Update Report May 16, 2018

PREV: CN PRVCF: OTC 18H: SG

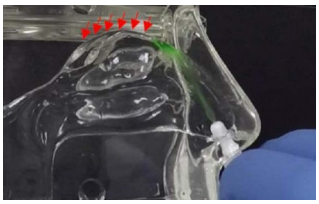
PreveCeutical Medical, Inc.

RECENT ACCOMPLISHMENTS

PreveCeutical Medical is biomedical company focused on preventative health sciences using organic and nature-identical compounds. The Company was initially organized to pursue market opportunities for a novel therapy based on blue scorpion venom, but has since expanded its research and development pipeline to a wide ranging portfolio of compounds and targeted markets.

PreveCeutical has entered into a development and license agreement with UniQuest Pty Ltd., the commercial arm of the University of Queensland in Australia. The Company has exclusive license of resulting technologies and will pay royalties to UniQuest from revenue streams.

The team has delivered important results in each of four projects.



- In our view, PreveCeutical with its partner UniQuest is at the forefront of work on intranasal drug delivery. The innovative *Sol-Gel* nose-to-brain system is expected to help reduce side effects and increase effectiveness of therapeutic compounds. The *Sol-Gel* system loaded with a cannabinoid-based compound has been tested in a nasal cast, successfully demonstrating delivery to and retention of the therapeutic compound at target nasal tissue. UniQuest has recently applied for the use of human tissue to confirm the gel performance.

- In early 2019, two new patent applications have made in Australia for cyclic peptides and their use in pain management. The applications seek to protect recently work completed in the Company's analgesics research program for the development of non-addictive alternatives to opioid pain therapies.

- UniQuest on behalf of PreveCeutical has completed critical work on blue scorpion venom with the objective of improving the commercial viability of this long-used, natural pain and inflammation therapy. In April 2019, the Company announced four lead peptides have been successfully synthesized and identified through cell-based models as effective in inhibiting the target protein implicated in glioblastoma.

- The UniQuest team is developing a gene therapy using smart-siRNAs to target a single gene implicated in both Type 2 diabetes and obesity. As many as 200 gene carrier-and-release constructs have been designed and are being screened for effectiveness in target gene silencing.

MARKET DATA

Price:	$0.04 (5/15/19)
52 Wk Hi-Lo:	$0.20- $0.02
Ave. Volume:	148K
Short Interest:	<1%
Beta:	NA

All Market Data in US$

VALUATION

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

Based on TTM ending 12/31/18

Consensus EPS FY2019: NA

Forward PE: NA

EQUITY SECURITIES

Common Shares Out:	390.2 M
Insiders:	22.2%
Float:	303.6 M
Institutional:	-0-
5% Holders:	-0-
Warrants and Options Outstanding:	215.6 M
Convertible Debt Equivalent Shares:	50.0 M

As of 4/18/19

Source: Company Reports and Crystal Equity Research estimates

Please read the important disclosures on page 10 of this report.

