urinary protein Reduction Predicts Response) study is an open label, single arm, exploratory study assessing the ability of biomarkers at eight weeks to predict clinical response rates at 24 and 48 weeks in subjects taking voclosporin 23.7mg twice daily in combination with standard of care, mycophenolate mofetil ("MMF") and corticosteroids, in patients with active LN. It is the first ever trial with voclosporin in this patient population and supports the Company's hypothesis that utilizing a multi-targeted approach with voclosporin may help LN patients.

The AURION study, being conducted at two sites in Malaysia, will examine biomarkers of disease activity at eight weeks and their ability to predict response at 24 and 48 weeks. In the First quarter of 2016, the Company completed enrollment at ten patients.

STRATEGY

The Company's business strategy is to optimize the clinical and commercial value of voclosporin, its late stage clinical candidate. In particular, the Company is focused on the development of voclosporin as an add-on therapy to the current standard of care, CellCept®.

The key elements of the Company's corporate strategy include:

- Focusing the Company's resources on advancing voclosporin through a robust LN Phase 2b clinical trial.
- Mitigating development risk by leveraging the Aspreva Lupus Management Study ("ALMS") database and management team's experience. The Company has certain rights to utilize the ALMS database including its use in planning, designing and informing the AURA clinical trial.
- Plan to initiate the required Phase 3 clinical program for LN as quickly as possible to drive value creation.
- Consider strategic opportunities for other voclosporin formulations and new autoimmune indications. For example, the Company believes that recent granted formulation patents regarding the delivery of voclosporin to the ocular surface for conditions such as dry eye have the potential to be of therapeutic value. The Company will continue to explore its strategic options to exploit shareholder value from this intellectual property as resources permit.

- Consider other business development opportunities that would be a strategic fit for the Company or voclosporin under the right circumstances and timing.

About Lupus Nephritis

The Lupus Foundation of America estimates that approximately 1.5 million people in the United States of America and up to 5.0 million people worldwide suffer from SLE. Approximately 90% of patients suffering from SLE are women of child-bearing age. The disease causes severe impairments on quality of life and wellbeing. Of the patients suffering from SLE, 40-60% experience renal manifestations of the disease resulting in inflammation of the kidney. These patients are considered to have LN and have a high probability of advancing to end stage renal disease and dialysis if left untreated or are treated inadequately.

The ALMS data has been reported in several respected journals, including, the New England Journal of Medicine (*Dooley MA, Jayne D, Ginzler EM, Isenberg D, Olsen NJ, Wofsy D, Solomons, N et al; ALMS Group. Mycophenolate versus azathioprine as maintenance therapy for lupus nephritis. N Engl J Med. 2011 Nov 17;365(20):1886-95*) and the Journal of the American Society of Nephrology *(Appel GB, Contreras G, Dooley MA, Ginzler EM, Isenberg D, Jayne D, Solomons N et al; Aspreva Lupus Management Study Group. Mycophenolate mofetil versus cyclophosphamide for induction treatment of lupus nephritis. J Am Soc Nephrol. 2009 May;20(5):1103-12. Epub 2009 Apr 15.)* These publications and subsequent alterations in treatment strategies by physicians caring for patients suffering from LN have established CellCept®/MMF as the standard of care for the treatment of LN. This shift in the treatment paradigm for LN and the establishment of CellCept® use as a relatively uniform treatment approach for these patients has, in the view of the Company, caused the LN market to evolve into an attractive and mature market opportunity.

Despite CellCept® being the current standard of care for the treatment of LN, it remains far from adequate with fewer than 20% of patients on therapy actually achieving disease remission after six months of therapy. Data suggests that a LN patient who does not achieve rapid disease remission upon treatment is more likely to experience renal failure or require dialysis at 10 years *(Chen YE, Korbet SM, Katz RS, Schwartz MM, Lewis EJ; the Collaborative Study Group. Value of a complete or partial remission in severe lupus nephritis. Clin J Am Soc Nephrol. 2008;3:46-53*.). Therefore, it is critically important to achieve disease remission as quickly and as effectively as possible. The data suggests that the majority of patients in the United States suffering from lupus will not achieve complete remission and are not adequately treated (BioTrends® Research Group In., ChartTrends® SLE, December 2010).

CNIs and Lupus Nephritis

Aurinia's lead drug, voclosporin, belongs to a class of drugs called CNIs. There are only two other oral marketed CNIs available, cyclosporine and tacrolimus. Cyclosporine was introduced to the marketplace in the early 1980s while tacrolimus was first marketed in the mid-1990s. Both cyclosporine and tacrolimus have lost key patent protection and have not been approved for the treatment of LN outside of Japan. For the past 20 years these products, in combination with CellCept®/MMF and steroids, have been the cornerstone for the prevention of renal transplant rejection with greater than 90% of all renal transplant patients leaving hospital on lifelong CNI plus MMF therapy (UNOS database).

