

NUVILEX, INC.

Nuvilex's Medical Marijuana Initiative Will Prompt Higher Stock Price

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NUVILEX, INC. (OTC:QB – NVLX - \$0.054)

Price Target: \$0.50

Rating: Speculative Buy

COMPANY SNAPSHOT

Nuvilex, Inc. has been a provider of all-natural products for many years, has expanded its company to increase its natural product based footprint through medical marijuana studies and is becoming an international biotechnology provider of live, therapeutically valuable, encapsulated cells and services for treatments, research and medicine. The company's offerings will ultimately include cancer, diabetes and other clinical treatments using the company's natural product knowledge, product base, cell and gene therapy expertise, and live-cell encapsulation technology in addition to other new products currently under development.

KEY STATISTICS

Price as of 2/13/13	\$0.054
52 Wk High – Low	\$0.089 – 0.019
Est. Shares Outstanding	446.0M
Market Capitalization	\$26.6M
3 Mo Avg Vol	259,000
Exchange	OTC:QB

COMPANY INFORMATION

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 Silver Spring MD 20904
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INVESTMENT HIGHLIGHTS

Following additional news regarding the Company's new initiative, we have derived the following key takeaways:

The new subsidiary, Medical Marijuana Sciences, Inc., will build upon NVLX's many years of experience in developing "all- natural" products for various uses by studying the medical applications of marijuana (*Cannabis sativa*) and developing treatments for serious human diseases.

The use of *Cannabis* for medicinal purposes dates back more than 3,000 years. The components of marijuana that have shown medical activity are broadly known as "cannabinoids." Approximately 70 cannabinoids have been found in *Cannabis sativa*.

In a number of studies, cannabinoids have demonstrated an ability to act as an anticancer agent. Cannabinoids appear to kill cancer cells by binding to specific "receptors" on the surface of cells; these receptors are normally involved in the binding of endocannabinoids. Following this binding, the cannabinoids cause the cells to go through a variety of processes that ultimately lead to cell death (apoptosis).

Leveraging the use of the Company's successful encapsulation technology to treat certain cancers in clinical trials and other tests, the initial efforts of Medical Marijuana Sciences, Inc. will be targeted towards developing treatments for some of the most difficult-to-treat forms of cancer; these include brain tumors, specifically gliomas (e.g. *glioblastoma multiforme*), and pancreatic cancer.

Initially, the company will focus on the use of cannabidiol (CBD), since this compound does not appear to possess the psychotic activity associated with THC; this activity has limited the possible use of THC as a treatment for cancer. CBD has been shown to limit the growth of glioma cells by inducing apoptosis (also known as programmed cell death) in both laboratory and animal studies. This observation implies that CBD may have the capability of “shrinking” glioma tumors.

Taken together with other preclinical observations, CBD appears to possess the ability to shrink glioma tumors, stop them from proliferating, and reduce their spread. Therefore, CBD (either alone or loaded to microparticles) in combination with Gliadel® wafers, or with one of the other drugs used to treat glioblastoma multiforme may prove to be an effective combination for the treatment of this most deadly of all brain cancers.

The results of many preclinical studies of the effectiveness of cannabinoids against pancreatic cancer have been reported in the scientific literature over the past several years. Nuvilex is currently developing a treatment for advanced pancreatic cancer that involves the use of its unique living cell encapsulation technology together with the long-established cancer drug ifosfamide. Completed mid-phase clinical trials revealed that, in patients with advanced, inoperable pancreatic cancer, the average survival time was doubled over that seen with gemcitabine, the only drug approved by the FDA as a single agent for the treatment of this disease. The use of CBD in conjunction with the NVLX treatment may ultimately prove to dramatically increase patient survival time.

Leveraging the shift in sentiment in the use of medical marijuana, and the change in marijuana use laws in 2 states, the number of medical marijuana stocks in the U.S. has increased dramatically. Moreover, at times, stocks such as Cannabis Sciences, Inc., (OTCBB – CBIS), Medical Marijuana Inc. (OTCBB – MJNA), Hemp, Inc. (OTCPK – HEMP), and Fusion Pharm (OTCPK – FSPM), have, at times, been some of the heaviest traded stocks in the market.

We believe that the move to adding another arrow in its quiver will be a boon to Nuvilex’s business, overall standing, and valuation. Plus, this initiative will likely add an entirely new set of investors that follow and invest in the cannabis space, driving the stock higher. As development in this arena and the core cancer and other disease-treating encapsulation technology progress, investors should be rewarded.



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Analyst: Robert Goldman

Rob Goldman has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

Analyst Certification

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