INVESTMENT HIGHLIGHTS

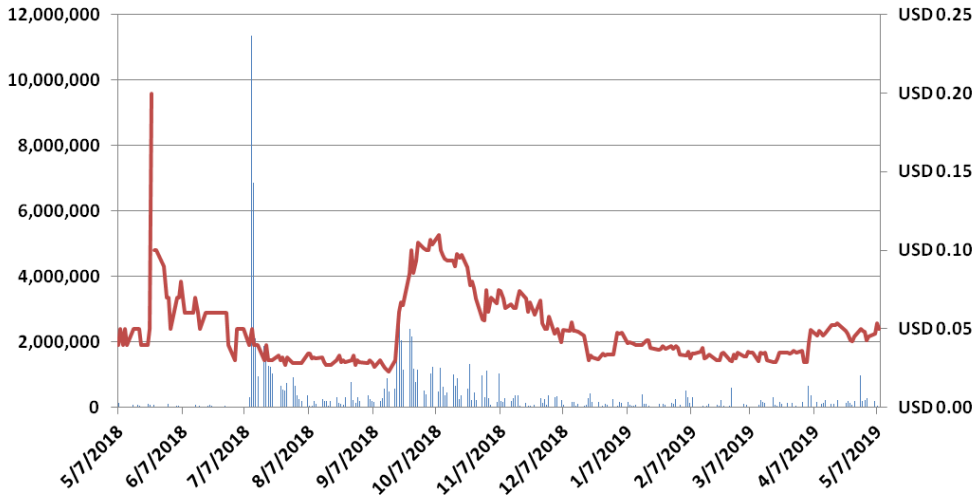
Positives

- Varied portfolio of novel therapeutic compounds and products; opportunity to compete effectively as relatively small biotechnology developer in preventative healthcare market
- Large and growing market for preventative healthcare, valued at US$200 billion by 2023, and growing by 15% annually according to industry analysts at iHealthcare Analyst
- Research and development relationship with established and reputable scientific team at University of Queensland in Australia
- Clear progress in reaching objectives in all four of the Company's research and development projects, resulting in two patent applications related to peptides candidates for non-addictive analgesics and enabling partnership discussions related to a leading edge intranasal drug delivery system
- Recent private placement of common stock and warrants and a revision of an existing loan agreement has provided near-term capital for continuing work on research and development projects

Negatives

- Few barriers to entry for competing health science developers and marketers in already well populated preventative health care market
- 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
- Potential for immediate loss of capital due to wide bid-ask spread and relatively low daily trading volume
- Possible price volatility in unseasoned common stock and derivative securities with limited trading history

STOCK CHART



Source: Yahoo! Finance

OUTLOOK

In our view, shares of PreveCeutical Medical remain deeply undervalued. Research partner Uniquest has made solid progress in each of four research and development projects, achieving goals on time and moving on to next steps. Work on the *Sol-Gel* nose-to-brain drug delivery system is noteworthy as it appears to have put the team at the forefront of what is widely considered a promising delivery innovation for central nervous system therapies.

Notably, our analysis of historic trading patterns in the shares quoted on the Over the-Counter market in the U.S. suggests there may a line of volume-related price resistance at the US$0.11 price level. Since inception of trading through the Over-the-Counter system, the most significant trading volume has occurred at this price level. We also used historic PRVCF prices and the S&P 600 Small Cap Index as a market proxy to calculate a beta or volatility measure just under zero.

Trading volumes have increased over the last six months by approximately 10%, which should ultimately improve price efficiency.

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

RESEARCH PIPELINE

- *Sol-Gel* Drug Delivery System
- Dual Gene Therapy targeting obesity and diabetes
- Nature Identical Protein and Peptide Identification
- Disulfide Linker Technology

DEVELOPMENT STAGE

- Concussion Therapy - based on peptides in blue scorpion venom

- Cannabidiol isolate

PRODUCTS

Licensed

- *CELLB9* - Caribbean Blue Scorpion Venom

- *Blissful Sleep* - herbal sleep aid based on hops and valerian root

- *Blissful Sleep Ex* - herbal sleep aid based on hops and valerian root

- *Skullcap Serenity* - herbal sleep aid and anxiety relief based on skullcap leaves

BUSINESS DESCRIPTION

PreveCeutical is an early stage life sciences company with a focus on compounds using natural substances for health and wellness products. The Company has licensed a clutch of natural health products for sleep, pain and anxiety treatment, including a commercially-proven blue scorpion venom solution. PreveCeutical intends to bring these unregulated products to market to generate revenue in the near-term that could be used to financial corporate activities as well as research and development work on additional compounds.

Through its research partner UniQuest Pty., Ltd., the commercial arm of the University of Queensland in Australia, the Company is pursuing an ambitious drug research pipeline. Dr. Harry Parekh, PreveCeutical's Chief Research Officer, is leading a team of scientists at the university's Pharmacy Australia Centre of Excellence and coordinating work with additional research affiliate such as Murdoch University in Australia. The arrangement gives the Company exclusive license of resulting technologies and provides for royalties to UniQuest from future revenue streams when the projects reach commercial stage.

The most advanced project in the development program is the *Sol-Gel* drug delivery system originated at UniQuest. The *Sol-Gel* nose-to-brain approach is potentially helpful in reducing side effects and increasing drug effectiveness. Cannabinoids are the first compounds under testing.

Additional projects in the pipeline are similarly aimed at using naturally derived compounds to treat diseases with large patient populations.

- 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
- Peptide library using the University of Queensland proprietary 'disulfide linker' technology licensed by PreveCeutical Medical.

