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Chemaphor Provides Business Update, Fiscal 2008 Financial Results and Status of Private Placement

OTTAWA, CANADA, February 24, 2009. Chemaphor Inc., a biotechnology research and development company, provided a business update and released its annual financial results for the year ended October 31, 2008 today.

Dr. Paul Dick, Chemaphor CEO, stated “I knew well the growth promotion potential of the OxBC product in food animals and the associated economic and environmental benefits before I joined Chemaphor in September 2008. I strongly believe that OxBC is growing in value along with the opportunity in the food animal feed market. Since joining Chemaphor, I have been further impressed at the depth of the OxBC opportunity, not only for food animals but for other applications, including companion animals and human applications such as skin care and immune system enhancement.

Our immediate focus is to:

- 1) accelerate the development of OxBC as a food animal feed additive,
- 2) expand the potential of OxBC in other applications, such as companion animals, skin care and human nutraceuticals,
- 3) provide increased cash flow by growing our specialty chemicals business,
- 4) maximize shareholder returns through government partnerships and funding programs, and
- 5) obtain additional debt and/or equity financing to provide sufficient cash resources to meet our objectives.

We have taken several initiatives to directly access new partners and bring knowledge and control of OxBC development in house to expand our manufacturing, efficacy and safety portfolios across all OxBC applications. In addition, we have recently commenced efficacy and delivery feasibility studies with potential partners in companion animals and skin care. We have also recently filed a patent for our discovery that OxBC enhances the immune system for early protection against potential microbial infections.

I believe that the Chemaphor team is poised for rapid development of our existing and new discoveries by obtaining more control and developing new partner relationships in the product development process. We do recognize the difficult market conditions and we are working diligently to maximize shareholder investment through government funding programs and leveraging our existing chemistry expertise to drive additional revenue.”

Results for the Year Ended October 31, 2008

All amounts are in Canadian dollars unless otherwise noted.

Chemaphor Inc. is a development stage company. The net loss for the year ended October 31, 2008 was \$1,268,955 (\$0.06 per share) compared to a loss of \$1,038,067 (\$0.05) for the year ended October 31, 2007. The increased net loss observed in 2008 was primarily caused by increased costs from increased OxBC research and development activity, and the addition of executive and administrative resources.

Revenues in the year ended October 31, 2008 totaled \$412,249 compared to \$359,051 in the year ended October 31, 2007. The revenue reported for the year ended October 31, 2008 consisted of \$352,305 (2007 - \$260,450) from the collaborative licensing arrangement with Eli Lilly and Company's Elanco Animal Health Division ("Elanco") with the remaining \$59,944 (2007 - \$98,601) related to services provided based on Chemaphor's core expertise in chemistry.

General and administration expenses were \$668,919 for the year ended October 31, 2008, compared to \$507,814 for the year ended October 31, 2007. General and administrative expenses were higher in fiscal 2008 due to increased professional fees related to finance and administrative support, travel and other as we increase Nutriscience and partnership activities. General and administrative expense is expected to increase slightly for fiscal 2009.

Research and development costs were \$1,051,646 for the year ended October 31, 2008 compared to \$862,621 for the year ended October 31, 2007. The increased research and development costs observed in fiscal 2008 were primarily caused by increased salaries and benefits, research and development contract costs and travel relating to our Nutrisciences program that substantially began in our first quarter of 2007. The majority of these Nutrisciences costs are eligible for funding under the ACOA loan agreement.

Chemaphor has revised its unaudited revenue and net loss and comprehensive loss for each of the three month and year to date periods ended January 31, 2008, April 30, 2008 and July 31, 2008. Licensing revenue that was originally recorded in fiscal 2008 as a separate unit of accounting for proceeds attributed to poultry species rights was corrected to combine it with the rights and continuing interests attributed to all food animal species. Accordingly, license proceeds received in the year ended October 31, 2008 have been deferred and are amortized into income over the estimated period where the continuing research and development involvement for all species exists. The revised results for the first, second and third quarters of the year ended October 31, 2008 are set out in Chemaphor's management discussion and analysis for the year ended October 31, 2008 filed on SEDAR.