In late 2008, the Japanese Health Authority became the first major jurisdiction in 50 years to approve a pharmaceutical agent for the treatment of LN. This product was tacrolimus. In addition to this approval, a substantial amount of recent data has been generated, primarily from investigator initiated trials, that supports the use of either cyclosporine or tacrolimus for the treatment of various forms of lupus including LN. The addition of tacrolimus, layered on top of MMF and steroids akin to the widely accepted and utilized transplantation regimen, appears to dramatically improve complete response/remission rates in LN (*Bao H, Liu ZH, Xie HL, Hu WX, Zhang HT, Li LS. Successful treatment of class V+IV lupus nephritis with multitarget therapy. J Am Soc Nephrol. 2008 Oct;19(10):2001-10. Epub 2008 Jul 2 and .Liu , Zhi-Hong et al., 2012 ASN Abstract SA-OR097)*. This approach to treatment can be considered a MTT approach to treating LN as it is routinely used in transplantation. Complete remission rates of up to 50% have been reported utilizing this approach. Long term follow-up studies in LN suggest that the early reduction in proteinuria as seen in complete remission leads to improved renal outcome at ten years. *(Houssiau FA, Vasconcelos C, D'Cruz D, Sebastiani GD, de Ramon Garrido E, Danieli MG, et al. Early response to immunosuppressive therapy predicts good renal outcome in lupus nephritis. Lessons from long-term follow-up of patients in the Euro-lupus nephritis trial. Arthritis Rheum. 2004 Dec;50(12):3934-40).*

The Company plans to utilize this MTT approach to treating LN patients with voclosporin.

About voclosporin

Voclosporin is an oral drug, administered twice daily. It is structurally similar to cyclosporine A ("CsA"), but is chemically modified on the amino acid-1 residue. This modification leads to a number of advantages the Company believes offer relevant clinical benefits as compared to the older off-patent CNIs.

Voclosporin mechanism of action

Voclosporin reversibly inhibits immunocompetent lymphocytes, particularly T-Lymphocytes in the G0 and G1 phase of the cell-cycle, and also reversibly inhibits the production and release of lymphokines. Through a number of processes voclosporin inhibits and prevents the activation of various transcription factors necessary for the induction of cytokine genes during T-cell activation. It is believed that the inhibition of activation of T-cells will have a positive modulatory effect in the treatment of LN. In addition to these immunologic impacts recent data suggests that CNIs have another subtle but important impact on the structural integrity of the podocytes *(Faul C, et al. The actin cytoskeleton of kidney podocytes is a direct target of the antiproteinuric effect of cyclosporine A. Nat Med. 2008 Sep;14(9):931-8. doi: 10.1038/nm.1857)*. This data suggests that inhibition of calcineurin in patients with autoimmune kidney diseases helps stabilize the cellular actin-cytoskeleton of the podocytes thus having a structural impact on the podocyte and the subsequent leakage of protein into the urine, which is a key marker of patients suffering from LN.

Potential voclosporin clinical benefits

The Company believes that voclosporin has shown a number of key clinical benefits over the existing commercially available CNIs (tacrolimus & cyclosporine). Firstly, CNI assay results have indicated that voclosporin is approximately four times more potent than its parent molecule cyclosporine, which would indicate an ability to give less drug and produce fewer potentially harmful metabolites. Secondly, cyclosporine inhibits the enterohepatic recirculation of mycophenolic acid ("MPA"), the active metabolite of MMF. The net effect of co-administration of CsA with MMF is reduced MPA systemic exposure by as much as 50% (*D. Cattaneo et al. American Journal of Transplantation, 2005:12(5);2937-2944.*). This drug interaction has not been observed with voclosporin and it is not expected that MPA blood exposure levels will be reduced with voclosporin co-administration. This is an extremely important fact to consider as most patients being treated with voclosporin for LN will already be taking MMF. Furthermore, pharmacokinetic and pharmacodynamics ("PK-PD") analysis indicate lower PK-PD variability for voclosporin versus tacrolimus or cyclosporine, to the extent that the Company believes flat-dosing can be achieved for voclosporin. The currently available CNIs require extensive therapeutic drug monitoring which can often be costly, confusing and time consuming for treating physicians.

In a head-to-head study comparing voclosporin against cyclosporine in the treatment of psoriasis, cyclosporine was shown to cause significant increases in lipid levels as compared to voclosporin. The difference was statistically significant. This is important considering most lupus patients die of cardiovascular disease. In another study comparing voclosporin against tacrolimus in patients undergoing renal transplantation, the voclosporin group experienced a statistically significantly lower incidence of glucose intolerance and diabetes than tacrolimus treated patients. Additionally, in the Japanese tacrolimus study that led to the approval of this drug in Japan, almost 15% of tacrolimus patients experienced glucose intolerance *(Miyasaka N, Kawai S, Hashimoto H. Efficacy and safety of tacrolimus for lupus nephritis: a placebo-controlled double-blind multicenter study. Mod Rheumatol. 2009;19(6):606-15. Epub 2009 Aug 18*). This is a major limitation for physicians wanting to use this agent in lupus and is a well described side effect of tacrolimus.

The Company believes that voclosporin can be differentiated from the older CNIs and thus possess a unique position in the market.

Scientific Rationale for Treatment of LN with voclosporin

SLE including LN is a heterogeneous autoimmune disease with often multiple organ and immune system involvement. T-cell mediated immune response is an important feature of the pathogenesis of LN while the podocyte injury that occurs in conjunction with the ongoing immune insult in the kidney is an important factor in the clinical presentation of the disease.

