

AlphaRx and Gaia BioPharma Report Positive Efficacy Results in a Pre-Clinical Trial of GAI-122 Injectable Nano-emulsion for Post-operative Delirium

GAI-122, an investigational injectable nanoemulsion formulated with AlphaRx's proprietary drug delivery technology, providing significant neuro-protection in multiple in vitro and in vivo studies which suggest that this injectable nanoemulsion formulation has the potential to prevent postoperative delirium

Markham, Ontario – June 29, 2009 – AlphaRx Inc. (OTCBB: ALRX) today reported positive pre-clinical results on GAI-122 injectable nanoemulsion in multiple in vitro and in vivo studies of memory impairment after prolonged anesthesia.

Delirium is a common mental disorder with serious adverse outcomes in post-operative hospitalized patients. It is associated with an increase in mortality, physical morbidity, length of hospital stay, institutionalization of patients and increased cost to healthcare providers. Ten to thirty percent of admissions of patients over 65 years of age to a general hospitals develop delirium after surgery and the incidence rate can be as high as 50% in patients who undergone high risk and lengthy procedures such as hip replacement and cardiac surgeries. There is no preventive therapy currently available for post-operative delirium.

“There are over 10,000,000 inpatient surgeries performed annually in the U.S. on patients over the age of 65, and up to 40% of these seniors will develop post-operative delirium. There is an urgent need to develop a medicine, such as GAI-122 injectable nanoemulsion, for the preventive of this debilitating post-operative condition”, said Dr. Michael Weisspapir, MD, PhD, Chief Medical Scientist of AlphaRx.

In rat model studies, injected GAI-122 ameliorates learning and memory disturbances produced by cerebral embolization, cerebral ischemia or lesions in the basal forebrain, the area of origin of the acetylcholine neuron system projecting into the cerebral cortex, hippocampus and amygdala. In clinical tests, an oral form of GAI-122 has been shown to be effective in psychological deficits such as a decline in memory retention and disorientation.

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.