

IsoRay, Inc. announces North American Licensing Agreement for use of polymer seed technology with Cesium-131

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IsoRay, Inc. with its subsidiary IsoRay Medical, Inc., and IBt s.a. announce that they have signed a letter of intent for a technology licensing agreement covering North America and providing IsoRay Medical with access to IBt's proprietary polymer seed technology for use with Cs-131 in brachytherapy. The use of IBt's plastic seed technology with Pd-103 and I-125 is not covered by the agreement.

Richland, Washington-based IsoRay Medical is the sole producer of the recently introduced Cesium-131 medical isotope used to treat prostate and other cancers.

IBt's polymer seed technology, when used in combination with IsoRay Medical's recently introduced medical isotope, Cesium-131, has numerous potential benefits, said Roger Girard, IsoRay's chairman and CEO. He said IsoRay intends, immediately following execution of the definitive agreement, to apply for FDA approval for the use of the two proprietary technologies used in tandem.

"In the long run, this could significantly reduce our manufacturing and production costs," said Girard. "Moreover, we believe polymer seeds have important clinical advantages, including more precise seed placement, improved dosimetry, enhanced imaging and other benefits."

IsoRay Medical currently manufactures Cesium-131 seeds using titanium seed technology. The rights granted under the definitive exclusive agreement will allow IsoRay to use Belgium-based IBt's polymer seed technology combined with IsoRay's Cs-131 technology throughout North America. In exchange for these rights, IsoRay Medical will make a series of payments spread over 2005 and 2006 as a license fee as well as paying a royalty on sales of products based on IBt's technology throughout the 15-year license term.

"Both companies share a vision of innovation," said Girard. "Through this agreement, physicians may soon be able to offer patients a new isotope and seed delivery option that will be fast and effective."

IBt, or International Brachytherapy s.a., is the owner of a series of patents related to its products and methods of fabrication, for brachytherapy implants including "polymer seed technology." This polymer seed technology is currently used for the manufacture of seeds containing the therapeutic isotopes Iodine-125 and Palladium-103, which are used primarily to treat prostate cancer.

The technology licensing agreement letter of intent follows the December 14 announcement that IsoRay Medical will begin production testing at the Idaho National Laboratory in early 2006. Involving a major public-private sector collaboration, successful tests could lead to a development program enhancing IsoRay's isotope production capabilities of Cesium-131 at facilities located in Pocatello, Idaho.

The Cesium-131 isotope is currently being used in brachytherapy treatment for prostate cancer, which is the second leading cause of cancer deaths among men in the U.S.

Protocols are currently scheduled to begin during the first quarter of 2006 for use of the isotope in both the lung and the pancreas. Other forms of delivery devices for the isotope are also being considered, which may create a higher demand for the isotope in the future.