



PRESS RELEASE

TSX Symbol: TLN

THALLION ANNOUNCES 2010 FIRST QUARTER RESULTS

Montréal, April 12, 2010 – Thallion Pharmaceuticals Inc. (TSX: TLN) today announced its operational and financial results for the 2010 first quarter which ended on February 28, 2010.

Operational Highlights

- Signed a definitive development and commercialization agreement with LFB Biotechnologies (LFB) for Shigamabs[®], under which Thallion is eligible to receive up to €5 million (approximately C\$135 million) from LFB. The funding includes an up-front licensing fee of €1.5 million (approximately C\$2.1 million), funding for substantially all future clinical development costs, as well as potential milestone payments. The agreement grants LFB an exclusive license for the commercial rights to Shigamabs[®] in Europe, South America and other territories of strategic interest to LFB, including Russia, Turkey, China, South Korea and Northern African countries, while Thallion retained the rights for North America and the rest of world. Thallion is eligible to receive tiered, double digit royalties based on product sales.
- Sold its subordinated promissory note in Caprion Proteomics Inc. (Caprion) back to Caprion for an immediate cash payment of \$1.85 million, while retaining the Company's approximate 16 percent equity interest in Caprion.
- Signed a binding lease cancellation agreement related to its redundant facility for a one-time cash payment of \$1.15 million.
- Appointed Dr. Allan Mandelzys to the position of Chief Executive Officer and a member of the Board of Directors.
- Appointed Lloyd Segal as Executive Chairman of the Board of Directors.
- Discontinued its Phase II trial evaluating TLN-4601 as a treatment for glioblastoma multiforme (GBM) due to a lack of measurable efficacy after analysis of the interim data.

“In collaboration with LFB, we have already begun preparations to initiate the Phase II study to evaluate Shigamabs[®] as a treatment for *E. coli* infections,” said Dr. Allan Mandelzys, Chief Executive Officer of Thallion Pharmaceuticals Inc. “We expect to launch the trial in South America during the fourth quarter of calendar 2010 in order to enroll patients during the peak infection season in the southern hemisphere. The funding received by LFB and our primary focus dedicated to Shigamabs[®] have considerably strengthened our balance sheet and now provides us with a cash runway to complete development without the need to access additional capital.”

Financial Highlights

Research and development expenses before tax credits amounted to \$1,171,499 in the first quarter of 2010, compared with \$2,111,941 in the first quarter of 2009, reflecting a decrease in costs of \$940,442. The 2010 research and development expenses included a \$365,027 one-time royalty buy-down payment to a shareholder, Sunol Molecular Corporation (Sunol) upon closing of the LFB transaction pursuant to the terms of the Company's amended license agreement with Sunol. The decrease in research and development expenses is primarily due to the suspension of patient enrollment in the Phase II trial evaluating TLN-232 in July 2009 due to an ongoing dispute with the licensor, and the discontinuation of the Phase II GBM trial due to lack of measurable efficacy after analysis of the interim data.

General and administrative expenses amounted to \$1,801,198 in the first quarter of 2010, compared with \$1,337,424 in the first quarter of 2009. This increase in 2010 is due in part to \$305,000 in one-time cash incentive bonuses paid to certain employees pursuant to final execution of the definitive development and license agreement with LFB and one-time severance costs amounting to \$234,086.

The Company recorded a net loss of \$2,559,367 or \$0.08 per share in the first quarter of 2010, compared with \$3,238,671 or \$0.10 per share in the first quarter of 2009. The decrease in net loss in the first quarter of 2010 compared to the first quarter of 2009 is mainly attributable to reductions in R&D expenses as described above.

As at February 28, 2010, the Company's unrestricted cash position amounted to \$11,932,893 which consists of cash and cash equivalents and short-term investments. Tax credits receivable amounted to \$651,839. Consequently, the Company's liquidity availability amounted to \$12,584,732 compared with \$9,073,557 on November 30, 2009. The increase in liquidity is primarily due to the up-front payment and development funding received from LFB following final execution of the development and license agreement signed in February 2010, the collection of the note receivable from Caprion Proteomics Inc. and the collection of investment tax credits receivable, partially offset by the final settlement of the Company's lease obligations in relation to the redundant facility.

As of April 12, 2010, the Company had 32,194,566 common shares outstanding and a total of 2,453,675 stock options at an average exercise price of \$0.13 remain outstanding following the exercise of 38,750 employee stock options in March 2010. A total of 530,000 common share purchase warrants remain outstanding following the expiry of 9,000,000 warrants on March 15, 2010 related to the March 2007 private placement.

Notice of Annual General Meeting of Shareholders

Thallion will hold its Annual General Meeting of Shareholders on, April 13, 2010, at 10:00 a.m. (ET) at the offices of McCarthy Tétrault LLP, Suite 2500, 1000, De La Gauchetière Street West, Montréal, Québec. Following the formal proceedings of the meeting, Dr. Allan Mandelzys, Chief Executive Officer will present a corporate update on the Company.

About Thallion Pharmaceuticals Inc.

Thallion Pharmaceuticals Inc. (TSX: TLN) is a biotechnology company developing pharmaceutical products in the areas of infectious disease and oncology. The Company's clinical programs include Shigamabs[®] and TLN-4601, a novel anti-cancer therapy. Shigamabs[®] is a dual antibody product for the treatment of Shiga toxin producing E. coli bacterial infections which is anticipated to enter Phase II clinical testing in the fourth quarter of 2010. Additional information about Thallion can be obtained at www.thallion.com.