The use of voclosporin in combination with the current standard of care for the treatment of LN provides a multi-targeted approach to treating this heterogenous disease (similar to the standard approach in preventing kidney transplant rejection). Voclosporin has shown to have potent effects on T-cell activation leading to its immunomodulatory effects. Additionally, recent evidence suggests that inhibition of calcineurin has direct physical impacts on the podocytes within the kidney. Inhibition of calcineurin within the podocytes can prevent the dephosphorylation of synaptopodin which in turn inhibits the degradation of the actin cytoskeletion within the podocyte. This process is expected to have a direct impact on the levels of protein in the urine which is a key marker of LN disease activity.

RESULTS OF OPERATIONS

For the three months ended March 31, 2016, the Company reported a consolidated net loss of $4.27 million or $0.13 per common share, as compared to a consolidated net loss of $8.60 million or $0.27 per common share for the three months ended March 31, 2015.

The activity levels were similar across all operational components in the first quarter ended March 31, 2016 compared to the

same quarter in 2015 as patient enrollment completed in January, 2016 at 265 patients as discussed in the "First Quarter Highlights" section above.

The decrease of $4.33 million in the consolidated net loss in the first quarter of 2016 reflected lower corporate, administration and business development expenses of $713,000 and a swing in the gain (loss) on derivative warrant liability of $3.59 million as the Company recorded a gain on derivative warrant liability of $664,000 compared to loss on derivative warrant liability of $2.93 million in the comparable quarter in 2015. The reason for these changes are discussed below.

After adjusting for the non-cash impact of the revaluation of the warrant liability, the net loss from operations for the three months ended March 31, 2016 was $4.93 million compared to $5.74 million for the comparable period in 2015.

Revenue and deferred revenue

The Company recorded revenue of $57,000 for the three months ended March 31, 2016 compared to $62,000 for the comparable period in 2015 which is primarily composed of licensing and research and development revenue amortized from deferred revenue. The remaining deferred revenue related to the 3SBio Inc. and Paladin Labs Inc. fee payments is being amortized on a straight line basis which approximates how the Company expects to incur patent annuity costs for certain specified countries related to meeting its obligations under the terms of the applicable agreements.

Research and Development expenses

Net research and development expenditures were consistent at $3.32 million for the three months ended March 31, 2016 compared to $3.33 million for the three months ended March 31, 2015.

CRO and other third party clinical trial costs were $2.52 million for the three months ended March 31, 2016 compared to $2.04 million in 2015.

The Company incurred drug supply costs, primarily for drug packaging, stability and distribution, of $289,000 for the three months ended March 31, 2016 compared to $392,000 for the three months ended March 31, 2015. These costs decreased as a result of less shipping activity required in 2016.

Salaries, payroll accruals and employee benefits were $305,000 for the three months ended March 31, 2016 compared to $290,000 for the three months ended March 31, 2015.

The Company recorded a non-cash stock compensation expense of $68,000 ($387,000 in 2015) related to stock options granted to R&D personnel. Decrease in expense reflected less stock options issued to personnel in 2016 compared to the prior period.

Patent annuity and other patent related legal fees expensed in the first quarter ended March 31, 2016 were $65,000 compared to $78,000 for the first quarter ended March 31, 2015.

Travel expenses related to research and development decreased to $44,000 for the three months ended March 31, 2016 compared to $80,000 for the three months ended March 31, 2015 as less recruitment and enrollment activities in 2016 as enrollment completed in January, 2016.

Other expenses, which included items such as clinical trial insurance, phone, publications and trial courier costs, decreased to $37,000 in 2016 compared to $58,000 in 2015.

Corporate, administration and business development expenses

Corporate, administration and business development expenses decreased by $713,000 to $1.19 million for the three months ended March 31, 2016 compared to $1.91 million in the same period in 2015.

Corporate, administration and business development expenses included non-cash stock option expense of $261,000 for the three months ended March 31, 2016 compared to $897,000 for the same period in 2015, a decrease of $636,000. This decrease reflected less stock options granted to corporate and administration employees in 2016 compared to the comparable period in 2015.

Other expenses were as follows:

Salaries, payroll accruals and employee benefits were $360,000 for the three months ended March 31, 2016 compared to $383,000 for the comparable period in 2015.

Professional and consulting fees decreased to $134,000 for the three months ended March 31, 2016 from $201,000 for the comparable period in 2015. This decrease reflected lower advisory fees in 2016 compared to 2015.

Trustee fees, filing fees and other public company costs increased to $134,000 for the three months ended March 31, 2016 compared to $153,000 for the comparable period in 2015.

Travel and promotion expenses related to corporate, administration and business development increased to $104,000 for the three months ended March 31, 2016 compared to $89,000 for the three months ended March 31, 2015. This increase reflects additional travel and promotion activities incurred in 2016 related to investor relations and business development activities.

Director fees decreased to $67,000 for the three months ended March 31, 2016 compared to $73,000 in the comparable period in 2015. The decreased director fees in 2016 was due to the foreign exchange effect of the lower Canadian dollar relative to the US dollar.

Rent, utilities and other facility costs decreased to $44,000 for the three months ended March 31, 2016 compared to $38,000 for the comparable period in 2015.

