

## **AlphaRx and Gaia BioPharma Provide GAI-122 Development Update**

**GAI-122, an investigational injectable nano-emulsion formulated with AlphaRx's proprietary drug delivery technology, provides significant neuroprotection in animal behavioral models. Gaia BioPharma plans to initiate a clinical development program to further study GAI-122 for an acute and as yet, unmet neurological indication.**

Markham, Ontario – June 16, 2009 – AlphaRx Inc. (OTCBB: ALRX) and Gaia BioPharma Limited, a privately held, early stage biopharmaceutical company focused on hospital-based injectable therapeutics, are pleased to provide a progress report on GAI-122.

GAI-122 offers significant and direct neuroprotection in both in vitro and in vivo ischemic conditions. Experimental evidence suggests that the neuroprotective action of GAI-122 is related to its' active inhibition of apoptosis or cell death. GAI-122 shows potential as a major treatment innovation in the management of ischemic neurological disorders such as stroke and traumatic brain injury.

The proposed initial indication for GAI-122 is an acute neurological disorder affecting millions of patients undergoing cardiac and hip replacement surgery. It is estimated that the market potential for this unmet indication exceeds US\$2 billion a year.

GAI-122 is in the final stage of formulation optimization, which is expected to be completed by the end of summer 2009, proceeding to clinical trial materials manufacturing thereafter. GAI-122 is protected by 4 US patent applications.

In October 2008, AlphaRx licensed GAI-122 to Gaia BioPharma. Under the terms of the amended agreement, AlphaRx is eligible to receive milestone payments of up to \$50 million for the successful development and commercialization of GAI-122, as well as royalties on worldwide sales. In addition, Gaia BioPharma has assumed all development costs.

### **About AlphaRx Inc.**

AlphaRx is a specialty pharmaceutical company dedicated to developing proven therapies by reformulating FDA approved and marketed drugs which through the application of its proprietary site-specific nano drug delivery technology, offers improved medical benefits and a potential for significant commercial product development.

### **About Gaia BioPharma**

Gaia BioPharma Limited, a privately held, early stage biopharmaceutical company focused on hospital-based injectable therapeutics. Gaia BioPharma seeks to address key unmet therapeutic needs by taking established compounds and changing their administration routes to create patent-protected, value-added products.

### **FORWARD LOOKING STATEMENTS:**

This release contains forward-looking statements within the meaning and pursuant to the Safe Harbor provisions of the Securities Litigation Reform Act of 1995 and involve risks and uncertainties that may individually or mutually impact the matters herein described, including but not limited to product development and acceptance, manufacturing, competition, regulatory and/or other factors, which are outside the control of the Company.