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STRESSGEN CLOSES \$27.8 MILLION BOUGHT DEAL FINANCING

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FOR IMMEDIATE RELEASE

December 20, 2001

Victoria, B.C., Canada - Stressgen Biotechnologies Corporation (TSE: SSB) announced today the successful completion of its offering of 6,699,100 shares at a price of \$4.15 per share for gross proceeds of approximately \$27,800,000. This included 675,000 shares, which were issued as a result of the exercise of an option Stressgen granted to the underwriters of the offering. The offering was made through a syndicate of underwriters co-led by Raymond James Ltd. and BMO Nesbitt Burns Inc., and including Yorkton Securities Inc.

The net proceeds from the financing will be used primarily to fund product development activities planned for Stressgen's broad-spectrum lead therapeutic candidate, HspE7, for research and development primarily for stress protein fusions, and for working capital and general corporate purposes.

About Stressgen Biotechnologies

Stressgen is a public biopharmaceutical company focused on the development and commercialization of innovative stress protein-based 'fusion' 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 heat shock protein 'fusion' technology in the treatment of several other indications. Stressgen is also an internationally recognized commercial 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 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.

The securities have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States without registration or an applicable exemption from the registration requirements.

This news release contains forward-looking statements that involve risks and uncertainties, including statements regarding timing of and intended use of proceeds from an offering of common shares, as well as development and commercialization of therapeutics for viral infections. Factors including risks that the company will not obtain approvals to market its product and will need to develop internally the skill sets of an established pharmaceutical company, and other risks more fully discussed in our filings with U.S. and Canadian securities regulatory authorities, could cause the company's ultimate performance to be materially different from that implied by the forward-looking statements.

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