

PREV: CN

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PreveCeutical Medical, Inc.

UPDATED VIEW

A recent capital raise has shifted the health sciences company PreveCeutical Medical into a higher gear with its development pipeline. The Company raised CA\$6.5 million (US\$4.9 million) in June 2018, for support of an ambitious development pipeline focused on preventative compounds using organic and nature-identical compounds.

Highest priority on the Company's agenda is a non-opioid pain treatment compound based on cannabinoids and administered through a proprietary nose-to-brain drug delivery system. Called the *Sol-Gel* system, it is intended to deliver a therapeutic compound to a targeted diseased site at a slow, controlled rate. The work is being undertaken through a research and development partnership with UniQuest Pty. Ltd., the development arm of the University of Queensland in Australia. Management believes the *Sol-Gel* system can help make application of cannabinoids more effective for pain treatment without negative side effects.

The research team at UniQuest began working May 2018, with the first supplies of medical marijuana. UniQuest took delivery of cannabis samples in early May 2018, and will undertake the 'fingerprinting' steps in the months ahead. Management has also begun vetting alternative nasal delivery devices. The Company plans to partner with a developer that has a strong track record for regulatory approval and manufacturing excellence.

Another project in the development pipeline involves the identification of peptides and proteins in the venom of Caribbean blue scorpion, which will be used for the purposes of engineering 'nature identical' compounds. Synthesizing compounds identical to the natural venom is expected to facilitate more commercially viable formulations. PreveCeutical already has experience with the Caribbean blue scorpion venom. The Company markets *CELLB9*, a commercially available oral solution of scorpion venom for use without prescription. The solution has been found instrumental in treating inflammation, but has also been used for bacterial infections, pain and tumors. The Company's development team believes there is potential for scorpion venom for the treatment of other health issues and is beginning with sports-related concussion.

Through the UniQuest partnership, PreveCeutical is also working on Smart RNA Dual Gene Therapy for the treatment of obesity and early-stage diabetes. Gene therapy involves the substitution of defective genes in a cell with genetically altered genes. The team has already put five genes implicated in obesity and diabetes on a target short-list.



MARKET DATA

Price: \$0.03 (7/20/18)
 52 Wk Hi-Lo: \$0.20 - \$0.002
 Ave. Volume: 480K
 Short Interest: <1%
 Beta: NA

All Market Data in US\$

VALUATION

Price/Sales: nm
 Price/CFO: nm
 Price/EPS: nm
 Price/Book Value: nm

Based on TTM ending 3/31/18

Consensus EPS FY2018: NA
 Forward PE: NA

EQUITY SECURITIES

Common Shares Out: 376.6 M
 Insiders: 23.0%
 Float: 290.1 M
 Institutional: -0-
 5% Holders: -0-
 Warrants and
 Options Outstanding: 205.2 M
 Convertible Debt
 Equivalent Shares: 50.0 M

As of 6/29/18

Includes private placement of 130.8 million common shares and 130.8 warrants in June 2018

Source: Company Reports and Crystal Equity Research estimates

Please read the important disclosures on page 9 of this report.

