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**Nucleonics Reports Granting of Two Key Patents on RNA Interference by
Australian Patent Office**

Patents Broadly Cover Use of RNAi In Vertebrates

HORSHAM, PA (March 9, 2005): Nucleonics, Inc., a biotechnology company focused on the development of novel expressed RNA interference-based (eiRNA) therapeutics, announced today that IP Australia, the Commonwealth of Australia Patent Office, has granted two key patents in the field of RNA interference.

The first patent, titled “Composition and Method for *In Vivo* and *In Vitro* Attenuation of Gene Expression Using Double-Stranded RNA” (AU Patent No. 776150), covers the use of synthetically produced as well as DNA-encoded double-stranded RNA in vertebrates for attenuation of gene expression (RNA interference). The claims cover the use of RNAi in vertebrate cell culture and animals, as well as RNAi-based human therapeutics.

The second patent, titled “Composition and Method for *In Vivo* and *In Vitro* Attenuation of Gene Expression Using Double-Stranded RNA” (AU Innovation Patent No. 2004100997), contains similar claims including “a method for treating or preventing disease or infection in a vertebrate comprising: identifying a target gene, wherein expression of the target gene is associated with the disease or infection; and attenuating the expression of the target gene...”

“These patents and their United States and other foreign counterparts, which Nucleonics licensed on an exclusive basis in 2001 from the Medical College of Georgia Research Institute, Inc., reflect the seminal work in vertebrates of Yin-Xiong Li, M.D., Ph.D. and his associates,” said Robert Towarnicki, Nucleonics’ chief executive officer. “This patent family in conjunction with other in-licensed and internally generated IP provides Nucleonics with a broad and enabling intellectual property estate.”

Nucleonics will be considering the activities of companies in Australia carrying out research and commercial use of RNAi covered under the claims of the Li et al. patents, and may offer sublicenses to this pivotal intellectual property.

About RNA Interference

Post-transcriptional gene silencing, also known as RNA interference or RNAi, is a phenomenon in which genes are silenced in a sequence-specific manner through targeted mRNA (messenger RNA) degradation. Researchers believe RNAi may offer potential as a novel way to silence genes involved in disease, including genes encoded by viruses such as Hepatitis B, Hepatitis C and HIV, as well as genes involved in the establishment of inflammatory diseases and cancer.

Nucleonics is licensed under the RNAi technology of Andrew Fire, Craig Mello and their colleagues, widely recognized as the seminal work in this area. The company also maintains a portfolio of additional in-licensed and internally developed intellectual property for RNAi, eiRNA and delivery technologies. Nucleonics employs an expressed interfering RNA (eiRNA) approach whereby scientists insert plasmid DNA coding for relevant double-stranded RNA (dsRNA) into targeted cells, inducing the cells to produce and deliver specific dsRNA sequences. Cellular mechanisms then cleave the dsRNA into specifically encoded siRNAs (short interfering RNA), which silence the targeted genes. Nucleonics' researchers have shown the ability of long or short dsRNA strands produced in this way to silence genes, including Hepatitis B, Hepatitis C, and HIV, in relevant cell lines for extended periods of time. Moreover, they have silenced multiple genes, as well as HBV replication, in adult mice without triggering an interferon response. Plasmid DNA approaches similar to that used by Nucleonics for expression of dsRNA have demonstrated human safety in over 500 patients to date, as part of research in the field of DNA-based vaccines. Nucleonics is initially directing its technology to the development of eiRNA therapeutics for Hepatitis B virus and Hepatitis C virus infections.

About The Medical College of Georgia

The Medical College of Georgia, the state's premier academic health sciences university, has much to offer the corporate sector. With a rapidly expanding research program (with special emphasis in cardiovascular disease, neurological disease, cancer, infection & inflammation, and diabetes & obesity), it offers numerous opportunities for licensing and for conducting joint research projects. The MCG Office of Technology Transfer & Economic Development, which orchestrated the license with Nucleonics, Inc., is a main point of entry for corporations wishing to work with the medical program based in Augusta.

About Nucleonics, Inc.

Nucleonics, founded in January 2001, is an emerging biotechnology company focused on the development of novel RNA interference-based therapeutics for viral and other diseases. Privately owned Nucleonics is headquartered in Horsham, Pennsylvania.

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