

## Nymox Pharmaceutical Corp. (NASDAQ: NYMX)

### COMPANY PROFILE

Nymox Pharmaceutical Corporation ([www.nymox.com](http://www.nymox.com)), headquartered in Hasbrouck Heights, New Jersey and in Montreal, Canada, is a diversified biopharmaceutical research and development company with an extensive portfolio of patented technologies for proprietary therapeutic and diagnostic products targeting primarily the unmet medical needs of the aging population. In the recent months, the Company has finalized multi-center Phase II clinical studies of an advanced drug candidate for the treatment of benign prostatic hyperplasia (BPH), an enlarged prostate condition highly prevalent among elderly men. The Company is currently actively seeking strategic partnership relationships with major pharmaceutical firms. The Company currently markets proprietary diagnostic products for Alzheimer's disease (AD), a neurodegenerative affliction of at least 15 million aging people around the world, and test kits for tobacco use or exposure. Its diagnostic test called *AlzheimAlert™* is the only commercially available non-invasive urine test for AD. *AlzheimAlert™* is provided through doctors in the U.S. via the Company's clinical reference laboratory in northern New Jersey, in U.K. through a partnering lab, and in a kit version in Europe. In addition, the Company has several promising patent-protected breakthrough programs to develop treatment for AD, including technology to target spherons, dense proteins believed to cause senile plaques, as well as to use statins, widely available cholesterol-lowering drugs appearing to inhibit inflammatory microglia and otherwise combat disease symptoms. Based on proprietary technology, the Company produces *NicAlert™*, a medical-setting urine or saliva test strip for rapid on-site non-invasive detection of tobacco use or exposure and an over-the-counter second-hand smoke nicotine test named *TobacAlert™*, used in non-medical settings, including population studies, second-hand smoke detection programs, corporate healthcare or athletics. Furthermore, the Company's portfolio of several hundred worldwide patents and patent applications also includes several antibacterials, with a disinfectant against E.coli food contamination nearing final preparation stages before regulatory approval is sought and commercialization. Trading on NASDAQ Capital Market under the symbol NYMX, the Company is capitalizing on its over-decade-long research, emerging as a leader in diseases of the aging population.

NYMOX PHARMACEUTICAL CORP  
 as of 20-Jul-2007



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CURRENT PRICE: \$5.19  
 52-WEEK RANGE: \$2.47 - \$7.50  
 AVG DAILY VOLUME (90-DAY): 74,245  
 FLOAT: 15.0 million  
 OUTSTANDING SHARES: 28.7 million  
 MARKET CAP: \$149.9 million

### HIGHLIGHTS

- ◆ Completed Phase II clinical trials for a proprietary Benign Prostatic Hyperplasia drug candidate demonstrating reduction in prostate volume and improvement in American Urology Association (AUA) Symptom Score exceeding results published for most currently approved drugs, as well as confirming excellent safety and side-effects profile
- ◆ Global patents for application of statins, the biggest-selling prescription drug category, for treatment of Alzheimer's Disease
- ◆ Revenue producing diagnostic products: *AlzheimAlert™*, *NicAlert™* and *TobacAlert™*

### BPH TREATMENTS MARKET PROFILE

- ◆ Global BPH treatments market grew 12% in the 12-month period ending June 2005, reaching nearly \$4 billion, according to IMS *Global Insights* analysis
- ◆ The U.S. BPH treatments market was estimated to reach \$3.4 billion in 2011, according to an October 2005 *U.S. Benign Prostatic Hyperplasia Markets* report by Frost & Sullivan
- ◆ Boehringer Ingelheim's global fiscal 2006 sales of *Flomax®*, a leading BPH treatment, grew 27.8%, reaching an estimated \$1.2 billion and gaining a blockbuster status, according to IMS

### STOCK CHART

The NYMX stock has advanced throughout the last twelve months from a level of under \$3.00 to a high of \$7.50 last May, propelled by favorable announcements of its clinical trials progress of the NX-1207 treatment for benign prostatic hyperplasia and anticipation of a significant licensing partnership with a major pharmaceutical firm for this drug. The shares consolidated in the past month, trading between \$5 and \$6 on relatively low volume. Continued near term milestone achievements could potentially catalyze another demand surge, advancing the shares to surpass highs reached in May 2007.

