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PreveCeutical Medical, Inc.

SUMMARY PROFILE

PreveCeutical is an early stage life sciences company with a focus on compounds using natural substances for health and wellness products. The Company has already brought one product to market and has a five research projects in its development program.

Sales of *CELLB9* represent PreveCeutical's current revenue stream. *CELLB9* is an oral solution of essential materials extracted from a novel peptide in the venom of blue scorpions. It is has been found instrumental as an immune system booster. The Company is pursing additional applications for the venom peptides such as low-impact brain trauma or concussion. A distribution agreement was recently signed with Sports1 Marketing to address the sports medicine market.

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 development program is the *Sol-Ge*l 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 testing.

Additional projects in the pipeline show considerable promise as well.

- Smart RNA Dual Gene Therapy for the treatment of obesity and early stage diabetes
- Peptide and protein identification in the venom of Caribbean blue scorpion venom for the purposes of engineering 'nature identical' compounds
- Non-addictive analgesics based a new peptide library using the University of Queensland proprietary 'disulfide linker' technology

PreveCeutical is re-capitalizing for its ambitious development program. Subsequent to a 'going public' action through a reverse merger with a public shell corporation, the Company raised CA$5.3 million (US$4.3 million) in new capital through two private placements in July 2017 and January 2018. We estimate cash balances will be near CA$3.2 million (US$2.6 million) upon closing the second transaction in February 2018.

We believe current cash resources should provide sufficient support to reach the next milestone with its *Sol-Gel* drug delivery system as well as reach new commercial markets with its *CELLB9* venom product.

MARKET DATA

Price:	$0.32 (1/8/18)
52 Wk Hi-Lo:	$0.70 - $0.00
Ave. Volume:	1K
Short Interest:	<1%
Beta:	NA

All Market Data in USD$

VALUATION

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

Based on TTM ending 9/30/17

Consensus EPS FY2018: NA

Forward PE: NA

EQUITY SECURITIES

Common Shares Out: 49.9 M

Insiders:	48.8%
Float:	25.12 M
Institutional:	-0-
5% Holders:	-0-

Warrants and Options Outstanding: 15.9 M

Convertible Debt Equivalent Shares: 5.0 M

As of 9/30/17

Excludes pending private placement of 6.6 million units of one common share and one-half warrant as amended January 2018

Source: Company Reports and Crystal Equity Research estimates

Please read the important disclosures on page 11 of this report.

INVESTMENT HIGHLIGHTS

Positives

- Building market for preventative healthcare, potentially valued at $432 billion by 2024, according to industry analysts at Grand View Research, implying 15% compound annual growth
- Opportunity to compete effectively as relatively small biotechnology developer in preventative healthcare market by virtue of highly differentiated portfolio of novel therapeutic compounds and products
- Research and development relationship with established and reputable university sponsored scientific team, which can cost-effectively to advance development pipeline
- Sufficiently capitalized for near-term development agenda following completion of private placement of common stock and warrants valued at CA$3.2 million (US$2.6 million)
- Revenue and earnings from first commercially available product *CELLB9* helping to offset research and development spending

Negatives

- Well populated and highly competitive preventative health care market with few barriers to entry for competing health science developers and marketers
- 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
- Lack of liquidity and potential 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

