

FOR IMMEDIATE RELEASE

Halsa Pharmaceuticals Receives \$250,000 from Texas ETF to Develop Therapeutic Weight-loss Treatment

Company may receive a total of \$1 million based on performance benchmarks.

HOUSTON, March 24, 2008 ----- Houston-based Halsa Pharmaceuticals, Inc., has been awarded \$250,000 from the Texas Emerging Technology Fund (TETF) to continue development and pilot manufacturing of a therapeutic treatment for obesity. The TETF may provide up to \$1 million total investment if the company meets certain performance benchmarks.

Halsa holds exclusive patent rights to a natural material that, when injected by a physician into an obese patient, is expected to cause immediate and substantial depletion of body fat.

"The TETF process was an intense and constructive dialogue. Both the Texas Life Science Committee (TLSC) and the 17-member committee's analysis required Halsa's management to attain critical milestones, and we're a much better situated company for this direction and support," said Halsa CEO Phil Speros, Ph.D.

"[This] process has become a *de facto* vetting mechanism that funding entities use to enrich the set of early stage companies on which to focus," stated TETF Director Mark Ellison.

The TETF, a \$200 million initiative created by the Texas Legislature in 2005 at the governor's request, encourages the creation of companies and jobs in new technologies and the life sciences. The fund gives preference to proposals that have the potential to result in a medical or scientific breakthrough.

"We believe that Halsa's technology has the potential to revolutionize the treatment of obesity. Halsa's obesity therapeutic is an example of the "disruptive" technology that the Emerging Technology Fund has a mandate to commercialize. The Emerging Technology Fund can help bridge the gap between Halsa's grant funding and venture capital funding that is critical for commercialization," said Charles W. Tate, chairman of the Texas Life Science Center.

Halsa Pharmaceuticals' initial business plan was developed in the MOOT CORP Program at the UT/McCombs School of Business. Halsa won the Texas MOOT CORP Competition and received a \$100,000 investment from the Moot Corp Pontoon Fund.

According to Dr. Gary Cadenhead, former director of the MOOT CORP Program, "Halsa has the greatest potential, both in terms of benefiting the health of humans around the world and in becoming a major

economic success, of any of the ventures launched during my tenure as director."

The company has also progressed with significant support from BioHouston, which facilitated a core of germane activities and symposia. Recently, private investors have provided additional seed capital.

More than 65% of American adults are overweight, and half are obese, according to the U.S. Centers for Disease Control. Over \$110 billion annually is lost to obesity and overweight in the United States, 50% due to direct health care costs and 50% from loss of productivity due to illness and mortality. Obesity is highly correlated with increased incidence of heart disease, stroke, cardiovascular diseases, diabetes, kidney disease, cancer, osteoarthritis, and other diseases.

"Prevalence continues to increase with no sign of a leveling. It is difficult to overstate the magnitude of the problem of obesity. Effective, suitable treatments are lacking," stated John P. Foreyt, Ph.D., director of the Behavioral Research Center at the Baylor College of Medicine and a member of Halsa's Scientific Advisory Board.

"In our preliminary work, the candidate therapeutic has acted consistently in causing fat breakdown without showing adverse side effects," Speros said. "The pharmaceutical development process is long and full of uncertainties, but these early results lead us to believe that a product using our technology will benefit the obese and morbidly obese without the gastrointestinal distress, blood pressure increase, or mood depression encountered with existing products."

ABOUT HALSA PHARMACEUTICALS

Halsa Pharmaceuticals, Inc. was founded in 2000 to pursue the development of a therapeutic treatment for obesity.

SAFE HARBOR STATEMENT

This release contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Statements that are not historical facts are "forward-looking statements," which involve risks and uncertainties that could cause actual results to differ materially from any future results, performance, or achievements expressed or implied by such statements.

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