INVESTMENT HIGHLIGHTS

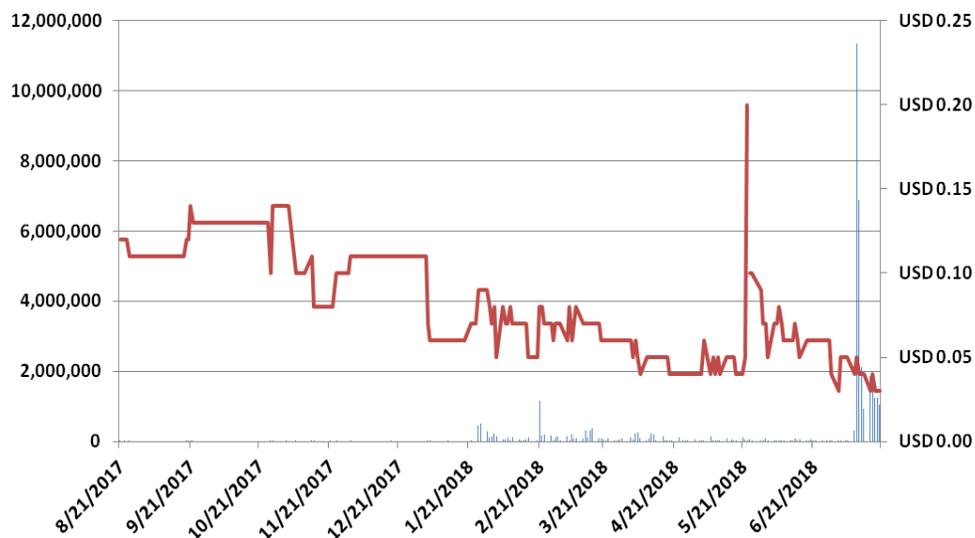
Positives

- ◆ Lucrative market for preventative healthcare, valued at \$196.9 billion by 2024, and growing by 15% annually according to industry analysts at Grand View Research
- ◆ Highly differentiated portfolio of novel therapeutic compounds and products; opportunity to compete effectively as relatively small biotechnology developer in preventative healthcare market
- ◆ Research and development relationship with established and reputable university sponsored scientific team at University of Queensland in Australia
- ◆ Revenue and profits from first commercially available product *CELLB9* helping to offset research and development spending
- ◆ Well capitalized through recent private placement of common stock and warrants for CA\$6.5 million (US\$4.9 million) in new capital.
- ◆ Potential for improved liquidity following five-for-one stock split and expansion of constructive float in common stock

Negatives

- ◆ Few barriers to entry for competing health science developers and marketers in already well populated preventative health care market
- ◆ Significant business execution risks inherent in ambitious research and development program of several mutually exclusive projects
- ◆ Need to raise additional, potentially dilutive capital to achieve commercial stage with each project in current development pipeline
- ◆ Possible price volatility in unseasoned common stock and derivative securities with limited trading history
- ◆ Potential for immediate loss of capital due to wide bid-ask spread and relatively low daily trading volume

STOCK CHART



Source: Yahoo! Finance

OUTLOOK

PreveCeutical Medical is an early stage biotech with ample risk in a nascent development pipeline. Nonetheless, the Company has made progress with its development projects, demonstrating the ability of the scientific team to execute on the R&D agenda. The recent capital raise provides some assurance that the R&D budget has sufficient support to reach milestones or at least produce relevant results. With such goals in sight we believe the Company would be in a better position to enter into development partnerships or even raise additional capital at a higher valuation.

Trading volumes have increased in both the U.S. and Canadian markets for PreveCeutical shares. We believe this is due at least in part to the Company's efforts to engage investors and securities research coverage. The five-for-one forward stock split has also increased the constructive float in the shares, which should facilitate trading action.

It is noteworthy that valuation metrics have increased marginally for companies pursuing comparable biotechnology projects.

PreveCeutical Medical shares should be regarded as speculative and appropriate only for those investors with a high tolerance for risk and price volatility.

RELATIONSHIPS

- **Samson Pharmaceutical** - manufacturer of *CELLB9* immune system booster
- **UniQuest Pty. Ltd., University of Queensland** - research agreement and technology license
- **Aurora Cannabis** - licensed supplier of medical cannabis
- **Sports1 Marketing** - joint venture partner in developing therapy for concussion
- **Stadnyk & Partners** - publicity representative
- **Link Media, LLC** - communications representative

**BUSINESS DESCRIPTION**

PreveCeutical Medical is a biomedical company focused on preventative health sciences using organic and nature-identical compounds. The Company has already brought one product to market and has a five-research projects in its development pipeline.

The Company's first commercially available product is *CELLB9*, an oral solution of essential materials extracted from a novel peptide in the venom of blue scorpions. The solution has been found instrumental in treating inflammation, but has also been used for bacterial infections, pain and tumors, among other applications. Additional applications for the venom peptides are under study such as treatment of low-impact brain trauma or concussion.

A wide ranging development program is in place to expand the PreveCeutical product line. Scientific efforts for each program are being undertaken at the University of Queensland in Australia by teams led by Dr. Harry Parekh, the Company's Chief Research Officer. PreveCeutical has a development and licensing agreement in place with UniQuest Pty. Ltd., the commercial arm of the University of Queensland. The agreement ensures PreveCeutical licensure rights to all intellectual innovations created through joint research projects.