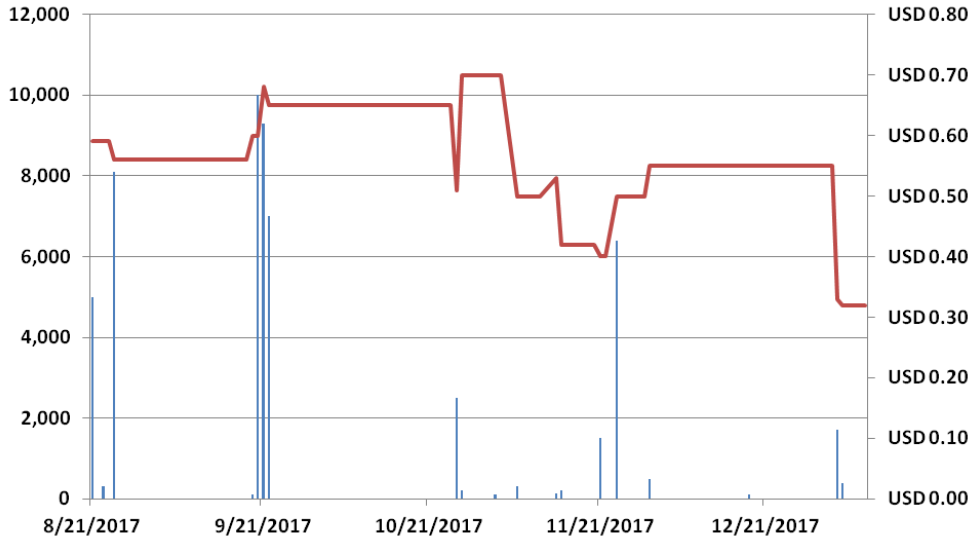
OUTLOOK

Our bullish view on PreveCeuticals Medical is influenced by the Company's plans to bring novel therapeutic compounds to the market at a time when the preventative health care market is entering a period of rapid growth.

Management has demonstrated the ability to garner investor support and raise capital at a critical time in its development agenda, a recognized key to success for any health sciences company. Management has also been successful in securing research and development talent through a strategic relationship with a respected and successful academic institution.

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

STOCK CHART



Source: Yahoo! Finance

INDUSTRY PEERS

- **AcelRX Pharmaceuticals** (ACRX: Nasdaq)
- **BioDelivery Sciences** (BDSI: Nasdaq)
- **Corium International** (CORI: Nasdaq)
- **Cumberland Pharmaceuticals** (CPIX: Nasdaq)
- **Egalet** (EGLT: Nasdaq)
- **GW Pharmaceuticals** (GWPH: OTC/QB)
- **Immune Pharmaceuticals** (IMNP: Nasdaq)
- **Pivot Pharmaceuticals** (PVOTF: OTC/PK)

PIPELINE

Commercial Stage

- *CELLB9* - oral solution of blue scorpion venom

Development Stage

- Concussion Therapy based on peptides in blue scorpion venom

Research Projects

- *Sol-Gel* Delivery System
- Smart RNA Dual Gene Therapy
- Non-addictive Analgesics
- Protein and Peptide Identification

RELATIONSHIPS

- **Samson Pharmaceutical** - manufacturer of *CELLB9* immune system booster
- **UniQuest Pty. Ltd.**, **University of Queensland** - research agreement and technology license
- **Unnamed limited partnership** - licensed supplier of medical cannabis
- **Sports1 Marketing -** joint venture partner in project to develop therapy for treatment of concussion
- **Cornerstone Global Partners, Inc.** - creditor
- **Susan Bond Group** - publicity representative

BUSINESS DESCRIPTION

PreveCeutical Medical is biomedical company focused on preventative health sciences using organic and nature-identical compounds. The Company was recently organized to pursue market opportunities for a novel therapy based on blue scorpion venom. PreveCeutical markets an *CELLB9*, an oral solution of blue 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, among other applications.

In additional to its first commercially available product *CELLB9* the Company has a portfolio of therapy targets at various stages of research and development. PreveCeutical has entered into a development and license agreement with UniQuest Pty Ltd., the commercial arm of the University of Queensland in Australia. Dr. Harry Parekh, who has been appointed PreveCeutical's Chief Research Officer, is leading a team of scientists at the university's Pharmacy Australia Centre of Excellence on each of PreveCeutical's research projects. The agreement gives the Company exclusive license of resulting technologies and provides for royalties to UniQuest from revenue streams.

