

News Release

May 3rd, 2004

Primex ehf Acquires Chitosan Business from Vanson HaloSource

Reykjavik, Iceland, and Redmond, Wash. — Primex ehf and Vanson HaloSource, Inc., today announced that Primex is acquiring Vanson HaloSource's comprehensive bulk chitosan operations. The deal marks a strategic milestone for both companies – supporting Primex's position as an international leader in the chitosan industry, and enabling Vanson HaloSource to target significant value-added opportunities in the marketplace.

Under the agreement, which is effective May 3, Primex will purchase inventory, patents, trademarks, product and application technology, and distribution channels for all bulk chitosan product ranges, including patented LipoSan Ultra® dietary supplement ingredients. Financial details of the transaction were not disclosed.

"We see the acquisition of the Vanson HaloSource's chitosan operations as a rational step in the business relationship between the two companies. Primex and Vanson have a long history of cooperation since 1998," said Ulfar Steindorsson, Chairman of Primex. "Combined with our existing market position in both Europe and Asia, strengthening our position in the US market makes Primex the leading supplier of chitosans globally."

"We view this transition as a win-win for both organizations – it supports VH's strategic focus on building higher value-added businesses," said John Kaestle, president and CEO of Vanson HaloSource. "For two decades, we have valued our position as the No. 1 U.S. supplier of bulk chitosan, and now feel this is the perfect opportunity to hand over the reins to such a respected industry colleague."

Primex takes over the operations of LipoSan Ultra®, the leading chitosan brand in the US nutraceutical market. LipoSan Ultra® is based on patented technology and strong science making it more soluble and effective at binding dietary lipids than other chitosan products. Wilke Resources, Inc. will continue as the exclusive agent for LipoSan Ultra® in the US. "The bringing together of the strengths from the two leading industry players offers us the ability to continue to expand our efforts in the US marketplace," said Wayne Wilke, President of Wilke Resources Inc. "The combination of Vanson HaloSource's innovative technology and Primex's ability to manufacture high quality chitosans will provide our customers with an ongoing source of chitosan products unmatched by anyone."

Vanson HaloSource will continue to pioneer advanced chitosan-based technologies for its line of SEA-KLEAR® pool and spa care products, Storm-Klear™ stormwater treatment products, and wound- and burn-healing applications for the biomedical market. The company will retain manufacturing facilities in Raymond, Wash., to support production of value-added chitosan applications, as well as its HaloShield™ and HaloPure™ technologies for healthcare, food service, water purification markets, and HaloFresh™ Coolant Xtender™ for the manufacturing industry.

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