Forward-Looking Statements

This press release contains certain forward-looking statements, including, without limitation, statements containing the words "believe", "may", "plan", "will", "estimate", "continue", "anticipate", "intend", "expect" and other similar expressions which constitute "forward-looking information" within the meaning of applicable Canadian securities laws. Forward-looking statements reflect Thallion's current expectation and assumptions, and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated. These forward-looking statements involve risks and uncertainties including, but not limited to, the satisfaction of conditions provided in the development and commercialization agreement with LFB, changing market conditions, the successful and timely completion of clinical studies, the establishment of corporate alliances, the impact of competitive products and pricing, new product development, uncertainties related to the regulatory approval process and other risks detailed from time-to-time in Thallion's ongoing filings with the Canadian securities regulatory authorities which filings can be found at www.sedar.com. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Thallion undertakes no obligation to publicly update or revise any forward-looking statements either as a result of new information, future events or otherwise, except as required by applicable Canadian securities laws.

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Financial results included below:

THALLION PHARMACEUTICALS INC.

Consolidated Balance Sheets

February 28, 2010 and November 30, 2009

(Unaudited)

	2010	2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,722,951	\$ 1,665,929
Short-term investments	6,209,942	5,910,559
Restricted cash	-	1,590,024
Sales tax and other receivable	374,534	252,935
Tax credits receivable	314,038	1,159,268
Receivable from Premium Brands Holdings Corporation	337,801	337,801
Receivable from Caprion Proteomics Inc.	-	1,835,000
Deposits and prepaid expenses	630,087	465,971
	13,589,353	13,217,487
Long-term deposit	100,000	100,000
Restricted cash	1,000,000	1,000,000
Capital assets	198,779	214,202
	\$ 14,888,132	\$ 14,531,689
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,590,016	\$ 1,482,111
Current portion of lease exit obligations	474,315	1,397,494
	2,064,331	2,879,605
Long-term portion of lease exit obligations	1,808,193	1,925,531
Deferred revenues	3,828,004	-
Shareholders' Equity:		
Capital stock	115,504,103	115,502,723
Warrants	9,986,860	9,986,860
Contributed surplus	11,510,115	11,491,077
Deficit	(129,813,474)	(127,254,107)
Total shareholders' equity	7,187,604	9,726,553
	\$ 14,888,132	\$ 14,531,689

THALLION PHARMACEUTICALS INC.

Consolidated Statements of Operations

Three-month periods ended February 28, 2010 and 2009

(Unaudited)

	2010	2009
Revenues		
Collaboration and licensing revenues	\$ 36,000	\$ -
Interest revenues	19,217	37,047
	55,217	37,047
Costs and expenses		
Research and development	1,171,499	2,111,941
Tax credits	(347,988)	(287,719)
	823,511	1,824,222
General and administrative	1,801,198	1,337,424
Amortization of capital assets	14,327	124,235
Foreign exchange gain	(24,452)	(10,163)
	2,614,584	3,275,718
Net loss	\$ (2,559,367)	\$ (3,238,671)
Net basic and diluted loss per share	\$ (0.08)	\$ (0.10)
Weighted average number of outstanding shares	32,145,849	32,144,316

Consolidated Statements of Comprehensive Loss

Three-month periods ended February 28, 2010 and 2009

(Unaudited)

	2010	2009
Net loss	\$ (2,559,367)	\$ (3,238,671)
Other comprehensive loss		
Unrealized gain on available for sale investments	-	265
Comprehensive loss	\$ (2,559,367)	\$ (3,238,406)

THALLION PHARMACEUTICALS INC.

Consolidated Statements of Cash Flows

Three-month periods ended February 28, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Net loss	\$ (2,559,367)	\$ (3,238,671)
Adjustments for:		
Accretion in carrying value of lease liability	132,243	77,294
Amortization of capital assets	14,327	124,235
Gain on disposal of short-term investments	-	(14,013)
Stock-based compensation	19,038	111,730
	(2,393,759)	(2,939,425)
Changes in operating assets and liabilities:		
Sales tax and other receivable	(115,333)	(14,698)
Interest receivable	(6,266)	1,470
Tax credits receivable	845,230	(287,719)
Receivable from Caprion Proteomics Inc.	1,835,000	-
Deposits and prepaid expenses	(164,116)	(59,821)
Accounts payable and accrued liabilities	107,905	279,037
Deferred revenues	3,828,004	-
Sub-lease revenues collected	227,397	-
Payment of lease exit obligations	(1,400,157)	(160,267)
	5,157,664	(241,998)
	2,763,905	(3,181,423)
Cash flows from financing activities:		
Issuance of common shares	1,380	-
	1,380	-
Cash flows from investing activities:		
Acquisition of short-term investments	(299,383)	(23,498)
Proceeds from disposal of short-term investments	-	1,014,296
Restricted cash	1,590,024	-
Additions to capital assets	-	(16,309)
Proceeds from disposal of capital assets	1,096	-
	1,291,737	974,489
Net increase (decrease) in cash and cash equivalents	4,057,022	(2,206,934)
Cash and cash equivalents, beginning of period	1,665,929	8,863,383
Cash and cash equivalents, end of period	\$ 5,722,951	\$ 6,656,449