A top priority in the pipeline is the *Sol-Gel* drug delivery system originated by Dr. Parekh. It is a nose-to-brain process potentially effective in reducing side effects and increasing patient compliance for a range of therapies. Cannabinoids are the first compounds under study.

INDUSTRY PEERS and VALUATION

SYM	OPERATIONS	PRICE	REV \$ Mlns	OPER MARGIN	DEBT / EQUITY	PRICE/ SALES	PRICE/ CSH FLW	PRICE/ FW EPS	PRICE/ BK VAL
ACRX	Pain treatment, delivery devices	\$2.95	13.7	-677.0%	na	32.87	neg	neg	na
BDSI	Pain management and addiction	\$2.80	52.0	-105.7%	3566.1%	3.86	neg	neg	121.74
BSPM	Traditional medicine in China	\$2.24	0.3	876.5%	6.7%	18.59	0.69	na	0.16
CXRX	Topical gel treatment, diversified	\$0.19	646.4	13.8%	na	0.06	124.75	8.88	na
CORI	Transdermal, transmucosal drug delivery	\$7.89	36.9	-127.6%	188.8%	7.74	neg	neg	7.85
CPIX	Diversified, oral drugs	\$6.01	40.1	-14.7%	19.7%	2.35	neg	na	1.55
EGLT	Pain treatment, nasal spray	\$0.35	26.7	-213.5%	na	0.69	neg	neg	na
ELTP	Oral, controlled-release drug delivery	\$0.10	7.5	-121.4%	21.6%	11.15	neg	na	17.25
EYEG	Eye disease treatments, eye drop formula	\$0.60	1.3	-1055.9%	0.2%	19.02	neg	neg	1.96
GWPH	Cannabinoid extracts, compounds	\$146.22	16.8	-1375.9%	3.3%	246.15	neg	neg	7.79
IMNP	Immunology, nanocapsule formulation	\$0.19	-	na	49.2%	na	neg	na	0.65
ORMP	Oral delivery of polypeptides, insulin	\$5.62	2.5	-442.9%	0.0%	39.83	neg	neg	3.95
PVOTF	Cannabinoid pharma- and nutra-ceuticals	\$0.34	-	0.0%	0.0%	na	neg	na	170.39
PLXP	Non-steroidal anti-inflammatories	\$3.95	0.9	-1795.8%	70.8%	40.09	neg	neg	7.47
PRPH	Homeopathic medicine manufacturing	\$2.30	23.3	-13.1%	0.0%	1.23	neg	na	0.78
SCPH	Heart failure, infectious diseases	\$4.80	-	0.0%	11.6%	na	neg	neg	0.91
STDY	Parenteral drug administration technology	\$4.60	0.8	-2724.9%	0.0%	163.30	neg	neg	8.83
VTVT	Oral small molecule compounds	\$1.47	2.3	-1981.2%	0.0%	21.84	neg	neg	na
ZGNX	Central nervous system disorders	\$58.40	7.1	-1482.2%	na	288.71	neg	neg	7.46
ZEAL	Peptide platform, gastrointestinal disease	\$15.45	11.4	-446.1%	30.7%	41.57	neg	na	6.94
Averages			1,777.7	-554.5%	310.7%	49.71	35.71	8.50	22.61

MARKET OPPORTUNITY

PreveCeutical's *Sol-Gel* nose-to-brain drug delivery system is a type of controlled release therapy. Grandview Research estimates the controlled release drug delivery market is expected to reach \$90.2 billion by the year 2025. The need to offer drug delivery methods appropriate for an aging population an important demand drivers. Additionally, there is a growing interest in using alternative therapies for pediatric use as well.

The nose is particularly interesting drug delivery channel. Intranasal delivery offers a non-invasive and convenient method to bypass the blood-brain barrier and delivery of therapeutics directly to the brain. The blood-brain-barrier constitutes the major obstacle to the uptake of drugs into the brain following systemic administration.

Additionally, the nasal channel makes possible reduced dosage, lower dosage frequency, fewer adverse gastrointestinal effects, improved patient compliance, more uniform drug effect, and better medication efficacy.