To facilitate progress through the Uniquest relationship, PreveCeutical will make investments from time to time and make appropriate laboratory equipment available to the research teams. We estimate to date the Company has invested just over CA$900,000 (US$820,000) to support the *Sol-Gel* drug delivery system and blue scorpion venom peptide identification research projects. Additional investment may be needed to support the current objective of developing a formulation of an effective cannabinoid compound for delivery with the *Sol-Gel* system.

MARKET OPPORTUNITY

According to Grand View Research, a healthcare industry research firm, the preventative healthcare technologies market is expected to reach US$432 billion by 2024. There are numerous factors leading to the exceptional 15% compound annual growth rate implied by that forecast. At the consumer level, there is an awareness of the merits of preventative health care to both enhance quality of life as well as reduce the overall cost of healthcare. This is triggered in part by longer anticipated lifespan coupled with a higher incidence of costly chronic diseases. From the provider perspective, advanced technologies in medical screening and monitoring are making it possible to use preventative therapies at earlier disease states rather than simply reacting to more advanced stage and potentially life threatening conditions.

The North America market represents as much as 48% of the global preventative market value. Grandview expects health science companies in the U.S. and Canada are to dominate the world market throughout the forecast period. Supportive government initiatives, high per capita income and establish research and development operations are key regional factors favoring the North America market.

VENOM APPLICATIONS

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

ALTERNATIVE MEDICINE

In 2007, a National Health Interview Survey found that four out of ten adults use some kind of complementary or alternative treatment to conventional medical care. Such therapies include a variety of botanicals, nutritional and organically derived compounds. They can be used along with standard medicines or as substitutes. Integrative medicine is an emerging discipline that combines both standard and alternative medicines.

Few alternative therapies have undergone careful clinical evaluation. To improve safety and efficacy the U.S. National Cancer Institute and the National Center of Complementary and Integrative Health are currently sponsoring dozens of clinical trials that test alternative treatments and therapies.

BLUE SCORPION VENOM

Interest in scorpions for medicinal purposes has a lengthy history. Traditional Chinese medicine uses the entire scorpion of the *Buthus martensil Karsh* species to treat convulsions, spasms and pain. There has been extensive use of scorpion venom in folk medicine for centuries.

The scorpion is a predatory arthropod with more than 1,500 different species around the world. All scorpions possess venom and use it to kill or paralyze their prey so it can be eaten later. It is also used as a defense against enemies. The venom is poisonous in varying degrees, but only a few species are deadly to humans. The venom is secreted and stored in a pair of glandular sacs near the animal's tail.

Scorpion venom is a mixture of compounds, including neurotoxins and enzyme inhibitors. Short-chain toxins are the largest group of potassium channel blocking peptides. These blockers are thought to be potential immune-suppressants for the treatment of autoimmune disorders. Additionally, scorpion venoms have been found clinically important in dermatology, cancer diagnosis and as antimicrobials. According to Memorial Sloan Kettering Cancer Center, preliminary assessments indication the venoms of the *Tityus disrepans*, *Androctonus crassicauda* and *Odontobuthus doriae* scorpion species can inhibit proliferation of human leukemia cells.

Venom from *Rhopalurus junceus*, a rare blue scorpion species found only in Cuba, has also found interest as an alternative medicine. Escozul is a commercial product made by the Cuban company Labiofam from the venom. There is no data from controlled clinical studies for Escozul, but the homeopathic formula was tested on more than 10,000 cancer patients with 'positive results.'

CELLB9

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.

The Company has contracted with Samson Pharmaceuticals, an FDA approved facility, to manufacture *CELLB9*. Samson's California plant follows cGMP quality standards.

The Company has not completed clinical trials on *CELLB9* or the peptides that represent the product's active ingredient. The product is marketed on the basis of testimonials from patients who claim to have benefited from using blue scorpion venom. In the first nine months of 2017, the Company realized sales of *CELLB9* totaling CA$34,394 compared to CA$22,632 in the previous year. A new promotional program is planned to ramp sales growth.

