



ConjuChem Biotechnologies Inc.
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For immediate release

CONJUCHEM BIOTECHNOLOGIES ANNOUNCES FISCAL 2006 THIRD QUARTER FINANCIAL RESULTS

MONTREAL, September 14, 2006 - ConjuChem Biotechnologies Inc. (TSX:CJB) today announced financial results for its third quarter of fiscal 2006, ending July 31, 2006.

Net loss for the quarter ending July 31, 2006 amounted to \$10.5 million compared to \$7.4 million for the quarter ending July 31, 2005. The company's net loss for the nine month period ending July 31, 2006 amounted to \$29.7 million compared to \$27.3 million for the nine month period ending July 31, 2005. The increase in the 9-month net loss is mainly attributable to an increase in net research and development expense of \$2.4 million related to the conduct of clinical trials for DACTM:GRF and PC-DACTM Exendin-4.

"During the third quarter, we continued to make meaningful strides in the development of our proprietary PC-DACTM Exendin-4 compound," said Lennie Ryer, Chief Financial Officer. "The recently announced complete data package from our Phase I/II study confirmed this compound's excellent safety and tolerability profile and reaffirmed our belief in its potential as a once-per-week treatment for Type 2 diabetes."

As a result of the long half-life of PC-DACTM Exendin-4 and the longer than expected duration of glucose reduction, the Company conducted a randomized, double-blind, single dose 3-week inpatient trial that further evaluated the safety and efficacy of the compound. Results are expected to be released in the fourth quarter, during which the Company also anticipates starting a multi-dose Phase I/II trial in which PC-DACTM Exendin-4 will be administered once a week at three different dosages for one month.

The Company recorded interest income on cash, short investments that amounted to \$203,187 for the quarter ending July 31, 2006, compared to \$168,400 for the quarter ending July 31, 2005. For the nine-month period ending July 31, 2006, interest income was \$339,825 compared to \$484,609 a year earlier. The decrease in the nine-month period was a result of a reduction in the funds available for investment.

Net research and development expenses amounted to \$7.2 million for the quarter ending July 31, 2006, compared to \$3.9 million for the quarter ending July 31, 2005. Net research and development expenses amounted to \$19.2 million for the nine month period ending July 31, 2006 compared to \$16.8 million a year earlier. The increase is largely attributable to an augmented level of clinical activity in the Company's DACTM: GRF and PC-DACTM Exendin-4 programs.

General and administrative costs for the quarter ending July 31, 2006 amounted to \$908,535 compared to \$1.0 million for the quarter ending July 31, 2005. For the nine-month period ending July 31, 2006 general and administrative costs increased to \$3.2 million compared to \$3.0 million a year earlier.

As of July 31, 2006, the Company had cash, cash equivalents and short-term investments totaling \$19.2 million and a working capital of \$12.8 million. During the quarter, the Company was able to reinforce its balance sheet with two separate transactions in which nearly \$22 million was raised.

About ConjuChem

ConjuChem, developer 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 DACTM and PC-DAC™ Technologies enable the creation of new drugs with significantly enhanced therapeutic properties as compared to the original peptide.

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Detailed descriptions of the Company 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.

BALANCE SHEETS
[unaudited]

As at

	July 31, 2006	October 31, 2005
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	14,666,356	137,218
Short-term investments	4,503,711	17,708,732
Accounts receivable and other assets	241,107	331,174
Investment tax credits receivable	550,000	450,000
Prepaid expenses	396,326	280,029
Total current assets	20,357,500	18,907,153
Deferred financing fees	83,397	109,563
Property, plant and equipment	1,228,967	1,327,200
Intangible assets	41,335	66,136
	21,711,199	20,410,052
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities	7,523,202	4,318,493
Total current liabilities	7,523,202	4,318,493
Convertible senior unsecured notes	43,652,378	39,183,820
	51,175,580	43,502,313
Shareholders' deficiency		
Capital stock	162,063,375	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	20,840,019	12,413,577
Deficit	(230,610,555)	(200,918,066)
Total shareholders' deficiency	(29,464,381)	(23,092,261)
	21,711,199	20,410,052

ConjuChem Biotechnologies Inc.

