



June 17, 2010

Aquinox Pharmaceuticals Completes US \$25 Million Series B Financing

New Investor - Pfizer Venture Investments - Joins Syndicate

Vancouver, British Columbia - June 17, 2010

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 that it has secured U.S. \$25 million in the close of a Series B financing led by Ventures West Capital. New investor Pfizer Venture Investments (PVI) participated in the financing along with all other existing investors: Johnson & Johnson Development Corporation, Baker Brothers Investments and BC Advantage Funds (VCC) Ltd.

Mr. Kenneth Galbraith, General Partner of Ventures West Capital, commented "We are very pleased to welcome Pfizer Ventures to our syndicate and to continue working with such a committed group of investors."

"I am pleased to be joining the Aquinox Board as our investment and support will assist a team demonstrating progress in advancing SHIP1 agonists as promising potential new small molecule, anti-inflammatory drugs," added Dr. Elaine Jones, Executive Director of Pfizer Venture Investments.

The proceeds of the financing will allow Aquinox to advance its lead clinical candidate from its SH2-containing inositol-5'-phosphatase ("SHIP1") agonist program, AQX-1125, into Phase I and Phase II clinical studies. The financing will also enable Aquinox to continue drug discovery efforts towards the nomination of a second clinical candidate and additional pipeline candidates from its SHIP1 program.

"We are proud of our progress and are excited to have the resources and investor support to complete the necessary work for filing our first Investigational New Drug (IND) application for AQX-1125," said Mr. David Main, Chairman, President and CEO of Aquinox Pharmaceuticals Inc. "Being in a position to commence clinical trials in 2011 will allow us to expand upon the early stage preclinical work demonstrating that SHIP1 agonists exhibit important differences over traditional PI3K inhibitors, which may make them suited for the treatment of chronic respiratory and inflammatory diseases," added Mr. Main.

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-5'-phosphatase ("SHIP1") 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 SHIP1 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, please visit www.aqxpharma.com.

Contact

David Main or Jason Robertson
Aquinox Pharmaceuticals Inc.
604.629.9223
info@aqxpharma.com