



## BURCON ANNOUNCES YEAR-END RESULTS

**Vancouver, British Columbia, July 5, 2006** — Burcon NutraScience Corporation (TSXV –BU) (“Burcon”) today reported financial results for the fiscal year ended March 31, 2006 and provided a review of the year’s operations.

A summary of the highlights of the past year include:

- Raised gross proceeds of \$2.26 million, net proceeds of \$2.11 million through a rights offering;
- Achieved technology advancements that enabled the company to turn its efforts to the large-scale production of its proteins;
- Raised \$1.24 million through the exercise of outstanding warrants; and
- Was granted two U.S. patents for novel processing techniques and functional uses of its canola protein isolates.

At the start of fiscal 2006, Burcon was working to modify its protein extraction technology to improve the colour and flavour of Supertein™ and Puratein® in an effort to enable their use in a broader array of food and beverage applications. Simultaneously, Burcon announced and completed a rights offering before the end of the first quarter, wherein Burcon raised gross proceeds of \$2.3 million. The proceeds are being used to continue the research and development of Burcon’s protein extraction technology.

As previously announced, Burcon’s scientific team had focused their research efforts on a specific few promising modifications to the existing protein extraction technology. Then, in the third quarter of fiscal 2006, Burcon announced that these efforts had resulted in technology advancements and that Burcon would now turn its focus to the large-scale production of its proteins sufficient for further applications work and studies required for regulatory recognition, “GRAS status”, for Supertein™ and Puratein® from the U.S. Food and Drug Administration.

During the third quarter of fiscal 2006 Burcon made three separate announcements regarding the exercise of outstanding warrants, the sum of which added \$1.24 million to Burcon’s treasury.

In the fourth quarter of fiscal 2006, Burcon announced that it had been granted two U.S. patents, one related to its novel process for extracting and purifying protein from canola (and rapeseed), and the second, a patent over the functional attributes of blends of its canola protein isolates Supertein™ and Puratein®.

In the coming year, Burcon will remain focused on the production of large quantities of Supertein™ and Puratein® for applications work and studies required for regulatory recognition. Burcon will also conduct research aimed at further optimization of its protein extraction technology while simultaneously working to add to its patent portfolio. Through all of these activities, Burcon will continue to expand on the economic potential of its core technology and novel proteins.

## Financial Results and Highlights

Burcon reported a net loss of \$2,857,149 or \$0.13 per share for the year ended March 31, 2006, as compared to \$3,153,294 or \$0.17 per share for the prior year.

Research and development (R&D) expenses decreased by approximately \$104,000 from the prior year. Salaries and benefits account for approximately one-half of R&D expenditures and remained relatively stable after taking into account the stock-based (non-cash) compensation expense of about \$93,000 (2005 - \$67,000). Analyses and testing decreased by about \$80,000 from fiscal 2005 due primarily to the Fraunhofer functionality and bio-functionality study conducted in 2005. Laboratory operation costs increased by approximately \$49,000 due mainly to higher repairs and maintenance costs on older equipment. Included in R&D expenses is approximately \$7,000 (2005 - \$60,000) relating to the loss on disposal of computer equipment during the current year. Amortization expense also decreased by about \$43,000 due to applying the declining balance method of amortization on the lower unamortized balance of equipment acquired in previous years.

Burcon incurred \$1,030,260 of general and administrative (G&A) expenses for fiscal 2006 with the increase of approximately \$151,000 due almost entirely to financing expense related to the warrants issued to the guarantors of the rights offering completed earlier in the year. G&A expenses include salaries and benefits, office supplies and services, investor relations and travel and meals. Of the total G&A expenses, approximately \$384,000 (2005 - \$336,000) related to stock-based compensation. The cash component of salaries and benefits decreased by about \$76,000 as a result of the departure of a senior officer in 2005. Investor relations expenses increased by approximately \$47,000, after taking into account the effect of stock-based compensation of about \$12,000 in 2006 (2005 - nil). The increase in investor relations expenses is due primarily to travel expenses incurred for meetings with potential investors, brokers and analysts in North America and Europe during 2006, the preparation of a European newsletter and online promotion and also to the appointment of First Standard during 2006 to perform investor relations services.

Total professional fees incurred in 2006 decreased by about \$346,000 from 2005 which is due primarily to lower patent legal fees and disbursements. These expenses decreased by about \$301,000 from the prior year due to higher filing fees incurred from patents that had entered National Phase during fiscal 2005.

Management fees totalled \$115,011 for the year ended March 31, 2006 (2005 - \$98,222). Of the total amount, \$44,411 (2005 - \$31,954) related to stock-based compensation expense.

