UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

[redacted] Individually and on Behalf of All Others Similarly Situated, Plaintiff, v. AETERNA ZENTARIS INC., JUDE DINGES, DAVID A. DODD, JUERGEN ENGEL and DENNIS TURPIN, Defendants.	Civil Action No._____ **CLASS ACTION COMPLAINT** JURY TRIAL DEMANDED

Plaintiff alleges with knowledge as to himself and his own actions and as to all other matters on information and belief based upon the investigation of Plaintiff's counsel, which included, among other things, a review of filings with the U.S. Securities and Exchange Commission ("SEC") and Canadian Securities Administrators ("CSA"), media reports and other records obtainable from public sources.

NATURE OF THE ACTION

1. This is a securities class action brought on behalf of all persons who purchased or otherwise acquired the common stock of Aeterna Zentaris Inc. ("AEZS" or the "Company") between and including June 26, 2012 and November 5, 2014 (the "Class Period"), against Defendants (defined herein) for violations of the Securities Exchange Act of 1934 (the "Exchange Act").

2. During the Class Period Defendants made materially false and misleading statements and omissions concerning the safety and efficacy of the Company's drug

MACRILEN, which was meant to serve as a diagnostic test for adult growth hormone deficiency ("AGHD"). However, contrary to Defendants' false and misleading statements, which caused the Company's common stock to trade at artificially inflated prices, AEZS' primary clinical trial failed to adequately prove that MACRILEN acted as an effective diagnostic test and, therefore, the U.S. Food and Drug Administration ("FDA") denied the Company's application to market the drug publicly. Upon disclosure of these material adverse facts, the Company's stock lost almost 50% of its value.

JURISDICTION AND VENUE

3. The claims asserted herein arise under and pursuant to Section 10(b) and 20(a) of the Securities and Exchange Act of 1934, 15 U.S.C. §§78j(b) and 78t(a), and Rule 10b-5 promulgated thereunder by the SEC, 17 C.F.R. §240.10b-5. This Court has jurisdiction over those claims pursuant to Section 27 of the Exchange Act, 15 U.S.C. §§78aa, and 28 U.S.C. §1331.

4. Venue is proper in this District pursuant to Section 27 of the Exchange Act, 15 U.S.C. §§78aa, and 28 U.S.C. §1391(b), because defendant AEZS' common stock trades on the NASDAQ stock exchange and at times relevant to this complaint defendant AEZS maintained an office within this District.

PARTIES

5. Plaintiff [redacted] ("Plaintiff") purchased 7,000 shares of AEZS stock during the Class Period. A copy of the certification signed by Plaintiff required by Section 21D(a)(2)(A) of the Exchange Act, 15 U.S.C. §78u-4(a)(2)(A), is attached hereto as Exhibit A.

6. Defendant Aeterna Zentaris Inc. ("AEZS" or the "Company") is a Canadian Corporation with its principal place of business located at 1405 Blvd. du Parc-Technologique,

Quebec City, Quebec, Canada G1P 4P5, and at times relevant to this complaint maintained an office located at 25 Mountainview Blvd., Suite 203, Basking Ridge, NJ 07920, through its wholly owned subsidiary Aeterna Zentaris Inc., a Delaware corporation. AEZS is a biopharmaceutical company engaged in the development of novel treatments in oncology and endocrinology. The Company's securities trade on the NASDAQ stock market.

7. Defendant Juergen Engel ("Engel") served as AEZS' President, Chief Executive Officer and as well as a director at all times relevant to this complaint up until April 15, 2013.

8. Defendant Jude Dinges ("Dinges") has served as an AEZS Senior Vice President and Chief Commercial Officer since November 1, 2013.

9. Defendant David Dodd ("Dodd") has served as AEZS' President and Chief Executive Officer since April 15, 2013

10. Defendant Dennis Turpin ("Turpin") served as AEZS' Senior Vice President and Chief Financial Officer at all times relevant to this complaint.

11. Defendants Engel, Dinges, Dodd, and Turpin are collectively referred to hereinafter, at times, as the "Individual Defendants."

12. Defendant AEZS and the Individual Defendants are collectively referred to hereinafter, at times, as "Defendants."

CLASS ACTION ALLEGATIONS

13. Plaintiff bring this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of a class (the "Class"), consisting of all persons who purchased shares of AEZS common stock between and including June 26, 2012 through November 5, 2014. Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal

representatives, heirs, successors or assigns and any entity in which the Defendants have or had a controlling interest.