Insurance, information technology, phone, office and other increased to $86,000 for the three months ended March 31, 2016 compared to $72,000 for the comparable period in 2015. The increase was primarily due to higher director' and officers' liability insurance costs as coverage was increased to US$20 million in May of 2015 from CDN $15 million.

Stock-based Compensation expense

For stock option plan information and outstanding stock option details refer to note 7 of the unaudited interim condensed consolidated financial statements for the three months ended March 31, 2016.

On March 23, 2016, the Company granted 60,000 stock options to directors of the Company at a price of $3.00 (CDN$3.96) per common share. On March 30, 2016 the Company granted 220,000 stock options to officers and employees of the Company at a price $3.02 (CDN$3.91) per common share. On March 31, 2016 the Company granted 40,000 stock options to the Chief Executive Officer of the Company at a price $2.90 (CDN$3.76) per common share.

On January 6, 2015, the Company granted 960,000 stock options to officers, directors, and employees of the Company at a price of $3.59 (CDN$4.25) per common share. The options are exercisable for a term of five years and vest in equal amounts per month commencing February 6, 2015 and continuing up to and including January 6, 2016.

Application of the fair value method resulted in charges to stock-based compensation expense of $329,000 for the three months ended March 31, 2015 (2015 – $1.28 million) with corresponding credits to contributed surplus. For the three months ended March 31, 2016, stock-based compensation expense has been allocated to research and development expense in the amounts of $68,000 (2015 –$387,000) and corporate and administration expense in the amount of $261,000 (2015–$897,000).

Amortization of intangible assets

Amortization of intangible assets was consistent at $382,000 for the three months ended March 31, 2016 compared to $392,000 recorded in same period in 2015.

Gain (loss) on derivative warrant liability

The Company recorded a non-cash gain on the derivative warrant liability of $664,000 for the three months ended March 31, 2016 compared to a non-cash loss of $2.93 million for comparable period in 2015. These fair value revaluations fluctuate based primarily on the market price of the Company's common shares and volatility. The derivative warrant liability is more fully discussed in note 6 to the unaudited interim condensed consolidated financial statements first quarter ended March 31, 2016.

LIQUIDITY AND CAPITAL RESOURCES

The Company is in the development stage and is devoting substantially all of its operational efforts and working capital towards voclosporin development activities in the LN indication with the primary focus currently on completing the Phase 2b AURA clinical trial.

At March 31, 2016, the Company had a total of $10.53 million in cash, term deposits and a bank discount note, recorded as a short term investment, compared to $15.75 million at December 31, 2015. At March 31, 2016, the Company had net working capital of $7.46 million compared to $12.92 million at December 31, 2015. For the three months ended March 31, 2016, the Company reported a loss of $4.27 million (2015 - $8.60 million) and a cash outflow from operating activities of $5.22 million (2015 - $4.02 million). As at March 31, 2016 the Company had an accumulated deficit of $262.02 million (December 31, 2015 – $257.75 million).

Management believes that the Company has sufficient working capital to reach the 24 week Primary endpoint for the AURA trial which completed enrollment on January 18, 2016. The Company expects to release the 24 week primary endpoint data in the latter half of the third quarter of 2016. Management considers this a key milestone event for the Company.

On October 16, 2015, the Company filed a Short Form Base Shelf Prospectus (the Shelf Prospectus). The Shelf Prospectus and corresponding shelf registration statement allows the Company to offer up to $250,000,000 of common shares, warrants and subscription receipts or any combination thereof during the 25-month period that the Shelf Prospectus is effective. The Shelf Prospectus is intended to give the Company the capability to access new capital from time to time.

In order to complete the remainder of the AURA clinical trial, carry out its operational plans to continue further required voclosporin development activity, and have the ability to continue as a going concern (see note 2 -"Going Concern" to the unaudited interim condensed consolidated financial statements for the first quarter ended March 31, 2016, as well as "Risk Factors" in this MD&A) the Company expects it will need to raise additional funds within the next 12 months. The outcome of such an offering is dependent on a number of factors outside of the Company's control. The nature of the biotechnology sector and current financial equity market conditions make the success of any future financing ventures uncertain. There is no assurance that any new financings will be successful.

The success of the Company and recoverability of amounts expended on research and development to date, including capitalized intangible assets, is dependent on the ability of the Company to raise additional funds, then to complete development activities, receive regulatory approval and to be able to commercialize voclosporin in the key markets and indications, whereby the Company can achieve future profitable operations. Depending on the results of the research and development programs and availability of financial resources, the Company may accelerate, terminate, cut back on certain areas of research and development, commence new areas of research and development, or curtail certain or all of the Company's operations. There is no assurance that any of these initiatives will be successful.

The Company will need to issue additional equity or seek additional financing through other arrangements to further the development of voclosporin beyond the current AURA Phase 2b clinical trial. The Company's future funding requirements will depend on the future development plans for voclosporin beyond the current AURA Phase 2b clinical trial and potential strategic business development opportunities.