At March 31, 2006, the Company's cash position was \$2,511,053, as compared to \$1,058,976 at March 31, 2005. During the year, Burcon raised net proceeds of \$2.1 million from a rights offering and \$1.2 million from the exercise of outstanding warrants. Burcon's management believes that it has sufficient resources to fund its expected level of operations and working capital requirements to at least May 2007.

## About Burcon NutraScience

Burcon is a research and development company developing a portfolio of composition, application and process patents around its plant protein extraction and purification technology. The goal of Burcon's research is to develop its patented process to utilize inexpensive oilseed meals for the production of purified plant proteins that exhibit valuable nutritional, functional or

nutraceutical profiles. Burcon, in conjunction with Archer Daniels Midland, is currently focusing its efforts on developing the world's first commercial canola proteins, Puratein<sup>®</sup> and Supertein<sup>™</sup>. Canola, recognized for its nutritional qualities, is the second-largest oilseed crop in the world after soybeans. Burcon's goal is to develop Puratein and Supertein to participate with soy, dairy and egg proteins in the expanding multi-billion-dollar protein ingredient market, with potential uses in prepared foods, nutritional supplements and personal care products.

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ON BEHALF OF THE BOARD OF DIRECTORS

“Johann F. Tergesen”

Johann F. Tergesen

President & Chief Operating Officer

*The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy of the content of the information contained herein. This press release contains forward-looking statements that involve risks and uncertainties. These forward-looking statements relate to, among other things, plans and timing for the introduction or enhancement of our products, statements about future market conditions, supply and demand conditions, and other expectations, intentions and plans contained in this press release that are not historical fact. Our expectations regarding the prospect for future success depend upon our ability to develop and sell products, which we do not produce today and cannot be sold without further research and development. When used in this press release, the words “goal”, “intend”, “believes” and “potential” and similar expressions, generally identify forward-looking statements. These statements reflect our current expectations. They are subject to a number of risks and uncertainties. In light of the many risks and uncertainties surrounding the development of a source of protein from canola meal, you should understand that we cannot assure you that the forward looking statements contained in this press release will be realized.*

**For more information, please contact:**

Jade Cheng, Chief Financial Officer  
Burcon NutraScience Corporation  
(604) 733-0896 / (888) 408-7960 toll-free  
jcheng@burcon.ca [www.burcon.ca](http://www.burcon.ca)

**AXINO AG**

Sven Olsson, Investor Relations Europe  
Silberburgstraße 112, D-70176 Stuttgart, Germany  
Tel. +49-711-25 35 92-30 / Fax +49-711-25 35 92-33  
[olsson@axino.de](mailto:olsson@axino.de) [www.burcon.net](http://www.burcon.net)

**Burcon NutraScience Corporation**  
**Consolidated Balance Sheets**  
**As at March 31, 2006 and 2005**

	<b>2006</b>	<b>2005</b>
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,511,053	1,058,976
Amounts receivable	11,365	18,157
Prepaid expenses and deposits	91,020	102,933
	<u>2,613,438</u>	<u>1,180,066</u>
<b>Property and equipment</b>	975,729	1,171,837
<b>Deferred financing costs</b>	-	38,595
<b>Goodwill</b>	<u>1,254,930</u>	<u>1,254,930</u>
	<u>4,844,097</u>	<u>3,645,428</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	<u>201,583</u>	<u>179,529</u>
<b>Shareholders' Equity</b>		
<b>Capital stock</b>	18,551,107	14,780,639
<b>Contributed surplus</b>	3,692,747	2,920,764
<b>Warrants</b>	-	1,010,534
<b>Options</b>	1,025,673	523,826
<b>Deficit</b>	<u>(18,627,013)</u>	<u>(15,769,864)</u>
	<u>4,642,514</u>	<u>3,465,899</u>
	<u>4,844,097</u>	<u>3,645,428</u>

**Burcon NutraScience Corporation**  
**Consolidated Statements of Operations and Deficit**

	<b>Years ended March 31,</b>	
	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>Expenses</b>		
Research and development	1,301,739	1,406,035
General and administrative	1,030,260	879,025
Professional fees	468,331	814,571
Management fees and services	115,011	98,222
Amortization	2,825	3,065
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<b>Loss from operations</b>	(2,918,166)	(3,200,918)
<b>Other income</b>		
Interest	61,017	47,624
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<b>Loss for the year</b>	(2,857,149)	(3,153,294)
<b>Deficit, beginning of year</b>	(15,769,864)	(12,616,570)
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<b>Deficit, end of year</b>	(18,627,013)	(15,769,864)
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<b>Basic and diluted loss per share</b>	(0.13)	(0.17)
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