

BIO MED


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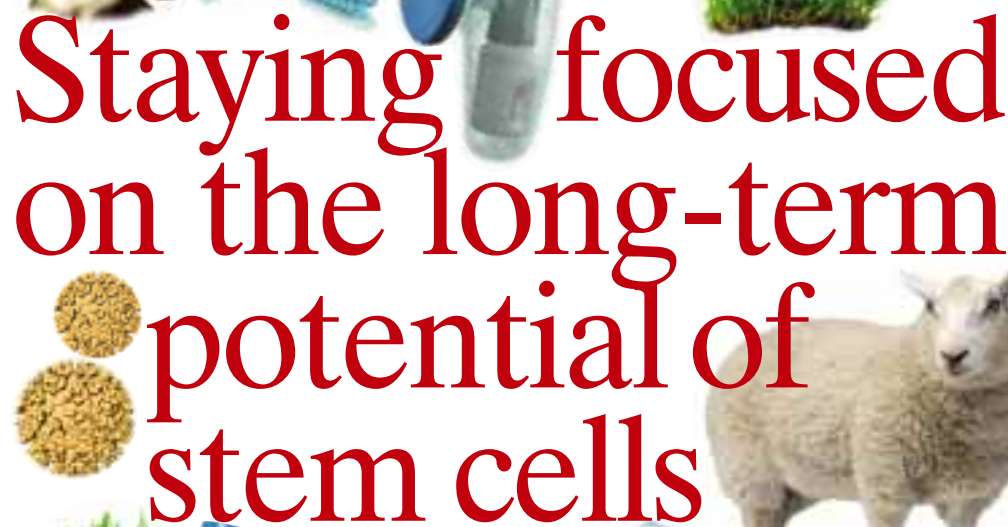
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Trends in Disease Management



Staying focused on the long-term potential of stem cells



Trends in cardiology



The Role of Risk Stratification in Patients at Risk of Sudden Cardiac Death

Proven in vitro efficacy in 12 out of 18 families of viruses that affect humans including HIV, Marburg, Ebola, Lassa fever, herpes and influenza

REPLICor Inc. is a development stage biopharmaceutical company. The company has discovered and is developing for therapeutic use, a broad-spectrum antiviral drug (REP 9), which has proven in vitro antiviral activity in 12 out of 18 families of viruses that can affect humans.



Michel Bazinet, M.D.
Chairman and
Chief Executive Officer



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Michel Bazinet, M.D., Chairman and Chief Executive Officer, spoke with *Wall Street Reporter Magazine* on April 11, 2005.

WSR: *Could you begin with an overview of the company?*

BAZINET: REPLICor was founded in 1999. The initial focus of the company was in developing technology related to gene therapy. Then, in 2002, our in-house scientists, Dr. Andrew Vaillant and Dr. Jean-Marc Juteau, discovered that the drug that we now call REP 9 had significant antiviral activity. Because of the exciting potential for this new discovery, the company decided to refocus its resources around the development of this new technology. Starting in early 2003 and until now, REPLICor has developed a large network of collaborators in order to define the in vitro and in vivo antiviral activity of REP 9. These collaborators are among the best antiviral scientists in North America. What we have found is that REP 9 has a very broad spectrum of activity. It has proven in vitro efficacy in 12 out of 18

families of viruses that can affect humans. So far, we have shown strong antiviral activity in six different animal models of viral infection. Currently, we are doing toxicology studies in preparation for our initial human studies that we hope to initiate by the end of 2005.

WSR: *What can you tell us about the market opportunity?*

BAZINET: The antiviral market for HIV is \$5 billion; the herpes virus has a \$1.3 billion market; and the hepatitis B virus has a \$1 billion a year market. Also, the current market for respiratory diseases, including RSV and influenza, is above \$1 billion a year and is likely to grow significantly from here. So, there is certainly a significant market opportunity with the technology that we are developing.

WSR: *What are the chances for your technology to penetrate some of these markets?*

BAZINET: I think that there are very good chances that REP 9 will penetrate some of those markets and the reason is that REP 9 works through a mechanism of action that is different than for other antiviral drugs currently in the market. As you may be aware, one of the major problems with HIV and other chronic infections is the development of drug resistance by viruses. Because REP 9 works through a totally different mechanism of action, these resistant viruses are still going to be sensitive to our drug and this by itself will potentially be very useful for physicians treating such patients. Another area where REP 9 has great potential is in the treatment of respiratory infections. Our results in animal models are very promising and there are very few treatment options available for this market at this time. Also, the fact that our drug is effective against many different respiratory infections such as influenza, RSV, and parainfluenza, is likely to be very attractive to physicians who cannot be sure which viruses the patient has when he is sitting in front of him in his office. So, we think we have a very good chance to penetrate those markets.

