

For immediate release

## CONJUCHEM BIOTECHNOLOGIES INC. ANNOUNCES FISCAL 2006 SECOND QUARTER FINANCIAL RESULTS FOR CONJUCHEM INC.

**MONTREAL, Canada, June 14, 2006** – ConjuChem Biotechnologies Inc. today announced financial results for the second quarter of fiscal 2006, ended April 30, 2006, of ConjuChem Inc. On May 23, 2006, ConjuChem Inc. completed a reorganization whereby the assets and liabilities of ConjuChem Inc. were transferred to ConjuChem Biotechnologies Inc., which now carries on the same business previously carried on by ConjuChem Inc.

Net loss for the quarter ending April 30, 2006 amounted to \$8.3 million compared to \$8.6 million for the quarter ended April 30, 2005. The Company's net loss for the six-month period ending April 30, 2006 amounted to \$18.0 million compared to \$19.9 million for the same period a year ago.

“The second quarter was highlighted by preliminary data from our single dose Phase I/II clinical study for the treatment of Type 2 diabetes using our PC-DAC™ Exendin-4 compound which exceeded our expectations. These findings reinforce our belief that a once-a-week dosing regimen for PC-DAC™ Exendin-4 is feasible,” said Lennie Ryer, Vice-President and CFO. “Our strengthened financial position as a result of two separate transactions that raised a total of \$22.15 million subsequent to quarter's end, means ConjuChem Biotechnologies Inc. is now well positioned to continue to further advance this clinical program and other compounds in our product pipeline.”

The Company recorded interest income on cash, short and long-term investments that amounted to \$55,751 for the quarter, compared to \$178,434 for the same period last year. Interest income for the six month period ending April 30, 2006 was \$136,638 versus \$316,209 a year earlier. The decrease in interest revenue was a result of a reduction in the funds available for investment.

Net research and development expenses amounted to \$4.6 million for the quarter ending April 30, 2006 compared to \$5.0 million for the quarter ending April 30, 2005. Net research and development expenses amounted to \$10.8 million for the six-month period ending April 30, 2006 compared to \$12.9 million for the six-month period ending April 30, 2005. The decrease is largely attributable to reduced costs of the clinical development programs compared to the prior fiscal year.

General and Administrative costs remained level at \$1.1 million for the periods ending April 30, 2005 and 2006. For the six-month period ending April 30, 2006 general and administrative costs amounted to \$2.3 million compared to \$2.0 million in the same period the previous year.

As of April 30, 2006, the Company had cash and cash equivalents of \$7.0 million and a working capital position of \$1.8 million. Subsequent to quarter's end, ConjuChem Biotechnologies Inc. strengthened its financial position with the addition of \$22.15 million raised in two separate transactions.

As a result of the reorganization completed on May 23, 2006, the common shares of ConjuChem Inc. (TSX:CJC) ceased to trade and were replaced with the common shares of ConjuChem Biotechnologies Inc., which now trade on the Toronto Stock Exchange under the symbol CJB.

### About ConjuChem

ConjuChem Biotechnologies Inc., which continues the business of ConjuChem Inc., is a developer of next generation medicines from therapeutic peptides, and is creating long-acting compounds based on bioconjugation platform technologies. When applied to peptides, ConjuChem's systemic DAC™ and PC-DAC™ Technologies enable the creation

of new drugs with significantly enhanced therapeutic properties as compared to the original peptide. ConjuChem is developing compounds to treat various disorders including diabetes, human growth deficiencies and HIV/AIDS.

Detailed descriptions of the Company can be viewed on the Company's website [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.

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**BALANCE SHEETS**  
[unaudited]

As at

	<b>April 30</b>	October 31
	<b>2006</b>	2005
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	6,851,653	137,218
Short-term investments	100,000	17,708,732
Accounts receivable and other assets	124,330	331,174
Investment tax credits receivable	600,000	450,000
Prepaid expenses	599,933	280,029
<b>Total current assets</b>	<b>8,275,916</b>	18,907,153
Deferred financing fees	92,119	109,563
Property, plant and equipment	1,296,048	1,327,200
Intangible assets	49,602	66,136
	<b>9,713,685</b>	20,410,052
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	4,464,125	4,318,493
Bridge loan	2,000,000	—
<b>Total current liabilities</b>	<b>6,464,125</b>	4,318,493
Convertible senior unsecured notes	42,098,044	39,183,820
	<b>48,562,169</b>	43,502,313
<b>Shareholders' equity</b>		
Capital stock	147,193,684	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	14,661,400	12,413,577
Deficit	(218,946,348)	(200,918,066)
<b>Total shareholders' equity</b>	<b>(38,848,484)</b>	(23,092,261)
	<b>9,713,685</b>	20,410,052

