



FOR IMMEDIATE RELEASE

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**ISORAY ANNOUNCES WORLD'S FIRST CESIUM-131 TREATMENT
FOR LUNG CANCER USING DA VINCI ROBOTIC SURGERY SYSTEM**

*Combination of Landmark Internal Radiation Therapy and da Vinci Robotics
Represents Paradigm Shift in Early Stage Lung Cancer Treatment*

Richland, WA (July 12, 2011) - - **IsoRay**, Inc. (Amex: ISR) announced another milestone, today, in the use of its proprietary **Cesium-131 (Cs-131) brachytherapy seeds** (internal radiation therapy) in mesh. **Dr. Deepak Khuntia, known as one of the nation's leading thought leaders in lung and brain tumors, performed the world's first implant of Cesium-131 mesh brachytherapy in an early stage lung cancer patient using the da Vinci® Surgical System.** Dr. Khuntia and the surgical team performed the surgery at El Camino Hospital in California.

For many patients with stage 1 **lung cancer**, treatment options are severely limited. Typically, extensive surgery is performed, removing the entire cancerous lung or one of five lobes of the lung. However, this surgery is not an option for patients with limited breathing capacity and health problems that impact normal breathing. The alternative option is a limited surgical procedure to remove the tumor mass from a lobe, leaving these patients with a 20 to 40 percent chance of their cancer recurring along the surgical repair line. **With Cesium-131 mesh brachytherapy, Dr. Khuntia says the odds shift in the patient's favor, "Mesh brachytherapy can dramatically reduce the recurrence rate for early-stage lung-cancer patients. With brachytherapy, recurrence is just one percent. That's a significant difference. At the same time, patients receive significantly less radiation exposure than traditional radiation."** Using the da Vinci robot to implant the Cesium-131 mesh brachytherapy further reduces radiation exposure for physicians and adds a new level of safety for patients, who benefit from a smaller incision and quicker recovery.

In recent published comments on Cesium-131 mesh brachytherapy, El Camino Hospital said, "Mesh brachytherapy is one of the newest forms of targeted radiation and one of the most exciting developments in oncology today. With mesh brachytherapy, patients have the benefit of getting the most targeted radiation possible, increasing their chances of keeping the cancer from recurring and decreasing the amount of damage done to their normal lungs. Targeted radiation also does not involve the many weeks of treatment required in traditional external radiation; it can be done at the time of surgery and does not involve return trips to the hospital, except for routine follow-up visits."

Awareness among the robotics community is rapidly growing. Archbold Medical Center thoracic surgeon Dr. Edward Hall worked with Radiation Oncologist Dr. Steven Johnson, of the Archbold Medical Center's Lewis Hall Singletary Oncology Center, to perform the first Cesium-131 mesh brachytherapy implant using da Vinci robotics in the state of Georgia. Ironically, Dr. Hall introduced the adjuvant therapy to the physician who proctored him on da Vinci robotic surgery - Dr. Robert Adams of Kentucky's Owensboro Medical Health System. The Kentucky thoracic surgeon has an extensive surgical history with da Vinci robotics. Now, Dr. Adams, working with Radiation Oncologist Dr. Ryan Faught, of the Owensboro Medical Health System's Mitchell Memorial Cancer Institute, is selecting patients for treatment with Cesium-131 mesh brachytherapy implants using the da Vinci® Surgical System.

Dr. Hall views Cesium-131 mesh brachytherapy as an important opportunity for patients who otherwise would be left without feasible treatment options, "This is the first time we've had a viable surgical option to prevent staple/suture line (cancer) recurrence rates in patients with marginal lung and/or functional capacity. IsoRay's Cesium-131 & Robotic Surgery (da Vinci) allows us to offer these minimally invasive surgical and internal radiation advantages to patients with early stage tumors who would otherwise be inoperable because of limited pulmonary function or other health issues. In addition, the short half life of Cs-131 minimizes exposure to radiation for surrounding tissues...I can foresee its use in many other minimally invasive techniques. "

Dr. Adams also sees a very clear advantage for patients, "Ultimately, surgery offers the greatest potential for lung cancer cure. Due to the potential for serious complications, however, **patients with compromised lung function or significant associated illnesses have been excluded from traditional surgical therapy. By increasing the accuracy of staging, significantly decreasing complication rates and reducing recurrence, the use of Cesium-131-based brachytherapy delivered via a robotic, minimally invasive approach, allows surgeons to extend to these patients this same potential for cure or disease control.**"

IsoRay CEO Dwight Babcock says the combination of da Vinci robotics and his company's Cesium-131 mesh brachytherapy represents another crucial leap forward in cancer treatment, "It's the insurance policy that no patient should be without and is extremely cost effective. Doctors now have an aggressive, effective treatment option for patients that has a direct impact on patient survivability that comes with improved quality of life. The importance of this new development cannot be understated."

IsoRay is the exclusive manufacturer of Cesium-131. The pioneering brachytherapy treatment represents one of the most important advancements in internal radiation therapy in 20 years. Cesium-131 allows for the internal radiation treatment of many different cancers because of its unique combination of high energy (its distinctive tissue penetrating capability reaching just far enough to treat the cancer) and its 9.7 day half-life (its matchless speed in giving off therapeutic radiation). The treatment can be deployed using several delivery methods including single seed applicators, implantable strands and mesh, and several new implantable devices. **In addition to its CMS codes, Cesium-131 is FDA-cleared for the treatment of prostate, lung, ocular melanoma, brain, breast, colorectal, and head and neck cancer and other cancers throughout the body.**

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About IsoRay, Inc.

IsoRay, Inc., through its subsidiary, IsoRay Medical, Inc., is the sole producer of Cesium-131 brachytherapy seeds, which are expanding brachytherapy options throughout the body. Learn more about this innovative Richland, Washington company and explore the many benefits and uses of Cesium-131 by visiting www.isoray.com.

Safe Harbor Statement

Statements in this news release about IsoRay's future expectations, including: the advantages of our Cesium-131 seed, the advantages of Cesium-131, the mesh brachytherapy application and the da Vinci[®] surgery system in lung cancer applications, whether IsoRay's Cesium-131 seed will be used to treat additional cancers and malignant disease, whether the use of Cesium-131 to treat lung cancers will be successful both long- and short-term in the initial and any future implants, and all other statements in this release, other than historical facts, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA"). This statement is included for the express purpose of availing IsoRay, Inc. of the protections of the safe harbor provisions of the PSLRA. It is important to note that actual results and ultimate corporate actions could differ materially from those in such forward-looking statements based on such factors as physician acceptance, training and use of our products, our ability to successfully manufacture, market and sell our products, our ability to manufacture our products in sufficient quantities to meet demand within required delivery time periods while meeting our quality control standards, our ability to enforce our intellectual property rights, whether additional studies are released and support the conclusions of early clinical studies, whether implants of Cesium-131 to treat lung cancers result in favorable patient outcomes, patient results achieved when Cesium-131 is used for the treatment of cancers and malignant diseases beyond prostate cancer, successful completion of future research and development activities, and other risks detailed from time to time in IsoRay's reports filed with the SEC.