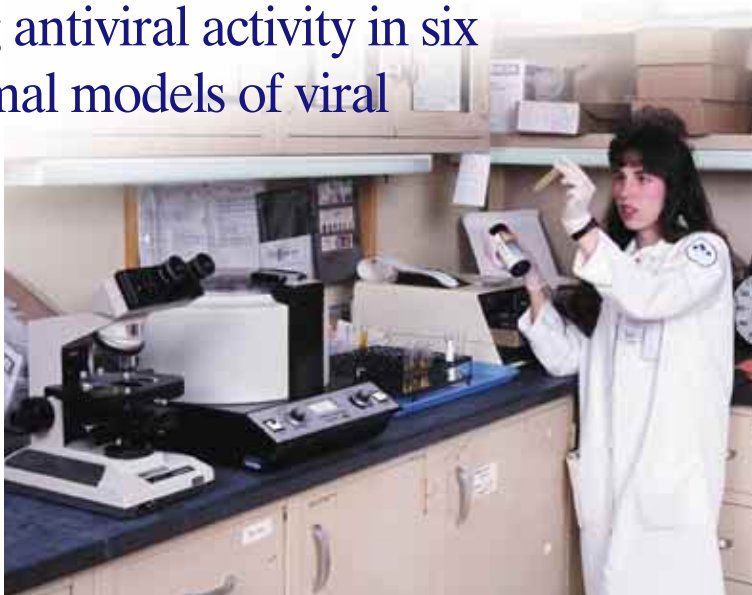
SUMMARY

Privately held REPLICor is developing an antiviral drug that has demonstrated its effectiveness against a wide range of viral organisms. In vitro and animal models show that the drug fights 12 of the 18 virus families that affect humanity, including the retroviruses (HIV), hemorrhagic viruses (Marburg, Ebola and Lassa fever), herpes and influenza. The drug works through a novel mode of operation, circumventing the immunity to existing therapies that resistant virus strains have evolved. Toxicology work is underway, with human studies scheduled for late 2005; all clinical work is farmed out to third parties. Having secured the intellectual property position, management now works to publicize the technology while keeping an eye toward exit strategies.

“**R**EP 9 has a very broad spectrum of activity. It has proven in vitro efficacy in 12 out of 18 families of viruses that can affect humans. So far, we have shown strong antiviral activity in six different animal models of viral infection.”

WSR: Could you tell us more about your recent news release regarding REPLICor presenting three papers about the activity of its broad spectrum antiviral drug at the 18th International Conference on Antiviral Research in Barcelona, Spain, this week.

BAZINET: Essentially what we are saying is that we will be disclosing, for the first time, our initial result with our broad spectrum antiviral drug. And one of the reasons this is news is because, so far, we have been very secretive regarding our results, because we wanted to make sure that we had protected our intellectual property very well before we disclose anything. What we'll be disclosing at the conference are essentially three papers, each paper covering a different family of viruses. So, we will be talking about herpes viruses, influenza, and also about hemorrhagic viruses that include viruses such as Ebola, Marburg, and Lassa fever. We also believe that these presentations will potentially lead to new collaborations with researchers in virology who may be interested in exploring the potential of our drug in their own laborato-



ry. And we are very open to that.

WSR: Do you think there is a market to treat hemorrhagic viruses?

BAZINET: The market size for these viruses is currently very small. However, because these viruses are among the worst that can affect humans and because there is currently no therapy available at all to treat them, there is a growing concern by experts about the need to develop viable options to treat these viruses, especially among people involved in biodefense planning. So, we certainly hope that we'll be able to make a significant contribution in that field. And our current in vitro and in vivo data is very encouraging in that regard.

WSR: Can you tell us about the company's strategic partnerships and alliances?

BAZINET: We currently have not yet established a relationship with any big pharmaceutical company. Our initial

goal was to first make sure that we had protected adequately our intellectual property and we wanted to make sure that we understand well the potential problems that our broad spectrum antiviral drug can address. But we are beyond that stage now and we are now approaching the time when we would want to initiate discussion with large pharmaceutical companies.

WSR: Let's talk about the company's business model.

BAZINET: We operate in a very cost efficient way. In-house, we design the compounds and we take care of the intellectual property. Then, we out-source all the antiviral testing to some of the best laboratories in North America. For example, when we want

to test our drug against the herpes virus, we go to an expert in that field. When we want to test against influenza, we go to a different researcher that is an expert in the field of influenza testing.

This is very advantageous for us because we benefit directly from the expertise of our collaborators. Their assays are well validated and are already online and running, which results in a significant time saving for us. In addition, we automatically obtain third-party validation because it is done outside our own laboratory. So far, we have done extensive evaluation of the in vitro activity of our drug and we have already proven efficacy in animal models of six different viral infections and additional

models will be tested in the near future. We are at the stage now where we are currently doing standard toxicology studies in preparation for human studies. It should be noted that so far, toxicity has not been an issue in any of the animals tested at the doses required to demonstrate efficacy. Our current plan is to initiate human studies in the latter part of 2005. Our goals are very simple and straight forward. Our goal is to demonstrate that REP 9 can be used effectively and safely in a small group of human patients. Once this proof of principle of activity in humans has been achieved, we believe that our company will be in a favorable position to either be acquired, which is our preferred strategy, or to enter into a licensing agreement with a large pharmaceutical company. We believe that the development of REP 9 beyond the proof of principle stage will require the expertise, the regulatory know-how, and the financial capability of a large pharmaceutical company, because it touches so many different viruses. Therefore, the role of the current management as we see it, is to carry the development of REP 9 from the discovery phase to a proof of efficacy in humans, while maximizing the intellectual property, and then



find the best exit strategy that will benefit our shareholders.

WSR: *In closing, what are the most compelling reasons you would highlight to those in the venture capital or greater life sciences community on why we should continue to follow REPLICor and its strategy moving ahead?*

BAZINET: Well, a few points. We are developing a broad spectrum antiviral drug that can potentially address many currently unmet needs in virology. Our drug is effective against many viruses in billion dollar markets. REP 9 could become useful in the fight

against many bioterror agents, such as Ebola, and could therefore benefit from the provisions included in the Bioshield program. REP 9 could become a very useful drug against many respiratory viruses for which there are few options at this time. This could be especially useful for influenza for which a pandemic is expected to occur in the future. The management has a very focused strategy and, contrary to a lot of biotech companies, we offer the potential of a rapid exit strategy, which we believe is very attractive to our shareholders. ●



“There is a growing concern by experts about the need to develop viable options to treat these viruses, especially among people involved in biodefense planning. So, we certainly hope that we’ll be able to make a significant contribution in that field.”