Aeolus' AEOL 10150 Subject of $4.3 Million US Government Award for Protection Against Nerve Agents; Data Shows Drug Significantly Improves Survival in Animals Following Exposure to Pilocarpine, a Nerve Agent Surrogate for Soman and Sarin Gas

MISSION VIEJO, CA -- (Marketwired) -- 09/11/13 -- Aeolus Pharmaceuticals, Inc. (OTCQB: AOLS) National Institutes of Health - National Institute of Neurological Disorders and Stroke awards $4.3 Million to Manisha Patel, PhD at the University of Colorado Skaggs School of Pharmacy and Pharmaceutical Sciences for further testing of AEOL 10150 as a nerve agent countermeasure

- When added to the current standard therapy, AEOL 10150 improves survival to 100 percent
- AEOL 10150 also reduces oxidative stress, provides neuroprotection and restores lung capacity
- Data presented at 6th Annual NIH CounterACT Network Research Symposium

Aeolus Pharmaceuticals, Inc. (OTCQB: AOLS), a biotechnology company developing compounds to protect against radiological and chemical threats with significant funding from the US Government, announced today that the National Institutes of Health (NIH) National Institute of Neurological Disorders and Stroke (NINDS) has awarded a $4.3 million grant to test the effects of AEOL 10150 against soman and other nerve agents. The Grant was awarded to Manisha Patel, PhD at the University of Colorado Skaggs School of Pharmacy and Pharmaceutical Sciences.

Additionally, the Company announced that researchers, led by Dr. Patel, completed a pilot study demonstrating that AEOL 10150 provides neuroprotection, decreases oxidative stress, and significantly improves survival in rats exposed to pilocarpine -- a surrogate for the nerve agents soman and sarin gas. These data were presented at the 6th Annual
The current standard of care for nerve agent exposure is Atropine® and benzodiazepines. In this study AEOL 10150 significantly improved the survival of pilocarpine treated animals. Detailed data is expected to be published shortly. AEOL 10150 is the focus of a sponsored research grant awarded by the National Institutes of Health (NIH), National Institute of Neurological Disorders and Stroke (NINDS) and Office of the Director (OD) to the University of Colorado to test the potential efficacy of AEOL 10150 as a medical countermeasure against nerve agents. Nerve agents, such as sarin gas, have been used in Syria, Iraq and Japan and pose a threat to civilian and military personnel. Sarin gas exposure can cause pain, weakness, vomiting, diarrhea and changes in heart rate within minutes to 18 hours after exposure. High levels of exposure can cause convulsions, paralysis, breathing problems and death.

"Injection of AEOL10150 60 minutes after pilocarpine in the presence of standard therapy resulted in improved survival and near complete inhibition of oxidative stress indices in the hippocampus," stated Manisha Patel, PhD.

"These new data show that adding AEOL 10150 to the standard of care for nerve agent exposure results in complete survival, and were critical to the award of this grant. We are grateful to Dr. Patel and her team for their research and to NIH CounterACT for their continued funding of this critical program," stated John L. McManus, President and Chief Executive Officer of Aeolus Pharmaceuticals, Inc. "Recent events demonstrate the danger of chemical weapons, and highlight the importance of both the NIH CounterACT and Biomedical Advanced Research and Development Authority programs' funding to develop and acquire treatments for chemical radiological, and biological threats. AEOL 10150 continues to demonstrate its efficacy against a broad-spectrum of chemical and radiological threats, which increases its utility as a countermeasure to protect citizens and soldiers from these threats."

On September 10th, NIH-NINDS notified Dr. Patel that a total of $4.3 million had been awarded for her project titled "Neuroprotective Effects of AEOL 10150 against organophosphate toxicity." The research work will be conducted in Dr. Patel's lab at the University of Colorado, National Jewish Health as well as at the United States Army Medical Research Institute of Chemical Defense (USAMRICD). Funding for this research has been awarded under a grant supported by the CounterACT Program, National Institutes of Health Office of the Director (NIH OD), and the NINDS.

At the June 2013 NIH CounterACT meeting, Dr. Patel reported the results from work funded under a pilot NIH CounterACT Grant awarded to the University of Colorado were to evaluate the neuroprotective efficacy of AEOL 10150 against pilocarpine-induced neurotoxicity in rats. Pilocarpine is a surrogate of nerve agents. Exposure to organophosphate nerve agents, metabolic poisons, or high levels of sulfur mustard and pesticides can trigger seizures and loss of consciousness. These results build on
knowledge gained from research conducted by Dr. Patel in rodent models of neurotoxicity and neurodegeneration.

