

For Immediate Release

Orphagen Pharmaceuticals Awarded Phase I SBIR Grant for Drug Discovery in Metabolic Disease

San Diego, May 26, 2005-- Orphagen Pharmaceuticals announced today that it had been awarded a one-year federal grant for \$218,858 to undertake drug discovery at a novel target in the metabolic disease area. The small business innovative research (SBIR) grant was awarded by the National Institutes of Health (NIH).

Orphagen discovers drugs in the areas of atherosclerosis, prostate cancer, immune modulation, and sleep. The Company's expertise centers on the so-called nuclear receptors, a family of drug targets that has already been a rich source of groundbreaking therapies.

"We're very delighted by this recognition of our drug discovery strategy. Orphagen has long promoted the value of exploring novel drug targets in the nuclear receptor area through the identification of small molecule ligands. This award will be used to investigate new classes of therapeutics in the broad area of metabolic disease, which includes atherosclerosis, diabetes, and hyperlipidemia", said Scott Thacher, CEO of Orphagen.

Tim Scott, President of Pharmatek and Orphagen's interim-COO stated, "This grant award acknowledges the development of a solid drug discovery operation by Orphagen's talented scientific team."

Orphagen is one of a select group of high-caliber, independently-owned technology companies that has created a successful drug discovery research program on the basis of SBIR grants. Grant proposals receive rigorous external review by an independent scientific panel. To date, Orphagen

has been awarded a total of \$1.25 million in grants from the NIH and other agencies. Orphagen has four full-time and three part-time employees.

Phase I SBIR grants fund feasibility studies and, when these are successfully completed, enable applicants to compete for substantial Phase II grants. Phase II grants are designed to translate research programs into technology that can be commercialized.

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