

HemaQuest Pharmaceuticals, Inc. Presents Promising Clinical Results at 52nd Annual Meeting of the American Society of Hematology (ASH)

HQK-1001 in Sickle Cell Disease and Beta Thalassemia

ORLANDO, FL - Dec. 7, 2010 - HemaQuest Pharmaceuticals, Inc. (HemaQuest), a biotechnology company focused on developing small molecule therapeutics to treat hemoglobin-associated diseases, presented encouraging results at the ASH meeting in Orlando, Florida from its first two clinical trials evaluating its lead product candidate, HQK-1001, an orally administered Small Chain Fatty Acid Derivative (SCFAD) in patients with sickle cell disease and beta thalassemia.

In the sickle cell disease clinical trial, a total of 24 patients were randomized and treated once daily at one of three dose levels (10, 20 or 30 mg/kg) of HQK-1001 or placebo for two six-week cycles of therapy with a two-week treatment break between cycles. HQK-1001 was well-tolerated with no significant drug-related adverse events. In addition, increases in fetal hemoglobin levels, the key pharmacodynamic marker, were documented in patients treated at all HQK-1001 dose levels but not in the placebo-treated patients. There was also a trend of increasing rises of fetal hemoglobin levels with increased dose up to the maximum tested dose level of 30 mg/kg. Analysis of additional pharmacodynamic markers in selected patients demonstrated induction of fetal globin as manifested by increases in fetal hemoglobin containing red blood cells (F-cells) and fetal globin mRNA in the HQK-1001 treated patients.

In the beta thalassemia clinical trial, a total of 21 patients with beta thalassemia intermedia, including Hb E thalassemia, were randomized and treated once daily with HQK-1001 at one of four dose levels (10, 20, 30 or 40 mg/kg) or placebo for eight weeks. HQK-1001 was well-tolerated with no significant drug-related adverse events. Rises in fetal hemoglobin levels were observed in HQK-1001-treated patients, with the most consistent and largest effects observed at the 20 mg/kg dose level.

HemaQuest President and CEO John Longenecker, PhD, said, "These clinical trials provide evidence of the safety and potential therapeutic activity of HQK-1001 in patients with sickle cell disease and beta thalassemia intermedia. The fetal hemoglobin induction observed in both of the clinical trials is important, given its key role in ameliorating these diseases. Based on these promising clinical results, we plan to initiate a clinical trial testing higher dose levels and longer duration of therapy to more fully characterize the therapeutic potential of HQK-1001 in sickle cell disease."

ABOUT HQK-1001

HQK-1001 belongs to a class of compounds originally discovered at Boston University School of Medicine. These compounds, designated as Short Chain Fatty Acid Derivatives (SCFADs), have been shown to stimulate fetal hemoglobin expression and red blood cell production in the laboratory and in

small clinical trials in patients with hemoglobin disorders, including sickle cell disease and beta thalassemia. Increased fetal hemoglobin production in red blood cells was shown to ameliorate the outcome of patients with these diseases. HQK-1001 is an orally administered SCFAD, which has shown an excellent safety profile and biologic effects on fetal hemoglobin induction and red blood cell production in the laboratory, relevant animal models, and in clinical trials carried out in healthy human subjects as well as patients with sickle cell disease and beta thalassemia. Additionally, the compound has received Orphan Drug Designation 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 blood disorder that affects approximately 80,000 patients in the U.S., and is characterized by production of an abnormal beta hemoglobin chain of adult hemoglobin, which results in distorted, rigid sickle red blood cells, which block blood vessels, causing lack of oxygen to tissues, acute episodes of pain (pain crises), lung injury (acute chest syndrome), and strokes. Infections are common, and chronic damage occurs in many organs, including the spleen, bones, kidneys, lungs, brain, and eyes. The sole drug which is approved to treat the disease is a cancer chemotherapy drug, hydroxyurea. The lifespan of sickle cell patients is markedly reduced.

Beta thalassemias are among the most common genetic blood disorders worldwide. Patients are unable to produce normal amounts of the beta hemoglobin chain of adult hemoglobin and, therefore, experience consequent rapid destruction of red blood cells and their progenitors, and moderate to severe, transfusion-dependent anemia. The standard therapies are transplantation and red blood cell transfusions, which cause iron overload and vital organ damage, and must be treated with iron chelator drugs.

ABOUT HEMAQUEST PHARMACEUTICALS, INC.

HemaQuest Pharmaceuticals (www.HemaQuest.com), established in late 2007, is a San Diego and Seattle-based biopharmaceutical company focused on developing small molecule therapeutics based on its proprietary SCFAD technologies to treat hemoglobin diseases. HemaQuest is also developing a second therapy for viral-related hematologic malignancies. The Company's investors include De Novo Ventures, Forward Ventures, Lilly Ventures, Aberdare Ventures and Latterell Venture Partners.

Under U.S. law, a new drug cannot be marketed until it has been investigated in clinical trials and approved by the FDA as being safe and effective for the intended use. Statements included in this press release that are not historical in nature are "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. You should be aware that our actual results could differ materially from those contained in the

forward-looking statements, which are based on management's current expectations and are subject to a number of risks and uncertainties, including, but not limited to, our failure to successfully commercialize our product candidates; costs and delays in the development and/or FDA approval, or the failure to obtain such approval, of our product candidates; uncertainties or differences in interpretation in clinical trial results; our inability to maintain or enter into, and the risks resulting from our dependence upon, collaboration or contractual arrangements necessary for the development, manufacture, commercialization, marketing, sales and distribution of any products; competitive factors; our inability to protect our patents or proprietary rights and obtain necessary rights to third party patents and intellectual property to operate our business; our inability to operate our business without infringing the patents and proprietary rights of others; general economic conditions; the failure of any products to gain market acceptance; our inability to obtain any additional required financing; technological changes; government regulation; changes in industry practice; and one-time events. We do not intend to update any of these factors or to publicly announce the results of any revisions to these forward-looking statements.

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