

SEATTLE – August 5, 2010

HemaQuest Pharmaceuticals Initiates Phase 2 Clinical Trial in EBV-Related Malignancies

SEATTLE – August 5, 2010 - HemaQuest Pharmaceuticals announced today the first patient has been dosed in a Phase 2 clinical trial evaluating the safety and clinical efficacy of its proprietary HQK-1004 therapy in Epstein-Barr virus (EBV) related lymphoid malignancies. These types of cancer have a poor prognosis with short patient survival. Standard cancer therapies are typically much less effective in patients with EBV-related lymphoid malignancies than in patients who have similar cancers not infected with the virus.

HQK-1004 acts by inducing the expression of a gene for a viral enzyme, thymidine kinase (TK). This enzyme is the target of several common anti-viral drugs, but the gene is silenced in a number of viral-related diseases making them resistant to these anti-viral drugs. Inducing the expression of the silenced gene enables previously inactive anti-viral drugs, such as ganciclovir (GCV), to destroy tumor cells containing virus, even if the virus is not causative, while healthy cells are unaffected by the therapy. In a Phase 1/2 clinical trial conducted by HemaQuest's scientific founders, 10 of 15 patients with relapsed or refractory EBV-related lymphomas, who were treated with HQK-1004 and GCV, demonstrated objective tumor responses including complete tumor responses and even long-term survival.

In the current company-sponsored Phase 2 clinical trial, up to 40 patients with advanced EBV lymphoid malignancies will be treated with HQK-1004 and GCV at several clinical sites in the US and abroad. The trial will test whether a shorter treatment regimen of HQK-1004 can reproduce the promising results documented in the first clinical trial. With positive clinical results, the Company intends to proceed to a pivotal trial to obtain FDA approval for this clinical indication. In addition, HemaQuest intends to test this therapeutic approach to treat other viral-related cancers.

Susan Perrine, MD, Chief Scientific Officer and VP of Clinical Affairs of HemaQuest, said, "This trial represents an important step forward in the development of this therapy and builds on the encouraging clinical safety and efficacy data. Our targeted therapy represents a novel approach to treating viral-related cancers, which include up to 20% of malignancies. By targeting the virus associated with the tumor cells, the toxic side effects that commonly occur with traditional chemotherapy are potentially avoided."

Ron Berenson, MD, President and Chief Executive Officer of HemaQuest said, "We are very pleased to announce the start of this global Phase 2 trial. HQK-1004 has the potential to improve the outcome of patients with EBV lymphoid malignancies, most of whom have poor responses and limited survival with current therapies. If this trial is successful, it could lead to a

new approach to treating viral-related cancers, including other hematologic malignancies as well as solid tumors.”

ABOUT HEMAQUEST PHARMACEUTICALS

HemaQuest Pharmaceuticals (www.HemaQuest.com) is a Seattle-based biopharmaceutical company focused on developing small molecule therapeutics based on its proprietary short chain fatty acid technologies to treat orphan hematologic diseases. HQK-1001 is an orally administered small molecule therapeutic being developed to treat the two most common hemoglobin disorders, sickle cell disease and beta thalassemia. The drug candidate has advanced through Phase 1 clinical trials and is completing testing in proof of concept clinical studies in patients with sickle cell disease and beta thalassemia intermedia. HQK-1004 is a unique therapy designed to treat malignancies associated with Epstein-Barr virus.

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