## BPH DRUG DISCOVERY

The Company has a flagship NX-1207 drug candidate for the treatment of benign prostatic hyperplasia (BPH), also known as benign prostatic hypertrophy, in men.

**Market** BPH, a nonmalignant enlargement of the prostate gland caused by an increase in cellular growth, afflicts approximately half of men over age of 50 and close to 90% of men by the age of 80. The disorder causes difficulties with urination associated with aging, such as urination at night, urge to void frequently, hesitancy, weak stream, and other problems.

**According to IMS, a leading international provider of market research, various BPH treatments generated almost \$4 billion in sales globally in the 12-month period ending June 2005, growing 12% annually.** In a subsequently published October 2005 *U.S. Benign Prostatic Hyperplasia Markets* analysis by Frost & Sullivan, the BPH treatment market was estimated to reach \$3.40 billion in 2011 in the U.S. alone. BPH symptoms are most commonly treated with alpha blockers, or alpha-1 receptor antagonists, such as tamsulosin hydrochloride, which IMS estimated to account for half of the global BPH treatment market as of June 30, 2005. Tamsulosin is marketed primarily by Boehringer Ingelheim as *Flomax*®, under a license from Astellas Pharma Inc., which also markets the drug as *Harnal*®. IMS Research reported that Boehringer Ingelheim's global fiscal 2006 sales of *Flomax*®, including its several international names such as *Alna*® and *Pradif*®, grew 27.8%, reaching an estimated \$1.2 billion and gaining a blockbuster status. Other popular BPH treatments include other alpha blockers, such as Abbott Laboratories' terazosin (*Hytrin*®), Pfizer's doxazosin (*Cardura*®) and Sanofi-Aventis' alfuzosine (*Xatral*®), as well as hormonal therapies based on 5-alpha-reductase inhibitors, such as Merk's finasteride (*Proscar*®) and GlaxoSmithKline's dutasteride (*Avodart*®).

**Research** The Company has demonstrated highly significant enduring efficacy of its proprietary BPH drug, without significant adverse side effects or safety problems, comparing favorably with most currently approved treatments. **Having filed an Investigational New Drug (IND) application with the FDA in 2003, the Company has successfully completed three trials, including a most recent Phase II clinical study at forty three clinical sites across the U.S.** In this 3-month study, patients treated with NX-1207 showed a mean improvement of 9.4 points in American Urology Association (AUA) Symptom Score, a standard 35-point scale used to evaluate BPH drugs and treatments based on patient ques-

tionnaire of seven questions relating to frequency of problems with urination such as urgency, starting and stopping, straining, poor flow rate, incomplete emptying of the bladder and getting up at night to urinate, or nocturia. Subjects treated with NX-1207 also showed an overall statistically significant reduction in mean prostate volume, without resulting in any serious side effects and particularly the commonly associated sexual side effects of other BPH treatments, such as erectile dysfunction, loss of libido and chemical castration.

This spring, the Company also announced the completion of a 42 month follow-up study of NX-1207, which evaluated symptomatic progress of patients involved in the Company's two Phase I-II studies initiated in 2003, assessing symptomatic improvement, treatment outcomes and durability of efficacy. Overall, treated patients showed a mean improvement of 8.6 points in the primary outcome endpoint of AUA Symptom Score three and a half years after the treatment, far surpassing 3.5 to 5 points increases reported in published studies of other available drugs, which, unlike NX-1207 treatment, usually require uninterrupted, daily administration to be effective. 50% of these patients reported no additional treatment for the BPH during this period and had a mean improvement of 10.0 points in AUA Symptom Score. In fact, **NX-1207 appears not only superior to other available drugs, but seems to achieve comparable long term results to invasive and surgical treatments.**

## ALZHEIMER'S DISEASE PRODUCTS

The Company utilizes its multidisciplinary teamwork, expertise with biomarkers, neuropathology, and proprietary drug screening platforms to generate innovative diagnostic and therapeutic products for Alzheimer's disease (AD).