SOL-GEL SYSTEM

PreveCeutical Medical has formed a partnership with UniQuest Pty. Ltd., the development arm of the University of Queensland in Australia, to develop nose-to-brain drug delivery technology. Called the *Sol-Gel* system, it is intended to deliver a therapeutic compound to a targeted diseased site at a slow, controlled rate. A solution in a liquid state is administered to the nasal passage where it turns rapidly to a gel state upon contact with mucosal tissue. The gel stays in the nasal passage, slowly releasing the compound that has been loaded into the solution. The solution can remain active for up to seven days.

Many potentially valuable drugs for treating neurological disorders are unable to reach the brain in sufficient concentration to be therapeutically valuable because of the blood brain barrier. There is a protective membrane in the brain that surrounds the vessels and protects it from foreign substances that might prove harmful to the brain. This membrane stops 98% of drug molecules from entering the brain. The use of intranasal delivery of therapeutic agents is one method to bypass the blood brain barrier in a non-invasive manner.

PreveCeutical's team in Australia recently began testing alternative spray devices for use with its *Sol-Gel* system. A non-disclosure agreement was executed with one particularly promising company with a successful track record in drug approval and good manufacturing standards for pharmaceutical devices. In our view, a solid device manufacturer could be vital in the long-run to achieved regulatory approval.

CANNABIDIOL

Cannabidiol or CBD is the first compound under study by PreveCeutical with its research partner UniQuest. CBD is one of over a hundred different cannabinoids in the cannabis plant. When consumed, cannabinoids bind to special cell receptor sites throughout brain and body. CBD may have a range of medicinal uses because it appears capable of mediating communications between cells. Importantly, CBD is effective in improving the endocannabinoids already produced naturally by the human body. Yet CBD lacks the psychoactive properties of the other well-known cannabinoid, tetrahydrocannabinol or THC.



PreveCeutical is particularly interested in cannabinoids for pain management. Since 1999, the prescription opiate market has quadrupled in size, along with the death toll from opiate overdoses. We believe the potential is significant for a nasally delivered non-opiate pain treatment.

The Company recently received all permits required to acquire, import and handle medicinal marijuana at University of Queensland laboratories managed by UniQuest. Two shipments were acquired in May 2018, from a supplier in Colorado and are now available for initial tests.

VENOM APPLICATIONS

- Analgesic
- Anti-inflammatory
- Chemotherapy side-effects
- Immuno-stimulation
- Radiation side effects



VENOM PEPTIDE PROJECT

PreveCeutical markets peptides from Caribbean blue scorpion venom in an oral solution under the brand name *CELLB9*. The over-the-counter oral solution contains polarized and potentiated essential minerals extracted from a novel peptide in the venom. It is an odorless and tasteless dietary supplement that is thought to be effective in pain relief and inflammation reduction. It could also improve the body's immune response system and quality of sleep.

Scorpion venoms are a rich source of peptides that act as ion channel blockers. In partnership with UniQuest at the University of Queensland, the Company has begun a project to identify the active peptides in blue scorpion venom. The objective is to develop synthetic versions that are easier to manufacture and deliver more consistent therapeutic effect.

The research project will be completed in three phases. The first phase to identify and separate the relevant proteins is expected to be completed by the beginning of June 2018. Peptide fingerprinting with mass spectrometry will be used to determine the sequence of the peptides. Gel electrophoresis will be used to separate, count and analyze the proteins and their fragments. In the second phase over the next 9 to 12 months, the disulfide linker technology developed by UniQuest will be used to design and synthesize peptides to make them more 'drug like.'

DIABETES MARKET

According to the industry research firm Research and Markets the global diabetes care and therapeutics market could reach \$85.5 billion by 2022. The forecast represents a compound annual growth rate of 5.2% over the five years beginning 2017. The R&M forecast appears to be supported by analysis completed by another industry watcher, Hexa Research. According to Hexa, the global market for Type I diabetes only is expected to reach US\$25.5 billion by 2024.

Exceptional growth is driven by increasing disease prevalence. Sedentary lifestyles and improper diet are contributing to rising obesity rates and pancreatic failure.