DRUG DELIVERY TYPES

Mucosal

- Buccal
- Sub lingual
- Vaginal
- Rectal
- Nasal
- Ocular
- Gastro intestinal

Transdermal

- Topical gels and lotions
- Reservoir patch

Carrier

- Nanoparticles
- Liposomes
- Microspheres
- Polymeric micelles

Injection

- Intramuscular
- Infusion

CBD Applications

- Pain management
- Control of seizure disorders
- Blood sugar stability
- Anti-anxiety
- Antidepressant
- Anti-psychotic

SOL-GEL TIMETABLE

CHARACTERIZATION

FRACTURATION

FORMULATION - 18 MONTHS

DRUG DELIVERY SYSTEMS

Delivering drug therapies for maximum efficiency and effectiveness is as vital for a pharmaceutical business as it is for patients. Conventional drug administration methods have significant limitations that lead to side effects and failed outcomes. Digestive enzymes in the stomach and intestines reduce the effectiveness of drugs and cause nausea. Patient compliance with therapies dwindle when injections sites become painfully inflamed or if pills are two hard to swallow.

Considerable effort has been put into finding new and more effective, less toxic drug delivery systems. A number of studies have been focused on buccal and nasal mucous membranes as alternative routes of analgesic and anesthetic delivery. Interest in mucosal delivery arises from the fact that nasal epithelium is characterized by relatively high permeability and low enzymatic activity, unlike the stomach and intestines. There is also considerable interest in successfully passing the blood brain barrier. Unfortunately, drugs characterized by low lipid solubility, large molecular size and negative charge are unable to traverse the blood brain barrier. However, when a nasal drug formulation is delivered deep and high enough into the nasal cavity, the olfactory mucosa may be reached and drugs transported into the brain and/or a diseased site in the body.

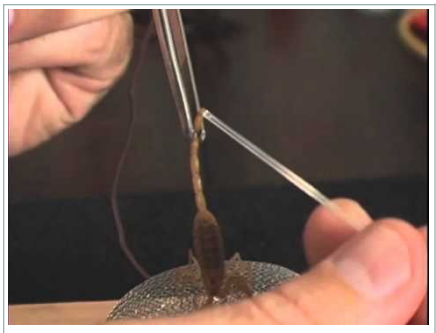
MARKET OPPORTUNITY

The *Sol-Gel* nose-to-brain delivery system has been under development by scientists at the University of Queensland for several years. 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 that has been loaded into the solution. It can remain active for up to seven days.

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 lacks the psychoactive properties of the other well-known cannabinoid, tetrahydrocannabinol or THC, but appears to have value in mediating communications between cells. Importantly, CBD is effective in improving the endocannabindoids already produced naturally by the human body.

Since CBD does not have any psychotropic properties it can be administered in high doses without undesired psychological side effects. However, to this point the primary delivery vehicles have been inhalation of the burning the cannabis plant or consumption of extracts through the stomach, both of which have their own limitations and side-effects.

Management believes the *Sol-Gel* system will be attractive to physicians and patients who want an effective application of CBD without negative side effects. A formulation may be available as early as mid-2019.



PROJECT PHASES

Phase 1

- Identify and separation proteins from venom sources
- Sequencing using one and tow dimensional gel electrophoresis

Phase 2

- Creation of nature identical peptides
- Based on proprietary chemistries
- Large scale automated synthesis

Phase 3

- High-throughput screening
- Range of cancers

BRAIN CANCER

According to the National Brain Tumor Society, there are over one hundred different types of brain tumors. The most common brain tumors are called gliomas that originate in the supportive glial tissues. Glioblastoma multiform is the most common and deadliest of malignant brain tumors. This aggressive disease represents about 15% of all brain tumors. They can begin from normal brain cells or develop from an existing low-grade tumors. Glioblastomas are difficult to treat because they contain many different cell types that respond unevenly to therapies.