STRATEGIC RELATIONSHIPS

- **UniQuest Pty. Ltd.**, **University of Queensland** - research agreement and technology license encompassing selected therapeutic targets for anxiety, pain, obesity, and diabetes
- **Asterion Cannabis, Inc.** - licensor of natural health products, including three natural sleep aids that meet requirements of European Pharmacopoeia and Health Canada
- **Samson Pharmaceutical** - manufacturer of *CELLB9* immune system booster based on blue scorpion venom
- **Aurora Cannabis** - licensed supplier of medical cannabis for pharmaceutical research
- **Sports1 Marketing** - joint venture partner in developing therapies for brain concussion

NOSE-TO-BRAIN

The nasal cavity has emerged as an alternative route for delivering drugs to the brain. The objective of intranasal drug delivery is to reach the central nervous system along the olfactory and trigeminal neural pathways, which are in direct contract with both the outside environment and the central nervous system.

Administration of therapeutic compounds via the intranasal route offers clear advantages over systemic drug delivery.

- The intranasal path is direct to the brain via the olfactory cavity.
- Overcomes blood-brain barrier to increase concentrations of therapeutic compound in affected areas of the brain.
- Rates of absorption are comparable to intravenous injection.
- Placing the drug in the olfactory bulb increases availability of the therapeutic compound in the brain.
- The intranasal route helps reduce degradation of the drug active ingredients.

That said, there are limitations to drug permeation through the nasal mucosa. Although there is less wastage compared to the systemic route, the compound could an get caught up in the mucus and expelled through sneezing or coughing.

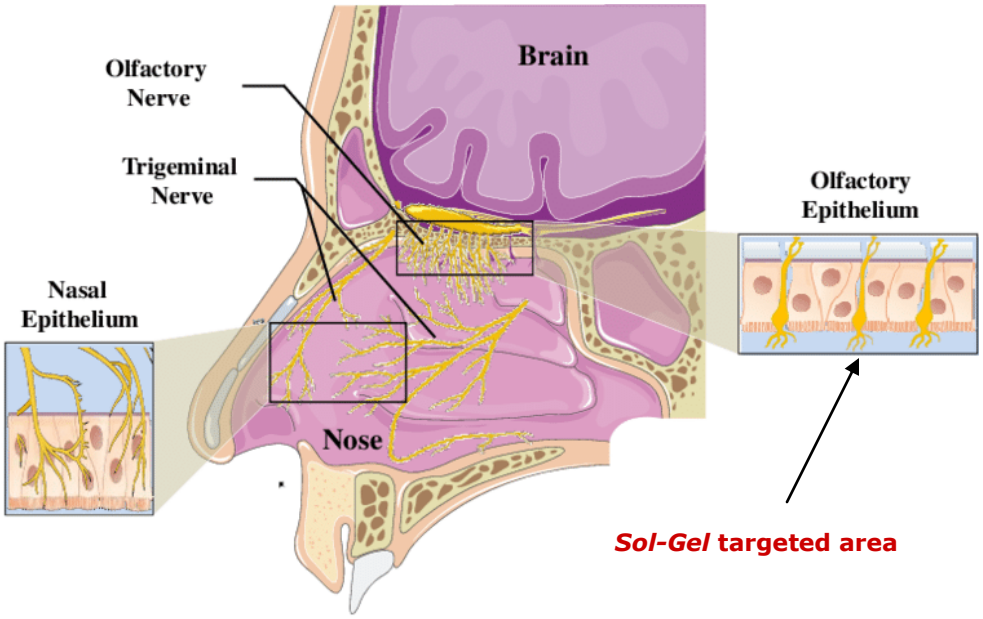
SOL-GEL DRUG DELIVERY SYSTEM

PreveCeutical's partner Uniquest has made progress with a highly innovative drug delivery technology called the *Sol-Gel* system. It is designed to deliver a therapeutic compound through the nasal cavity 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 therapeutic compound to the cells in the olfactory cavity. The solution can remain active for up to seven days, reducing one of the few potential drawbacks of intranasal drug delivery.

The *Sol-Gel* system loaded with a cannabinoid-based compound has been tested in a nasal cast, successfully demonstrating delivery to and retention of the therapeutic compound at target nasal tissue. Additionally, UniQuest has been testing alternative spray devices. UniQuest has also applied to the Human Ethics Committee of a Queensland hospital to use human tissue for the next stage of work on the *Sol-Gel* system.

These accomplishments might make the PreveCeutical-Uniquest team a strong partner for other pharmaceutical and biotechnologies companies PreveCeutical recently announced it was commencing exploratory discussions with potential development partners.