SMART SI-RNA PROJECT

In partnership with the University of Queensland's commercial arm UniQuest, PreveCeutical Medical has begun a project to develop an effective gene therapy. The partners intend to find an effective siRNA to silence genes implicated in diabetes and obesity. The risk of diabetes is increased by HLA-DQA1, -DQB1 and -DRB1 genes, among others that provide instructions for making proteins critical to the immune system.

Gene therapy involves the substitution of defective genes in a cell with genetically altered genes. Defective genes can trigger malfunctions of metabolic pathways that are important for body functions. These malfunctions lead to diseases such as cancer or diabetes.

Small interfering ribonucleic acids or silencing RNA (siRNA) is a class of double stranded RNA molecules. SiRNA interferes with the expression of specific genes with complementary nucleotide sequences by degrading another RNA type called micro RNA that in-turn prevents translation, a critical step in cell replication. The ability to specifically silence genes using siRNA has wide therapeutic application.

PreveCeutical's program is to unfold in three phases over a period of at least four years. The team has already put five different genes implicated in obesity and diabetes on a target short-list. First steps will involve protein sequencing and peptide synthesis. The group also believes it has overcome a key shortfall in gene silencing research through the use of a non-viral delivery vehicle. The research team plans to use vectors that are chemically derived from a naturally occurring substance.

BALANCES**Canadian Dollars** 12/31/17 3/31/18

Cash	\$ 0.10	\$ 0.20
Current assets	\$ 1.37	\$ 1.37
Long-term assets	\$ 1.20	\$ 0.89
Intangible assets	\$ 0.30	\$ 0.03
Total assets	\$ 2.60	\$ 2.43
Accts. Payable	\$ 0.20	\$ 0.20
Current Liabilities	\$ 0.30	\$ 1.11
Conv. Debt	\$ 2.64	\$ 2.74
Deficit	(\$10.48)	(\$11.90)
Total Equity	(\$ 0.34)	(\$ 1.41)
Shares Outstanding	245.5	245.8
Warrants/Options	74.7	74.7

Dollars, shares and derivatives in millions

Source: Company Reports and Crystal Equity Research Estimates

BALANCES AND CASH USAGE

At the end of March 2018, PreveCeutical Medical reported CA\$204,038 (US\$155,436) in cash on its balance sheet, compared to CA\$104,478 (US\$79,591) three months earlier. The advance paid to UniQuest is shown on the balance sheet with current and long-term prepayments and deposits. The unused balance totaled CA\$684,100 (US\$521,147), of which CA\$253,882 (US\$193,407) is expected to be used in the next twelve months. Additionally, the Company has recorded a pre-paid deposit totaling CA\$1.0 million (US\$777,277) related to supplies of medical cannabis for R&D purposes. Approximately, CA\$668,065 (US\$508,932) is expected to be used in the next six months. It is noteworthy that the Company issued 12.8 million common stock options to pay for the cannabis supplies, the value of which was set using an option pricing model.

PreveCeutical Medical held a total CA\$3.6 million (US\$2.7 million) in convertible debt at the end of March 2018. The creditors are the Company's current chief executive officer and a former president. The conversion price was originally set at CA\$0.10, but was adjusted to CA\$0.06 or CA\$0.012 subsequent to the stock split in June 2018.

The net deficit was CA\$1.4 million (US\$1.1 million).

OPERATING COMPARISONS**Canadian Dollars****As Reported**

	<u>1Q2017</u>	<u>1Q2018</u>
Sales	\$0.000	\$0.002
Oper. Loss	(\$0.360)	(\$1.340)
Net Loss	(\$0.368)	(\$1.417)
CFO	(\$0.514)	(\$0.917)
LPS	(\$0.002)	(\$0.006)

As Adjusted for Non-cash Charges*

	<u>1Q2017</u>	<u>1Q2018</u>
Sales	\$0.000	\$0.002
Oper. Loss	(\$0.205)	(\$1.088)
Net Loss	(\$0.213)	(\$1.166)
CFO	(\$0.514)	(\$0.917)
LPS	(\$0.001)	(\$0.005)

