



September 23, 2016

Aquinox Announces Closing of \$75.4 Million Public Offering of Common Stock, Including Full Exercise of Underwriters' Option to Purchase Additional Shares

VANCOUVER, British Columbia, Sept. 23, 2016 (GLOBE NEWSWIRE) -- Aquinox Pharmaceuticals, Inc. ("Aquinox") (NASDAQ:AQXP), a clinical-stage pharmaceutical company discovering and developing targeted therapeutics in disease areas of inflammation and immuno-oncology, today announced the closing of its previously announced underwritten public offering of 6,152,500 shares of its common stock, including 802,500 shares sold pursuant to the underwriters' full exercise of their option to purchase additional shares, at a price to the public of \$12.25 per share. The gross proceeds from the offering (inclusive of the option exercise), before underwriting discounts and commissions and offering costs, are \$75.4 million.

Aquinox intends to use the net proceeds from the offering to fund additional clinical development of AQX-1125 and to fund pre-commercial and market assessment activities, research and development costs to advance its pipeline of preclinical product candidates and for working capital and other general corporate purposes.

Leerink Partners LLC, Canaccord Genuity and Guggenheim Securities acted as joint book-running managers for the offering. Needham & Company acted as lead manager.

The securities described above were offered by Aquinox pursuant to a registration statement previously filed with and declared effective by the Securities and Exchange Commission (SEC). A final prospectus supplement and accompanying prospectus relating to this offering has been filed with the SEC and is available on the SEC's website at <http://www.sec.gov/>. Copies of the final prospectus supplement and the accompanying prospectus relating to this offering may be obtained from Leerink Partners LLC, Attention: Syndicate Department, One Federal Street, 37th Floor, Boston, MA, 02110, by telephone at (800) 808-7525 ext. 6142 or by email at syndicate@leerink.com; from Canaccord Genuity Inc., Attn: Syndicate Department, 99 High Street, Floor 12, Boston, MA 02110, by telephone at (617) 371-3900 or by email at prospectus@canaccordgenuity.com; or from Guggenheim Securities, LLC, Attention: Equity Syndicate Department, 330 Madison Avenue, 8th Floor, New York, NY 10017, by telephone at (212) 518-9658 or by email at GSEquityProspectusDelivery@guggenheimpartners.com.

The offered shares of common stock are being qualified for distribution by way of a preliminary prospectus supplement and a final prospectus supplement to Aquinox's Canadian base shelf prospectus dated January 26, 2016 that was filed with the securities commissions in British Columbia, Alberta and Ontario.

This press release shall not constitute an offer to sell or a solicitation of an offer to buy these securities nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction. The shares of common stock which are the subject of the offering contemplated by this press release are not being offered or sold, directly or indirectly, in Canada or to any resident of Canada.

About AQX-1125

AQX-1125, Aquinox's lead drug candidate, is a small molecule activator of SHIP1, which is a regulating component of the PI3K cellular signalling pathway. By increasing SHIP1 activity, AQX-1125 accelerates a natural mechanism that has evolved to maintain homeostasis of the immune system and reduce immune cell activation and migration to sites of inflammation. AQX-1125 has demonstrated preliminary safety and favorable drug properties for once daily oral administration in multiple preclinical studies and seven completed clinical trials.

About Interstitial Cystitis/Bladder Pain Syndrome (IC/BPS)

IC/BPS is a chronic inflammatory bladder disease characterized by pelvic pain and increased urinary urgency and/or frequency. For many sufferers, these symptoms are severe and adversely affect all major aspects of their lives, including overall physical and emotional health, employment, social and intimate relationships, and leisure activities. While the cause of the disease remains largely unknown, erosion of the bladder lining is thought to be a significant contributor. IC/BPS is

estimated to affect millions of people in the United States and around the world. Most IC/BPS patients continue to suffer this debilitating condition, despite treatment with existing therapies. Most current therapies and those in development are focused solely on symptomatic relief of IC/BPS. Aquinox believes new and innovative therapies that target the underlying disease in order to reduce the chronic pain and urinary symptoms are needed.

About Aquinox Pharmaceuticals, Inc.

Aquinox Pharmaceuticals, Inc. is a clinical-stage pharmaceutical company discovering and developing targeted therapeutics in disease areas of inflammation and immuno-oncology. Aquinox's lead drug candidate, AQX-1125, is a small molecule activator of SHIP1 suitable for oral, once daily dosing. With a successful Phase 2 clinical trial completed in 2015, Aquinox initiated a Phase 3 trial in 2016 (LEADERSHIP 301) with AQX-1125 for treatment of IC/BPS. Aquinox has a broad intellectual property portfolio and pipeline of preclinical drug candidates that activate SHIP1. For more information, please visit www.aqxpharma.com.

Forward-Looking Statements

To the extent that statements contained in this press release are not descriptions of historical facts regarding Aquinox, they are forward-looking statements reflecting the current beliefs and expectations of management made pursuant to the safe harbor of the Private Securities Litigation Reform Act of 1995, including Aquinox's proposed offering and use of proceeds as well as statements including the words "expect", "intend" or "may." Such forward-looking statements involve substantial risks and uncertainties that could cause Aquinox's future results, performance or achievements to differ significantly from those expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, the uncertainties related to market conditions and the completion of the public offering on the anticipated terms or at all and the uncertainties inherent in research and the clinical development process. Aquinox undertakes no obligation to update or revise any forward-looking statements. For a further description of the risks and uncertainties that could cause actual results to differ from those expressed in these forward-looking statements, as well as risks relating to Aquinox's business in general, please refer to Aquinox's prospectus supplement filed with the Securities and Exchange Commission (SEC) on September 20, 2016, including the documents incorporated by reference therein, which include Aquinox's Annual Report on Form 10-K filed with the SEC on March 14, 2016, Aquinox's Quarterly Report on Form 10-Q filed with the SEC on August 4, 2016, and Aquinox's other periodic reports filed with the SEC.

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