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

	Three-month periods ended April 30		Six-month periods ended April 30	
	2006 \$	2005 \$	2006 \$	2005 \$
<b>REVENUES</b>				
Contract revenue	—	25,859	<b>239,123</b>	58,848
Interest income	<b>55,751</b>	178,434	<b>136,638</b>	316,209
	<b>55,751</b>	204,293	<b>375,761</b>	375,057
<b>EXPENSES</b>				
Research and development	<b>4,723,129</b>	5,124,173	<b>10,937,461</b>	13,152,111
Investment tax credits	<b>(75,000)</b>	(150,000)	<b>(150,000)</b>	(300,000)
Net research and development expenses	<b>4,648,129</b>	4,974,173	<b>10,787,461</b>	12,852,111
General and administrative expenses	<b>1,132,496</b>	1,124,687	<b>2,336,456</b>	2,054,129
Amortization of property, plant and equipment	<b>72,944</b>	86,050	<b>145,758</b>	179,754
Amortization of intangible assets	<b>2,048</b>	10,587	<b>16,534</b>	20,978
Amortization of deferred financing fees	<b>8,722</b>	8,722	<b>17,444</b>	17,444
Non-cash stock compensation	<b>1,075,517</b>	1,306,860	<b>2,258,861</b>	2,587,058
Financial charges	<b>4,917</b>	5,726	<b>8,590</b>	9,227
Foreign exchange (gain) loss	<b>(81,469)</b>	(4,548)	<b>(81,285)</b>	91,631
Accretion in carrying value of convertible senior unsecured notes	<b>1,488,425</b>	1,255,860	<b>2,914,224</b>	2,460,510
	<b>8,351,729</b>	8,768,117	<b>18,404,043</b>	20,272,842
<b>Net loss</b>	<b>(8,295,978)</b>	(8,563,824)	<b>(18,028,282)</b>	(19,897,785)
Deficit, beginning of period	<b>(210,650,370)</b>	(173,734,292)	<b>(200,918,066)</b>	(157,056,878)
Opening adjustment for stock based compensation	—	—	—	(5,343,453)
Deficit, end of period	<b>(218,946,348)</b>	(182,298,116)	<b>(218,946,348)</b>	(182,298,116)
Basic and diluted loss per share	<b>(0.17)</b>	(0.18)	<b>(0.38)</b>	(0.44)
Weighted average number of common shares	<b>47,566,927</b>	47,129,607	<b>47,561,154</b>	44,923,855

**STATEMENTS OF CASH FLOWS**  
[unaudited]

	Three-month periods ended April 30		Six-month periods ended April 30	
	2006 \$	2005 \$	2006 \$	2005 \$
<b>OPERATING ACTIVITIES</b>				
Net loss	(8,295,978)	(8,563,824)	(18,028,282)	(19,897,785)
Items not affecting cash:				
Amortization of property, plant and equipment	72,944	86,050	145,758	179,754
Amortization of intangible assets	2,048	10,587	16,534	20,978
Amortization of deferred financing fees	8,722	8,722	17,444	17,444
Amortization of premium on investments	330	810	2,658	810
Non-cash stock based compensation	1,075,517	1,306,860	2,258,861	2,587,058
Accretion in value of convertible senior unsecured notes	1,488,425	1,255,860	2,914,224	2,460,510
	(5,647,992)	(5,894,935)	(12,672,803)	(14,631,231)
Net changes in non-cash working capital balances relating to operations	700,079	(1,645,781)	(117,428)	(3,370,896)
<b>Cash flows relating to operating activities</b>	<b>(4,947,913)</b>	<b>(7,540,716)</b>	<b>(12,790,231)</b>	<b>(18,002,127)</b>
<b>INVESTING ACTIVITIES</b>				
Acquisition of short-term investments	—	(13,929,272)	(4,589,194)	(17,074,050)
Proceeds on maturities of short-term investments	5,565,830	15,612,547	22,195,268	27,132,761
Acquisition of property, plant and equipment	(2,553)	(250,412)	(114,606)	(259,081)
Acquisition of intangible assets	—	(1,560)	—	(1,560)
<b>Cash flows relating to investing activities</b>	<b>5,563,277</b>	<b>1,431,303</b>	<b>17,491,468</b>	<b>9,798,070</b>
<b>FINANCING ACTIVITIES</b>				
Draw down from bridge loan	2,000,000	—	2,000,000	—
Issuance of common shares for cash	9,351	21,790,064	13,198	21,846,650
Share issue costs paid in cash	—	(1,374,182)	—	(1,374,182)
<b>Cash flows relating to financing activities</b>	<b>2,009,351</b>	<b>20,415,882</b>	<b>2,013,198</b>	<b>20,472,468</b>
<b>Net increase (decrease) in cash and cash equivalents during the period</b>	<b>2,624,715</b>	<b>14,306,469</b>	<b>6,714,435</b>	<b>12,268,411</b>
Cash and cash equivalents, beginning of period	4,226,938	669,324	137,218	2,707,382
Cash and cash equivalents, end of period	6,851,653	14,975,793	6,851,653	14,975,793
<b>Supplemental cash flow information:</b>				
Cash paid during the period for interest:	154	2,945	260	3,451