

Interview of January 19<sup>th</sup>, 2005)

Stem Cell Therapeutics

TSX-V:SSS

Dr. Joseph Tucker  
President and Chief Executive Officer

Calgary-based Stem Cell Therapeutics Corp. is a biotechnology company focused on the development of their technology platform and intellectual property to selectively induce a patient's own stem cells to proliferate in the brain. This fundamental technology will be further developed to create specific disease treatments for stroke, Huntingtons disease, Alzheimers disease and other neurodegenerative conditions.

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Dr. Joseph Tucker, President and CEO of Stem Cell Therapeutics spoke with *Wall Street Reporter Magazine* on January 19<sup>th</sup>, 2005.

**WSR: For those unfamiliar with Stem Cell Therapeutics, let's start with a general overview and timeline.**

**SSS:** We originally were known as Neurogenesis Biotech Corporation and were based on a stem cell technology. We recently identified another company with complementary technology called Stem Cell Therapeutics, Inc., which was a subsidiary of a TSE-listed Canadian biotechnology company known as Transition Therapeutics. We acquired that company and have since changed our name to Stem Cell Therapeutics

Corporation and have amalgamated our complementary technologies together.

**WSR: What is important to know about your focus on stem cells, and what gives this company a unique position in the field?**

**SSS:** As you may know, stem cells are a hot topic right now, which makes sense considering the quality of work that is being done in this field. However, there is a big distinction between how we operate and how the vast majority of other companies operate. Most companies are growing stem cells or stem cell-like cells in tissue culture. They harvest them from embryos, fetuses, sometimes from other sources such as pigs, and grow these cells in cultures. These cells are then transplanted into patients with the hope that, although they are not from the patient, they will then incorporate into the patient's brain and restore function. Stem Cell Therapeutics has a very different approach, one that I think is very exciting and may ultimately become the way that the technology is used. We actually provide agents/drugs to the patient and those drugs stimulate the adult stem cells, which are already present in the body. This is one of the most exciting areas

of stem cell research, based on the discovery made about 10 or 15 years ago that these adult stem cell populations exist in humans in quite a number of regions of the body. Our basic research has uncovered many of the ways in which the body normally controls these adult stem cells, and we are simply turning up the body's normal method of controlling them in order to stimulate them to regenerate tissue. This stimulation makes more neural stem cells which then migrate to the site in the brain which is deficient in some cell types. These cells will then convert into the missing cell types, creating a very exciting, elegant, and much less invasive approach than you see with the other stem cell companies.

**WSR: What should we note about your technology from a therapeutic approach and in terms of its mechanism of action?**

**SSS:** From a therapeutic approach, it is very exciting that we are using drugs rather than stem cells themselves. Most of the problems that have plagued other stem cell companies have to do, firstly, with their use of cells which are harvested from other animals and, secondly, that these cells are utilized during an incomplete stage of their

development. When they are placed into the patient, it is hoped, fingers crossed, that the cells will become the right cell type and that they will remain present and functional for an extended period of time. We are taking a very different approach, one that is founded in an understanding of how the body itself controls the proliferation and subsequent differentiation of neural stem cells. It is our approach to instruct the existing stem cells already present in the brain to become the correct type of cells, for example to become neurons in the case of a stroke patient, and to instruct the new cells to remain present and functional for extended periods of time. In many of these other approaches, initial results are positive, but over time the cells seem to die off or lose their ability to function. The companies working on this approach don't seem to understand the reasons for this. Our mechanism of action makes for a very exciting method, one which I believe has more potential for success.