14. The members of the Class are so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes there are thousands of members in the proposed Class based on the 65,509,077 outstanding shares of common stock as of November 4, 2014. Record owners and other members of the Class may be identified from records maintained by AEZS or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

15. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct that is complained of herein.

16. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

17. Common questions of law and fact exist as to all members of the Class. Among the questions of law and fact common to the Class are:

(a) whether Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder by the SEC;

(b) whether the Individual Defendants are control persons of AEZS within the meaning of Section 20(a) of the Exchange Act; and

(c) whether members of the Class have sustained damages and the proper measures of damages.

18. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in managing this case as a class action. The names and addresses of the holders and sellers can be obtained from the records of the Company or its agents.

SUBSTANTIVE ALLEGATIONS

The Company

19. AEZS is a specialty biopharmaceutical Company engaged in developing novel treatments in oncology and endocrinology. The Company's pipeline encompasses compounds at various stages of development, none of which are currently available for sale to the public. AEZS's primary drug development candidates include zoptarelin doxorubicin and MACRILEN™ in oncology and endocrinology respectively.

20. MACRILEN (previously known as Solorel and AEZS-130), until recently, was the Company's drug which was most advanced on the path to commercialization. MACRILEN is an oral drug being designed primarily as a diagnostic test for evaluating adult growth hormone deficiency ("AGHD"). AGHD affects 35,000 adult Americans with 6,000 new adult patients diagnosed each year. AGHD is typically characterized by low energy levels, decreased strength and exercise tolerance, increased weight gain or difficulty losing weight, emotional changes and impaired sleep.

21. On December 20, 2010, the Company announced that it had entered into a Special Protocol Assessment ("SPA") with the FDA. The press release stated, in relevant part:

> Aeterna Zentaris Inc. (NASDAQ: AEZS, TSX: AEZ) (the "Company") today announced that it has reached agreement with the Food and Drug Administration (FDA) on a Special Protocol Assessment (SPA) for Solorel® (AEZS-130, macimorelin) which will enable the Company to complete the ongoing registration study required to gain approval as a diagnostic test for Adult Growth Hormone Deficiency (AGHD).
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> "We are pleased with the agreement with the FDA and now look forward to the completion of the Phase 3 trial with Solorel® and the NDA filing in 2011 for use as a diagnostic test in AGHD", stated Juergen Engel, Ph.D., President and CEO at Aeterna Zentaris. "In line with our innovative approach, Solorel® could become the first approved oral test for the diagnosis of AGHD, providing patients with a potentially safer, accurate and more convenient alternative to the current injectable tests."

22. Notwithstanding the Company's efforts to commercialize MACRILEN through clinical testing and a New Drug Application ("NDA") accepted for review by the FDA in January 2014, on or about November 6, 2014, the FDA determined that the primary clinical trial agreed upon in the SPA did not meet its primary efficacy objective and that the clinical study lacked complete and verifiable source data for determining whether patients were accurately diagnosed with AGHD. Thus, the FDA issued a Complete Response Letter concluding that: "in light of the failed primary analysis and data deficiencies noted, the clinical trial by itself does not support the indication." The FDA is also requesting that the Company perform additional clinic trials to determine whether a potentially fatal side effect experienced by a patient during the Phase 3 trial was attributable to MACRILEN. The Company has stated that it is considering its options as to whether to continue the development of MACRILEN.

The Company's Materially False or Misleading Statements

23. On June 26, 2012, the Company issued a press release announcing the results of the Phase 3 drug trail with respect MACRILEN. The release provided, in relevant part, as follows:

Aeterna Zentaris Inc. (NASDAQ: AEZS) (TSX: AEZ) (the "Company") today announced that final Phase 3 results for its oral ghrelin agonist, AEZS-130, show that ***the drug is safe and effective in diagnosing adult growth hormone deficiency (AGHD)***. Jose M. Garcia, MD, PhD, of the Baylor College of Medicine and the Michael E. DeBakey VA Medical Center, disclosed these data during an oral presentation yesterday at the 94th ENDO Annual Meeting and Expo currently being held in Houston, Texas.