In our view, this puts PreveCeutical in the forefront of work on nose-to-brain drug delivery. Our field survey suggests there is considerable work being done in various markets on nose-to-brain drug delivery methods. In addition to the work underway by PreveCeutical's partner Uniquest, there appears to be growing interest at the university level in intranasal drug delivery, particularly for dementia treatments. While most of the work is at a preclinical stage, at least one compound has been approved for intranasal delivery, sumatriptan nasal powder. Marketed as Onzetra Xsail by Avanir Pharmaceuticals, the compound is aimed at treating migraine headaches.



OBESITY

Obesity, or the excessive accumulation and storage of fat on the body, is one of the most significant risk factors for developing diabetes. Thus weight reduction is a critical element in preventing and treating diabetes.

Orlistat is the only drug so far approved specifically for obesity treatment. It is a gastrointestinal lipase inhibitor that blocks 25% of fat in a meal. Side effects are numerous.

Weight neutral anti-diabetics such as metformin and DPP-4 inhibitors can also be used to help obese patients. Additionally, new anti-diabetic drugs called SLGT inhibitors can block glucose absorption in the kidney. Studies to date have not shown consistent weight reduction effects.

DIABETES

Nearly every country in the world has experienced an increase in obesity and diabetes in recent years. Diabetes is a disease where a person's pancreas does not produce insulin or has an impairment in responding to insulin. This results in abnormal metabolism of carbohydrates and elevated levels of glucose in the blood and urine. Diabetes doubles the chances of dying prematurely and leads to debilitating complications from cardiovascular disorders and cancer.

Diabetes is a chronic condition for which there is no known cure. Many individuals must monitor blood glucose levels several times a day with a blood sample and measurement devices. A patient with Type I diabetes, when the pancreas produces no insulin, must administer insulin daily for life. For patients that still produce some but not enough insulin or who do not process insulin well, there are insulin therapies that are combined with diet, exercise and other medications.

In a report published in early 2018, the International Diabetes Foundation estimated that 382 million people around the world have diabetes. According to Statistica, China has the highest number of diabetics worldwide at about 114 million people. India and the United states follow in second and third places with 72.9 million and 30.2 million diabetes suffers, respectively. The American Diabetes Association estimates the economic cost of diabetes in the U.S. alone was near $327 billion in 2017, revealing the high stakes of this scourge.

GENE THERAPY

Neither obesity nor diabetes patients appear to have yet received long-lasting curative or even adequate treatment options. PreveCeutical Medical and its research and development partner UniQuest are addressing the large and growing markets of obesity and diabetes with gene therapy. The technique uses genes to treat and prevent disease. Anew gene can be introduced to the body to help fight a disease. Alternatively, mutated or damaged genes can be replaced with a healthy copy or simply inactivated through a technique called gene silencing. Although still a relatively new approach to treating and curing disease, at least sixteen gene therapies have been approved by the Office of Tissues and Advanced Therapies (OTAT) of the U.S. Food and Drug Administration (FDA).

Under PreveCeutical's sponsorship, UniQuest is developing a gene therapy using smart-siRNAs to target a single gene implicated in both Type 2 diabetes and obesity. A gene carrier will deliver and release the smart-siRNA at target cells. The research team has already designed as many as 200 gene carrier-and-release systems. These alternatives are being screened to determine which could be the most effective for gene silencing. Screening has also begun of first-generation siRNA sequences against a pharmaceutical agent called PTP1B used to study the treatment of various diseases. This particular pharmaceutical agent is encoded by the gene PTPN1, which is associated with Type 2 diabetes and obesity.

The team has engaged Murdoch University researchers to assist in the gene therapy project. In particular, the Murdoch team is researching earlier work by other researchers to avoid intellectual property conflicts. More than 150 gene sequences related to PTP1B have been found that contrast with those already reported by other researchers, providing the PreveCeutical team with wide latitude in future work.

SCORPION VENOM PEPTIDES

UniQuest on behalf of PreveCeutical has made considerable progress in work on blue scorpion venom with the objective of improving the commercial viability of this long-used, natural pain and inflammation therapy. It is costly and time consuming to harvest natural blue scorpion venom. Lower-cost synthetic equivalents can be equally effective and therefore better commercial candidates than the natural venom. Additionally, the isolated peptide can be better incorporated in a therapeutic compound. In particular, the Company is targeting brain cancer treatments.