**Market** AD, a progressive, terminal brain disease marked by an irreversible decline in mental abilities, including memory and comprehension, accompanied by changes in behavior and personality, is the most common cause of dementia in persons 65 years of age and older and is the fourth leading cause of death among the elderly in the U.S. With increasing age being the greatest risk factor, AD afflicts over 10% of population above 65 and about half of those over 85. While the number of Americans aged 65 or over is projected to double by year 2030, American Health Assistance Foundation already reports that approximately 59,000 Alzheimer victims die nationwide and 350,000 new cases are diagnosed each year. According to a study based on the 2000 U.S. Census figures and published in an August 2003 is-

sue of Archives of Neurology, there are 4.5 million people with AD domestically and the figure is expected to increase nearly three-fold by 2050, reaching 13.2 million. The worldwide prevalence of AD, which has been reported by American Health Assistance Foundation at 18 million people, is projected to nearly double to 34 million by 2025. In the U.S., the direct and indirect cost of Alzheimer care to family, caregivers and society in general is estimated at more than \$100 billion annually, while an average lifetime cost per patient is estimated at \$174,000. A team of Swedish scientists from Karolinska Institutet in Stockholm calculated a global direct medical care cost of AD, which reached \$156 billion, exclusive of time and effort provided by a patient's spouse, friends and/or neighbors. As such, according to their presentation at the Alzheimer's Association International Conference on Prevention of Dementia in Washington, D.C. in June 2005, AD is more costly than both cardiovascular disease and cancer put together.

In a 2005 Global Markets for Alzheimer's Disease Medications report, a Toronto-based Millennium Research Group (MRG) estimated the market for AD drug therapy in the U.S., Europe, and Japan to generate revenues exceeding \$3 billion in 2005, with the U.S. accounting for over 60% of the total, or \$1.8 billion. Forecasting growth rates of 15% in these markets, MRG projects the market to reach over \$5 billion by 2009. There are five drugs for the treatment of AD approved by the FDA: tacrine (*Cognex*®), donepezil hydrochloride (*Aricept*®), rivastigmine (*Exelon*®), galantamine hydrobromide (*Razadyne*™, previously known as *Reminyl*®) and memantine hydrochloride (*Namenda*®). These medications, received by about a quarter of Americans diagnosed with AD, offer symptomatic relief for the loss of mental function associated with the disease and possibly help delay the progression of the illness. Other treatments are in development or in the regulatory approval stage. However, there is no cure for the disease and no consensus as to the cause of AD.

Furthermore, as a result of the present costly, time and labor intensive methods of detecting AD, which depend largely on the expertise of the examiner, the illness is under-recognized, especially in primary care settings, where most older patients seek care. A definitive diagnosis of the disease is possible only after the death of the patient by expert, pathologic examination of brain tissue. As treatments become more available, the need for a simple, accurate and convenient test that could detect a biochemical change early in living patients has been often stressed in Surgeon General's Reports. Products that facilitate early diagnosis could not only save lives, but result in significant cost-savings in the form of a reduced num-

ber of office visits, lab tests, scans and other traditional procedures.

**AlzheimAlert™** is a painless, accurate and cost-effective proprietary urine test that aids physicians in the diagnosis of AD. Using a 50-ml first-morning mid-stream sample, a highly sensitive immunoassay measures the level of neural thread protein (NTP), known to be elevated in patients with AD and potentially causing symptoms related to neuronal cell death through apoptosis, impaired mitochondrial function and prominent neuritic sprouting in surviving cells.