VENOM PEPTIDES

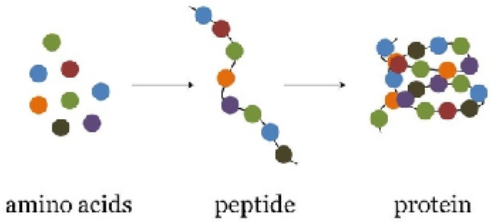
PreveCeutical has initiated a research project aimed at the stabilization of venom from the Carribean blue scorpion, which is the source of peptides used in its first commercial product *CELLB9*. The objective is to create synthetic versions of the active peptides in the venom as a more efficient alternative to milking live scorpions. The research project could also help identify additional therapeutic applications for blue scorpion venom and its active peptides.

The project will be completed in three phases under the direction of the Company's chief research scientists, Dr. Harry Parekh, and the Company's research partner, Uniquest. The first phase will involve the identification and separation of proteins from blue scorpion venom. Then sequencing will be completed using one and two dimension electrophoresis. The first phase is currently underway.

In subsequent work nature identical peptides will be synthesized based on the proprietary chemicals determined in the first phase. Large scale automated synthesis will be undertaken to produce the appropriate peptides in volume. The Company plans to use high throughput screening to evaluate its new proprietary library of peptides developed during phase one across a number of cancers. However, initially PreveCeutical plans to target aggressive brain cancers.

PEPTIDES

Peptides are natural biological or artificially manufactured short chains of amino acid monomers linked by amide bonds. Along with proteins, peptides are fundamental components of cells that carry out important biological functions. Proteins give cells their shape and respond to signals transmitted from the extracellular environment. Certain types of peptides play key roles in regulating the activities of other molecules. While both peptides and proteins are made from amino acids, peptides are smaller than proteins and are less defined.

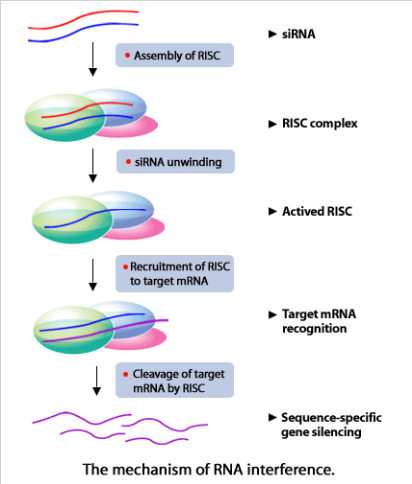


Peptides have been a focus of pharmaceutical research and development because they are highly selective and efficacious signaling molecules that bind to specific cell surface receptors. Peptides are also relatively safe and well tolerated by patients. Peptide therapeutics are thought to require less complex production capacities.

More than 7,000 naturally occurring peptides have been identified. Given an attractive pharmacological profile, peptides represent a good foundation for novel therapies. Naturally occurring peptides are often not directly suitable for use as therapeutics because of inherent weaknesses, including a short life and physical instability. Nonetheless, at least five dozen peptide drugs have reach the commercial market and as many as 140 are currently in preclinical and clinical development.

GENE SILENCING ALTERNATIVES

- Antisense oligonucleotides
- Ribozymes
- RNA interference



The mechanism of RNA interference.

Smart siRNA

Small interfering ribonucleic acids or silencing RNA is a class of double stranded RNA molecules. It 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. Screening with siRNA can be a valuable means of identifying genes involved in biological pathways. Additionally, the ability to specifically silence genes using siRNA has wide therapeutic application.

The use of siRNA in drug therapies begins with the design of siRNAs which can target mRNA of the protein that causes the disease. Then the siRNA is included in a delivery vehicle that can deliver the siRNA to the diseased tissue site.

DIABETES AND OBESITY

Diabetes is a chronic condition that affects the way the body processes blood sugar. In Type 1 diabetes the pancreas produces little or no insulin. However, in Type 2 diabetes the pancreas is functional even if compromised. The impact of the disease goes beyond chronic hyperglycemia. Diabetes is an important cause of mortality and morbidity. The disease is the leading cause of blindness, end-stage kidney disease and loss of limbs due to diabetic neuropathy at the body's extremities.