Accordingly, UniQuest has undertaken a research program to identify the active compounds or peptides in the blue scorpion venom. The peptides were then sequenced using gel electrophoresis, which is a laboratory technique to separate proteins in the venom by size. UniQuest has also completed computational models with at least 70 different venom peptides with constructs targeting brain cancer. The 70 peptides have been winnowed down to 13 peptides that show promising structural traits and affinity for the target. Each venom peptide has now been successfully synthesized and purified for use in further research.

In the current and final phase of the research project, each venom peptide will undergo screening to identify their potential in treating brain cancer. The objective is to ultimately move forward with a panel of highly potent synthesized blue scorpion peptides into a cell-based model of the disease. Such cell-based models use mathematical simulation as stand-ins for biological cells and help move pharmaceutical research forward cost effectively and efficiently. In April 2019, the Company announced that four lead peptides have been identified as effective in inhibiting the target protein implicated in glioblastoma.

NON-ADDICTIVE ANALGESICS

PreveCeutical Medical and its research partner UniQuest are pursuing work on a protein-based analgesic compound. UniQuest is using its disulfide linker technology to expedite the engineering of pain relieving peptides to target human nervous system opioid receptors. About 50 out of the larger library of peptides have been selected for further research. In January 2019, two patent applications were filed in Australia to protect the cyclic peptide targets and their use in pain relief.

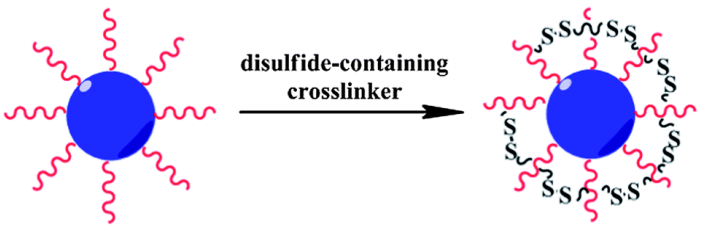
There are numerous treatment alternatives for chronic or intense pain, ranging from over-the-counter remedies to prescription drugs to mind/body techniques such as acupuncture or massage. Despite the variety available to pain suffers, there remain unmet needs in pain management.

Indeed, one class of pain drugs called opioids have received considerable attention for widespread abuse. A non-profit health research institute, Altarum, reported in early 2018 that abuse of opioids cost the U.S. economy of $1 trillion from 2001 and 2017. Replacement with more effective but less benign pain therapy could be valuable for patient and community alike.

DISULFIED LINKER TECHNOLOGY

In early January 2018, PreveCeutical Medical licensed a proprietary disulfide linker system from UniQuest and the University of Queensland for use in various research and development projects. The UniQuest team is using this technology in a program to engineer cyclic peptides for use as non-addictive analgesics.

Therapeutics against cancers and other diseases often are toxic to the cells around the affected area or they trigger an immune response. Furthermore, some compounds are only effective for a short period of time. To overcome these shortcomings, synthetic polymers and antibodies are attached to the compound. This enables better targeting and time release of the payload drug upon exposure to particular chemical environment such as cancer cells. Disulfied-based chemistries help efficiently attach the polymers for optimum results.



BALANCES

Canadian Dollars	12/31/17	12/31/18
Cash	$ 0.10	$ 0.10
Current assets	$ 1.37	$ 1.37
Long-term assets	$ 1.20	$ 0.53
Intangible assets	$ 0.30	$ 0.30
Total assets	$ 2.60	$ 1.90
Accts. Payable	$ 0.20	$ 0.54
Current Liabilities	$ 0.30	$ 1.14
Conv. Debt	$ 2.64	$ 3.04
Deficit	($10.48)	($21.63)
Total Equity	($ 0.34)	($ 2. 29)
Shares Outstanding	245.5	390.2
Warrants/Options	74.7	200.6

Dollars, shares and derivatives in millions

Source: Company Reports and Crystal Equity Research Estimates

CASH BALANCES

PreveCeutical Medical ended the year 2018 with CN$64,329 (US$47,790) in cash compared to CN$104,478 (US$77,617) a year ago. Working capital declined to CN$194,510 (US$144,501) from CN$1.1 million (US$820,000) a year ago. The dramatic decline working capital is due largely to the inclusion in current liabilities of CN$607,978 (US$451,667) in convertible debt due within the year. We note that since end of fiscal year 2018, the Company successfully renegotiated the term of the convertible debt to March 2020. Excluding the short-term portion of the convertible debt from current liabilities, working capital at the end December 2018, would have been significantly higher at CN$802,488 (US$596,168).

