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Signalling a New Era in Disease Therapy

Anchored by alliances with key partners in the U.S. and Europe, PharmaGap is developing proprietary drug technology that offers the promise of novel new disease therapies, bringing value to both patients and our shareholders.

July '09

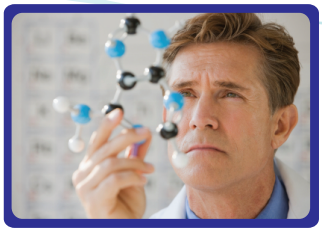
Ottawa Hospital Research Institute moves to second phase of drug testing program in ovarian cancer.

Aug '09

First data results for cancer drug expected from both the U.S. National Cancer Institute and the Ottawa Hospital Research Institute.

Company offices and labs are located in facilities operated by the National Research Council of Canada

What We Do



PharmaGap Inc. is a biopharma company developing proprietary drug compounds targeting a cellular protein family called Protein Kinase C ("PKC"). Scientists and medical researchers from around the world have demonstrated the strong link between the PKC family of enzymes and many serious disease, including cancer, diabetes and inflammatory diseases like arthritis. PharmaGap's drug compounds are designed to inhibit abnormal activity of PKC found in human disease conditions.

PharmaGap's lead drug PhG-alpha-1 (also called GAP-107B8) is a preclinical-stage molecule being developed as a therapeutic for cancer. In animal testing conducted during 2008 at the National Research Council in Ottawa, Canada's pre-eminent biological research organization, PhG-alpha-1 demonstrated compelling effects against hard to treat breast and colon cancer, both as single agent therapy, and in combination with conventional chemotherapy (≈ 60% decrease in tumour volume in breast cancer study compared to chemotherapy alone). In February 2009 PhG-alpha-1 was accepted for testing at the U.S. government's prestigious National Cancer Institute ("NCI") near Washington D.C. In March 2009 the Company and The Ottawa Hospital Research Insitute ("OHRI") signed an agreement to test the drug in ovarian cancer. Additional testing programs are in place at Memorial Sloan-Kettering Cancer Center in New York City.

NATIONAL CANCER INSTITUTE

Our competitive advantage is our proprietary drug architecture platform employing sophisticated super-computer molecular modeling. By developing new (or pipeline) drugs using our proven structural molecular design template (patents pending), additional novel drugs are being developed for use in a wide range of human diseases. In March 2009 the Company announced a co-development agreement with Swiss-based MD Biosciences GmbH for a pipeline drug for potential use in arthritis and multiple sclerosis. Other pipeline projects are in progress.

mdbiosciences.

Building Shareholder Value

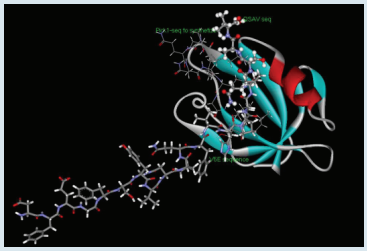
The Company is pursuing a business strategy to out-license its drug compounds at the late preclinical stage to larger pharmaceutical and life sciences companies. Management believes value is created for PharmaGap shareholders from partnering its compounds with experienced, global pharmaceutical companies who are seeking novel, early-stage drug compounds for their own development pipeline. In this way, the Company's shareholders benefit from a series of licensing transactions and the risk of any one drug project is distributed among multiple partners. Teradata Magazine predicted (2007) US $40 billion in sales could be lost at the top 10 pharmaceutical companies as a result of slowdown in R&D innovation and the expiry of patents on major products (with 19 blockbuster drugs losing patents). For this reason the large pharmaceutical companies are eager to partner with smaller firms and seek early stage compounds that they can partner with, or license to bring to clinical development. PharmaGap's business strategy is aligned to this changing dynamic.