The number of adults with diabetes in the world increased from 108 million in 1980 to 422 million in 2014. The 29% increase is due in part to an increase in population as well as to an increase in prevalence.

There are many risk factors for diabetes such as age, race, pregnancy, stress, high blood cholesterol, obesity, and genetics. The single most effective predictor of type 2 diabetes is obesity. Nearly 90% of people who have type 2 diabetes are also overweight. The extra weight makes it difficult for the body to use insulin properly, making those individuals susceptible to developing diabetes.

Type 2 diabetes can largely be prevented. Lifestyle changes and weight loss using improved diet and moderate exercise can reduce the likelihood of developing diabetes to 40%.

DUAL GENE THERAPY

Scientists are PreveCeutical's research partner the University of Queensland are working on a dual gene therapy aimed at treating patients at risk of diabetes or obesity. The project is structured to find and deliver an effective siRNA to target genes that implicated in both diseases.

The research program is expected 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. Required laboratory equipment to begin the first phase of the program, including systems for chromatography, protein sequencing, and peptide synthesis, have been installed and commissioned.

The group believes it has overcome a key shortfall in gene silencing research through the use of a non-viral delivery vehicle. Conventional systems rely on viruses to deliver gene silencing therapies. With viruses there are quality control issues as well as limited gene loading capacity. The research team plans to use vectors that are chemically derived from a naturally occurring substance. PreveCeutical's Director of Research, Dr. Harry Parekh, believes the novel carrier system shows particular promise for loading adequate amounts of siRNA and then achieving an easy release of its cargo at the right point.

Through its research partner at the University of Queensland, PreveCeutical will undertake preclinical trials models with mice and then later begin pre-clinical safety and efficacy evaluations. Ultimately, the Company may seek another development partner to take its earliest studies to clinical trials that prove safety, efficacy and effectiveness in humans.

BALANCES

Canadian Dollars	12/31/16	9/30/17
Cash	$ -0-	$0.50
Current assets	$0.20	$1.21
Fixed assets	$0.01	$0.82
Intangible assets	$ -0-	$0.01
Total assets	$0.21	$2.06
Accts. Payable	$0.19	$0.12
Current Liabilities	$0.50	$0.23
Conv. Debt	$ -0-	$2.36
Deficit	($3.25)	($7.79)
Total Equity	($0.30)	($0.53)
Shares Outstanding	45.58	49.09
Warrants/Options	-0-	8.97

Dollars, shares and derivatives in millions

Source: Company Reports and Crystal Equity Research Estimates

CASH AND LONG-TERM ASSETS

PreveCeutical's balance sheet is modest in size with tangible assets representing the largest asset group at CA$824,290 (US$664,543). In August 2017, the Company invested in sophisticated laboratory instruments for use in its research and development program, including systems for chromatography, protein sequencing, and peptide synthesis. The investment valued at CA$655,802 (US$528,708) is now represented on the Company's balance sheet as tangible capital assets.

Current assets also includes CA$599,131 (US$483,019) in prepaid expenses and deposits. The balance sheet item is important in as much as it includes advances to the Company's research and development partner, Uniquest, the development arm of the University of Queensland. At the end of September 2017, the unused portion of the advances was CA$296,627 (US$239,141).

Cash at the end of September 2017, was CA$489,384 (US$394,541). Since the close of the quarter PreveCeutical raised a total of CA$3,283,332 (US$2,646,666) in new capital with closing anticipated in mid February 2018. Based on recent cash usage rates we estimate the Company will have approximately CA$3.2 million (US$2.6 million) in cash at that time.