Dollars in millions; Fiscal year ends December

**Crystal Equity Research Estimates*

OPERATIONS

PreveCeutical Medical continued to record nominal sales of its *CELLB9* oral solution of Caribbean blue scorpion venom. The sales volumes are not sufficient to generate enough revenue that would cover much more than manufacturing and marketing costs. The Company continues to invest in a research and development program aimed at bringing important therapies to the market. In the first quarter of the year 2018, the Company recorded CA\$1.3 million (US\$1.0 million) in operating expenses, including CA\$381,208 (US\$290,404) on research and development activities. This compares to CA\$359,897 (US\$274,170) in total operating expenses in the same quarter in the previous year when only CA\$145 (US\$110) was directed at research and development projects. Salaries and wages spending also increased to CA\$18,800 (US\$14,321) compares to CA\$119,960 (US\$91,386) in the prior year period. It is noteworthy that approximately CA\$251,556 (US\$191,635) in operating expenses were non-cash in character, including CA\$143,941 (US\$109,654) in stock compensation. This compares to CA\$155,363 (US\$118,356) in non-cash expenses record in the first quarter of the prior year. We expect spending in the balance of 2018, to continue at the pace set in the first quarter as the Company moves forward with R&D projects.

BALANCES

US Dollars	<u>12/31/17</u>	<u>3/31/18</u>
Cash	\$0.08	\$0.15
Current assets	\$1.03	\$1.03
Long-term assets	\$0.90	\$0.67
Intangible assets	\$0.23	\$0.02
Total assets	\$1.96	\$1.83
Accts. Payable	\$0.15	\$0.15
Current Liabilities	\$0.23	\$0.84
Conv. Debt	\$1.99	\$2.07
Deficit	(\$7.90)	(\$8.97)
Total Equity	(\$0.26)	(\$1.06)
Shares Outstanding	245.5	245.8
Warrants/Options	74.7	74.7

Dollars, shares and derivatives in millions

Source: Company Reports and Crystal Equity Research Estimates

EARNINGS COMPARISONS**US Dollars****As Reported**

	<u>1Q2017</u>	<u>1Q2018</u>
Sales	\$0.000	\$0.002
Oper. Loss	(\$0.270)	(\$1.010)
Net Loss	(\$0.280)	(\$1.070)
CFO	(\$0.390)	(\$0.690)
LPS	(\$0.002)	(\$0.005)

As Adjusted for Non-cash Charges*

	<u>1Q2017</u>	<u>1Q2018</u>
Sales	\$0.000	\$0.002
Oper. Loss	(\$0.150)	(\$0.820)
Net Loss	(\$0.160)	(\$0.880)
CFO	(\$0.390)	(\$0.690)
LPS	(\$0.001)	(\$0.004)

Dollars in millions; Fiscal year ends December

**Crystal Equity Research Estimates*

CASH REQUIREMENTS and CAPITAL RAISE

Despite issuance of common stock for the payment of suppliers, advisors and employees, the Company uses cash resources to support operations. In the first three months of 2018, the Company tapped its bank account for CA\$916,637 (US\$698,294) to pay for operating expenses. This was more than four times more than the cash used in the same period in the previous year. The increase was primarily due to an acceleration in research and development work as well as corporate and administrative activities.

We expect the Company to require approximately CA\$1.0 million (US\$760,000) per quarter for the balance of the year 2018. Most of the cash will be needed for the Company's ambitious research and development program, including the payment of salaries, laboratory consumables and testing protocols. We do not expect material staffing additions, but we expect spending on salaries and benefits will continue to be a significant element of operating expenses. The Company has also accelerated business development activities, which requires higher expenditures on travel and professional services.

To support its project development agenda PreveCeutical Medical raised capital through the private placement of common stock and warrants. The transaction was closed in June 2018, raising CA\$6.5 million (US\$4.9 million) in exchange for 130.8 million in units composed of one share of common stock and one warrant. The warrants are exercisable at CA\$0.20 per share.

In our view, the adequacy of cash resources is critical for PreveCeutical Medical at this stage in its development. By the end of June 2018, we estimate the Company had CA\$5.7 million (US\$4.3 million) in total cash available based on recent cash usage rates. If we are accurate in our expectation for cash requirements near CA\$1.0 million (US\$760,000) per quarter, we estimate that the Company now has sufficient cash resources to support operations for the next twelve to fifteen months.