There is extensive evidence in scientific literature confirming NTP's accuracy, sensitivity and specificity as an antemortem biochemical marker for AD, and the Company's technology has been clinically proven to yield positive results for over 89% of the patients with verified AD and negative in over 90% of subjects without the disease. **AlzheimAlert™ successfully competes in accuracy with the most widely accepted method of diagnosis for AD, a postmortem histopathologic examination of the brain by a certified specialist, as well as other invasive diagnostic tests measuring levels of the tau protein and amyloid beta peptides in cerebrospinal fluid, such as ADmark® distributed by Athena Diagnostics, Inc.** Moreover, data from peer-reviewed medical specialist journals, including the Journal of Clinical Investigation, Neurology, and Neurology and Clinical Neurophysiology, demonstrates that urinary NTP increases over time in AD patients, providing an opportunity for *AlzheimAlert™* to be used as a tool that monitors progression of the disease.

*AlzheimAlert™* is available to physicians through the Company's CLIA-certified clinical reference laboratory in Hasbrouck Heights, New Jersey at a cost of \$295. The Company provides the necessary specimen container with a pre-paid Fed-Ex shipping package, which can be ordered toll-free at 1-800-93-NYMOX (1-800-936-9669) or on the Company's website at [www.nymox.com](http://www.nymox.com). The turnaround for results is two to four working days from receipt. Since February 2006, the Company also offers *AlzheimAlert™* testing in the U.K., through an agreement with Lab21 Limited, a leading clinical services provider with fully accredited laboratory facilities in Cambridge, England.

In addition, the Company sells a kit version of the *AlzheimAlert™*, which allows for testing of patient samples in a general purpose medical laboratory, increasing the availability and acceptance of the test while lowering its cost to the patient or health care payer. Having received the CE Mark certification in November 2004, the test kits are approved for sale in

the European Union and are currently marketed and distributed in Italy by Alifax S.p.A., Spain by Brainpharma S.L., Greece by B. Carivitis S.A. and the Czech Republic by KlinLab Inc. Recently, the Company entered into an agreement with Kyung Min Meditech Co., Ltd., a medical device distributor based in Seoul, for the marketing and sale of the kit in South Korea. The Company has also applied for regulatory approval of the kit version with the FDA. While an FDA advisory panel initially voted against such approval in July 2005, requesting further studies with long term follow-up and autopsy confirmation, the Company continues its efforts to make the test eligible for sales to laboratories and hospitals in the U.S.

#### AD Treatment Research

The Company is pursuing three proprietary programs focused on development of therapeutics for treatment or prevention of AD. In addition to research related to *AlzheimerAlert™*, which targets NTP and its role in the extensive brain cell loss, the Company holds global patents for the use of spherons, tiny balls of densely packed protein found in brain cells believed to be a source of senile plaques, which in turn play a major role in the cause and course of the disease, as well as statins, common cholesterol-lowering drugs recently linked to reduction of AD incidence. Substantial evidence published in journals such as the Journal of Alzheimer's Disease, Drug News & Perspectives and Alzheimer Reports validates the correlation between the disappearance of spherons in old age with the appearance of amyloid senile plaques, or brain lesions, implicating spherons as a major cause of AD. Scientists believe that, after reaching 5 to 10 microns in diameter in the aging brain, bursting spherons release spherotoxin molecules responsible for cellular damage and biochemical changes instrumental to the symptoms of AD. **The Company plans to file an investigational new drug (IND) application with the FDA for a new anti-spheron drug compound produced and tested in its pre-clinical animal trials.**