The Study

This multicenter open label study was originally designed as a cross-over trial of AEZS-130 vs growth hormone-releasing hormone (GHRH)+L-Arginine (ARG) in AGHD patients and in controls, matched for body mass index (BMI), estrogen status, gender and age. After 43 AGHD patients and 10 controls had been tested, GHRH became unavailable. The study was completed by testing 10 more AGHD patients and 38 controls with AEZS-130 alone.

Of the 53 AGHD subjects enrolled, 52 received AEZS-130, and 50 who had confirmed AGHD prior to study entry were included in this analysis, along with 48 controls. Two AGHD subjects could not be matched due to the combination of young age, high body mass index (BMI) and estrogen use. The objective of this clinical trial was to determine the efficacy and safety of AEZS-130 in the diagnosis of AGHD.

Results

Mean peak growth hormone (GH) levels in AGHD patients and controls following AEZS-130 administration were 2.36ng/mL (range 0.03-33) and 17.71ng/mL (range 10.5-94), respectively. The receiver operating characteristic (ROC) plot analysis yielded an optimal GH cut-point of 2.7ng/mL, with 82% sensitivity, 92% specificity and a 13% misclassification rate. Obesity (BMI>30) was present in 58% of cases and controls, and peak GH levels were inversely associated with BMI in controls.

Adverse events (AE) were seen in 37% of AGHD patients and in 21% of controls following AEZS 130. In contrast, 61% of AGHD subjects and 30% of controls experienced AEs with L ARG+GHRH. The most common AEs after AEZS-130 were unpleasant taste (19.2%) and diarrhea (3.8%) for the AGHD patients and unpleasant taste (4.2%) and diarrhea (4.2%) for the matched controls. AEs were generally mild or moderate in severity.

Data are available on preference of the two tests for 50 subjects. Of these, 70% expressed a preference for AEZS-130 over L-ARG+GHRH.

Conclusion

Data show AEZS-130 to be safe and effective in diagnosing AGHD. [Emphasis added.]

24. Analysts and investors took notice of the purportedly positive news. On June 26, 2012, Oppenheimer wrote a research report citing the Company's announced clinical trial results, stating: "In our view, AEZS-130 has been shown to be safe and effective in diagnosing AGHD." That same day, the Company's stock closed at $0.54 per share, up more than 17% over the previous trading day's closing price of $0.46.

25. On August 7, 2012, AEZS issued a press release stating, in relevant part:

> Aeterna Zentaris Inc. (NASDAQ: AEZS) (TSX: AEZ) (the "Company") today announced that the United States Patent and Trademark Office has granted a patent for the use of its oral ghrelin agonist, AEZS-130 (EP1572) as a diagnostic test for adult growth hormone deficiency (AGHD). Filed on February 19, 2007, the patent (US 8,192,719 B2) titled, "Methods and Kits to Diagnose Growth Hormone Deficiency by Oral Administration of EP1572 or EP1573 Compounds", became effective as of June 5, 2012, and will expire on October 12, 2027. The corresponding composition of matter patent (US 6,861,409 B2), filed on June 13, 2001 and granted on March 1, 2005, will expire on August 1, 2022, with the possibility of a patent term extension of up to 5 years.
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> Juergen Engel, PhD, President and CEO of Aeterna Zentaris stated, "This patent, along with our recent Fast Track designation request, represent important steps in our strategy aimed at bringing AEZS-130 to market in the most favorable conditions. There is no approved diagnostic test for AGHD in North America, and ***we believe AEZS-130 could provide a safe, effective and convenient oral test for this indication.***" [Emphasis added.]

26. On October 18, 2012, the Company issued a press release concerning the presentation of Phase 3 results, stating, it relevant part:

> Aeterna Zentaris Inc. (NASDAQ: AEZS) (TSX: AEZ) (the "Company") today announced that ***Phase 3 results for its ghrelin agonist, AEZS-130, show that it has promise as a safe and simple oral diagnostic test for adult growth hormone deficiency (AGHD), with accuracy comparable to available testing procedures.*** Results were presented earlier today by George R. Merriam, MD, Director of the Clinical Study Unit at the VA Puget Sound Health Care System, and Professor of Medicine at the University of Washington, Seattle and Tacoma, WA, at the 6th

> International Congress of the Growth Hormone Research (GRS) and Insulin-like Growth Factor (IGF) Society, currently being held in Munich, Germany.
>
> Juergen Engel, PhD, President and CEO at Aeterna Zentaris, commented, "The data presented earlier today by Dr. Merriam, extend those presented on this same study last June at ENDO by Dr. Jose M. Garcia, MD, PhD, of the Baylor College of Medicine and the Michael E. DeBakey VA Medical Center. ***Both confirm AEZS-130's potential as possibly the first approved oral diagnostic test for AGHD***, with Dr. Merriam's data set showing the impact of Body Mass Index on cut-off values. We are currently focusing our efforts on submitting a New Drug Application for AEZS-130 in this indication during the first quarter of 2013." [Emphasis added.]

