

## Mid-Morning Alert

# NUVILEX, INC.

## NVLX Announces Acquisition: SG Austria Will Add Major Technology And Revenue

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**NUVILEX, INC. (OTC:QB – NVLX - \$0.057)**

Price Target: \$0.50

Rating: Speculative Buy

### COMPANY SNAPSHOT

Nuvilex, Inc. is an innovative biopharmaceutical and natural products company. The Company has signed a definite agreement to acquire SG Austria, the world's leading live-cell encapsulation company. Nuvilex's pancreatic cancer treatment technology is being readied for additional clinical trials and significant advances are in progress with the live-cell-encapsulation technology. The Company's natural products are designed to improve the health and well-being of those that use them. Nuvilex has been awarded 14 patents for a number of its formulations and its broad product line is sold via the Web and in major stores such as The Vitamin Shoppe and specialty outlets across the U.S.

### KEY STATISTICS

Price as of 6/22/11	\$0.057
52 Wk High – Low	\$0.104 – 0.004
Est. FD Shares Out.	353.0M
Market Capitalization	\$20.1M
3 Mo Avg Vol	1,510,000
Exchange	OTC:QB

### COMPANY INFORMATION

Nuvilex, Inc.  
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### INVESTMENT HIGHLIGHTS

#### The News:

Earlier this morning, Nuvilex announced that it has entered into a definite agreement to acquire all of the assets and technologies of SG Austria Pte. Ltd., the world's leading live-cell-encapsulation company. Nuvilex recently acquired a potentially blockbuster pancreatic cancer treatment technology from the Company's founders. The deal has been funded with an up-front cash payment of \$500,000. A restricted stock component, priced later, will represent the payment at closing. The transaction is expected to close in 60 days, following the completion of due diligence.

#### What does this mean for Nuvilex?

Can you say, wow? We will know more upon closing, but this changes everything.

SG Austria's flagship platform technology has been reviewed by dozens of medical journals and publications and proven and verified in trials, studies, and most importantly, revenue generation. The applications are numerous, as are the tentacles in which the platform has reached, which have resulted in upfront and milestone payments, along with a likely pipeline of future payments.

Nuvilex will now have:

- Multiple shots on goal for approval of proprietary drugs
- Proprietary, rev-generating platform and products
- Direct relationships with large pharma and research orgs
- A license-able offering attractive to pharma & major consumer multinationals
- Deep, experienced in-house scientific team
- Products with broad applications
- Pipeline of payments/receivables

# NUVILEX, INC. (OTC:QB - NVLX)

## **What Does This Mean for the Stock?**

It may be difficult to quantify, but it is a huge, huge, win. We can provide a quantifiable valuation when we have a better handle on what the focus the new entity will implement, the existing revenue forecast for 2011, the pipeline of revenue from existing arrangement, and then understanding the underlying value of the platform technology.

Qualitatively, Nuvilex has a treatment that has produced stellar Phase II clinical trial results, along with a preclinical anti-cancer agent. SG Austria owns a broad platform technology with diverse applications that have been proven and verified in tests and trials and from major European pharmaceuticals and research organizations paying upfront fees and agreeing to future milestone payments. Hence, there is tremendous underlying value of the technology and value in the near-term and future revenue streams.

We view this transaction as akin to a smaller company in a similar space acquiring a much larger, highly regarded rival, with a valuable knowledgebase, proprietary technology assets, and a future revenue stream, but one that has hit its ceiling due to funding or leadership/operational issues. It is the essence of a public market company realizing substantial value via a private market transaction.

Quantitatively, if our previous baseline valuation was \$0.30 then Nuvilex may be worth at least more than twice or three times that figure. How many firms at this stage are generating revenue? Ninety percent are bleeding cash! How many are one-trick ponies with limited technology, limited early-stage trial data, limited personnel, limited reputations as also-rans, and no relationships with major pharmaceutical players. This transaction may put Nuvilex in that upper 10-20% of biotechs with no currently approved products but incredibly valuable, revenue-generating technology, and a late-stage cancer treatment candidate.

The only downside we see at present is focus. From the outside looking in, Dr. Ryan and his team will have to be savvy any not enter into a go-to-market strategy with too many products in too many segments. Prioritization and monetization are keys to success, in the near term.

We strongly recommend purchase at current levels and we believe that the stock has caught its breath on the way to its reaching its rightful place at a revenue-generating, late-stage biotech valuation. Our price target remains at \$0.50, with a likely substantial upward revision after the closing of the transaction.

**Mid-Morning Alert****Analyst: Robert Goldman**

Rob Goldman has 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**

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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