Any sale of additional equity may result in dilution to the Company's shareholders. There can be no assurance that the Company will be able to successfully obtain future financing in the amounts or terms acceptable to the Company, if at all, in order to continue the planned operational activities of the Company. If the Company is unable to obtain financing to fund the development program and its future operational activities, it may be required to delay, reduce the scope of, or eliminate the planned development activities, which could harm the Company's future financial condition and operating results. Without this additional funding, the Company will be required to review and potentially materially alter its strategic alternatives.

Sources and Uses of Cash:

	Three months ended March 31, 2016 (in thousands)	**Three months ended March 31, 2015 (in thousands)**	**Increase (Decrease) (in thousands)**
	$	$	$
Cash used in operating activities	(5,220)	(4,022)	(1,198)
Cash provided by (used in) investing activities	2,956	(11)	2,967
Cash provided by financing activities	-	369	(369)
Net increase (decrease) in cash and cash equivalents	**(2,264)**	**(3,664)**	**1,400**

Net cash used in operating activities for the three months ended March 31, 2016 was $5.22 million compared to cash used in operating activities of $4.02 million for the three months ended March 31, 2015. Cash used in operating activities in 2016 and 2015 was composed of net loss, add-backs or adjustments not involving cash and net change in non-cash working items.

Cash provided by investing activities for the three months ended March 31, 2016 was $2.96 million compared to cash used in investing activities of $11,000 for the three months ended March 31, 2015. In 2016, the Company, transferred $3.00 million to cash and cash equivalents upon maturity of the $10 million bank discount note on February 10, 2016. The remaining $7 million was invested into a 90 day HSBC US denominated Discount note which comes due May 10, 2016.

Cash provided by financing activities for the three months ended March 31, 2016 was $nil compared to cash provided by financing activities of $369,000 for the three months ended March 31, 2015. For the three months ended March 31, 2015, the Company received $285,000 for the exercise of warrants and $84,000 from the exercise of stock options. There was no similar item in the first quarter ended March 31, 2016.

Use of Proceeds

On February 14, 2014, the Company completed a private placement with net proceeds of $48.31 million, the net proceeds of which were to be used to advance the clinical and non-clinical development of its lead drug voclosporin, as a therapy for LN, and for general corporate purposes. A summary of the anticipated and actual use of proceeds from February 14, 2014 to March 31, 2016 from that financing are set out below (other than working capital):

	Expected use of proceeds for period to March 31, 2016 (in thousands)	Incurred for period to March 31, 2016 (in thousands)
	$	$
Research and development of voclosporin	**25,680**	**27,488**
Other corporate purposes		
Corporate, administration and business development	11,432	9,673
Repayment of drug supply loan	1,290	1,290
Payment of financing milestone to ILJIN	1,472	1,600
	14,194	**12,563**
Total	**39,874**	**40,051**

CONTRACTUAL OBLIGATIONS

The Company has the following contractual obligations as at March 31, 2016.

	Total (in thousands)	Less than one year (in thousands)	Two to three years (in thousands)	Greater than three years (in thousands)
	$	$	$	$
Operating lease obligations [(1)]	265	247	18	-
Purchase obligations [(2)]	241	234	7	-
Accounts payable and accrued liabilities	2,149	2,149	-	-
Contingent consideration to ILJIN [(3)]	3,872	1,273	1,243	1,356
Total	**6,527**	**3,903**	**1,268**	**1,356**

(1) Operating lease obligations are comprised of the Company's future minimum lease payments for its premises.

(2) The Company has entered into contractual obligations for services and materials required for the AURA clinical trial and other operational activities. The purchase obligations presented represent the minimum amount to exit the Company's contractual commitments.

(3) Contingent consideration to ILJIN is described in note 5 of the interim condensed consolidated financial statements for the three month period ended March 31, 2016.

Subsequent to the quarter end, on April 10, 2016 the President and Chief Executive Officer, who was also a Director of the Company, resigned from his positions as an Officer and Director of the Company. The Company entered into an agreement with him whereby the Company will pay him $597,000 over 14 months. This amount is not reflected in the table above.

The Board, as part of the hiring of the new CEO, has committed to granting him 1,000,000 stock options, subject to future pricing and availability of options in the stock option plan.

RELATED PARTY TRANSACTIONS

Stephen P. Robertson, a partner at Borden Ladner Gervais ("BLG"), acts as the Company's corporate secretary. The Company recorded legal fees, incurred in the normal course of business to BLG of $37,000 for the first quarter ended March 31, 2016 compared to $25,000 for the first quarter ended March 31, 2015. The amount charged by BLG is based on standard hourly billing rates for the individuals working on the Company's account. The Company has no ongoing contractual or other commitments as a result of engaging Mr. Robertson to act as the Company's corporate secretary. Mr. Robertson receives no additional compensation for acting as the corporate secretary beyond his standard hourly billing rate.

OFF-BALANCE SHEET ARRANGEMENTS

To date the Company has not had any relationships with unconsolidated entities or financial partnerships, such as entities referred to as structured finance or special purpose entities, which are established for the purpose of facilitating off-balance sheet

arrangements or other contractually narrow or limited purposes. The Company's off-balance sheet financing arrangements consist of lease agreements for the rental of its premises. These leases have been treated as operating leases whereby the lease payments are reflected as rent in Corporate, administration and business development expenses. All of the lease agreement amounts have been reflected in the "Contractual Obligations" table above.