27. Those statements (¶¶23, 25, 26) concerning the safety and efficacy of MACRILEN, however, were materially false and/or misleading because the Phase 3 clinical trial had not, in fact, demonstrated that MACRILEN was an effect diagnostics test for AGHD. The Company also omitted to disclose in the June 26, 2012 press release that one patient had experienced a serious electrocardiogram QT interval prolongation (a risk factor for sudden death) one hour after treatment with MACRILEN, which was considered a serious treatment-related event. On or about November 6, 2014, The FDA requested that the Company conduct additional studies to evaluate MACRILEN's effect on the QT interval.

28. On March 22, 2013, the Company filed its annual report on Form 20-F with the SEC. The Form 20-F, which was signed by defendant Turpin, contained a number of statements concerning the purported safety and efficacy of MACRILEN including that the "Phase 3 trial for AEZS-130 showed that the drug is safe and effective in diagnosing AGHD." Those statements were materially false and misleading as demonstrated by the FDA's denial of the NDA and the FDA's belief that a serious adverse reaction to MACRILEN could not be ruled out.

29. On March 22, 2013, consistent with Defendants' misrepresentations, Oppenheimer issued a research report stating: "We believe AEZS-130 was shown to be safe and effective in diagnosing AGHD."

30. On November 5, 2013, AEZS issued a press release announcing the submission of an NDA to the FDA with respect to MACRILEN, providing, in relevant part:

> Aeterna Zentaris Inc. (NASDAQ: AEZS) (TSX: AEZS) (the "Company") today announced that it has submitted a New Drug Application ("NDA") to the U.S. Food and Drug Administration ("FDA") for its ghrelin agonist, macimorelin acetate (AEZS-130). Phase 3 data have demonstrated that ***the compound has the potential to become the first orally-approved product that induces growth hormone release to evaluate adult growth hormone deficiency*** ("AGHD"), with accuracy comparable to available intravenous and intramuscular testing procedures. [Emphasis added.]

31. Those statements, however, were false and misleading because the Phase 3 clinical trial had not, in fact, adequately demonstrated that MACRILEN was an effect diagnostics test for AGHD and the FDA had expressed concerns with respect to a serious and potentially fatal side effect.

32. On November 6, 2013, The Company held an earnings conference call during which defendant Dodd made the following remarks concerning MACRILEN:

> We believe we have a strong value proposition with this product. ***Not only is it accurate, safe and convenient***, it clearly is comparable to the standard, the insulin tolerance test, which I'll remind you is not approved for this indication. ***Our product is safe. It's well tolerated.*** It's oral versus an IV administration, very simple execution. [Emphasis added.]

33. During that same conference call, Defendant Dinges also commented on MACRILEN, stating that:

> So, the -- one of the great levers with this product is that a handful of people control it. And there's 5,500 endocrinologists in the US. Only half do these tests, and about 800 do the bulk of the tests. So, it's very attractive to us that we can get our hands around the market pretty easily, even though it's a small or modest size market, and we're real excited about it, not to mention the value proposition. ***It's safe, accurate,*** and much more convenient for patients and physicians. We think we have a winner here.

34. Those statements concerning MACRILEN's accuracy and safety, however, were false and misleading as demonstrated by the FDA's denial of the MACRILEN NDA and the

FDA not ruling out the possibility that MACRILEN could cause a serious, even potentially fatal side effect.