Targeting the PKC Family of Enzymes

PKC is a family of protein enzymes which play a central role in molecular cell signaling. PKC's help direct "molecular traffic" within a cell and as a result, are essential molecules to control normal cell function. However, unusually elevated cellular PKC activity has been been implicated in a wide range of diseases. By choosing to develop anti-PKC therapies for diseases affecting a large number of people (e.g. cancer, diabetes, arthritis), PharmaGap's technology forms the basis of a number of drug compounds with a large market demand.

PhG-alpha-1: Novel Cancer Therapy

PhG-alpha-1 is novel peptide drug technology and is currently at the preclinical stage of development. In 2008 the Company announced successful testing of the drug in animal cancer models, showing effectiveness in the treatment of human breast and colon cancers. Breast and colon cancer are two of the leading causes of cancer-related deaths and despite significant advances in treatment options for these types of cancer over the past few decades there remains a large demand for the development of new and more efficacious therapies.



Computer modeling showing PharmaGap drug compound attached to PKC target (blue/white/red "ribbon" structure)

Today, cancer treatment has expanded into a new domain of treatment called targeted therapy. Unlike standard treatment by chemotherapy (highly toxic drugs with extreme patient side effects), targeted drug therapies hold the promise of a more finely tuned treatment regimen that targets only a selected genetic or protein defect within a cancer cell. Targeted therapies, when used in combination with conventional therapies may increase the efficacy of chemotherapy, resulting in lower doses and hence, lowered patient side effects. PhG-alpha-1 is a targeted cancer therapy – it targets PKC in cancer cells – and PharmaGap researchers believe that this novel strategy may significantly improve cancer patient outcomes, along with reducing the unpleasant side effects patients experience using conventional chemotherapy.

In February 2009 PhG-alpha-1 was accepted for testing at the U.S. National Cancer Institute. The NCI is the U.S. federal government's national cancer research institute and it only assesses compounds offering real potential for material improvement in cancer treatment. The NCI test protocol assesses breast, colorectal, lung, ovarian, kidney, prostate, leukemia and various central nervous system cancers and melanomas. PharmaGap's relationship with the NCI builds upon its testing program for PhG-alpha-1 at Memorial Sloan-Kettering Cancer Center in New York City, the world's largest dedicated cancer treatment and research facility.

Our Drug Pipeline

PharmaGap is developing a portfolio of drug compounds targeting PKC. Proprietary computer models of the PKC family are the engine of the Company's development process and our protected trade secrets. The ability to rapidly and efficiently design peptide drugs to preferentially target the members of the PKC family is PharmaGap's competitive advantage.

PKC Family	Indication	Peptide Drug		Preclinical Testing		Alliances
		Computer Design	Synthesis	Cell Lines	Animals	
1. alpha	*cancer*	✓	✓	✓	✓	National Cancer Institute
2. beta I	*diabetes type 2*	✓				
3. delta	*cardiac*	✓				
4. epsilon	*metabolic, pain*	✓	✓	✓		
5. gamma	*neuro, pain*	✓				
6. theta	*inflammatory, cancer*	✓	✓	✓		mdbiosciences.
7. zeta	*metabolic, cancer*	✓				

Our Team

Executive management and direction of the Company is provided by SC Stormont Corporation, an Ottawa-based strategic advisory firm. Stormont's Robert McInnis, President and CEO, and Roderick Bryden, Chairman, are experienced tech entrepreneurs formerly with a TSX/Nasdaq listed life science company based in Ottawa. The senior team is rounded out by Simon Goulet, COO and Gerald Leahy, CFO, both seasoned professionals experienced in finance, business development and licensing, and Dr. Jenny Phipps, Chief Scientific Officer. Stormont, senior management and board members are significant shareholders in the Company.

Share Information

Exchange	TSX-Venture
Ticker	GAP
Shares Issued	85.5 million
52 week Range	$0.05 - $0.35
Daily Volume	490,000

Share Ownership

SC Stormont	31%
Founders and Management	10%
Public	57%
Government of Canada	2%
	100%