

NUVILEX, INC. Further Due Diligence Prompts Higher Target Price

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NUVILEX, INC. (OTC:QB – NVLX - \$0.14)

Price Target: \$0.75

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 5/24/13	\$0.14
52 Wk High – Low	\$0.22 – 0.019
Est. Shares Outstanding	460.0M
Market Capitalization	\$64M
3 Mo Avg Vol	1,360,000
Exchange	OTC:QB

COMPANY INFORMATION

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INVESTMENT HIGHLIGHTS

Conclusion: Raising NVLX Price Target to \$0.75

Background: Over the past month, we have performed extensive due diligence on Nuvilex and its target market opportunities, as evidenced by our frequent article publication. We elected to use article publication as a timely information dissemination vehicle for investors rather than wait and provide relevant information in a fully-updated report. Still, this extensive due diligence has prompted us to perform a re-valuation of Nuvilex's stock as we may have been too conservative in our earlier assumptions.

What has changed: There are 3 reasons why our price target had to be increased by 40% and could be raised even higher in the coming months.

1. New value for breast cancer indication
2. Nanomedicine getting major dollars
3. Firm gearing up for future trials

With 2 indications in the cancer treatment arena and our previously cited valuation for its role in the medical marijuana space, we believe that NVLX is worth \$0.425 today.

Plus, given the huge dollars just recently allocated to nanomedicine companies by big pharma, more attention and value will be placed on NVLX and its similar approach.

Clearly, on a combined basis, NVLX is a bargain at current levels. As NVLX executes on milestone achievements in its key arenas, the stock could rise dramatically higher, aided in part by a likely short squeeze. We rate shares Speculative Buy and introduce our upgraded \$0.75 price target.

Nuvilex Anti-Cancer Valuation

We should note that there are several very important reasons why we have elected to raise our price target on Nuvilex to \$0.75 from \$0.50.

Key Takeaways:

In our most recent report dated April 18, 2013, we provided a valuation for the Company's pancreatic cancer treatment alone. Based on recent due diligence, we believe that a valuation for the Company's anti-cancer efforts must include its breast cancer studies and other factors.

Breast Cancer Study Has Tremendous Value

One, a Phase I/II clinical trial undertaken by Nuvilex affiliate SG Austria was for mammary tumors in dogs. We originally viewed this prospective indication as a potential bonus for investors. However, our research unearthed a large canine tumor trial funded by the U.S. Department of Defense that indicated canine mammary trials are an ideal model for human breast cancer trials. This revelation means that the Company's trial carries significant weight, given its positive results.

Two, our follow-up research enabled us to discover that FDA-approved treatments for breast cancer are being studied now to treat pancreatic cancer. However, to date, some of these treatments have demonstrated lower efficacy and survival rates in pancreatic cancer patients than with breast cancer patients. Treatments that employ Nuvilex's cell encapsulation technology have demonstrated greater efficacy in mid-stage clinical trials in advanced pancreatic cancer, than the current "gold standard" single-agent drug for this disease when compared to historical data for that cancer drug, and have also shown promise in preclinical breast cancer studies. It is possible that the results with breast cancer could ultimately show that the cell encapsulation technology can also be substantially positive, and perhaps even more so, for this indication than they are for pancreatic cancer.

Thus, the combination of the true value of the Company's mammary trial and what could result in greater efficacy to treat breast cancer than pancreatic cancer illustrate huge, previously unrealized value for the stock and potential for Nuvilex.

NVLX is Truly Gearing Up for Future Trials

The Company has taken steps vital to its goal of engaging in late-stage pancreatic cancer clinical trials. The Firm has established a research cell bank in concert with a leading contract research organization in Europe. This cell bank will be used for the production of the Company's live cell encapsulation offering, which has demonstrated significant ability to activate the cancer pro-drug ifosfamide in close proximity to the pancreatic cancer itself, thus resulting in a high degree of antitumor efficacy with a low toxicity profile for the anticancer drug, in Phase II clinical trials. The Company plans that the late-phase clinical trial in patients with advanced, inoperable, pancreatic cancer will be "first in line" to use the cells produced from the cell bank.

With the launch of the cell bank, the Company has embarked on the first step necessary to ensure the availability of the large number of encapsulated cells that will be required for the commencement of a Phase III pancreatic cancer clinical trial, along with other possible trials that may be done in the future that use the cell encapsulation as part of treatment regimens to treat various forms of cancer. The bank will essentially "grow" the live cells required for encapsulation in which the cells are enclosed in small (about the size of the head of a pin) cellulose-based "beads" or capsules that are then implanted in the pancreatic patient's body near the cancer itself.

As the Company moves closer to commencing additional trials, substantial increases in valuation will occur.



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Nanomedicine

A slew of recent activity has occurred in the nanomedicine, or nanobiotechnology industry which bodes well for Nuvilex Inc. (OTCQB – NVLX). According to a recent *Reuters* article, nanomedicine is defined as: “The ability to encapsulate potent drugs in tiny particles measuring billionths of a meter in diameter is opening up new options for super-accurate drug delivery, increasing precision hits at the site of disease with, hopefully, fewer side effects.”

It sounds very much like the definition for Nuvilex’s *Cell-in-a-Box* technology.

In the past two months alone, privately held nanobiotechnology leader Bind Therapeutics has closed 3 development deals with drug giants Pfizer, Amgen, and AstraZeneca. Significant upfront dollars have been paid and if all of the proposed drugs under development were to receive approval, it could be worth at least several hundred million dollars to Bind Therapeutics.

It is apparent that the methodology behind the delivery methods of both firms are remarkably similar, as is the primary targeted disease: cancer. In both cases, pro-drugs are encapsulated and targeted directly at the tumor with greater efficacy than traditional methods and with far less toxicity.

Clearly, a great deal of attention and value is beginning to occur for firms developing tiny, targeted delivery systems to treat major diseases like cancer. **As Nuvilex edges closer to developing protocols for future trials, the valuation for the Company’s platform is likely to move significantly higher as industry observers may begin to mention the Company in the same breath as the leading nanobiotechnology firms.**

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Recent Trading History For NVLX

(Source: Stockta.com)





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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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