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICY DEVELOPMENTS

A complete listing of critical accounting policies, estimates, judgments and measurement uncertainty can be found in Notes 3 and 4 of the annual consolidated financial statements for the year ended December 31, 2015. There has been no significant change in our critical accounting policies, estimates, judgments and measurement uncertainty in the quarter ended March 31, 2016.

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are not yet effective for the period ended March 31, 2016. A listing of the standards issued which are applicable to the Company can be found in Note 3 of the annual consolidated financial statements for the year ended December 31, 2015. No new standards or amendments were adopted for the period ended March 31, 2016.

The accounting policies are consistent with the significant accounting policies used in the preparation of the audited annual consolidated financial statements for the year ended December 31, 2015. These policies have been consistently applied to all periods presented.

RISKS AND UNCERTAINTIES

The Company has invested a significant portion of its time and financial resources in the development of voclosporin. The Company anticipates that its ability to generate revenues and meet expectations will depend primarily on the successful development and commercialization of voclosporin.

The successful development and commercialization of voclosporin will depend on several factors, including those listed below.

Since its inception, the Company has experienced recurring operating losses and negative cash flows, and expects to continue to generate operating losses and consume significant cash resources for the foreseeable future.

Management believes that the Company has sufficient working capital to reach the 24 week Primary endpoint for its AURA trial which completed enrollment on January 18, 2016. The Company expects to release the 24 week primary endpoint data in the latter half of the third quarter of 2016. However, in order to complete the 48 week AURA trial and be able to undertake further development and commercialization of voclosporin, the Company expects it will need to raise additional funds.

In order to complete the 48 week AURA trial and be able to undertake further development and commercialization of voclosporin, the Company expects it will need to raise additional funds within the next 12 months.

These conditions raise substantial doubt about the Company's ability to continue as a going concern without raising this additional required financing.

As a result, the Company's unaudited interim condensed consolidated financial statements for the year ended December 31, 2015, contain a going concern note (note 2) with respect to this uncertainty. Substantial doubt about the Company's ability to continue as a going concern may materially and adversely affect the price per share of its common stock, and it may be more difficult for the Company to obtain financing. The going concern note in the unaudited interim condensed consolidated financial statements may also adversely affect its relationships with current and future collaborators, contract manufacturers and investors, who may grow concerned about the Company's ability to meet its ongoing financial obligations. If potential collaborators decline to do business with the Company or potential investors decline to participate in any future financings due to such concerns, the Company's ability to increase its cash position may be limited. The Company has prepared its financial statements on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2016 do not include any adjustment to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

Other risk factors also include the reliance on and requirement for the following:

- successful completion of its clinical program in LN, including the AURA clinical trial and AURION study currently underway;
- Timely completion of the AURA clinical trial and AURION study;
- receipt of marketing approvals from the FDA and other regulatory authorities with a commercially viable label;
- securing and maintaining partners with sufficient expertise and resources to help in the continuing development and eventual commercialization of voclosporin;

- maintaining suitable manufacturing and supply arrangements to ensure clinical and commercial quantities of the product through validated processes are available as required;
- acceptance and adoption of the product by the medical community and third-party payors; and
- the ability of the Company to raise future financial resources when required. Future additional sources of capital could include payments from potential new licensing partners, equity financings, debt financings and/or the monetization of the Company's intangible assets. There is no assurance of obtaining additional future financing through these arrangements or any arrangements on acceptable terms.

A more detailed list of the risks and uncertainties affecting the Company can be found in the Company's most recently filed Annual Information Form on SEDAR and EDGAR. Additional risks and uncertainties of which the Company is unaware, or that it currently deems to be immaterial, may also become important factors that affect the Company.

Capital management

The Company's objective in managing capital is to ensure a sufficient liquidity position to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company defines capital as net equity, comprised of issued common shares, warrants, contributed surplus and deficit.

The Company's objective with respect to its capital management is to ensure that it has sufficient cash resources to maintain its ongoing operations and finance its research and development activities, corporate, administration and business development expenses, working capital and overall capital expenditures.

Since inception, the Company has primarily financed its liquidity needs through public offerings of common shares and private placements. The Company has also met its liquidity needs through non-dilutive sources, such as debt financings, licensing fees from its partners and research and development fees.

There have been no changes to the Company's objectives and what it manages as capital since the prior fiscal period. The Company is not subject to externally imposed capital requirements.

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. Risk management is carried out by management under policies approved by the board of directors. Management identifies and evaluates the financial risks. The Company's overall risk management program seeks to minimize adverse effects on the Company's financial performance.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity risk through the management of its capital structure and financial leverage. It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors and/or the Audit Committee reviews and approves the Company's operating budgets, as well as any material transactions out of the ordinary course of business. The Company invests its cash in term deposits and bank discount notes with 30 to 180 day maturities to ensure the Company's liquidity needs are met.

The Company's activities have been financed through a combination of the cash flows from licensing and development fees and the issuance of equity and/or debt. As described in note 2 to the the unaudited interim condensed consolidated financial statements for the first quarter ended March 31, 2016, the Company is dependent on raising additional financing to sustain operations and complete the clinical trial program.

All of the Company's financial liabilities are due within one year except for the long-term portion of contingent consideration to ILJIN and the derivative warrant liability.

