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Neotropix Closes \$10M Series A For Development Of Virotherapy Program

By Lisa Lacy

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Neotropix Inc., which is developing viral-based therapies for the treatment of cancer and other diseases, said it raised \$10 million in Series A financing.

The round was co-led by new investors The Aurora Funds, Quaker BioVentures and VIMAC Milestone Medica Fund. A majority of the company is now held by outside investors, said Quaker Principal Matt Rieke.

The round closed Nov. 30 after about nine months of fund raising, said Neotropix President and Chief Scientific Officer Paul Hallenbeck. Neotropix closed a seed round of about \$220,000 from individuals in April 2004.

The funds are expected to last through Phase I/II trials at which point the company will raise a Series B round in the order of \$35 million, Hallenbeck said. "We certainly hope to be through Phase I/II clinical trials within three years," he added.

Neotropix was founded in 2003 and was spun out of Novartis AG by President and Chief Scientific Officer Paul Hallenbeck. Hallenbeck declined to comment further on the company's history.

"The technology has been funded and under development under Novartis' roof for a number of years," Rieke said. Simultaneous with the financing, Hallenbeck received a license for the technology and Novartis took an equity stake in exchange for the rights, Rieke added.

Series A proceeds will be used for continued preclinical work for the company's first product and initial clinical trials for that product in early 2006. Rieke estimates Series A funds will carry the company for at least two years.

Neotropix is developing oncolytic virotherapies to treat cancer and the company's initial efforts focus on research and development of Seneca Valley Virus, or SVV, for the treatment of small-cell lung cancer.

Neotropix's lead product, SVV-001, has shown efficacy in murine cancer models. The company said SVV overcomes many of the "hurdles" associated with viral therapies, including manufacturing and mode of administration. The properties of SVV allow for large-scale manufacturing for clinical trials. In terms of viruses as therapy, Rieke said administration has been a challenge as most compounds under development involved local injection of a virus into the tumor whereas the Neotropix product can be administered intravenously. Furthermore, the compound is selective for a certain receptor on cancer cells and "goes straight to those tumor cells and does not invade or infect normal cells in people," Rieke said.

"This particular virus is very specific for cancers that have neuroendocrine properties...there's a variety of adult cancers that have these properties," Hallenbeck said. There is also potential in pediatric oncologies such as neuroblastoma and Neotropix is pursuing orphan drug status here, he said.

Phase I/II clinical trials in small-cell lung cancer are slated to begin in 2006. Neotropix said it also plans to target additional cancer indications utilizing derivatives of SVV, as well as in-licensing or discovering other viruses with oncolytic properties.

However, Hallenbeck said, "Our first clinical trials may actually be more broad than small cell lung cancer."

Neotropix is pursuing additional indications with partners including the National Cancer Institute for SVV and neuroendocrine cancers, and Crucell NV for the use of a particular cell line to manufacture the virus. The company has also established a partnership with Molecular Medicine, Rieke said.

Members of the Neotropix board include Rieke, Jeff Clark of Aurora, and Hallenbeck.

The Malvern, Penn.-based company will have eight employees on Jan. 3 and is hiring in scientific departments.

<http://www.neotropix.com>