

Q Chip completes US\$6 million (£3.6 million) funding round to expand its portfolio of drug formulations and establish a European manufacturing facility

Cardiff, Wales, 19 May 2011 – Q Chip Limited, an emerging bio-pharmaceutical company developing innovative sustained-release drug formulations for cancer and other diseases, announced today it has completed its US\$6 million Series C financing round (the first close was in September 2010).

The second close financing was led by Dutch investors Limburg Ventures and Nedermaas Hightech Ventures. They were joined by existing shareholders Disruptive Capital Finance, Finance Wales and an “Angel” syndicate of highly experienced individual investors including Q Chip’s Executive Chairman and biotech entrepreneur Ken Powell, British venture capitalist Jon Moulton and industrial entrepreneur Sir Harry Solomon. Disruptive Capital Finance, which has led previous investments to date and that now total approximately US\$14.2 million (£8.5 million), welcomes the new investors as Q Chip proves the efficiency of its technology and moves it towards manufacturing and commercialisation.

Q Chip’s innovative bio-encapsulation and drug delivery platform enables the development of long acting injectable therapeutics with tailored sustained-release profiles and improved administration. It offers the potential for pharmaceutical companies to extend their product life cycles and find the best ways to deliver novel complex bio-therapeutics.

Part of the funds will be invested in establishing a sterile pharmaceutical production facility at the Company’s new European manufacturing subsidiary, Q Chip BV, located on the Chemelot Campus in the Limburg region of the Netherlands. The new facility will house Q Chip’s proprietary scaled-up Q-Sphera™ technology which will meet current Good Manufacturing Practice (cGMP) standards for the production and manufacture of its sustained release peptide and protein therapeutics.

Q Chip plans to increase levels of production to support the preclinical development of its own Q-Leuprolide and Q-Octreotide depots, which are being developed for prostate cancer and acromegaly respectively, as well as partnered projects.

Marcel Kloosterman, investment manager of Limburg Ventures said “We are delighted to welcome Q Chip’s disruptive technology to the cluster of advanced materials and life-science related companies operating at the dedicated Chemelot Campus. Q Chip’s novel drug delivery technology complements the technologies being advanced in the region and we are keen to support the Company in establishing its exclusive European manufacturing facility.”

John Vossen of Nedermaas Hightech Ventures added “Q Chip’s new R&D and sterile manufacturing facilities will help the Company to bring its excellent technology rapidly to the market. The Q Chip subsidiary is a welcome addition to the health and bio sectors in which our region wants to excel. It confirms the attractive investment climate of Limburg province for this kind of business.”

Ken Powell, Executive Chairman of Q Chip said “The successful completion of this financing round in these challenging economic times demonstrates further investor confidence in Q Chip’s technology and the compelling advantages it offers to the biopharmaceutical industry.

With this funding, Q Chip is now able to establish its manufacturing capability, a major milestone for our programmes. Our development at the Chemelot facility will enable Q Chip to offer cGMP compliant, sterile manufacturing of injectable peptide and protein depot formulations, specifically for early phase clinical trial purposes. It will allow the development of a sustainable pipeline of partnered programmes to fully exploit our benign drug delivery technology all the way from formulation development to first-in-class clinical trials. Additionally, the new facility will enhance our internal Leuprolide and Octreotide supergeneric programmes for potential partners.”

Q Chip will be attending BIO 2011 taking place between 27th and 30th June in Washington DC, USA.

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NOTES TO EDITORS

Q Chip - www.q-chip.com

Q Chip Ltd is a biopharmaceutical company developing sustained release injectable depot formulations. Q Chip’s proprietary encapsulation technology platform, Q-Sphera™, represents a paradigm shift in bioencapsulation technology for the production of drug loaded microspheres. Q Chip has developed a suite of manufacturing devices which enable the benign processing of polymer/drug formulations into mono-dispersed microspheres for subcutaneous, intra-muscular/ocular administration. These devices are compatible with a wide range of therapies including small molecules, peptides, oligonucleotides, proteins and cells. In addition, microsphere formulation can also be customised to provide sustained release over weeks or months.

Q Chip Investors

Limburg Ventures - www.limburgventures.com

Limburg Ventures is a regional venture capital fund, set up by DSM Nederland and Limburg’s regional development agency LIOF. It invests in promising companies (ranging from startups to stock listed) having breakthrough potential setting up at the Chemelot Campus in Geleen or the Biopartner Center in Maastricht. The focus is on companies which will benefit from and strengthen the clusters of advanced materials, biomaterials and biomedical devices, chemistry and life sciences. Limburg Ventures currently has 16 companies in its portfolio, which consists of Dutch, German, Belgian and French companies.

Nedermaas Hightech Ventures - www.nedermaasventures.com

Nedermaas Hightech Ventures is a subsidiary entity of the regional development company Industriebank LIOF NV. The fund focuses on investment opportunities across a broad spectrum of technology fields such as Life Sciences, Biotechnology, Medical devices and Chemistry.

Finance Wales - www.financewales.co.uk

Finance Wales provides commercial funding to small and medium-sized businesses throughout Wales, enabling them to realise their potential for innovation and growth. A subsidiary of the Welsh Assembly Government, Finance Wales manages funds of more than £335 million and has invested over £190 million through more than 2500 investments. It has also leveraged an additional £386 million in private-sector investment. In April, 2009 Finance Wales launched a new £150 million commercial investment fund utilising funding from the European Investment Bank and EU under the JEREMIE (Joint European Resources for Micro to Medium Enterprises) initiative. The fund was the first of its kind in Europe.

Disruptive Capital Finance - www.disruptivecapital.com

Disruptive Capital Finance is an investor set up to source opportunistic investments in the market. Key to Disruptive's strategy is to exploit dislocations in the market and unlock value from complex situations and disruptive technologies. Disruptive has been actively investing since 2006 through its first venture fund - The Sustainable Technology Fund. The Fund aims to generate high returns by providing growing business with the resources to build companies that provide world leading solutions to the challenges of moving towards a more resource efficient and lower carbon based economy.

CONTACTS

Corporate

Q Chip Ltd

Chief Strategic Officer Dr Jo Macpherson

Telephone: + 44 (0) 29 2048 0180

Jo.Macpherson@q-chip.com

Media

Capital MSL

Mary Clark, Justine Lamond and Hollie Vile

Telephone: +44 (0)20 7307 5337

Justine.lamond@capitalmsl.com