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Aquinox Pharmaceuticals Selects AQX-1125 as Lead Clinical Candidate

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Aquinox Pharmaceuticals Inc., a private, venture-backed, biopharmaceutical company developing novel and targeted small molecule therapeutics for the treatment of inflammatory disease and cancer, announced today at BioPartnering Europe in London, UK, that it has selected AQX-1125 as its lead compound in its SHIP agonist program. Studies have commenced to support the Company's first Investigational New Drug ("IND") application for clinical development.

Aquinox is developing a new class of highly selective anti-inflammatory drugs that target and allosterically modulate SH2-containing inositol phosphatase ("SHIP"), a unique biochemical enzyme found only in blood cells. SHIP, through its activation, inhibits the critical PI3K pathway, one of the most active areas of pharmaceutical research. A SHIP activator (or agonist) offers a new approach to stimulating a single enzyme responsible for regulating immune cell function. Preclinical studies to date indicate that AQX-1125 is an effective anti-inflammatory drug with competitive advantages over drugs which inhibit enzymes in the PI3K pathway. AQX-1125, a potent, orally administrable activator of SHIP, suitable for once-daily dosing, is demonstrating broad anti-inflammatory properties with recent encouraging results in models of asthma and allergic disease.

"SHIP agonists have the potential to become the next generation of anti-inflammatory drugs," said David Main, Chairman, President and CEO of Aquinox Pharmaceuticals Inc. "Allosteric activation of SHIP has significant competitive advantages over traditional enzyme inhibitors, which we believe will translate into a new class of drugs with both efficacy and safety advantages."

IND-enabling studies for AQX-1125 are currently underway and the Company expects to file an IND in 2010. Further preclinical research and development continues on additional compounds and applications for the Company's SHIP agonist program.

About Aquinox Pharmaceuticals

Aquinox Pharmaceuticals Inc. is the world leader in the discovery and development of novel, first-in-class, small molecule therapeutics targeting SH2-containing inositol phosphatase ("SHIP") for the treatment of inflammatory disease and cancer. The Company's lead candidate, AQX-1125, is a highly active and selective small molecule allosteric activator of SHIP suitable for once-daily oral dosing. Aquinox anticipates filing an IND in 2010. The Company has a broad intellectual property portfolio and deep pipeline of preclinical drug candidates that allosterically modulate SHIP. For more information, visit www.aqxpharma.com.

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