OPERATING COMPARISONS

Canadian Dollars

As Reported

	9 Mos 16	9 Mos 17
Sales	$0.002	$0.003
Oper. Loss	($1.173)	($2.154)
Net Loss	($1.180)	($4.537)
CFO	($1.220)	($2.929)
LPS	($0.033)	($0.078)

As Adjusted for Non-cash Charges*

	9 Mos 16	9 Mos 17
Sales	$0.002	$0.003
Oper. Loss	($1.173)	($2.154)
Net Loss	($1.180)	($2.182)
CFO	($1.220)	($2.929)
LPS	($0.033)	($0.038)

Dollars in millions; Fiscal year ends December

**Crystal Equity Research Estimates*

CASH USAGE

Operations used a total of CA$2,928,761 (US$2,361,159) in the first nine months of the year 2017. This compares to CA$1,220,419 (US$983,602) in the same period in the previous year. The increase in cash usage was largely due to an acceleration in research and development activity as well as business development efforts related to the Company's blue scorpion venom therapy.

PreveCeutical invested CA$582,480 in various subscriptions and relationships, including CA$296,627 (US$239,141) that was advanced to the Company's research and development partner, UniQuest, to support the *Sol-Gel* and blue scorpion venom projects. As of the end of September 2017, none of the advance to UniQuest had been recognized as an expense.

During the first nine months of 2017, the Company also invested CA$655,803 (US$582,708) in laboratory instruments for use in its research and development program, including systems for chromatography, protein sequencing, and peptide synthesis.

The Company also used CA$229,824 (US$185,285) in cash to pay down accounts payable and accrued liabilities in the first nine months of 2017.

BALANCES

U.S. Dollars	12/31/16	9/30/17
Cash	$ -0-	$0.39
Current assets	$0.15	$0.98
Fixed assets	$0.01	$0.66
Intangible assets	$ -0-	$0.01
Total assets	$0.16	$1.66
Accts. Payable	$0.14	$0.10
Current Liabilities	$0.37	$0.19
Conv. Debt	$ -0-	$1.90
Deficit	($2.42)	($6.28)
Total Equity	($0.22)	($0.43)
Shares Outstanding	45.58	49.09
Warrants/Options	-0-	8.97

Dollars, shares and derivatives in millions

Source: Company Reports and Crystal Equity Research Estimates

EARNINGS COMPARISONS

U.S. Dollars

As Reported

	9 Mos 16	9 Mos 17
Sales	$0.002	$0.002
Oper. Loss	($0.873)	($1.737)
Net Loss	($0.879)	($3.658)
CFO	($0.909)	($2.361)
LPS	($0.025)	($0.063)

As Adjusted for Non-cash Charges*

	9 Mos 16	9 Mos 17
Sales	$0.002	$0.002
Oper. Loss	($0.873)	($2.154)
Net Loss	($0.879)	($1.759)
CFO	($0.909)	($2.361)
LPS	($0.025)	($0.031)

Dollars in millions; Fiscal year ends December

**Crystal Equity Research Estimates*

CAPITALIZATION

PreveCeutical has been financed by a mix of equity and debt. The Company's principals, Stephen and Kimberly Van Deventer, invested in the Company while it was still a privately-held entity. In December 2016, the two extended a total of CA$2.0 million (US$1.5 million) in revolving credit to the privately-held PreveCeutical with an interest rate of 5% and a stock conversion option at CA$0.50 (US$0.37) per common share. A second callable, convertible loan under similar terms was extended in May 2017, by Cornerstone Global Partners, an entity controlled by the Van Deventers, for another CA$1.0 million (US$806,200).

As of September 2017, there was a total of CA$2,511,911 (US$2,025,103) outstanding on the two credit arrangements. The Company has drawn down the full $2.0 million available under the revolving line of credit. A total of CA$450,500 (US$363,193) has been drawn on the second convertible loan, leaving CA$549,500 (US$443,007) in available credit.