As at October 31, 2008, Chemaphor had cash of \$228,338 and working capital deficit of \$59,020. Chemaphor is pursuing additional capital through the issuance of additional equity or debt financing.

Chemaphor is a development stage company and accordingly has not earned significant revenue from its principal products other than initial licensing fees and research and development service fees under our collaborative research, license and commercialization agreement with Elanco and it has incurred significant operating losses to date. Chemaphor's ability to continue is dependant upon its ability to obtain sufficient funding to sustain operations through the development stage, successfully bring its technologies to market and achieve profitable operations.

Update on Proposed Private Placement

Chemaphor also provided an update on its efforts toward completing a proposed private placement previously announced in November of 2008. The private placement is now intended to involve the offering of convertible debentures in the principal amount of up to \$1,000,000 in one or more closings. The Debentures will bear interest at a rate of 13.00% per annum and will mature on December 31, 2010. Each debenture will be convertible into common shares at the option of the holder at any time prior to maturity at a conversion price of \$0.185 per common share, subject to adjustment for anti-dilution protections. Subscribers will also receive 2,702.7 warrants per \$1,000 principal amount of debentures. Each full warrant entitles the holder to purchase one common share for a purchase price of \$0.20 until January 31, 2014. After December 31, 2009 and on or prior to December 31, 2010, the debentures may be redeemed in whole or in part from time to time at the option of Chemaphor at a 5% premium to the principal amount plus accrued and unpaid interest thereon, if any, provided that the 20-day volume weighted average price of the common shares on the TSX Venture Exchange on the date on which the notice of redemption is given is not less than 250% of the conversion price then applicable to the debentures. Chemaphor has the option, subject to prior approval of the TSX Venture Exchange, to satisfy coupon payments by delivery of that number of common shares obtained by dividing the coupon payment by the market price of the common shares on the TSX Venture Exchange at the time of settlement (determined in accordance with TSX Venture Exchange rules).

Chemaphor expects to use the services of agents in connection with the placement. It is proposed that the agents may receive, as part of their remuneration, commissions equal to up to 10% of the gross proceeds of the financing and warrants entitling the holder to acquire up to 10% of the number of common shares issuable on conversion of the debentures for a purchase price of \$0.20 until January 31, 2014.

Completion of the proposed private placement is anticipated to occur in one or more closings within Chemaphor's second fiscal quarter and is subject to certain customary conditions, including, but not limited to, the execution of agency agreements with any agents retained and definitive subscription agreements with subscribers and the receipt of all necessary regulatory approvals, including the approval of the TSX Venture Exchange. This news release does not constitute an offer to sell or a solicitation of an offer to buy any securities. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "US Securities Act") or any state

securities laws and may not be offered or sold within the United States or to US persons unless

About Chemaphor

Chemaphor Inc. (www.chemaphor.com) uses its core expertise in organic chemistry to develop premium products for the animal health, skin care cosmetics, pharmaceutical and specialty chemical markets. Chemaphor's focus is on two proprietary products, a non pharmaceutical product OxBC and a lead cancer drug compound OCL-1. Chemaphor's goal is to fully exploit its proprietary platform of carotenoid oxidation compounds by finding recognized partners to commercialize its products in multiple, large markets.

Forward-looking statements

This news release contains forward-looking information. These statements relate to future events or future performance and reflect management's current expectations and assumptions. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management of Chemaphor Inc. A number of factors could cause actual events, performance or results to differ materially from the events, performance and results discussed in the forward-looking statements. A number of factors outside of Chemaphor's control, including but not limited to general market and economic conditions and subscriber interest, could cause the proposed private placement to be delayed or fail to close or cause the proposed terms to be changed significantly from those described in this press release. These forward-looking statements are made as of the date hereof and Chemaphor Inc. does not assume any obligation to update or revise them to reflect new events or circumstances. (The TSX-Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.)

For further information contact:

Investor Relations

Sylvain Archambault
Groupe Evolution Inc.
(514) 448-4887
(866) 703-4887 (toll free)
s.archambault@evolutiongrp.com

Chemaphor Inc.

Dr. Graham Burton
(613) 990-0969