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STRESSGEN BIOTECHNOLOGIES ANNOUNCES FIRST QUARTER 2001 FINANCIAL RESULTS

FOR IMMEDIATE RELEASE

May 3, 2001

Victoria, British Columbia - Stressgen Biotechnologies Corporation (TSE: SSB) today announced financial results for the first quarter ended March 31, 2001. All amounts, unless specified otherwise, are in Canadian dollars. The net loss of \$9,116,000, or \$0.18 per share, compared to net losses of \$11,079,000 or \$0.23 per share, for the immediately preceding quarter (fourth quarter ended December 31, 2000) and \$4,315,000, or \$0.13 per share, for the first quarter 2000. At March 31, 2001, the Company had cash and short-term investments of \$63,025,000 and used net cash of \$6,607,000 in its operating activities during the quarter.

“The current quarter cash burn reflects advancement of HspE7, the Company’s lead therapeutic for the treatment of HPV-related diseases, into multiple clinical trials including a phase III study,” said Donald D. Tartre, Stressgen’s Vice President and Chief Financial Officer. “The increased costs from the prior year associated with our progress in the clinic were partially subsidized by a 48% increase in bioreagent product sales to \$1,391,000 for the quarter. Nevertheless, we are prudently investing our resources and focusing our activities on those opportunities that we believe will maximize return to our shareholders. We are satisfied that our cash position is sufficient to fund currently planned patient enrollments, manufacturing process development, and other pre-commercial development activities for HspE7 through 2002.”

“We had a very successful and productive quarter,” said Daniel L. Korpolinski, Stressgen’s President and Chief Executive Officer. “We continue to make steady progress with HspE7 in the clinic. Further, we recently expanded the Company’s product pipeline with our decision to evaluate the therapeutic potential of a heat shock protein fusion to treat hepatitis B. We are confident of meeting our milestones through the remainder of 2001 and are encouraged by the progress made in all aspects of our business in the first quarter.”

Stressgen’s first quarter 2001 highlights

- Initiated HspE7 phase II study in genital warts
- Appointed Donald Tartre as Vice President and CFO. Don was previously Vice President, Finance & Planning and Corporate Controller at Agouron Pharmaceuticals, Inc.

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- Received orphan drug status for the treatment of HPV-related recurrent respiratory papillomatosis, or RRP
- Completed patient enrollment in HspE7 phase II study in genital warts ahead of schedule
- Progressed with patient accrual for our HspE7 Phase III study for the treatment of HPV-related anal dysplasia

Conference Call

Stressgen will hold its first quarter 2001 financial conference call on May 3, 2001 at 4:00 p.m. Eastern Time (1:00 p.m. Pacific Time). The call in number to access the call is 800/326-6186 in North America. A replay of this call will be available from May 3 at 3:00 p.m. Pacific Time through May 10, 2001. The playback number: 800/558-5253, reservation No. 18670407. The Company will retain information about accessing the call on its website at www.stressgen.com through the playback period.

About Stressgen Biotechnologies

Stressgen is a public biopharmaceutical company focused on the development and commercialization of innovative stress protein-based immunotherapeutics. The Company is developing a broad range of products for the treatment of viral infections and related cancers. In addition to targeting HspE7 in HPV-related diseases, the Company also has a program to evaluate stress protein fusions in hepatitis B and has initiated research studies to evaluate its Hsp technology in the treatment of asthma and allergy. Stressgen is also an internationally recognized supplier of research products used by scientists worldwide for the study of cellular stress, apoptosis, oxidative stress and neurobiology.

HspE7 is a novel immunotherapeutic for the treatment of diseases caused by the human papillomavirus ("HPV"), one of the most common sexually transmitted diseases, estimated to infect approximately 30 to 50 percent of the sexually active population. There are 5.5 million new cases of genital HPV infection diagnosed per year in the U.S. alone, of which over 1 million represent cases of genital warts. In addition to warts, genital HPV infection can cause cervical cancer and a variety of precancerous conditions, including anal and cervical dysplasia.

This press release contains certain "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, including predictions regarding future quarters, our cash position and the development and commercialization of immunotherapeutics, are based on the current expectations of our management and are subject to uncertainty. A number of factors could cause the ultimate results or our performance to be materially different from those implied by such statements, including but not limited to any inability to demonstrate the efficacy of stress proteins as a therapeutic for particular diseases, any delay in obtaining regulatory approvals, and any delay in developing manufacturing capabilities. More detailed information about these and other risks is set forth in the reports we file with the Securities and Exchange Commission and Canadian securities regulatory authorities. We are not under any obligation to (and expressly disclaim any such obligation to) update or alter our forward-looking statements, whether as a result of new information, future events or otherwise.

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(financial information attached)

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CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited)

(Canadian dollars in thousands, except per share amounts)

	<u>Three Months Ended</u>	
	<u>March 31,</u>	
	<u>2001</u>	<u>2000</u>
Revenue:		
Bioreagent sales	\$ 1,391	\$ 939
Operating expenses:		
Research and development	9,936	3,731
Selling, general and administrative	2,190	1,470
Cost of bioreagent sales	189	146
Amortization	<u>116</u>	<u>130</u>
	<u>12,431</u>	<u>5,477</u>
Operating loss	(11,040)	(4,538)
Other income (expenses):		
Interest and other income	1,953	255
Interest expense	<u>(29)</u>	<u>(32)</u>
	<u>1,924</u>	<u>223</u>
Net loss	<u>\$ (9,116)</u>	<u>\$ (4,315)</u>
Basic and diluted loss per common share	<u>\$ (0.18)</u>	<u>\$ (0.13)</u>
Weighted average common shares outstanding (in thousands)	50,193	32,966

CONSOLIDATED BALANCE SHEET INFORMATION

(Canadian dollars in thousands)

	<u>March 31,</u>	<u>December 31,</u>
	<u>2001</u>	<u>2000</u>
	(Unaudited)	
Cash and short-term investments	\$ 63,025	\$ 70,567
Total assets	68,285	74,325
Long-term obligations	922	1,036
Stockholders' equity	56,648	65,431

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