

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name QLT Inc.		2 Issuer's employer identification number (EIN) 98-0455702	
3 Name of contact for additional information QLT Investor Relations	4 Telephone No. of contact (604) 707-7000	5 Email address of contact ir@qltinc.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact QLT Investor Relations, Suite 250, 887 Great Northern Way		7 City, town, or post office, state, and Zip code of contact Vancouver, B.C Canada V5T 4T5	
8 Date of action April 5, 2016		9 Classification and description Return of Capital Distribution	
10 CUSIP number See Attachment A	11 Serial number(s) NA	12 Ticker symbol See Attachment A	13 Account number(s) NA

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **On April 5, 2016, QLT Inc. distributed certain assets to its shareholders, of which 100% constituted a return of capital. The assets distributed included: (i) USD \$15.0 million of cash and (ii) 4,799,619 common shares held in Aralez Pharmaceuticals, Inc. ("Aralez shares") which had a fair market value of USD \$19,294,468 (or USD \$4.02 per share) on the date of distribution.**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **The distribution to each QLT shareholder of the Aralez shares and cash (if any) should be treated as a return of capital. The amount of each shareholder's return of capital is equal to the sum of the fair market value of the Aralez shares on the distribution date and the amount of cash (if any) received from the distribution. However, if the sum of the fair market value of the Aralez shares and cash (if any) received by a QLT shareholder from the distribution exceeds their adjusted tax basis in their QLT shares, then such shareholder should consider whether they would need to report the excess amount as a gain on their US federal income tax returns for the current tax year. Each shareholder should consult their own tax advisor to determine the impact of the distribution on their QLT shares and on their US income tax position for the year. For any questions regarding the US tax considerations of the distribution of the Aralez shares and cash (if any) please refer to the "Certain Material US Federal Income Tax Consequences" section of the prospectus (beginning on page 18) as filed with the US Securities and Exchange Commission on February 22, 2016. Number of QLT shares that were eligible to receive the distribution-52,828,706. Total value of Aralez Shares and cash distributed to shareholders-USD \$34,294,468**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **An analysis of the current and accumulated earnings and profits of QLT Inc. was performed prior to the distribution. It was determined that the accumulated earnings and profits was negative and that the current year earnings and profits is expected to be negative.**

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ►
IRC Section 301(c) and IRC Section 316(a)

18 Can any resulting loss be recognized? ► **The return of capital should reduce each taxpayer's adjusted tax basis in its QLTI shares by the return of capital amount per QLTI share. Upon a disposition of the QLTI shares, the shareholder should recognize a larger gain or a reduced loss as the case may be at the time of disposition.**

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ►
The reportable year of the distributions will be 2016.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ►  Date ► May 20, 2016
Print your name ► Glen Ibbott Title ► CFO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ►			Firm's EIN ►	
	Firm's address ►			Phone no.	