Interest rate, credit and foreign exchange risk

The Company invests in cash reserves in fixed rate, highly liquid and highly rated financial instruments such as treasury bills, term deposits and bank discount notes which are all denominated in US dollars. The Company does not believe that the results of operations or cash flows would be affected to any significant degree by a sudden change in market interest rates relative to its investment portfolio, due to the relative short-term nature of the investments and current ability to hold the investments to maturity.

The Company is exposed to financial risk related to the fluctuation of foreign currency exchange rates which could have a material effect on its future operating results or cash flows. Foreign currency risk is the risk that variations in exchange rates between the United States dollar and foreign currencies, primarily with the Canadian dollar, will affect the Company's operating and financial results. The Company holds its cash reserves in US dollars and the majority of its expenses, including clinical trial costs are also denominated in US dollars, which mitigates the risk of foreign exchange fluctuations.

As the Company's functional currency is the US dollar, the Company has foreign exchange exposure to the CDN dollar.

The following table presents the Company's exposure to the CDN dollar:

	March 31, 2016 $	March 31, 2015 $
Cash and cash equivalents	7	268
Accounts receivable	42	54
Accounts payable and accrued liabilities	(574)	(420)
Net exposure	(525)	(98)

	Reporting date rate	
	March 31, 2016 $	March 31, 2015 $
$CDN - $US	0.770	0.789

Based on the Company's foreign currency exposures noted above, varying the foreign exchange rates to reflect a ten percent strengthening of the US dollar would have decreased the net loss by $53,000 as at March 31, 2016 assuming that all other variables remained constant. An assumed 10 percent weakening of the US dollar would have had an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

CONTINGENCIES

i. The Company may, from time to time, be subject to claims and legal proceedings brought against it in the normal course of business. Such matters are subject to many uncertainties. Management believes that the ultimate resolution of such contingencies will not have a material adverse effect on the consolidated financial position of the Company.

ii. The Company has entered into indemnification agreements with its officers and directors. The maximum potential amount of future payments required under these indemnification agreements is unlimited. However, the Company does maintain liability insurance to limit the exposure of the Company.

iii. The Company has entered into license and research and development agreements with third parties that include indemnification and obligation provisions that are customary in the industry. These guarantees generally require the Company to compensate the other party for certain damages and costs incurred as a result of third party claims or damages arising from these transactions. These provisions may survive termination of the underlying agreement. The nature of the obligations prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay. Historically, the Company has not made any payments under such agreements and no amount has been accrued in the accompanying interim condensed consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Disclosure controls and procedures and internal controls over financial reporting

During the quarter ended March 31, 2016, there were no changes to the Company's disclosure controls or to the Company's internal controls over financial reporting that materially affected, or are reasonably likely to materially affect, such controls.

UPDATED SHARE INFORMATION

As at May 11, 2016, the following class of shares and equity securities potentially convertible into common shares were outstanding:

(expressed in thousands of shares)

Common shares	32,287
Convertible equity securities	
Derivative liability warrants	4,548
Other warrants	1,368
Stock options	3,233

Quarterly Information

(expressed in thousands except per share data)

Set forth below is selected unaudited consolidated financial data for each of the last eight quarters:

	Three months ended							
	2016	2015				2014		
	Mar 31	Dec 31	Sept 30	Jun 30	Mar 31	Dec 31	Sept 30	Jun 30
Revenues	57	57	57	59	62	68	72	71
Expenses:								
Research and development	3,324	3,652	4,670	4,330	3,330	3,092	2,433	2,547
Corporate, administration and business development	1,192	1,564	1,380	1,414	1,905	1,399	1,405	1,713
Restructuring	-	-	-	-	-	36	60	403
Amortization of tangible and intangible assets	387	363	434	363	398	410	373	369
Contract services	1	2	1	4	5	8	11	10
Other expense (income)	84	2	(55)	83	98	42	(1,690)	(954)
Gain (loss) on derivative warrant liability	664	1,463	1,163	5,402	(2,927)	(1,441)	5,268	(7,017)
Net loss for the period	(4,267)	(4,063)	(5,210)	(733)	(8,601)	(6,360)	2,748	(11,034)
Per Common Share($)								
Net income (loss) per common share								
Basic	(0.13)	(0.13)	(0.16)	(0.02)	(0.27)	(0.20)	0.09	(0.35)
Diluted	(0.13)	(0.13)	(0.16)	(0.02)	(0.27)	(0.20)	0.08	(0.35)
Common shares outstanding	32,287	32,287	32,287	32,267	32,062	31,818	31,577	31,369
Weighted average number of common shares outstanding								
Basic	32,287	32,287	32,278	32,237	32,859	31,774	31,516	31,359
Diluted	32,287	32,287	32,278	32,237	31,859	31,774	33,249	31,359

Summary of Quarterly Results

The primary factors affecting the magnitude of the Company's earnings (losses) in the various quarters are noted below and include the timing of research and development costs associated with the clinical development programs, timing and amount of stock compensation expense, fluctuations in the non-cash gain (loss) on derivative warrant liability resulting from required quarterly fair value adjustments and other specific one-time items as noted below.