Given the progress the scientific team has made thus far in executing against the Company's research and development agenda, within the next year we expect the achievement of certain objectives in the *Sol-Gel* drug delivery system and the blue scorpion venom peptide identification program. The scenario would be ideal for an early stage biotechnology company that benefits from raising capital as new value is created through its R&D program. If we are correct in our expectations, such quantifiable progress should facilitate additional partnering and capital raising actions at higher valuation levels.

CAPITALIZATON and OWNERSHIP

PreveCeutical Medical is capitalized with a combination of equity and debt. At the end of June 2018, following the private placement of common stock for US\$6.5 million (US\$4.9 million) in additional capital, we estimate the Company had approximately CA\$3.6 million (US\$2.7 million) in convertible debt and CA\$4.1 million (US\$3.1 million) in equity on the balance sheet. Our calculations imply a debt-to-equity ratio of 0.88.

Subsequent to the private placement closing in June 2018, we estimate that the Company has 376.7 million shares outstanding and 205.2 million warrants and options outstanding. These share figures also reflect a five-for-one forward stock split that was approved by shareholders in May 2018. Warrants are convertible at an average exercise price of CA\$0.012 per share, representing a potential infusion of cash totaling CA\$2.5 million (US\$1.9 million) if all warrants are exercised.

A single insider, the Company's CEO S. Van Deventer, owns approximately 86.5 million shares, or 23.0% of outstanding shares. Additionally, the insider group owns about 9.1 million options and warrants, which represents 10.4% of total shares outstanding.

LEADERSHIP

PreveCeutical Medical is led by **Stephen Van Deventer** as Chief Executive Officer. He is an experienced executive with over twenty-five years work in early stage operations of public and private companies. He recently assumed the position of President following the resignation of Kimberly Van Deventer in April 2018. Ms. Van Deventer has indicated continued interest in the success of the Company.

Shabira Rajan is the Chief Financial Officer. She has over twenty years experienced in corporate finance for both public and private companies. She was previously the Director of Finance at Canada Line Rapid Transit, Inc.

The Chief Science Officer is **Dr. Mak Jawadekar**, who is responsible for coordinating the Company's research and development effort. He was most recently the Director of Portfolio Management at Pfizer, where he was involved with drug delivery technology assessment. He has a Doctorate in Pharmaceutics from the University of Minnesota.

Dr. Harry Parekh is the Chief Research Officer. He is based at the University of Queensland Pharmacy Australia Centre of Excellence (PACE) where he leads the Drug/Gene Delivery Group. He is responsible for execution of the Company's research and development program.

The most recent addition to the Company's team is **Dr. Maher Khaled** as Director of International Operations. He brings to PreveCeutical vital experience in the commercialization of therapeutic and diagnostic technologies. Khaled also is knowledgeable in financing for early stage companies. He hold a doctorate in biotechnology and bachelor degrees law and biomedical science from the University of Queensland.

CAPITALIZATION

Recent Price:	\$0.03
Shares Out:	376.6 M
Market Capital:	\$11.3 M
+ Preferred Stock	-0- M
+ Conv. Debt	2.1 M
- Cash	<u>0.2 M</u>
Enterprise Val:	\$13.2 M
Book Value:	(\$ 1.1) M
Working Capital:	\$ 0.2 M

Balances as of 3/31/18

Includes impact of recent convertible note issuances and private placement in First Half 2018.

All figures in US Dollars

Source: Company Reports and Crystal Equity Research Estimates

OWNERSHIP

	Common Stock (in Millions)
Insiders:	
S. Van Deventer, CEO	86.5*
S. Rajan, CFO	-0-
M. Jawadekar, CSO	-0-
H. Parekh, CRD	-0-
G. Reid, Dir.	-0-
N. Coltura, Dir.	<u>-0-</u>
Total Insiders**	86.5
As % of Shares Outstanding	23.0%

**Includes 45.7 million shares held by Cornerstone Global Partners, of which S. Van Deventer is a principal*

***Insiders hold warrants and options for an additional 9.1 million shares*

Source: Company Reports and Crystal Equity Research estimates



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