

**For immediate release**

## **ConjuChem Announces Fiscal 2006 First Quarter Financial Results**

**MONTREAL, Canada, March 16, 2006** – ConjuChem Inc. (TSX:CJC) today announced financial results for its first quarter of fiscal 2006, ended January 31, 2006.

“ConjuChem is making solid progress on the clinical front as 2006 advances. Subsequent to quarters end, we received clearance from the FDA to conduct a Phase I/II trial for the treatment of Type 2 diabetes using our proprietary PC-DAC™: Exendin-4 compound. At the same time, our Phase II study for DAC™:GRF for the treatment of HIV related Lipodystrophy remains ongoing,” said Vice President and CFO Lennie Ryer. “We look forward to updating shareholders on these two lead programs as the year progresses.”

The company’s net loss for the quarter ended January 31, 2006 was \$9.7 million, or (\$0.20) per share, compared with \$11.3 million, or (\$0.26) per share, for the quarter ended January 31, 2005. The decrease in the net loss is mainly attributable to a decrease in net research and development expenses of \$1.7 million.

The Company recorded interest income on cash, short and long-term investments of \$80,886 for the quarter versus \$137,775 in the same period last year. The decrease in interest revenue was a result of lower rates of return on invested funds caused by a general decrease in market interest rates combined with a reduction in the funds available for investment.

Net research and development expenses amounted to \$6.1 million for the quarter ended January 31, 2006, compared with \$7.9 million in the same period last year. The decrease is largely attributable to reduced costs of the clinical development programs compared to the prior fiscal year.

General and administrative costs for the quarter ended January 31, 2006 were \$1.2 million compared with \$929,442 for the same period last year. The increase in General and Administrative expenses is attributable to increased costs of insurance coverage and non-recurring expenses incurred to recruit and relocate ConjuChem’s new President and CEO.

As of January 31, 2006, the Company had cash and cash equivalents of \$9.9 million and a working capital position of \$7.5 million.

Subsequent to quarter’s end, ConjuChem announced a corporate reorganization transaction which will strengthen its financial position by adding an extra \$6.4 million of gross proceeds to ConjuChem’s balance sheet. The transaction, which will monetize accumulated tax losses, in no way changes the fundamental business of the Company and is non-dilutive for its shareholders.

### **Outlook**

ConjuChem anticipates releasing preliminary data from its Phase I/II trial for the treatment of Type 2 diabetes using its proprietary PC-DAC™:Exendin-4 compound by mid-year. A maximum of 68 patients will be enrolled in this randomized, double-blind, single escalating dose study with patient dosing to begin by mid-March. The Company’s placebo-controlled, double-blind Phase II study in which DAC™:GRF is administered once weekly for the treatment of HIV related Lipodystrophy remains ongoing. ConjuChem expects to report preliminary data from this trial in the fourth quarter of 2006.

### **About ConjuChem**

ConjuChem, developers of next generation medicines from therapeutic peptides, is creating long-acting compounds based on bioconjugation platform technologies. When applied to peptides, the Company’s systemic DAC™ and PC-DAC™ Technologies enable the creation of new drugs with significantly enhanced therapeutic properties as compared to the

original peptide. The Company is developing compounds to treat various disorders including diabetes, human growth deficiencies and HIV/AIDS.

Detailed descriptions of the Company and its product pipeline can be viewed on the Company's web page [www.conjuchem.com](http://www.conjuchem.com).

### **Forward-Looking Statements**

Some of the statements made herein constitute forward-looking statements. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause ConjuChem's actual results, performance or achievements to be materially different from those expressed or implied by any of the Company's statements. Actual events or results may differ materially. We disclaim any intention, and assume no obligation, to update these forward-looking statements.

