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NEWS RELEASE

RaQualia Announces Start of Phase III Clinical Trial for Acid Pump Antagonist in Korea and Receipt of Milestone Payment

May 20, 2015 - RaQualia Pharma Inc. (RaQualia) today announced that CJ HealthCare Corporation (CJ) has initiated a Phase III clinical trial in Korea for the acid pump antagonist (RQ-00000004, CJ-12420), which was discovered by RaQualia and licensed out to CJ.

RaQualia licensed RQ-00000004 for East Asian rights to CJ in September 2010. The start of the Phase III clinical trial triggers a milestone payment from CJ to RaQualia, which will be reported as operating revenue for the current fiscal term. The details of the payment are undisclosed on the contractual restrictions.

Categorized as a potassium-competitive acid blocker (P-CAB), the acid pump antagonist has a different mechanism of action for suppressing gastric acid secretion from proton pump inhibitors (PPIs), the current therapy of choice for treating gastro-esophageal reflux disease (GERD). The acid pump antagonist has demonstrated faster and sustained gastric acid reduction when compared with PPIs. Thus, the acid pump antagonist is expected to improve GERD symptom control that is insufficiently addressed by PPI therapies. Moreover, it has an opportunity to apply to a new treatment for the other acid-related digestive diseases like peptic ulcer.

The Phase III clinical trial is conducted to collect firm evidence of the drug's safety and effectiveness in preparation for a new drug application.

RaQualia is committed to providing a new treatment option for gastric-acid secretion related diseases, and continues to collaborate with CJ to launch RQ-00000004 on the market in Korea at the earliest possible date.

RaQualia will report this milestone payment as part of the second-quarter operating revenue for FY 2015. This revenue, however, will not affect the company's financial projection for FY 2015 issued on May 14, 2015.

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