

# THE OTC INVESTOR

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## ImmunoCellular (OTC-BB: IMUC) Could Be the Next Dendreon

By Justin Kuepper · Thursday, July 15, 2010

*Dendreon Corporation's (DNDN) eye-popping 1,000% rise after the approval of its Provenge drug for the treatment of prostate cancer may be getting a lot of press now, but some savvy investors are turning their attention towards smaller players that could be the next big gain. But while some smaller OTC-BB cancer treatment companies, like Genta Incorporated (GETA), may be popular, ImmunoCellular Therapeutics Ltd. (IMUC) may be the real diamond in the rough...*

ImmunoCellular Therapeutics Ltd. (OTC-BB: IMUC) is a \$20 million company developing its own cancer drug based upon the same premise as Dendreon's Provenge. But unlike its larger competitor, IMUC is focused on a number of different antigens rather than just one. And unlike other development-stage companies, it has a strong focus on cost-containment and building long-term shareholder value.

Run by a former venture capitalist who left his career to pursue this opportunity, ImmunoCellular is a unique "diamond in the rough" in the often-troublesome OTC-BB marketplace, with both a promising cancer treatment drug and a cash stockpile to see it through development.

### **A Promising Cancer Drug in Development**

ImmunoCellular's ICT-107 is a novel immune-based dendritic cell cancer therapy that targets six glioma-specific peptides several of which are highly expressed on cancer stem cells. Since the unique approach targets multiple antigens, instead of just one like Dendreon's Provenge, the company believes that the drug will prove far more effective and versatile in treating a number of different types of cancer.

During the industry's flagship ASCO Conference in June, IMUC unveiled the results of its 20-patient Phase I study for ICT-107. The clinical trials demonstrated a 100% survival rate in one year and an 80% survival rate in two years, compared to a historical 61% survival rate in one year and 27% survival rate in two years, observed in the standard treatment. This data compares favorably with Avastin (Roche: RHHBY) and CDX-110 (Celldex:CLDX) as only ICT-107 has demonstrated greater than 75% survival at 2 years which is quite unheard of in glioblastoma.

Meanwhile, the safety data also compared favorably to the current treatments with no serious adverse effects reported, and only minor side-effects related to fatigue, skin rash and pruritis. As a result, the company's ICT-107 appears to be a promising potential treatment for a number of cancers with limited or no treatment options, including the Phase I study candidate, brain cancer.

Currently, the company is designing a well powered Phase II study to better determine the efficacy of its treatment. But if Phase I results are any indication, investors may want to get in this stock early to take advantage of the large run-up that any successful clinical trials would bring. After all, even half of the efficacy seen in previous trials would have far reaching potential for patients and investors.

### **A Lean Company with Cash and Prospects**

Unlike many development-stage companies, ImmunoCellular also has a healthy \$8 million in cash that it believes will fund its clinical trials well into Phase II, where it will likely seek a commercialization partner in order to contain costs and maintain shareholder value. As a result, investors have less risk of dilution or excessive debt being taken on than in some other names like Genta Incorporated (GETA).

IMUC is also working on developing other cancer therapeutic and diagnostic products, such as ICT-69 and ICT-121. The company recently entered a research and license option agreement with Roche (RHHBY) for up to \$32 million in milestone and development payments for its ICT-69 drug, while the Phase I study of its ICT-121 drug is expected to yield results in mid to late 2011.

In the end, investors looking for the next Dendreon (DNDN) may want to consider taking a closer look at ImmunoCellular (IMUC) as a potential investment. While clinical trial results aren't expected in the near-term, the firm has a number of catalysts that could drive the stock higher and maintains a pristine balance sheet that minimizes risk of dilution of shareholder-unfriendly actions.