

Nutra Pharma Corporation Receives Licenses to Intellectual Property in Settlement with Bio Therapeutics Inc.

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Nutra Pharma Corp. announced today that it has settled its lawsuit against Bio Therapeutics Inc. The settlement provides Nutra Pharma Corp. the unlimited licensing rights to critical intellectual property of Bio Therapeutics, including US Patent No. 5,989,857 Polypeptide Compositions and Methods, covering all proteins modified by the reduction of intermolecular disulfide bonds resulting in modified biological activity; Immunokine Composition and Method (patent-pending), which claims are centered around alpha-Immunokine derived from alpha-cobratoxin and focuses on the native protein anti-cholinergic agents that could be employed in diagnostics, prophylactics or therapeutics for HIV infection; Buccal Delivery System (patent-pending), which claims include identifying the active mucosal enhancer, its combination with therapeutic agents and the mode of delivery through aerosol.

Nutra Pharma now has two primary technology platforms from which it intends to develop multiple products. The first, a patented method for altering the three dimensional structure of certain proteins and peptides that results in the preservation of receptor-binding characteristics. The binding of specialized signaling proteins and peptides to cell surface receptors is an important part in the pathogenesis and progression of many different diseases. By modifying peptides which do not activate the normal biochemical pathways necessary for disease progression, powerful therapeutic agents could restore normal function to diseased tissue or exert a beneficial immunomodulatory effect.

The second major technology platform is an innovative aerosolized drug delivery system which greatly enhances the permeability of the mucous membranes found in the mouth and throat, thus allowing for the easy and efficient systemic delivery into the bloodstream of a much wider variety of proteins and peptides without frequent and painful injections.

The settlement also provides for the license of a patented foam delivery system developed by Bio Therapeutics for use in the delivery of Nutra Pharma's wound healing treatment, and information relative to a wound healing treatment developed by Nutra Pharma and Bio Therapeutics, based on a patented delivery system; US Patent No. 5,512,278 Ointment Base Suitable for Pharmaceutical Preparations, which encompasses the formulation of a cream base with demonstrated ability to incorporate therapeutic proteins in a stable environment. The settlement acknowledges that the wound healing technology is the intellectual property of Nutra Pharma.

"Nutra Pharma is aggressively pursuing its strategy of identifying and acquiring intellectual property in the biotech and biopharma arena," said Rik Deitsch, Nutra Pharma's Chief Executive Officer. "The result of our litigation with Bio Therapeutics Inc. gives Nutra Pharma the technology and patent portfolio it desired, while saving Nutra Pharma shareholders dilution of 11,730,889 additional shares that would have been issued under the Bio Therapeutics Inc. acquisition agreement and 17 million more shares that would have been issued pursuant to our financial commitment with Bio Therapeutics," he added.

Nutra Pharma Corp. began its biotech acquisition strategy by effecting a 20-1 forward split of its common stock, from 2 million shares to 40 million shares in November, 2001. Its first acquisition of 100% of Nutra Pharma, Inc. was for the

purpose of acquiring the worldwide rights to distribute a wound-healing product. This transaction involved the issuance of 4.5 million new shares and a capital expenditure of \$1.75 million. This license was superseded by a joint venture agreement between the company and Terra Bio Pharma, for which the company was to own 50% of the use patents to the wound-healing product to be developed as well as the distribution. This agreement also involved a commitment by the company to pay fees in the amount of \$1.74 million and a minimum \$15,000 per month purchase obligation. By the end of 2002, both the original transaction and the license agreement were rescinded, and Nutra Pharma has since then successfully recovered 4.1 million of the 4.5 million shares invested. Nutra Pharma intends to take legal action to recover the remaining 400,000 shares.

Nutra Pharma went on to develop, with Bio Therapeutics, Inc., its own wound healing treatment, using a delivery system designed by Bio Therapeutics. In August 2002, the company closed the first phase of its acquisition agreement of 100% of the common stock of Bio Therapeutics, Inc., and issued 9,156,961 shares of Nutra Pharma common stock issued to Bio Therapeutics' shareholders in escrow, out of a total of 11,730,889 shares to be issued for closing the acquisition. This transaction involved the expenditure of approximately \$700,000 for operating expenses of Bio Therapeutics, with a continuing commitment to finance its ongoing operations with a minimum capital infusion of \$1.5 million. In April 2003, Bio Therapeutics withdrew from the acquisition agreement due to Nutra Pharma's reluctance to further finance the transaction, and Nutra Pharma subsequently recovered and cancelled the 9,156,961 shares issued and brought the lawsuit to recover its expenses.

"The settlement of the Bio Therapeutics lawsuit marks the successful completion of Nutra Pharma's initial acquisition strategy. Nutra Pharma, Inc. and the joint venture with Terra Bio Pharma were transactions originally entered into to develop a wound-healing product. The transaction with Bio Therapeutics was entered into for the purpose of acquiring the MS and HIV treatment technology. With this settlement, Nutra Pharma has the full use of the intellectual property which was the purpose of its acquisitions," said Zirk Engelbrecht, Chairman. "The result of these transactions is that Nutra Pharma has a current balance of outstanding stock of 44,086,328, which the company believes will be reduced by an additional 2.3 million shares due to legal measures being taken by Nutra Pharma. The company has accomplished the goals it sought in the acquisitions, at a potential net cost to the company of only approximately 2 million shares, and has, at the same time, eliminated significant company debt and financial commitments totaling over \$4 million," added Mr. Engelbrecht.

Nutra Pharma intends to integrate synergies in its intellectual property portfolio to monetize its product development pipeline. The pending Infectech acquisition will add 32 additional patents to Nutra Pharma's portfolio. Infectech's shareholders are expected to vote on the transaction at its shareholder meeting in October, which involves the issuance of up to approximately 6.2 million Nutra Pharma shares.

Infectech specializes in the development and production of diagnostic kits used in the rapid identification of disease-causing pathogens. Infectech's patented and proprietary biotechnology identifies some of the deadliest pathogens known to man, including those associated with Pseudomonas, the major cause of death in intensive care and burn units, Mycobacterium avium intracellulare (MAI), a bacterial infection most associated with AIDS patients, and Mycobacterium tuberculosis, the bacteria responsible for the tuberculosis infection, termed the most deadly infection in the world.

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