Dr. Patel's previous work confirmed AEOL 10150's ability to cross the rat blood brain barrier and achieve sufficient levels to exert its neuroprotective effects. Further, the study showed that subcutaneous administration of AEOL 10150 30 min prior to or 60 and 90 minutes after nerve agent exposure resulted in inhibition of markers of oxidative stress and neuronal damage.

AEOL 10150 is currently under development as a broad spectrum medical countermeasure with support from the US Government. NIH CounterACT is funding research and development of the compound as a countermeasure against exposure to nerve agents, chlorine gas and sulfur mustard gas. NIH-NIAID is conducting animal efficacy studies of the compound as a countermeasure for the Gastro-Intestinal (GI) effects of Acute Radiation Syndrome (ARS), and the Biomedical Advanced Research and Development Authority (BARDA) has awarded the Company a contract valued up to $118 million to develop AEOL 10150 as a countermeasure against Lung ARS/Delayed Effects of Radiation Exposure (DEARE).

*Potential for AEOL 10150 as a Countermeasure Against Chemical Threats*

AEOL 10150 has shown significant protective effects against radiation, mustard gas, chlorine gas, phosgene gas and nerve agents in animal models. A compound with the potential to protect against multiple threats would be of significant benefit in both the military and civilian efforts to protect citizens against potential threats. The United States Food and Drug Administration (FDA) has a special "Animal Rule" under which compounds may be approved for use against chemical and nuclear threats on the strength of animal efficacy studies, which allows the potential for an accelerated approval path versus conventional pharmaceutical applications.

*About AEOL 10150*

AEOL 10150 is a broad-spectrum catalytic antioxidant specifically designed to neutralize reactive oxygen and nitrogen species. The neutralization of these species reduces oxidative stress, inflammation, and subsequent tissue damage-signaling cascades resulting from radiation exposure. The Company believes that AEOL 10150 could have a profound beneficial impact on people who are exposed to high-doses of radiation.

AEOL 10150 has already performed well in animal safety studies, was well-tolerated in two human clinical trials, and has demonstrated statistically significant survival efficacy in multiple Lung-ARS studies in animals. AEOL 10150 is also currently in development for use as both a therapeutic and prophylactic drug in cancer patients.

*About Aeolus Pharmaceuticals*

Aeolus Pharmaceuticals is developing a platform of a new class of broad-spectrum,
catalytic-antioxidant compounds that protect healthy tissue from the damaging effects of radiation. Its first compound, AEOL 10150, is being developed, with funding by the US Department of Health and Human Services, as a medical countermeasure against chemical and radiological weapons, where its initial target indications are as a protective agent against the effects of acute radiation syndrome and delayed effects of acute radiation exposure. Aeolus' strategy is to leverage the substantial investment in toxicology, manufacturing, and preclinical and clinical studies made by US Government agencies in AEOL 10150, including the contract with BARDA valued, with options, at up to $118.4 million, to efficiently develop the compound for use in oncology. For more information, please visit Aeolus's corporate website at www.aeoluspharma.com.

Forward-Looking Statements
The statements in this press release that are not purely statements of historical fact are forward-looking statements. Such statements include, but are not limited to, those relating to Aeolus' product candidates, as well as its proprietary technologies and research programs, the Company's potential initiation of large efficacy studies in mice and NHPs, as well as a phase 1 study in healthy normal volunteers, the BARDA Contract, and the expected use of proceeds from the financing. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Aeolus' actual results to be materially different from historical results or from any results expressed or implied by such forward-looking statements. Important factors that could cause results to differ include risks associated with uncertainties of progress and timing of clinical trials, scientific research and product development activities, difficulties or delays in development, testing, obtaining regulatory approval, the need to obtain funding for preclinical and clinical trials and operations, the scope and validity of intellectual property protection for Aeolus' product candidates, proprietary technologies and their uses, and competition from other biopharmaceutical companies, and whether BARDA exercises one or more additional options under the BARDA Contract. Certain of these factors and others are more fully described in Aeolus' filings with the Securities and Exchange Commission, including, but not limited to, Aeolus' Annual Report on Form 10-K for the year ended September 30, 2012. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

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