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AKELA PHARMA ANNOUNCES NEW STRATEGIC FOCUS ON PROFITABLE PHARMAFORM DIVISION

Austin, Texas (August 9, 2011) – Akela Pharma, Inc. (TSX:AKL, ‘Akela’ or ‘the Company’) today announced a new strategic focus on its profitable pharmaceutical contract manufacturing business, PharmaForm, LLC (“PharmaForm”). In addition, the Company also announced the termination of its Fentanyl Taifun drug development program by its Japanese partner, Teikoku Seiyaku, Co., Ltd. (“Teikoku”), and the initiation of bankruptcy proceedings for the Company’s Finnish subsidiary.

Corporate focus on PharmaForm Division

- Investing in capacity expansion
- Entry into commercial contract manufacturing
- Initiating targeted acquisition strategy

Akela announced today its intent to focus management and capital resources on its profitable pharmaceutical contract manufacturing business, PharmaForm. Established in 1996, PharmaForm is a specialty contract service provider of solid dose drug formulation and clinical supply manufacturing to pharmaceutical and biotechnology companies. PharmaForm enabled Akela to become profitable in 2010 and has continued to grow profitably, quarter over quarter, generating nearly \$1.0 million in net income during the first quarter of 2011. Akela intends to focus the Company’s resources on the advancement of PharmaForm’s business through business development initiatives, the addition of specialty commercial manufacturing services, expansion of capacity and, as opportunities arise, expansion through targeted acquisitions of niche, formulation and manufacturing businesses.

Currently, PharmaForm is increasing its capacity within formulation and manufacturing, primarily focused on Hot Melt Extrusion (“HME”), with the acquisition of a second Leistritz 18 mm Twin Screw Extruder. This acquisition complements PharmaForm’s existing 18mm and 16mm Leistritz twin screw extruders. Additionally, in 2011, PharmaForm is significantly advancing its HME manufacturing capabilities to include large scale Phase 3 clinical and pilot studies, as well as commercial manufacturing through the acquisition of a new Leistritz 27 mm Twin Screw Extruder.

PharmaForm has also initiated its entry into the specialty commercial manufacturing arena. Corcept Therapeutics, a PharmaForm client since 2007, recently filed a New Drug Application for its Corlux® product to treat Cushings Syndrome and PharmaForm has been named as Corcept's primary commercial manufacturer and supplier following the anticipated commercial approval of Corlux®.

“Through the continued execution of our current strategic plans, including potential growth through the acquisition of complementary niche manufacturing businesses, Akela and PharmaForm have an opportunity to become a significant force within the specialty contract manufacturing space,” said Greg McKee, President and CEO of Akela. “PharmaForm, having experience and leadership in the creation of solid dose drug formulations and clinical supply manufacturing, remains an industry leader in controlled release drug delivery, bioavailability enhancement, and the formulation of potent compounds.”

Discontinuation of Fentanyl development program

- Termination of development and licensing agreements
- Initiation of bankruptcy proceedings for the Company's Finnish subsidiary
- Seeking sale of program

Akela also announced today that it has regained the product rights to Fentanyl Taifun® in Japan from Teikoku. Teikoku has provided formal notice of termination of the development and licensing agreement between the two companies for Fentanyl Taifun®, based on recent analyses of both the market potential and the regulatory process for Fentanyl Taifun® in Japan. Further, Akela announced that it expects to reach an agreement shortly with Janssen Pharmaceutica NV regarding return of product rights for all jurisdictions under the licensing and development agreement between the two companies, shortly. Neither change in partner status will have a significant immediate financial impact to Akela.

As such, and due to the lack of meaningful operations in Europe, the Company announced today that it is initiating bankruptcy proceedings in Helsinki, Finland for its Finnish Subsidiary, Akela Pharma, Oy which is the parent company of Akela Clinical Polska in Poland and Blitz-07-676 GmbH which is based in Germany.

“The discontinuation of the Fentanyl TAIFUN program enables Akela to fully deploy its management and capital resources on the profitable PharmaForm subsidiary which is a logical transformation following our successful turnaround of Akela over the past 24 months,” said Mr. McKee. “Given the market capitalization of the Company, our proven track record of dramatically increasing profitability while growing revenues, coupled with a targeted acquisition strategy, we believe that our contract manufacturing platform has the ability to enhance shareholder value without the capital requirements and risks associated with traditional drug development companies.”

The Company will no longer invest in the Fentanyl Taifun® program and is actively seeking buyers for the project.

About PharmaForm

PharmaForm, a wholly-owned subsidiary of Akela Pharma, Inc, is a leading specialty contract manufacturer in the area of pharmaceutical dosage form development, specializing in controlled release and bioavailability enhancement technologies, such as hot melt extrusion, fluid bed processing, liquid filled capsules, and spray drying. Through its diverse offerings, PharmaForm solutions help pharmaceutical and biotechnology clients reach their drug development targets, reduce development costs and accelerate time-to-market for their products.

About Akela Pharma Inc.

Akela Pharma is the parent holding company of PharmaForm, and its common shares trade on The Toronto Stock Exchange (“TSX”) under the symbol “AKL” with 32.1 million shares outstanding.

This press release contains statements which may constitute forward-looking information under applicable Canadian securities legislation or forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1955. Such forward-looking statements or information may include financial and other projections as well as statements regarding the company’s future plans, objectives, performance, revenues, growth, profits, operating expenses or the company’s underlying assumptions. The words “may”, “would”, “could”, “will”, “likely”, “expect”, “anticipate”, “intend”, “plan”, “forecast”, “project”, “estimate” and “believe” or other similar words and phrases may identify forward-looking statements or information. Persons reading this press release are cautioned that such statements or information are only expectations, and that the company’s actual future results or performance may be materially different.

Forward-looking statements or information in this press release include, but are not limited to, statements or information concerning our ongoing drug development programs and collaborations as well as the possible receipt of future payments upon achievement of milestones.

Such forward-looking statements or information involve known and unknown risks, uncertainties and other factors that may cause our actual results, events or developments to be materially different from results, events or developments expressed or implied by such forward-looking statements or information. Such factors include, among others, the possibility that risks associated with requirements for approvals by government agencies such as the FDA before products can be tested in clinical trials; the possibility that such government agency approvals will not be obtained in a timely manner or at all or will be conditioned in a manner that would impair our ability to advance development; risks associated with the requirement that a drug candidate be found safe and effective after extensive clinical trials; our dependence on suppliers, collaborative partners and other third parties and the prospects and timing for negotiating supply agreements, corporate collaborations or licensing arrangements; our ability to attract and retain key personnel; and other factors as described in detail in our filings with the Canadian securities regulatory authorities at <http://www.sedar.com>.

Assumptions underlying our expectations regarding forward-looking statements or information contained in this press release include, among others, that future clinical trial results will be favorable; that our drug candidate will treat target diseases as intended; that we will raise enough capital, on reasonable terms and in a timely manner; that we will retain our key personnel; that we will obtain the necessary regulatory approvals.

In the event that any of these assumptions prove to be incorrect, or in the event that we are impacted by any of the risks identified above, we may not be able to continue in our business as planned.

For a complete discussion of the assumptions, risks and uncertainties related to our business, you are encouraged to review our filings with Canadian securities regulatory authorities, filed on SEDAR at <http://www.sedar.com>.

All forward-looking statements and information made herein are based on our current expectations as of the date hereof and we disclaim any intention or obligation to revise or update such forward-looking statements and information to reflect subsequent events or circumstances, except as required by law.

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