**WSR: Can you outline the competitive advantages of your lead program and where you stand in development?**

**SSS:** We are at quite an early stage of development, the preclinical stage, and so far we have done a number of

animal experiments. We feel comfortable that the agents we are working with do indeed induce the stem cells to proliferate, and to become the type of tissue that we want. Our animal studies have also demonstrated that providing these agents will induce a restoration, not only of the tissue, which we have identified through histological analysis, but also a restoration of function. In other words, you can take an animal and give it a stroke, provide the agents to it, and actually measure its recovery from the paralysis caused by the stroke. So, we have some exciting data now, but it is all animal rather than human data, which is the next stage of development that we will be moving toward. As far as competitive advantages go, one feature is that the lead drugs that we are using in our stroke program are already approved for other indications. The vast majority of early drug development fails at either the toxicology stage, if a drug turns out to be too toxic to use in patients, or at the manufacturing stage, if it is too difficult to make cost effectively in GMP-approved form while maintaining activity. In other words, we are using drugs that the FDA has already approved for human use to treat other conditions, which significantly lowers the risks associated with both manufacturing the drugs and with their potential for adverse effects on patients. Our use of

approved drugs gives our lead program advantages that I anticipate will allow us to move forward much faster, with less risk and with lower costs than a typical company developing a new chemical entity.

**WSR: Can you tell us more about your lead therapy, the NTx-265 and what problems it can address?**

**SSS:** NTx-265 is really a combination of two agents, which we are currently moving forward towards human studies as a cortical stroke treatment. In stroke patients, we would be treating patients that have had a loss of neurons, as opposed to an oligodendrocyte loss that you'd see in, for instance, a MS patient or a spinal cord injury patient. To recreate these neurons, we hope to provide the first agent to cause a proliferation of the stem cells, and then the second agent which instructs those stem cells to become neurons. Though we have only done animal studies at this point, we have found that if the agents are provided within a short enough span of time subsequent to the injury that the newly formed neural stem cells will actually migrate through the brain to the site of the injury. Providing the second agent, to cause the differentiation to neurons at

that site, we now find a correlation to a recovery of function for those animals.

**WSR: From a standpoint of development, what are the next steps for 2005?**

**SSS:** I think 2005 is going to be a very exciting year for the company. Our intention is to move our first program, the NTx-265 for stroke, into the clinic. Since we are indeed a new company, we will also be adding some high quality management to help guide us through the regulatory barriers, and we plan to engage in discussions with potential partners, because we predict a number of parties will be quite interested in the results of our pending animal and human studies.

**WSR: Looking at the team you've assembled there, what is notable about their experience and contribution to the vision of this company?**

**SSS:** My experience previously as the Vice President of another biotechnology company, actually two, one public and one private, in addition to my prior experience as a biotechnology analyst, gives me the background to

understand how the Street views these types of companies. This will help me to facilitate raising the capital and ensuring that we are an investor-friendly company as well. That's one of the great weaknesses of companies, especially Canadian biotechnology companies. You have to understand both sides of the Street, I think, to have your greatest success. As for our team, we have Vice President of Product Development, Dr. Allen Davidoff, who also has experience working with very similar kinds of drug development programs as we have now. He was working in another public company towards developing a drug which was already approved for different indications. Dr. Brett Schönekeess, our VP of Operations and the founder of a number of other biotechnology companies, brings experience in dealing with many of the functional issues that a company needs to get right out the gate. Our Chief Financial Officer, Mr. Mark Wayne, is very well regarded in Canada. He has been involved with a number of companies and started an investment fund and an investment bank as well, which is very helpful to us in terms of building relationships with the investment community. So, I am quite pleased with the team we have now, but we also know that we have a lot of work to do, especially when it comes to moving into the clinic, so we will be looking to add more high quality

people that understand both the regulatory arena and the clinical program.

**WSR:** What are the major points you would highlight in understanding Stem Cell Therapeutics and its opportunity for growth in this market in 2005 and beyond?

**SSS:** First off, we are a very new company and therefore should be considered a higher-risk investment. However, what gives us a great advantage is our therapeutic approach, the application of drugs rather than the transplant of stem cells themselves, which could ultimately be the way most stem cell therapies work. Second, I think that with our lead program we have the opportunity to move forward much more aggressively than a typical biotechnology company or a typical stem cell company could.

**END.**