ISSUER DETAILS		
NAME OF ISSUER	FOR QUARTER ENDED	DATE OF REPORT YY MM DD
Burcon NutraScience Corporation	June 30, 2006	06 08 11

ISSUER ADDRESS

1946 West Broadway

CITY	PROVINCE	POSTAL CODE	ISSUER FAX NO.	ISSUER TELEPHONE NO.		
Vancouver	BC	V6J 1Z2	(604) 733-8821	(604) 733-0896		
CONTACT NAME		CONTACT POSITION		CONTACT TELEPHONE NO.		
Jade Cheng		Chief Financial Of	Chief Financial Officer			
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Burcon NutraScience Corporation

Consolidated Financial Statements

Three months ended June 30, 2006 and 2005

(Unaudited)

BURCON NUTRASCIENCE CORPORATION

CONSOLIDATED BALANCE SHEETS

	June 30, 2006 (Unaudited)		March 31, 2006		
ASSETS					
CURRENT					
Cash and cash equivalents	\$	1,954,618	\$	2,511,053	
Amounts receivable		18,796		11,365	
Prepaid expenses and deposits		72,235		91,020	
		2,045,649		2,613,438	
Property and equipment		924,666		975,729	
Goodwill		1,254,930		1,254,930	
	\$	4,225,245	\$	4,844,097	
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities	\$	182,004	\$	201,583	
SHAREHOLDERS' EQUITY					
Capital stock		18,551,107		18,551,107	
Contributed surplus		3,692,747		3,692,747	
Options		1,168,602		1,025,673	
Deficit		(19,369,215)		(18,627,013)	
		4,043,241		4,642,514	
	\$	4,225,245	\$	4,844,097	

See accompanying notes to consolidated financial statements

Approved by the Board:

"Johann Tergesen"	"Dorothy Law"
Director	Director

BURCON NUTRASCIENCE CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT (Unaudited)

	Three months ended June 30				
		2006		2005	
Expenses:					
Research and development	\$	361,443	\$	296,349	
General and administrative		216,236		293,409	
Professional fees		150,942		114,367	
Management fees and services		34,446		26,097	
Amortization		596		639	
		763,663		730,861	
Loss from operations		(763,663)		(730,861)	
Other income: Interest		21,461		4,386	
Loss for the period		(742,202)		(726,475)	
Deficit, beginning of period		(18,627,013)		(15,769,864)	
Deficit, end of period	\$	(19,369,215)	\$	(16,496,339)	
Basic and diluted loss per share	\$	(0.03)	\$	(0.03)	

See accompanying notes to consolidated financial statements

BURCON NUTRASCIENCE CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

] T	Three months ended June 30		
		2006	2005	
Cash flows from operating activities:			_	
Loss for the period	\$	(742,202) \$	(726,475)	
Items not affecting cash				
Amortization		63,582	60,904	
Non-cash financing costs		-	151,893	
Stock-based compensation expense		155,194	69,625	
		(523,426)	(444,053)	
Changes in non-cash working capital items				
Amounts receivable		(7,431)	(2,850)	
Prepaid expenses and deposits		6,520	8,787	
Accounts payable and accrued liabilities		(19,579)	42,425	
		(543,916)	(395,691)	
Cash flows from investing activities				
Acquisition of property and equipment		(12,519)	(8,097)	
		(12,519)	(8,097)	
Cash flows from financing activities				
Issue of capital stock		-	2,259,422	
Share and warrant issue costs		-	(142,068)	
Deferred financing costs		-	38,595	
		-	2,155,949	
(Decrease) increase in cash and cash equivalents		(556,435)	1,752,161	
Cash and cash equivalents, beginning of period		2,511,053	1,058,976	
Cash and cash equivalents, end of period	\$	1,954,618 \$	2,811,137	
Cash and cash equivalents consist of				
Cash	\$	124,987 \$	27,471	
Cash equivalents		1,829,631	2,783,666	
	\$	1,954,618 \$	2,811,137	

See accompanying notes to consolidated financial statements

1. Significant accounting policies

General

These consolidated financial statements have been prepared in accordance with the Canadian Institute of Chartered Accountants' ("CICA") recommendations for the preparation of interim financial statements. Certain information and note disclosures normally included in the Company's annual consolidated financial statements are not presented. These interim consolidated financial statements and notes should be read in conjunction with the Company's annual consolidated financial statements for the year ended March 31, 2006. These interim consolidated financial statements are not necessarily indicative of the results to be expected for the year ending March 31, 2007.

These consolidated financial statements have not been reviewed or audited by the Company's external auditors, PricewaterhouseCoopers LLP.

The Company's significant accounting policies as documented in note 2 of the annual audited consolidated financial statements have been applied consistently in the current fiscal period.