35. On January 6, 2014, the Company issued a press release updating investors as to the progress of the MACRILEN NDA, stating, in relevant part:

> Aeterna Zentaris Inc. (NASDAQ: AEZS) (TSX: AEZS) (the "Company") today announced that the U.S. Food and Drug Administration ("FDA") has accepted for filing the Company's New Drug Application ("NDA") for its ghrelin agonist, macimorelin acetate, in Adult Growth Hormone Deficiency ("AGHD"). The acceptance for filing of the NDA indicates the FDA has determined that the application is sufficiently complete to permit a substantive review.
>
> The Company's NDA, submitted on November 5, 2013, seeks approval for the commercialization of macimorelin acetate as the first orally-administered product that induces growth hormone release to evaluate AGHD. ***Phase 3 data have demonstrated the compound to be well tolerated, with accuracy comparable to available intravenous and intramuscular testing procedures.*** The application will be subject to a standard review and will have a Prescription Drug User Fee Act ("PDUFA") date of November 5, 2014. The PDUFA date is the goal date for the FDA to complete its review of the NDA.
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> David Dodd, President and CEO of Aeterna Zentaris, commented, "The FDA's acceptance of this NDA submission is another significant milestone in our strategy to commercialize macimorelin acetate as the first approved oral product for AGHD evaluation. We are finalizing our commercial plan for this exciting new product. We are also looking to broaden the commercial application of macimorelin acetate in AGHD for use related to traumatic brain injury victims and other developmental areas, which would represent significant benefit to the evaluation of growth hormone deficiency, while presenting further potential revenue growth opportunities for the Company."

36. The statement that MACRILEN was well tolerated, however, was false and misleading as demonstrated by an occurrence of a prolonged QT interval, indicating a serious adverse reaction to MACRILEN, which the FDA is requiring the Company to perform further trials in order to evaluate the drug's safety.

37. On March 21, 2014, the Company filed its annual report on Form 20-F with the SEC. The Form 20-F, which was signed by defendant Turpin, contained a number of statements

concerning the purported safety and efficacy of MACRILEN including that the "Phase 3 trial for MACRILEN™ showed that the drug is safe and effective in evaluating AGHD." Those statements were materially false and misleading as demonstrated by the FDA's denial of the NDA and the FDA's belief that a serious adverse reaction to MACRILEN could not be ruled out.

38. That same day, the Company held a conference call with analysts during which defendant Dodd stated: "Our product is safe." That statement was false and misleading as demonstrated by the FDA concerns that MACRILEN may cause a serious, if not potentially fatal side effect and was, therefore, requesting that the Company perform additional clinical trials.

39. On July 30, 2014, MLV & Co. ("MLV") issued a research report demonstrating the misinformation investors were relying upon. That report provided, in relevant part, that:

> ***Macrilen has Several Advantages Over the [Insulin Tolerance Test ("ITT")]***
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> Macrilen was compared directly to Geref in a clinical trial (ClinicalTrials.gov identifier: NCT00448747) that commenced before Geref was withdrawn from the market. The trial protocol was changed when Geref became unavailable and then completed under a Special Protocol Assessment (SPA) amendment that was approved by the FDA. ***In this trial, Macrilen was shown to be safe, convenient, and effective in the diagnosis of AGHD*** and it was demonstrated to be as accurate as Geref (with specificity and sensitivity at 90% or greater). Moreover, it is unlikely to have any of the contraindications associated with an ITT.
>
> In this regard, Æterna's Macrilen avoids all of the potential serious adverse events of an ITT. ***The only adverse event reported in the clinical trial was an unpleasant taste while drinking the orally administered solution.*** An indwelling intravenous line is not needed for blood sampling. Since hypoglycemia is not induced, Macrilen can be given in an outpatient setting without constant supervision by a health care professional. Consequently, ***we think Macrilen is poised to fill an unmet clinical need for a safe, accurate, and convenient agent for diagnosing AGHD.*** The ability to accurately diagnose AGHD is important since treatment with recombinant GH has been shown to improve "body composition, exercise capacity, endothelial function, inflammatory biomarkers, bone mineral density, lipoprotein metabolism, and self-reported quality of life measures."
>
> Æterna has made considerable progress in bringing Macrilen to market. A New Drug Application (NDA) was filed on November 5, 2013, and it was accepted by

> the FDA for review on January 6, 2014. Under a standard 10-month review, the PDUFA date is Wednesday, November 5, 2014. If the product is approved in 4Q:14 as anticipated, then Æterna has guided to launching Macrilen in 1Q:15. ***Based on its safety and equivalence to Geref in diagnosing AGHD as demonstrated in a completed Phase III trial conducted under an SPA, we expect the FDA to approve Macrilen on or before its PDUFA date.*** [Emphasis added and footnotes omitted.]