STATEMENTS OF OPERATIONS AND DEFICIT
[unaudited]

	Three-month periods ended July 31		Nine-month periods ended July 31	
	2006	2005	2006	2005
	\$	\$	\$	\$
REVENUES				
Contract revenue	—	21,343	239,123	80,191
Interest income	203,187	168,400	339,825	484,609
	203,187	189,743	578,948	564,800
EXPENSES				
Research and development	7,638,790	5,674,892	18,576,251	18,827,003
Investment tax credits	(399,248)	(1,725,233)	582,752	(2,025,233)
Net research and development expenses	7,239,542	3,949,659	19,159,003	16,801,770
General and administrative expenses	908,535	989,908	3,244,991	3,044,037
Amortization of property, plant and equipment	73,546	80,230	219,304	259,984
Amortization of intangible assets	8,267	10,488	24,801	31,466
Amortization of deferred financing fees	8,722	8,722	26,166	26,166
Non-cash stock compensation	897,086	1,312,112	3,155,947	3,899,170
Financial charges	34,544	4,925	43,134	14,152
Foreign exchange (gain) loss	10,818	(45,157)	(70,467)	46,474
Accretion in carrying value of convertible senior unsecured notes	1,554,334	1,309,687	4,468,558	3,770,197
	10,735,394	7,620,574	30,271,437	27,893,416
Net loss	(10,532,207)	(7,430,831)	(29,692,489)	(27,328,616)
Deficit, beginning of period	(220,078,348)	(182,298,116)	(200,918,066)	(157,056,878)
Opening adjustment for stock based compensation	—	—	—	(5,343,453)
Deficit, end of period	(230,610,555)	(189,728,947)	(230,610,555)	(189,728,947)
Basic and diluted loss per share	(0.20)	(0.16)	(0.60)	(0.60)
Weighted average number of common shares	53,705,574	47,525,008	49,631,801	45,800,434

ConjuChem Biotechnologies Inc.

STATEMENTS OF CASH FLOWS
[unaudited]

	Three-month periods ended July 31		Nine-month periods ended July 31	
	2006	2005	2006	2005
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net loss	(10,532,207)	(7,430,831)	(29,692,489)	(27,328,616)
Items not affecting cash:				
Amortization of property, plant and equipment	73,546	80,230	219,304	259,984
Amortization of intangible assets	8,267	10,488	24,801	31,466
Amortization of deferred financing fees	8,722	8,722	26,166	26,166
Amortization of premium on investments	—	2,328	2,658	3,138
Non-cash stock based compensation	897,086	1,312,112	3,155,947	3,899,170
Accretion in value of convertible senior unsecured notes	1,554,334	1,309,687	4,468,558	3,770,197
	(7,990,252)	(4,707,264)	(21,795,055)	(19,338,495)
Net changes in non-cash working capital balances relating to operations	2,063,907	743,840	3,078,479	(2,627,056)
Cash flows relating to operating activities	(5,926,345)	(3,963,424)	(18,716,576)	(21,965,551)
INVESTING ACTIVITIES				
Acquisition of short-term investments	(4,403,711)	(6,959,055)	(8,992,905)	(24,033,105)
Proceeds on maturities of short-term investments	—	1,999,356	22,195,268	29,132,117
Acquisition of property, plant and equipment	(6,465)	(6,599)	(121,071)	(265,680)
Acquisition of intangible assets	—	—	—	(1,560)
Cash flows relating to investing activities	(4,410,176)	(4,966,298)	13,081,292	4,831,772
FINANCING ACTIVITIES				
Proceeds from reorganization	6,400,000	—	6,400,000	—
Costs of reorganization	(1,083,809)	—	(1,083,809)	—
Draw down from bridge loan	—	—	2,000,000	—
Repayment of bridge loan	(2,000,000)	—	(2,000,000)	—
Issuance of common shares for cash	15,793,178	20,721	15,806,376	21,867,371
Share issue costs paid in cash	(958,145)	—	(958,145)	(1,374,182)
Cash flows relating to financing activities	18,151,224	20,721	20,164,422	20,493,189
Net increase (decrease) in cash and cash equivalents during the period	7,814,703	(8,909,001)	14,529,138	3,359,410
Cash and cash equivalents, beginning of period	6,851,653	14,975,793	137,218	2,707,382
Cash and cash equivalents, end of period	14,666,356	6,066,792	14,666,356	6,066,792
Supplemental cash flow information:				
Cash paid during the period for interest:	29,365	1,632	29,625	11,963