2. Capital stock

Authorized:

Unlimited common shares without par value

Issued:

	Number of shares	Amount
Outstanding - beginning and end of period	21,917,688	\$ 18,551,107
Contributed surplus		
Outstanding - beginning and end of period	\$	3,692,747

Options

The following options were outstanding as at June 30, 2006:

	Number of options	avera	eighted ge exercise price
Outstanding - beginning of period	2,205,167	\$	1.59
Granted	247,000	\$	2.85
Outstanding - end of period	2,452,167	\$	1.72

As at June 30, 2006, 138,967 options were available for grant under the Company's stock option plan.

The following pro forma financial information presents the loss for the period and basic and diluted loss per common share had the Company recognized stock-based compensation for stock options granted to employees during fiscal 2003 using a fair value based method as at the grant date:

	Quarter ended June 30			
		2006		2005
Net loss				
As reported	\$	(742,202)	\$	(574,582)
Pro forma	\$	(742,202)	\$	(592,399)
Basic and diluted loss per share				
As reported	\$	(0.03)	\$	(0.03)
Pro forma	\$	(0.03)	\$	(0.03)

The fair value of each option is estimated as at the date of grant using the Black-Scholes option pricing model. During the period, the following weighted average assumptions have been applied:

Dividend yield	0.0%
Expected volatility	85.63%
Risk-free interest rate	3.32%
Expected average option term (years)	5.0

The weighted average fair value of the options granted to employees during fiscal year 2003 was \$1.26 per option.

Included in research and development expenses is \$29,820 (2005 - \$11,990) of employee compensation costs resulting from stock-based compensation awards. Similarly, included in general and administrative expenses and professional fees are \$104,158 (2005 – \$51,210) and \$5,062 (2005 - \$nil), respectively, of stock-based compensation expense. Included in management fees and services is \$16,154 (2004 - \$6,425) and included in prepaid expenses and deposits is \$25,199 (March 31, 2006 - \$37,464) related to consulting costs settled by way of stock options.

3. Loss per share

The following table sets forth the computation of basic and diluted loss per share:

	Three months ended June 30 2006 2005			
		2006	2005	
		\$	<u> </u>	
Loss for the year, being loss available to common shareholders - basic and				
diluted - loss per share		(742,202)	(726,475)	
		Shares	Shares	
Weighted average common shares - basic loss per share (a) Effect of dilutive securities - common		21,917,688	21,186,703	
share stock options and purchase warrants *		-	-	
Weighted average common shares				
- diluted loss per share		21,917,688	21,186,703	
Basic and diluted loss per share	\$	(0.03)	\$ (0.03)	

^{*} As the exercise price of the fiscal 2006 rights offering was less than the fair value of the common shares at issuance, it contained a bonus element that is somewhat similar to a stock dividend. In accordance with the recommendations of the Canadian Institute of Chartered Accountants Handbook Section 3500, Earnings Per Share, the weighted average common shares has been retroactively increased by 539,222 shares to reflect the bonus element. There was no impact on the basic and diluted loss per share as a result of this restatement.

For the quarter ended June 30, 2006 and 2005, the Company excluded the potential common share equivalents from the diluted loss per share calculation as they were considered anti-dilutive.

4. Research and development

	Three months ended June 30			
		2006		2005
Salaries and benefits	\$	209,343	\$	163,875
Laboratory operation		65,518		38,647
Amortization		62,986		60,265
Rent		16,772		16,126
Travel and meals		3,912		5,864
Analyses and testing		2,912		11,572
	\$	361,443	\$	296,349

Since inception, Burcon has expensed \$9,686,177 on research and development expenditures.

5. General and administrative expenses

	Three months ended June 30			
		2006		2005
Financing costs	\$	-	\$	151,893
Salaries and benefits		163,720		103,877
Office supplies and services		22,396		17,292
Investor relations		20,359		6,682
Travel and meals		3,278		7,907
Other		6,483		5,758
	\$	216,236	\$	293,409

6. Subsequent events

Subsequent to June 30, 2006:

a) The Company received approval from the applicable securities regulatory authorities in Canada and the TSX Venture Exchange (the "TSX-V") to conduct an offering of shares by way of a rights offering. Burcon will issue to each shareholder in permitted jurisdictions other than the United States, as of August 10, 2006, one right for each common share held by such shareholder. Ten rights will entitle the holder to acquire one common share at a price of \$2.30 per share for maximum proceeds to Burcon of \$5,041,894, with estimated net proceeds of \$4,931,894. The rights will be listed for trading on the TSX-V until August 31, 2006, at which time they will be halted from trading.

Subject to certain conditions, three corporate shareholders have each agreed to provide a standby guarantee to purchase such common shares that are available to be purchased,

but not otherwise subscribed for, that will result in a minimum of 1,095,884 common shares being issued under the rights offering. As consideration for providing a standby guarantee, these guarantors will receive share purchase warrants entitling the guarantors to acquire up to 273,970 common shares at an exercise price of \$2.30 per common share that will be exercisable up to six months after the issue date.

- b) An employee exercised options for 3,600 common shares at \$1.12 per share.
- c) Options to purchase 37,500 common shares at \$2.60 per share expired unexercised.