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POSITIVE CLINICAL DATA ADVANCES STRESSGEN'S HSP E7 TO PHASE III IN ANAL DYSPLASIA

HspE7 Clinical Program Expanded to Include Genital Warts

FOR IMMEDIATE RELEASE

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VICTORIA, BC, CANADA - Based on positive clinical data reviewed at an interim analysis of the Phase II AIN trial and investigators meeting held June 22-23rd, StressGen Biotechnologies Corp. (SSB: TSE) announces that it will proceed directly to a phase III clinical trial for HspE7 in the treatment of anal dysplasia (AIN). This trial will be designed to generate additional data on both safety and efficacy in a larger number of patients for which the therapeutic is intended. In addition, the Company will be initiating a program for HspE7 in the treatment of genital warts.

" This is the first indication of HspE7 's effectiveness in the clinic - we are very excited", said Daniel Korpilinski StressGen's President and CEO. "The decision to move forward with our lead product HspE7 and expand its indications to include genital warts - one of the fastest growing sexually transmitted diseases affecting both men and women - reinforces the potential of our platform technology as a powerful immunotherapeutic approach."

Based on the positive clinical data and the recommendations of the data monitoring committee regarding the Phase II AIN trial, which were supported by the Phase I cervical dysplasia (CIN) draft study report, StressGen will stop the enrollment of new patients to the current Phase II AIN trial and complete the study with the patients currently enrolled. The Company has submitted data available from the Phase II AIN for presentation at the International Human Papillomavirus Conference in Barcelona, Spain the week of July 23rd-28th.

Genital warts are caused by the human papillomavirus - one of the most prevalent sexually transmitted diseases. HPV is estimated to infect approximately 30% of the sexually active population with 24 million already infected in the US alone. Over one million new cases of genital warts occur each year. Existing treatments for genital warts use ablative methods, involving surgery or the topical application of corrosive agents to the surface of each wart. However, the majority of patients will experience recurrent episodes within three to six months.

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HPV is also responsible for anal and cervical dysplasias which can precede the development of cervical and anal cancer. Anal dysplasia is characterized by the presence of abnormal cells that may precede the development of anal cancer. The prevalence of AIN and anal cancer have increased over the past 10 years given the improvements in disease awareness and detection. Risk factors for AIN and anal cancer include anal intercourse and infection with the human immunodeficiency virus (HIV). The incidence of anal cancer in men with a history of anal intercourse is similar to rates of cervical cancer prior to the institution of the Pap smear. Treatment of this cancer with surgery, radiotherapy, and/or chemotherapy may not be effective and may result in significant complications.

StressGen Biotechnologies Corporation is a biopharmaceutical company focussed on the development and commercialization of innovative stress protein-based immunotherapeutics. The Company's lead product HspE7, is a fusion protein composed of the heat shock protein 65 and the HPV protein E7. Heat shock proteins, also called stress proteins, are known to elicit a powerful immune response. The E7 protein, a tumor-specific antigen involved in the malignant transformation of anal and cervical epithelial cells, represents a precise target for the immune system attack. The Company is currently evaluating its lead product HspE7 for the treatment of AIN and other HPV related diseases including cervical dysplasia and cancer. StressGen is currently enrolling patients for a phase II HspE7 study in women with high-grade cervical dysplasia, a condition characterized by the presence of abnormal cells that often precede cervical cancer, and also plans to initiate a phase II HspE7 trial for cervical cancer.

StressGen is developing a broad range of stress protein-based therapeutic products for the treatment of virally induced infections and cancers. The Company has also initiated studies to evaluate the technology in asthma and allergy. Through its Biochemical Division, StressGen is also an internationally recognized supplier of stress proteins and research reagents.

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