The research and development costs for the quarters from June 30, 2014 to March 31, 2016, primarily reflect the timing of costs incurred for the ongoing AURA clinical trial.

The Company records non-cash gains (losses) each quarter resulting from fair value revaluation of the derivative warrant liability. These revaluations fluctuates based primarily on the market price of the Company's common shares.

Corporate, administration and business development costs included non-cash stock-based compensation expense of $897,000 for the three months ended March 31, 2015.

Other expense (income) reflected a gain on extinguishment of warrant liability of $1.75 million for the three months ended September 30, 2014. Other expense (income) reflected a gain on extinguishment of warrant liability of $438,000 a gain on remeasurement of warrant liability of $646,000 for the three months ended June 30, 2014.

2016 OUTLOOK

The first quarter of 2016 was highlighted by the completion of patient enrollment in our Phase 2b clinical program and obtaining fast track designation from the FDA for voclosporin. In addition to these clinical and regulatory successes, we received promising data from the open-label AURION study that further supports our hypothesis on the potential for multi-targeted therapy with voclosporin for the treatment of lupus nephritis (LN).

On April 11, 2016 the Aurinia appointed Mr. Charles Rowland MBA, CPA, as its Chief Executive Officer and on April 29, 2016 the Company appointed Bradley J. Dickerson as an officer of the Company in the position of General Manager of the Americas and Global Commercial Assessment. These two additions strengthen the leadership and the capabilities as the Company plans out the Phase 3 clinical program and commercialization process.

Currently the Aurinia team is focused on preparations for data release in the latter half of the third quarter and initiation of the planned phase 3 program in 2017. The Company is making the necessary investments now to ensure the team has the tools to deliver future success and to meet the goal of being in a position to commercialize voclosporin in the shortest time possible to create shareholder value.

In conjunction with achieving this goal management believes that in addition to completing the current ongoing AURA and AURION trials, the Company should move forward with the following key imperatives as soon as possible:

- Initiate a Japanese Phase 1 with the goal to eliminate the need to conduct a stand-alone Japanese trial by incorporating Japanese patients into the future global voclosporin study program.
- Manufacture clinical drug supply.
- Validate gel capsule manufacturing process at contractor's commercial facility.
- Commence clinical operational planning including site and CRO selection for the Phase 3 program.
- Conduct in depth assessments of key markets in the Americas, Europe and Asia. The Company will share more on these developments during future investor presentations.
- Outreach to advocacy groups to assist in patient awareness, Phase 3 enrollment study site selection and eventually market uptake.

In order to undertake further development and commercialization of voclosporin, including the key imperatives noted above and have the ability to continue as a going concern, the Company expects to raise additional funds within the next 12 months.

The upcoming months will bring exciting times to Aurinia as we report out 24 week data from the AURA trial in addition to further data from AURION.

The Company expects the following milestones and events in 2016:

- AURION 10 patients to 8 weeks – Q2/2016
- AURION 7 patients to 24 weeks – Q2/2016
- AURA-LV 24 week primary end point data release – Q3/2016
- AURION 10 patients to 24 weeks – Q3/2016
- Investor Day – Fall/2016
- End of Phase 2 meeting with FDA– Q4/2016
- Filing for Breakthrough designation – Q3/2016 – pending data from AURA trial – 24 week results
- Scientific meetings:
    - Abstract presentation – European Renal Association / European Dialysis and Transplantation Meeting (ERA/EDTA) – Q2/2016
    - Poster presentation – European League Against Rheumatism (EULAR) – Q2/2016

The Company is optimistic that the clinical and investment theses of treating LN patients with voclosporin will be realized. The Company plans to continue executing on initiatives to maximize shareholder value while providing a therapy that would be a measurable improvement in the standard of care for the LN patients.

Exhibit 99.3

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, CHARLES A. ROWLAND, JR., Chief Executive Officer of AURINIA PHARMACEUTICALS INC., certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A, (together, the "interim filings") of **Aurinia Pharmaceuticals Inc.** (the "issuer") for the interim period ended **March 31, 2016**.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility:*** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the COSO *Internal Control - Integrated Framework (2013)* published by the Committee of Sponsoring Organizations of the Treadway Commission.

5.2 ***ICFR – material weakness related to design:*** N/A

5.3 ***Limitation on scope of design:*** N/A

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on **January 1, 2016** and ended on **March 31, 2016** that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: **May 11, 2016**

Signed: *Charles A. Rowland, Jr.*
Charles A. Rowland, Jr.
Chief Executive Officer

Exhibit 99.4

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, DENNIS BOURGEAULT, Chief Financial Officer of AURINIA PHARMACEUTICALS INC., certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A, (together, the "interim filings") of **Aurinia Pharmaceuticals Inc.** (the "issuer") for the interim period ended **March 31, 2016**.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility:*** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the COSO *Internal Control - Integrated Framework (2013)* published by the Committee of Sponsoring Organizations of the Treadway Commission.

5.2 ***ICFR – material weakness related to design:*** N/A

5.3 ***Limitation on scope of design:*** N/A

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on **January 1, 2016** and ended on **March 31, 2016** that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: **May 11, 2016**

Signed: *Dennis Bourgeault*
Dennis Bourgeault
Chief Financial Officer