
For immediate release

ConjuChem Announces Fiscal 2009 Third Quarter Financial Results

MONTREAL, Canada, September 14, 2009 – ConjuChem Biotechnologies (TSX:CJB) today announced financial results for the third quarter of fiscal 2009, ended July 31, 2009.

“During our fiscal third quarter, we had the opportunity to showcase the positive results from our Phase II program for PC-DAC[™]:Exendin-4 and from our PC-Insulin program at the American Diabetes Association's 69th Annual Scientific Sessions. We also continued to progress our partnering discussions for these products, focusing in particular on the advantageous features of PC-DAC[™]:Exendin-4, such as its excellent tolerability profile and its administration using a small volume, highly soluble liquid formulation,” said Mark Perrin, President and CEO of ConjuChem. “Despite challenging economic conditions, subsequent to the end of the quarter we successfully completed a transaction that provided approximately \$5 million in non-dilutive capital, in addition to the \$4.3 million in cash and cash equivalents and \$1.7 million in receivables available to the Company at the end of the fiscal quarter. These additional resources will provide us with greater flexibility to execute our business plan and drive our partnering discussions.”

Financial Results

Net loss for the quarter ended July 31, 2009 amounted to \$1.4 million compared to \$8.7 million for the quarter ended July 31, 2008. Net loss for the nine-month period ended July 31, 2009 amounted to \$13.3 million compared to \$28.5 million for the nine-month period ended July 31, 2008. The decrease in the net loss over the nine-month periods is mainly attributable to a decrease in the accretion in the carrying value of the convertible senior unsecured notes and interest due to the early redemption of the convertible senior unsecured notes during the nine-month period of the 2008 fiscal year, a decrease in R&D expenses of \$6.6 million, the reversal of tax-related reserves following the results of tax audits and by the reversal of a tax withholding contingency in the nine-month period ended July 31, 2009.

The Company recorded interest income on cash and investments that amounted to \$15,772 for the quarter ended July 31, 2009, compared to \$306,076 for the quarter ended July 31, 2008. The Company recorded interest income on cash and investments that amounted to \$154,289 for the nine-month period ended July 31, 2009, compared to \$1,254,657 for the nine-month period ended July 31, 2008. The decrease in interest income was a result of a reduced investment portfolio base combined with a general decrease in market rates.

Gross research and development expenses amounted to \$1.5 million for the quarter ended July 31, 2009, compared to \$6.2 million for the quarter ended July 31, 2008. Gross research and development expenses amounted to \$8.6 million for the nine-month period ended July 31, 2009, compared to \$15.2 million for the nine-month period ended July 31, 2008. The decrease is due to the completion of the Company's Phase II clinical trials for PC-DAC[™]:Exendin-4.

General and administrative reflects a recovery amount of \$0.5 million for the quarter ended July 31, 2009, compared to an expense \$1.2 million for the quarter ended July 31, 2008. General and administrative costs amounted to \$2.1 million for the nine-month period ended July 31, 2009, compared to \$4.0 million

for the nine-month period ended July 31, 2008. The decrease in general and administrative expenses is largely attributable to fees related to the early redemption of the convertible senior unsecured notes in the nine-month period ended July 31, 2008 and by the reversal of a tax withholding contingency in the nine-month period ended July 31, 2009.

As at July 31, 2009, the Company had cash and cash equivalents and investments totaling \$4.3 million and an additional \$1.7 million in accounts receivables and investment tax credits receivable, compared to \$21.1 million as at October 31, 2008. As at July 31, 2009, working capital amounted to \$2.5 million, compared to \$12.0 million as at October 31, 2008. Subsequent to the end of the quarter, the Company completed a transaction that provided approximately \$5 million in non-dilutive capital. ConjuChem believes that its current cash and cash equivalents, marketable securities and interest income will be sufficient to carry out current research and development plans and operations into the second fiscal quarter of 2010.

About ConjuChem

ConjuChem, a developer of next generation medicines from therapeutic peptides, creates long-acting compounds based on its proprietary bioconjugation platform technology. The Company has two major development programs: PC-DAC™:Exendin-4, a GLP-1 receptor agonist in Phase II clinical development and PC-Insulin, a long-acting basal insulin in preclinical development.

Detailed descriptions of the Company and its technologies can be viewed on the Company's website www.conjuchem.com.

Forward-Looking Statements

Some of the statements made herein may 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.

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ConjuChem Biotechnologies Inc.

UNAUDITED INTERIM BALANCE SHEETS

As at

	July 31, 2009	October 31, 2008
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	600,239	2,187,423
Investments	3,704,941	18,934,737
Accounts receivable	1,013,069	160,644
Investment tax credits receivable	680,000	542,000
Prepaid expenses	278,195	229,006
Total current assets	6,276,444	22,053,810
Property, plant and equipment	677,072	841,685
Intangible assets	6,942	11,108
Other assets	653,325	—
	7,613,783	22,906,603
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities	3,803,428	10,080,463
Total current liabilities	3,803,428	10,080,463
Convertible unsecured subordinated debentures	15,767,248	13,634,906
	19,570,676	23,715,369
Shareholders' deficiency		
Capital stock	266,858,635	266,823,735
Warrants	10,817,394	10,817,394
Equity portion of convertible unsecured subordinated debentures	5,184,867	5,193,793
Contributed surplus	50,893,422	48,818,826
Deficit	(345,711,211)	(332,390,857)
Accumulated other comprehensive loss	—	(71,657)
Total shareholders' deficiency	(11,956,893)	(808,766)
	7,613,783	22,906,603

ConjuChem Biotechnologies Inc.