40. On August 8, 2014, MLV issued a research report concerning the Company's latest earnings call and the anticipated approval of MACRILEN by the FDA. MLV's report stated, in relevant part, that:

> Following anticipated FDA approval of Macrilen on November 5 and official launch in January 2015, Aeterna's sales force will jointly promote Macrilen with Ascend's existing 35 sales reps already selling EstroGel. As outlined in our July 30, 2014 research report, ***we are confident of Macrilen's approval as an AGHD diagnostic given its added safety***, convenience, and potential cost savings over existing AGHD diagnostics such as insulin tolerance test (ITT).

41. On October 27, 2014, H.C. Wainwright & Co. ("HCW") issued a research report demonstrating that the Company's message concerning the purported safety and accuracy of MACRILEN was being adopted by investors. Indeed, HCW's report provided, in relevant part, that:

> **Signs of a positive Macrilen decision.** Æterna Zentaris' lead endocrinology drug candidate, Macrilen, a diagnostic for Adult Growth Hormone Deficiency (AGHD), is expected to receive a regulatory decision by November 5. Currently approved diagnostics are either injected or infused while Macrilen is administered orally, making it less resource-intensive. ***The drug exhibits a tolerable safety profile*** (unpleasant taste and diarrhea) and efficacy (with 82% sensitivity, 92% specificity, and a 13% misclassification rate***). Management characterized their ongoing pre-approval discussions with the FDA, including the drug label, as positive and constructive in a conversation we had last week.*** According to the management, pre-approval plant inspections were also successful. Taken together, we believe Macrilen could receive approval by the PDUFA (Prescription Drug User Fee Act) date. The company believes, if a positive decision is rendered, Macrilen could be launched in 1Q15, in-line with previous guidance. [Emphasis added.]

The Truth is Revealed

42. On November 6, 2014, the Company filed a press release disclosing the FDA's denial of the MACRILEN NDA. That release provides, in relevant part:

> Aeterna Zentaris Inc. (NASDAQ: AEZS, TSX: AEZ) (the "Company") today announced that the Company has received a Complete Response Letter ("CRL") from the U.S. Food and Drug Administration ("FDA") for its New Drug Application ("NDA") for MacrilenTM (macimorelin), a novel orally-active ghrelin agonist, for use in evaluating adult growth hormone deficiency ("AGHD"). ***Based on its review, the FDA has determined that the NDA cannot be approved in its present form.***
>
> The CRL mentions that the planned analysis of the Company's pivotal trial did not meet its stated primary efficacy objective as agreed to in the Special Protocol Assessment agreement letter between the Company and the FDA. The CRL further mentioned issues related to the lack of complete and verifiable source data for determining whether patients were accurately diagnosed with AGHD. The FDA concluded that, "in light of the failed primary analysis and data deficiencies noted, the clinical trial does not by itself support the indication." To address the deficiencies identified above, the CRL states that the Company will need to demonstrate the efficacy of macimorelin as a diagnostic test for growth hormone deficiency in a new, confirmatory clinical study.
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> The CRL also outlined that a serious event of electrocardiogram QT interval prolongation occurred for which attribution to drug could not be excluded. Therefore a dedicated thorough QT study to evaluate the effect of macimorelin on the QT interval would be necessary.
>
> David Dodd, Chairman and CEO at Aeterna Zentaris said, "Following the FDA's decision, we are currently reviewing the outstanding issues stated in the CRL in order to evaluate our options and future plans for MacrilenTM."

43. In reaction to the Company's announcement, on November 6, 2014, AEZS' stock trading on heavy volume, closed at $0.65 per share, a decline of almost 50% from the previous day's closing price of $1.29 per share.

ADDITIONAL SCIENTER ALLEGATIONS

44. As alleged herein, Defendants acted with scienter because at the time of their public statements, they knew or recklessly disregarded the fact that the statements were

materially false and misleading and/or omitted materials facts concerning, among other things, the efficacy of MACRILEN as a diagnostic test for AGHD and the potential for a serious and even life threatening side effect related to the QT interval. Moreover, Defendants: (i) knew that such statements would be issued and disseminated to the investing public; (ii) knew that persons would rely upon those misrepresentations and omissions; and (iii) knowingly and/or recklessly participated in the issuance and/or dissemination of such statements and/or documents as primary violators of the federal securities laws. Defendants' materially false and misleading statements and omissions of material fact artificially inflated AEZS stock price during the Class Period.