Additional capital has been raised by issuing common stock and warrants. In July 2017, one month following the reverse merger of PreveCeutical Medical with the Carrara Exploration public shell company, the new organization completed a private placement of 4,076,000 units composed of one share of common stock and one warrant. The transaction raised a total of CA$2,038,000 (US$1,643,036) in gross proceeds through the issuance of 4,271,200 units composed of one common stock share and one warrant. The warrants are exercisable at CA$1.00 (US$0.81) per common share.

A second private placement in November 2017 and amended in January 2018, will yield CA$3,283,332 (US$2.6 million) in new capital through the issuance of 6.6 units composed of one share of common stock and one-half warrant. The warrants are exercisable at CA$0.75 (US$0.60) per share through February 2019, and are subject to accelerated expiration provisions.

Following the closing of the second private placement in February 2018, we estimate that the Company's *pro forma* share capital will increased to CA$10,219,414 (US$8,238,892) and the deficit has been reduced to CA$4,503,961 (US$3,631,093).

The capital raising efforts have left the Company with potentially diluting effects of conversion and exercise. We estimate there will be approximately 19.2 million options and warrants outstanding. Notably, 4.2 million of the warrants expire in June 2018.There are also convertible obligations that can be converted into 5.2 million common stock shares. Full exercise could bring in an additional CA$10.4 million (US$8.3 million) in new capital to the Company.

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.

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 Company's President is **Kimberly Van Deventer**. She is an experienced entrepreneur with recognition in British Columbia for commercial success. She is the spouse of Stephen Van Deventer.

HISTORY

June 2017 - Reverse merger with Carrara Exploration, a public shell corporation, by privately-held PreveCeutical Medical

June 2017 - Listing on the Canadian Stock Exchange under PREV

July 2017 - Research and option agreement with UniQuest Pty. Ltd., the commercial agency of the University of Queensland; related to research and development of dual-gene therapy strategy

Aug. 2017 - Letter of Intent with Uniquest for development of non-addictive analgesics and peptide library synthesis

Aug. 2017 - Listing on Over the Counter Pink market managed by OTC Markets Group under PRVCF

Aug. 2017 - Joint venture with Sports 1 Marketing to pursue treatment of mild traumatic brain injury (concussion)

Sept. 2017 - Upgrade to Over the Counter QB market

Sept. 2017 - Cannabis supply agreement for *Sol-Gel* research effort

Oct. 2017 - Filing of updated and restated financial statements for June 2017, related to reverse takeover transaction expenses

Nov. 2017 - Permit received to acquire and store cannabis oil and dried cannabis extracts

Jan. 2018 - Private placement of 6.6 million units for CA$3.3 million; composed of one common share and one-half warrant

CAPITALIZATION

Recent Price:	$0.32
Shares Out:	49.1 M
Market Capital:	$15.71 M
+ Preferred Stock	-0- M
+ Conv. Debt	1.91 M
- Cash	0.39 M
Enterprise Val:	$17.23 M
Book Value:	($ 0.43) M
Working Capital:	$ 0.88 M

Balances as of 9/30/17

Excludes impact of US$2.6 million private placement of 6.6 million units of common stock and 3.3 million warrants as amended Jan. 2018

All figures in US Dollars

Source: Company Reports and Crystal Equity Research Estimates

OWNERSHIP

Insiders:	**Common Stock** (in Millions)
S. Van Deventer, CEO	16.97*
S. Rajan, CFO	-0-
M. Jawadekar, CSO	-0-
K. Van Deventer, Pres.	16.17*
H. Parekh, CRD	-0-
G. Reid, Dir.	-0-
N. Coltura, Dir.	-0-
Total Insiders**	23.97
As % of Shares Outstanding	48.8%

**Includes 9.172 million shares held by Cornerstone Global Partners, of which S. and K. Van Deventer are principals*

***Insiders hold warrants and options for an additional 1.81 million shares*

Source: Company Reports and Crystal Equity Research estimates

CRYSTAL | EQUITY RESEARCH

New York, New York

www.crystalequityresearch.com

Phone: 212-400-7519
E-mail: info@crystalequityresearch.com

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