### **For more information, please contact:**

Lennie Ryer, CA  
Vice President Finance, CFO  
ConjuChem Inc.  
514-844-5558 ext 224  
ryer@conjuchem.com

Michael Polonsky  
Investor Relations  
416-815-0700 ext. 231  
416-815-0080  
mpolonsky@equicomgroup.com

**BALANCE SHEETS**  
[unaudited]

As at

	<b>January 31</b>	October 31
	<b>2006</b>	2005
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	4,226,938	137,218
Short-term investments	5,666,159	17,708,732
Accounts receivable and other assets	473,220	331,174
Investment tax credits receivable	525,000	450,000
Prepaid expenses	205,404	280,029
<b>Total current assets</b>	<b>11,096,721</b>	<b>18,907,153</b>
Deferred financing fees	100,841	109,563
Property, plant and equipment	1,366,439	1,327,200
Intangible assets	51,650	66,136
	<b>12,615,651</b>	<b>20,410,052</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	3,643,407	4,318,493
<b>Total current liabilities</b>	<b>3,643,407</b>	<b>4,318,493</b>
Convertible senior unsecured notes	40,609,619	39,183,820
	<b>44,253,026</b>	<b>43,502,313</b>
<b>Shareholders' deficiency</b>		
Capital stock	147,176,513	147,169,448
Warrants	3,276,000	3,276,000
Equity portion of convertible senior unsecured notes	14,966,780	14,966,780
Contributed surplus	13,593,702	12,413,577
Deficit	(210,650,370)	(200,918,066)
<b>Total shareholders' deficiency</b>	<b>(31,637,375)</b>	<b>(23,092,261)</b>
	<b>12,615,651</b>	<b>20,410,052</b>

On behalf of the Board:



Director



Director

**STATEMENTS OF OPERATIONS AND DEFICIT**  
[unaudited]

Three-months ended January 31,

	<b>2006</b>	<b>2005</b>
	\$	\$
<b>REVENUES</b>		
Contract revenue	239,123	32,989
Interest income	80,886	137,775
	<b>320,009</b>	170,764
<b>EXPENSES</b>		
Research and development	6,214,332	8,027,938
Investment tax credits	(75,000)	(150,000)
	<b>6,139,332</b>	7,877,938
Net research and development expenses	6,139,332	7,877,938
General and administrative expenses	1,203,960	929,442
Amortization of property, plant and equipment	72,814	93,704
Amortization of intangible assets	14,486	10,391
Amortization of deferred financing fees	8,722	8,722
Non-cash stock compensation	1,183,343	1,280,198
Financial charges	3,673	3,501
Foreign exchange (gain) loss	184	96,179
Accretion in carrying value of convertible senior unsecured notes	1,425,799	1,204,650
	<b>10,052,313</b>	11,504,725
<b>Net loss</b>	<b>(9,732,304)</b>	(11,333,961)
Deficit, beginning of period	(200,918,066)	(157,056,878)
Opening adjustment for stock based compensation	—	(5,343,453)
Deficit, end of period	<b>(210,650,370)</b>	(173,734,292)
Basic and diluted loss per share	<b>(0.20)</b>	(0.26)
Weighted average number of common shares	<b>47,555,569</b>	42,790,030

**STATEMENTS OF CASH FLOWS**  
[unaudited]

Three-months ended January 31,

	2006 \$	2005 \$
<b>OPERATING ACTIVITIES</b>		
Net loss	(9,732,304)	(11,333,961)
Items not affecting cash:		
Amortization of property, plant and equipment	72,814	93,704
Amortization of intangible assets	14,486	10,391
Amortization of deferred financing fees	8,722	8,722
Amortization of premium on investments	2,330	—
Non-cash stock based compensation	1,183,343	1,280,198
Accretion in value of convertible senior unsecured notes	1,425,799	1,204,650
	<b>(7,024,810)</b>	<b>(8,736,296)</b>
Net changes in non-cash working capital balances relating to operations	<b>(817,507)</b>	<b>(1,725,115)</b>
<b>Cash flows relating to operating activities</b>	<b>(7,842,317)</b>	<b>(10,461,411)</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of short-term investments	(4,589,194)	(3,144,778)
Proceeds on maturities of short-term investments	16,629,437	11,520,214
Acquisition of property, plant and equipment	(112,053)	(8,669)
<b>Cash flows relating to investing activities</b>	<b>11,928,190</b>	<b>8,366,767</b>
<b>FINANCING ACTIVITIES</b>		
Issuance of common shares for cash	3,847	56,586
<b>Cash flows relating to financing activities</b>	<b>3,847</b>	<b>56,586</b>
<b>Net increase (decrease) in cash and cash equivalents during the period</b>	<b>4,089,720</b>	<b>(2,038,058)</b>
Cash and cash equivalents, beginning of period	137,218	2,707,382
Cash and cash equivalents, end of period	4,226,938	669,324
<b>Supplemental cash flow information:</b>		
Cash paid during the period for interest:	107	506