The Company used total CN$7.6 million in cash (US$5.7 million) to support operations during the year 2018. This compares to CN$4.3 million (US$3.2 million) cash used in 2017. Cash usage was considerably lower than the reported net loss due to the inclusion of CN$6.2 million (US$4.6 million) in non-cash expenses and charges in the net loss. The most significant non-cash items were CN$2.8 million (US$2.1 million) for the impairment of marketing and promotional contracts and CN$1.6 million (US$1.2 million) related to convertible debt.

OPERATING COMPARISONS

Canadian Dollars

As Reported

	12 Mo 2017	12 Mo 2018
Sales	$ 0.02	$ 0.02
Oper. Loss	($ 4.49)	($ 6.99)
Net Loss	($ 7.23)	($11.88)
CFO	($ 4.39)	($ 7.57)
LPS	($0.032)	($0.037)

As Adjusted for Non-cash Charges*

	12 Mo 2017	12 Mo 2018
Sales	$ 0.02	$ 0.02
Oper. Loss	($ 3.16)	($ 5.67)
Net Loss	($ 3.16)	($ 5.70)
CFO	($ 4.39)	($ 7.57)
LPS	($0.013)	($0.006)

Dollars in millions; Fiscal year ends December

**Crystal Equity Research Estimates*

OPERATIONS

Product sales totaled CN$15,452 (US$11,479) compared to CN$22,234 (US$16,518) in the previous year. Since the end of fiscal year 2018, sales of *CELLB9* blue scorpion venom solutions have been discontinued. We expect no further product sales until the Company resume sale of *CELLB9* and/or begins sales of its licensed herbal sleep aid products.

Operating expenses in the year 2019, totaled CN$7.0 million (US$5.2 million) compared to CN$4.5 million (US$3.3 million) in the previous year. The increase was due largely to the increase in spending on research and development activities to CN$2.4 million (US$1.8 million). The year 2018 represented the first full year of the Company's research and development contract with UniQuest. In the year 2018, the Company included CN$442,820 (US$328,970) in research and development expenses for medical cannabis purchased by a supplier in Canada and used by UniQuest in testing the *Sol-Gel* nose-to-brain drug delivery technology.

Total operating expenses for the year 2018 included CN$1.3 million (US$970,000 million) in non-cash charges. Excluding such charges, the operating loss would have been CN$5.7 million (US$4.2 million).

BALANCES

US Dollars	12/31/17	12/31/18
Cash	$0.07	$ 0.07
Current assets	$1.01	$ 0.99
Long-term assets	$0.89	$ 0.50
Intangible assets	$0.02	$ 0.02
Total assets	$1.92	$ 1.41
Accts. Payable	$0.15	$ 0.40
Current Liabilities	$0.23	$ 0.85
Conv. Debt	$2.00	$ 2.25
Deficit	($7.76)	($16.01)
Total Equity	($0.26)	($ 1.69)
Shares Outstanding	245.5	390.2
Warrants/Options	74.7	214.6

Dollars, shares and derivatives in millions

Source: Company Reports and Crystal Equity Research Estimates

EARNINGS COMPARISONS

US Dollars

As Reported

	12 Mo 2017	12 Mo 2018
Sales	$0.01	$0.01
Oper. Loss	($3.32)	($5.17)
Net Loss	($5.35)	($8.79)
CFO	($3.25)	($5.60)
LPS	($0.02)	($0.03)

As Adjusted for Non-cash Charges*

	12 Mo 2017	12 Mo 2018
Sales	$0.01	$0.01
Oper. Loss	($2.34)	($4.20)
Net Loss	($2.34)	($4.22)
CFO	($3.25)	($5.60)
LPS	($0.01)	($0.00)

Dollars in millions; Fiscal year ends December

**Crystal Equity Research Estimates*

CAPITALIZATION

PreveCeutical Medical has been capitalized with a mix of common stock and debt. Although successful in raising capital, in our view, the Company continues to be capital constrained. We note the Company's auditors included a note related to the ability of the Company to continue as a going concern.

At the end of December 2018, the total shareholder value was a deficit of CN$2.3 million (US$1.7 million) compared to CN$344,340 (US$255,500) a year ago. The shareholder deficit deepened due to an increase in the total retained deficit to CN$21.6 million (US$16.0) compared to CN$10.5 million (US$7.8 million) at the end of the previous year. The increase in retained deficit is largely attributable to the reported net loss in the year 2018.