45. As a biotech company with no currently commercially available drugs, AEZS' ability to remain a going concern was highly dependent on investors' willingness to fund the Company through the developmental stages of its various drugs to commercialization. If investors did not believe that the products in AEZS' pipeline were commercially viable then they would not be willing to invest in the Company. Thus, Defendants misrepresentation concerning MACRILEN allowed them to conduct numerous rounds of financing with investors, including, but not limited to, the follow during the Class Period:

(a) October 12, 2012: The Company announced the completion of a public offering of 6.6 million units consisting of one share of common stock and 0.45 of a 5 year warrant to purchase one common share at $3.45 per share. The offering generated net proceeds of approximately $15.2 million for the Company.

(b) May 21, 2013: The Company announced its entry into an "At-Market Issuance" agreement with MLV & Co. LLC for the Company, in its discretion, to sell a maximum of 2.5 million shares of common stock, up to an aggregate value of $4.6 million.

(c) July, 30, 2013: The Company announced the completion of a direct offering to certain institutional investors which garnered net proceeds of approximately $7 million.

(d) November 25, 2013: The Company announced the completion of a public offering of 13.1 million units consisting of one share of common stock and one whole 5

year warrant to purchase one common share at $1.60 per share. The offering generated net proceeds of approximately $13.7 million for the Company.

(e) January 14, 2014: The Company announced the completion of a public offering of 11 million units consisting of one share of common stock and 0.8 of a 5 year warrant to purchase one common share at $1.25 per share. The offering generated net proceeds of approximately $12.2 million for the Company.

(f) March 28, 2014: The Company announced that the SEC had declared AEZS' shelf registration filed on Form F-3 effective, allowing the Company to sell up to $50 million in common shares in one or more "at-the-market" offerings during a 36 month period.

46. The Individual Defendants are not subject to the disclosure requirements of Section 16 of the Exchange Act with respect to their individual transactions in AEZS stock. Nonetheless, a review of SEC filings demonstrates that they have disposed of a substantial amount of their direct holdings in AEZS common stock during the Class Period as follows:

(a) Defendant Engel owned 117,779 shares of common stock as of March 27, 2012 and only 33,333 shares as of December 31, 2012. Accordingly, without accounting for any options exercised or other related dispositions, defendant Engel sold at least 84,446 shares of stock or approximately 72% of his holdings during that period.

(b) Defendant Turpin owned 21,250 shares of common stock as of March 27, 2012 and only 3,451 shares as of December 31, 2013. Accordingly, without accounting for any options exercised or other related dispositions, defendant Turpin sold at least 17,799 shares of stock or approximately 84% of his holdings during that period.

47. The Individual Defendants' scienter is further demonstrated by their senior level positions at the Company and access to material, non-public information concerning the actual results of the Phase 3 trial.

LOSS CAUSATION/ ECONOMIC LOSS

48. By misrepresenting MACRILEN's safety and efficacy, Defendants sought to manipulate AEZS's stock price and/or present a misleading picture affecting the value of AEZS' common stock.

49. These misrepresentations caused and maintained the artificial inflation in AEZS' stock price throughout the Class Period and until the truth was revealed to the market.

50. Defendants' false and misleading statements had the effect and caused AEZS stock to trade at artificially inflated levels throughout the Class Period, closing as high as $5.04 per share (adjusted for an interim 1 for 6 reverse stock split) on September 20, 2012.

51. On November 6, 2014, AEZS disclosed the truth about the MACRILEN clinical trial. The market reacted negatively closing at $0.65 per share, a decline of almost 50% from the previous day's closing price of $1.29 per share.

RELIANCE: APPLICABILITY OF FRAUD ON THE MARKET

52. At all relevant times, the market for AEZS's common stock was an efficient market that promptly digested current information with respect to the Company from all publicly-available sources and reflected such information in the prices of the Company's common stock. Throughout the Class Period:

(a) AEZS stock was listed and actively traded on the NASDAQ stock exchange;

(b) As a regulated issuer, AEZS filed periodic reports with the SEC and the CSA;

(c) AEZS communicated regularly with public investors via established market communication mechanisms, including through regular dissemination of press releases on the national circuits or major newswire services and through wide-ranging public disclosures, such as communications with financial press and other similar reporting services;

(d) Securities analysts and business press followed and published research reports regarding AEZS that were publicly available to investors; and

(e) The market price of AEZS's common stock reacted promptly to the dissemination of public information regarding the Company.

