

Company Update

NUVILEX, INC.

SG Deal Done; Overhang is Gone; Onward and Upward

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NUVILEX, INC. (OTC:QB – NVLX - \$0.0551)

Price Target: \$0.50

Rating: Speculative Buy

COMPANY SNAPSHOT

Nuvilex, Inc. is an innovative biotechnology and natural products company. Through partner SG Austria's live-cell encapsulation technology, the Company is able to address treatments in oncology, infectious diseases, autoimmune, and pain management. In addition, Nuvilex's technology can be used in conjunction with treatments for diabetes and with stem cells. Nuvilex is currently preparing to engage in clinical trials for its pancreatic cancer therapy which a previous Phase 2 clinical trial yielded a 42% increase in life expectancy when compared to published Gemzar data from Phase 3 clinical trial data for late stage aggressive pancreatic cancer while using only 1/3 of the dosage of the standard chemotherapy treatment.

KEY STATISTICS

Price as of 6/27/12	\$0.0551
52 Wk High – Low	\$0.089 – 0.02
Est. FD Shares Out.	378.2M
Market Capitalization	\$20.8M
3 Mo Avg Vol	420,500
Exchange	OTC:QB

COMPANY INFORMATION

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INVESTMENT HIGHLIGHTS

The Bottom Line: Earlier this morning, Nuvilex announced that the moment you have all been waiting for has arrived. The deal is done and all of the SG Austria assets and operations are running under the Nuvilex banner. With this behind us, the overhang of "when will this happen" is over. The stock should rally on this extremely positive event.

What's Next: We expect a flurry of news in the coming months regarding live-cell encapsulation development with the Nuvilex pancreatic cancer, diabetes, and stem cells therapies. In the coming weeks we will have a handle on milestone events which will drive the stock to significantly higher levels, including progress on getting protocols ready for future trials, like a Phase IIb pancreatic trial.

Valuation: At current prices, NVLX is a bargain and we expect the stock to approach \$0.20 this summer. Threshold Pharmaceuticals (NASDAQ – THLD), which completed a Phase IIb for its pancreatic cancer drug has a \$400M+market cap. Merrimack Pharmaceuticals (NASDAQ – MACK), which is in Phase III for a cancer-fighting drug using encapsulation, has a \$600M market cap.

It is a joke that NVLX, which has completed a stellar Phase IIa trial for pancreatic cancer, does not have a market cap afforded its rightful status. The value of this therapy alone is worth substantially more than the current value of the Company's market cap. Plus, with a diabetes treatment that could eliminate insulin therapy and a stem cell treatment that has multiple uses due to its inherent abilities to overcome the main hurdles of current stem cell therapies, there is a lot to like about NVLX. We maintain our \$0.50 price target and reiterate our Speculative Buy rating.

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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