The retained deficit was offset in part by increases in share capital through the sale of common stock and the issuance of common stock for employee compensation. A total of 131.9 million shares were issued during the year, raising CN$6.7 million (US$5.0 million). Another 2.2 million shares were issued in lieu of cash for payment of services and 10.4 million shares were issued to cover share issuance costs and debt conversion. Total recorded value for common stock issuance in the year 2018, was CN$12.9 million (US$9.6 million).

It is noteworthy that one-time non-cash charges related to financing activities increased the net loss in 2018. The Company recorded a charge of CN$1.6 million (US$1.2 million) following the modification of the Company's various convertible debt agreements. In April 2018, the conversion price was amended from CN$0.10 per share to CN$0.06 per share, triggering the charge. The Company also recorded a CN$2.8 million (US$2.1 million) non-cash charge for the impairment of pre-paid marketing and promotion contracts that had to be terminated for non-performance. The Company is pursuing legal action against the counterparties, who were also investors in the Company, and may eventually receive compensation.

Since the close of the fiscal year 2018, the Company has taken steps to raise additional capital or otherwise improve its balance sheet. In February 2019, the Company sold 6.1 million shares of common stock and warrants at CN$0.05 for a total of CN$305,000 (US$226,310).

The Company is also managing the timing of future cash payments. In December 2018, there was CN$607,978 (US$451,120) in convertible debt included in current obligations and CN$3.0 million (US$2.2 million) in long-term liabilities. The lenders, current and former employees of the Company, have agreed not to forego payment until January 2020.

MANAGEMENT AND DIRECTORS

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. Van Deventer is also Chairman and Chief Executive Officer of Asterion Pty. Ltd., which plans to grow cannabis and develop cannabis-based product. PreveCeutical and Asterion have recently entered into a joint venture agreement related to cannabis-related therapies.

Shabira Rajan is the Chief Financial Officer. She has over twenty years experienced in accounting and 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. In February 2019, we was also appointed President, replacing Stephen Van Deventer. 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 affiliated with 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, including coordinating work undertaken by affiliate research groups.

In late October 2018, the Company appointed **Paget Hargreaves** as Director and Secretary of PreveCeutical Australia Pty. Ltd., following the resignation of Maher Khaled who had held the position from the date of inception earlier in the year. Hargreaves is also a senior officer of Asterion Pty. Ltd., with which the Company has entered into a joint venture agreement for development of cannabinoid-based products.

LEGAL ACTION

PreveCeutical Medical has taken legal action in Canadian courts against several investment and consulting companies known collectively as Bridgemark Group for breach of contract and fraudulent misrepresentation, among other infractions. The action stems from agreements for consulting work connected to approximately $4.0 million in private placements completed in early 2018.

The action was a civil claim filed in December 2018 with the Supreme Court of British Columbia. The amount of the claim was not disclosed.

Since the civil claim was made, the court awarded PreveCeutical Medical a default judgment against three of the named defendants. The court has not finalized the amount of damages and costs that could be awarded to the Company. Claims against other members of the Bridgemark Group are still pending and management has indicated they will continue to pursue the civil case against the rest of the individuals and companies that have been named in the suit.

CAPITALIZATION

Recent Price:	$0.04
Shares Out:	390.2 M
Market Capital:	$15.61 M
+ Preferred Stock	-0- M
+ Debt	3.65 M
- Cash	0.06 M
Enterprise Value:	$19.20 M
Deficit:	($2.29) M
Working Capital:	$ 0.19 M

Balances as of 12/31/18

All figures in US Dollars

Source: Company Reports and Crystal Equity Research Estimates

OWNERSHIP

	Common Stock (in Millions)
Insiders:	
S. Van Deventer, CEO	86.5*
S. Rajan, CFO	-0-
M. Jawadekar, CSO	-0-
H. Parekh, CRD	-0-
G. Reid, Dir.	-0-
N. Coltura, Dir.	-0-
Total Insiders**	86.5
As % of Shares Outstanding	22.2%

**Includes 45.7 million shares held by Cornerstone Global Partners, of which S. Van Deventer is a principal*

***Insiders hold warrants and options for an additional 9.1 million shares*

Source: Company Reports and Crystal Equity Research estimates

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