53. As a result of the misconduct alleged herein, the market for AEZS common stock was artificially inflated. Under such circumstances, the presumption of reliance available under the "fraud-on-the-market" doctrine applies.

COUNT I
(Against Defendants for Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder)

54. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

55. During the Class period, Defendants disseminated or approved the false and misleading statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. Defendants' false and misleading statements and omission were made with scienter and were intended to and did deceive the investing public, artificially inflate the market price of the Company's securities and cause Plaintiff and the other members of the Class to purchase AEZS common stock at artificially inflated prices.

56. Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, and in concert, directly and indirectly, by use and means of instrumentalities of interstate commerce, the mails and the facilities of a national exchange:

(a) Employed devices, scheme and artifices to defraud;

(b) Made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or

(c) Engaged in acts, practices and a course of conduct that operated as a fraud or deceit upon Plaintiff and others similarly situated in connection with their purchase of AEZS common stock during the Class Period.

57. Defendants were individually and collectively responsible for making the statements and omission alleged herein, by virtue or having prepared, approved, signed and/or disseminated documents which contained untrue statements of material facts and/or omitted facts necessary to make the statements therein not misleading and/or making direct statements to the investing public as detailed herein.

58. As described herein, Defendants made the false and/or misleading statements and omissions knowingly and intentionally, or in such an extremely reckless manner as to constitute willful deceit and fraud upon plaintiff and other members of the Class who purchased AEZS common stock during the Class Period. Disclosure of the Company's failure to meet the efficacy objective of the MACRILEN clinical trial and the lack of data to determine whether patients were accurately diagnosed with AGHD was information that would have have been viewed by a reasonable investor as having significantly altered the total mix of information available about the prospects of commercializing MACRILEN.

59. Defendants' false and misleading statements and omission were made in connection with the purchase or sale of the Company's securities.

60. In ignorance of the false and misleading nature of Defendants' statements and/or upon the integrity of the market price for AEZS common stock, Plaintiff and the other members of the Class purchased AEZS common stock at artificially inflated prices during the Class Period. But for the fraud, they would not have purchased the securities at artificially inflated prices.

61. The market price for AEZS common stock declined materially upon the public disclosure of the facts that had previously been misrepresented or omitted by Defendants, as described above.

62. Plaintiff and the other members of the Class were substantially damaged as a direct and proximate result of their purchases of AEZS stock at artificially inflated prices and the subsequent decline in the price of those securities when the truth was disclosed.

63. This claim was brought within two years after discovery of this fraud and within five years of the making of the statements alleged herein to be materially false and misleading.

64. By virtue of the foregoing, Defendants have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, and are liable to Plaintiff and the other members of the Class, each of whom has been damaged as a result of such violation.

COUNT II
(Against the Individual Defendants
for Violations of Section 20(a) of the Exchange Act)

65. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

66. This claim is brought pursuant to Section 20(a) of the Exchange Act against the Individual Defendants on behalf of Plaintiff and the other members of the Class who purchased AEZS common stock during the Class Period.

67. As alleged herein, the Individual Defendants are liable to Plaintiff and the other members of the Class who purchased AEZS common stock based on the materially false and misleading statements and omissions set forth above, pursuant to Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

68. The Individual Defendants acted as controlling persons of AEZS within the meaning of Section 20(a) of the Exchange Act, and were culpable participants in the actions alleged above. By reason of the Individual Defendants' positions as senior officers and directors of AEZS, the Individual Defendants had the power and authority to cause AEZS to engage in the

wrongful conduct complained of herein. By reason of such conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act to Plaintiff and the other members of the Class, each of whom has been damaged as a result of the actions detailed herein.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment as follows:

A. Declaring this action a proper class action pursuant to Fed. R. Civ. P. 23(a) and 23(b);

B. Awarding Plaintiff and the other members of the Class compensatory damages, including pre-judgment interest and post-judgment interest;

C. Awarding Plaintiff and the Class reasonable attorneys' fees, experts' fees and other costs and expenses; and

D. Awarding such other and further relief as the Court may deem just and proper.

JURY DEMAND

Plaintiff demands a trial by jury.

Dated: November 13, 2014