UNAUDITED INTERIM STATEMENTS OF DEFICIT

	Three-months ended		Nine-months ended	
	July 31,	July 31,	July 31,	July 31,
	2009	2008	2009	2008
	\$	\$	\$	\$
Deficit, beginning of period	(344,298,290)	(312,739,566)	(332,390,857)	(292,973,699)
Net loss for the period	(1,412,921)	(8,736,726)	(13,320,354)	(28,502,593)
Deficit, end of period	(345,711,211)	(321,476,292)	(345,711,211)	(321,476,292)

ConjuChem Biotechnologies Inc.

**UNAUDITED INTERIM STATEMENTS OF
OPERATIONS AND COMPREHENSIVE LOSS**

	Three-months ended		Nine-months ended	
	July 31, 2009	July 31, 2008	July 31, 2009	July 31, 2008
	\$	\$	\$	\$
REVENUES				
Contract revenues	13,589	8,827	29,032	60,731
Interest income	15,772	306,076	154,289	1,254,657
	29,361	314,903	183,321	1,315,388
EXPENSES				
Research and development	1,532,858	6,153,681	8,597,138	15,233,963
Investment tax credits	(1,467,174)	(100,000)	(2,797,174)	(300,000)
Net research and development expenses	65,684	6,053,681	5,799,964	14,933,963
General and administrative expenses	(452,509)	1,198,403	2,058,651	3,996,354
Amortization of property, plant and equipment	39,882	55,411	124,568	165,511
Amortization of intangible assets	1,389	2,462	4,166	7,386
Stock-based compensation	681,835	643,099	2,074,596	2,015,937
Financial charges	2,434	2,987	11,331	13,294
Foreign exchange loss (gain)	(62,125)	60,543	55,167	251,818
Accretion in carrying value of convertible senior unsecured notes and interest	—	—	—	5,504,427
Accretion in carrying value of convertible unsecured subordinated debentures and interest	1,165,692	1,035,043	3,375,232	2,661,852
Loss on redemption of long-term investments	—	—	—	267,439
	1,442,282	9,051,629	13,503,675	29,817,981
Net loss for the period	(1,412,921)	(8,736,726)	(13,320,354)	(28,502,593)
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized gain/(loss) on investments	(528)	(17,631)	71,657	(14,899)
Comprehensive loss for the period	(1,413,449)	(8,754,357)	(13,248,697)	(28,517,492)
Basic and diluted loss per share	(0.01)	(0.04)	(0.05)	(0.12)
Weighted average number of common shares outstanding during the period	250,432,418	246,094,442	250,514,149	242,188,235

ConjuChem Biotechnologies Inc.

UNAUDITED INTERIM STATEMENTS OF CASH FLOWS

	Three-months ended		Nine-months ended	
	July 31, 2009	July 31, 2008	July 31, 2009	July 31, 2008
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net loss	(1,412,921)	(8,736,726)	(13,320,354)	(28,502,593)
Items not affecting cash:				
Amortization of property, plant and equipment	39,882	55,411	124,568	165,511
Amortization of intangible assets	1,389	2,462	4,166	7,386
Amortization of premium on long-term investments	—	—	—	(8,436)
Stock-based compensation	681,835	643,099	2,074,596	2,015,937
Accretion in carrying value of convertible senior unsecured notes and interest	—	—	—	5,504,427
Accretion in carrying value of convertible unsecured subordinated debentures	749,064	672,613	2,158,316	1,630,769
Gain on proceeds from sales of property, plant and equipment	(4,019)	—	(9,272)	—
Loss on redemption of long-term investments	—	—	—	267,439
	55,230	(7,363,141)	(8,967,980)	(18,919,560)
Net changes in non-cash working capital balances relating to operations	(3,777,978)	(63,878)	(7,316,649)	462,379
Cash flows relating to operating activities	(3,722,748)	(7,427,019)	(16,284,629)	(18,457,181)
INVESTING ACTIVITIES				
Acquisition of investments	(1,221,596)	(6,137,130)	(10,264,700)	(27,832,011)
Proceeds on maturities of investments	3,488,708	15,823,221	25,566,153	37,338,629
Acquisition long-term investments	—	—	—	(167,037)
Proceeds on redemption of long-term investments	—	—	—	59,644,132
Acquisition of property, plant and equipment	(1,486)	(1,318)	(13,138)	(11,090)
Proceeds from sales of property, plant and equipment	21,065	—	62,455	—
Acquisition of intangible assets	—	—	—	(1,179)
Cash flows relating to investing activities	2,286,691	9,684,773	15,350,770	68,971,444
FINANCING ACTIVITIES				
Repayment of convertible senior unsecured notes	—	—	—	(58,006,914)
Issuance of convertible unsecured subordinated debentures	—	—	—	22,000,000
Issuance costs paid in cash	—	—	—	(1,764,414)
Increase in other assets	(653,325)	—	(653,325)	—
Cash flows relating to financing activities	(653,325)	—	(653,325)	(37,771,328)
Net change in cash and cash equivalents during the period	(2,089,382)	2,257,754	(1,587,184)	12,742,935
Cash and cash equivalents, beginning of period	2,689,621	11,720,885	2,187,423	1,235,704
Cash and cash equivalents, end of period	600,239	13,978,639	600,239	13,978,639
Supplemental cash flow information:				
Interest paid	912,568	892,926	1,727,229	13,899,840