

HemaQuest Initiates Clinical Trials in Sickle Cell Disease and Beta Thalassemia

Venture-backed Firm Seeks Safe and Effective Therapy for Common Life-threatening Genetic Disorders of Hemoglobin

SEATTLE: May 26, 2009- HemaQuest Pharmaceuticals announced today that it has initiated clinical trials of HQK-1001 in the treatment of patients with sickle cell disease and beta thalassemia. These two clinical trials are intended to evaluate safety and provide proof of concept clinical data in patients with these serious and life-threatening chronic illnesses.

“Our team is excited to have the opportunity to work with some of the leading clinical investigators to test HQK-1001 in sickle cell disease and beta thalassemia,” said Ron Berenson, M.D., President and Chief Executive Officer of HemaQuest. “There is a pressing need for new drugs to treat these disorders, which cause significant morbidity and early mortality. The goal of our clinical trials is to have sufficient data to move HQK-1001 into advanced clinical studies.”

Each of these blinded, placebo-controlled studies will assess the safety of HQK-1001 and evaluate indicators of therapeutic activity, including several measures of fetal globin, one of the drug’s primary targets. Increases in fetal globin correlate with improved clinical outcomes in patients with these hemoglobin disorders. The trial in sickle cell disease is being conducted at approximately 10 centers in the U.S. The trial in beta thalassemia is being conducted in Thailand, where there is a high incidence of this disease.

To date, HQK-1001 has been evaluated in 55 healthy human subjects in 2 clinical studies. In the first study, 24 subjects were treated with single doses of HQK-1001 at 4 dose levels. The second study was conducted in 41 healthy human subjects, who were treated with 14 consecutive days of HQK-1001 at 3 dose levels. HQK-1001 was well-tolerated at all dose levels and there were no serious adverse effects in the two studies. Plasma drug levels associated with *in vitro* biological activity were achieved in both studies.

ABOUT HQK-1001

HQK-1001 belongs to a class of compounds originally discovered at Boston University and licensed to the company. These compounds, designated as Short Chain Fatty Acid Derivatives (SCFADs), have been shown to stimulate fetal globin expression in the laboratory and in small clinical trials in patients with hemoglobin disorders, including sickle cell disease and beta thalassemia. HQK-1001 is an orally administered SCFAD, which has shown potent effects on fetal globin induction and red blood cell production in the laboratory and relevant animal models. Additionally, the company has received orphan drug designation for HQK-1001 in the United States and Europe for both sickle cell disease and beta thalassemia.

ABOUT SICKLE CELL DISEASE AND BETA THALASSEMIA

Sickle cell disease is a genetic disorder affecting the beta globin chain of adult hemoglobin, resulting in distorted, rigid sickle red blood cells, which block blood vessels. The resulting lack of oxygen causes acute episodes of pain (pain crises), lung injury (acute chest syndrome) and is associated with strokes. Chronic damage occurs in many organs. The only drug available to treat the disease is a cancer chemotherapy drug, hydroxyurea, which has potential risks for patients. The lifespan of sickle cell patients is reduced in the U.S, where there are approximately 75-80,000 patients.

Beta thalassemia is a prevalent blood disease worldwide in which patients are unable to produce normal amounts of beta globin, which results in severe anemia. The primary treatment, red blood cell transfusions, leads to iron overload that damages many organs and requires treatment with iron chelating drugs. There is early mortality in patients with this disease in the U.S. today.

ABOUT HEMAQUEST PHARMACEUTICALS

HemaQuest Pharmaceuticals (www.HemaQuest.com), established in late 2007, is a biopharmaceutical company focused on developing small molecule therapeutics based on its proprietary SCFAD technologies to treat hemoglobin diseases. HemaQuest is also developing other SCFADs that could prove useful in treating other hematologic disorders. The company's investors include De Novo Ventures, Forward Ventures, and Lilly Ventures.

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