

AlphaRx Reports Positive Preclinical Data on GAI-122 Against Liver Disease

GAI-122, an investigational injectable nano-emulsion formulated with AlphaRx's proprietary drug delivery technology, provides significant hepatoprotection in multiple animal models of acute hepatitis suggesting that GAI-122 may reduce necro-inflammation and may halt disease progression to fibrosis or cirrhosis.

Markham, Ontario – July 8, 2009 – AlphaRx Inc. (OTCBB: ALRX) today reported positive preclinical results on GAI-122 injectable nano-emulsion in multiple models of acute hepatitis, an inflammatory liver disease.

GAI-122 significantly reduced Aminotransferase (ALT), an enzyme released into the blood that indicates damage to the liver, following IP administration in three different preclinical models of acute liver injury. Very high levels of ALT are usually due to acute hepatitis or a viral infection.

In the α -Fas model of liver injury, GAI-122 markedly reduced ALT levels by 90% from baseline, where control ALT values were ~22,000 IU/L. Significant efficacy was also demonstrated in the rat TNF α /Gln model and in the Drug-induced liver injury (DILI) model.

“DILI accounts for more than 50% of acute liver failure and there are no satisfactory treatment options currently available. The excellent efficacy data demonstrated by these studies suggest that GAI-122 may represent a potential first line treatment option for patients with liver disease”, stated Dr. Michael Weisspapir, MD, PhD, Chief Medical Scientist of AlphaRx.

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.