Similarly, the potential benefits of statin drug use in the treatment or prevention of AD have been widely recognized in documented clinical research, various scientific publications such as the Journal of Neuroscience Research, Journal of Neurochemistry, Journal of Biological Chemistry, Neurology, Restorative Neurological Neuroscience, Current Opinions in Lipidology, Neuromolecular Medicine, Public Library of Science Medicine, The American Journal of Medicine and The Lancet Neurology, as well as general media over the last several years, including The Wall Street Journal, Los Angeles Times, New York Times, Newsweek and Fortune. Statin drugs are thought to

inhibit inflammatory damage caused by microglia, highly mobile cells of the central nervous system, which collect near plaque deposits. Various recent studies attribute the positive effect of statins on AD to their ability to suppress production of amyloid proteins, increase neurite growth in brain cells by inhibiting geranylgeranylated proteins and translocate brain cholesterol within the plasma membrane, as well as other neuroprotective and bloodflow improving qualities. **Due to its strong patent position, the Company may benefit from AD applications of statins, which as the biggest-selling prescription pill category in pharmaceutical history are estimated by IMS to break \$30 billion in sales in 2007.**

In addition, as part of its active scientific and medical networking activities in international AD research and development, the Company has frequently sponsored an Alzheimer Disease Conference Series in New York, which attracts world-class experts and speakers on a broad range of medical, social, economic and legal issues surrounding the diagnosis and treatment of AD patients.

#### TOBACCO EXPOSURE PRODUCTS

The Company produces and markets two painless, accurate and cost-effective tests that detect the use of and exposure to tobacco products.

#### Market

The U.S. Surgeon General, the Centers for Disease Control and Prevention (CDC), the World Health Organization (WHO) and many other public health organizations have targeted tobacco use as the single most preventable cause of premature death today. At least a quarter of all deaths from heart diseases and about three-quarters of the world's chronic bronchitis are related to smoking. The CDC estimates that cigarette smoking causes over 440,000 deaths annually in the U.S. alone and creates an economic loss of over \$150 billion a year. Although the population of smokers is decreasing, between 80,000 and 100,000 kids worldwide start smoking every day and evidence shows that around 50% of those who start smoking in adolescence continue smoking for 15 to 20 years.

Furthermore, according to a comprehensive report from the U.S. Surgeon General, *The Health Consequences of Involuntary Exposure to Tobacco Smoke*, second-hand smoke or environmental tobacco smoke (ETS), a known class A carcinogen, poses a serious and pervasive health risk to children and adults. Exposure to ETS increases the risk for sudden infant death syndrome, acute respiratory infections, ear problems and severe asthma in children, as well as coronary heart disease, stroke and lung

cancer in adults, with even brief contact immediately adversely affecting a person's cardiovascular system. Statistics in the report reveal that almost 60 percent of children aged 3-11 years, or almost 22 million, are exposed to ETS. Overall, more than 126 million Americans continue to be regularly exposed to secondhand smoke at home, at work and in enclosed public spaces, with approximately 30% of indoor workers not covered by smoke-free workplace policies. Every year, exposure to second-hand smoke causes an estimated 50,000 deaths of nonsmoking Americans, according to the California Air Resources Board. In response to these public health concerns, there has been a growing movement among municipalities and states to ban smoking in the workplace, restaurants and bars and other public places.

Tobacco exposure tests are used in worldwide clinical research, smoking cessation programs, insurance application processes, corporate healthcare cost reduction initiatives, pregnancy and teenager anti-smoking campaigns, athletic team member monitoring and other situations trying to address the challenge to public health systems posed by cigarette smoking and other forms of tobacco use. Furthermore, studies have shown that a significant percentage of health care patients do not always truthfully report their smoking status, even in high risk cases, such as pregnancies, high blood pressure or presence of asthma, in which an accurate determination is particularly important. Although 70% of smokers in the U.S. express a desire to quit, the smoking cessation market offers a lucrative opportunity domestically, as only 2.5% succeed each year, and especially internationally, where the incidence of smoking is even higher than in the U.S.

**NicAlert™ and TobacAlert™** Using noninvasive methods relying on urine and saliva rather than blood serum samples, and at a fraction of the cost of sophisticated laboratory tests, the Company's patented technology reliably detects levels of cotinine, a metabolite of nicotine regarded as the best biomarker for determining tobacco exposure.

The Company's semi-quantitative tobacco tests are capable of detecting very tiny amounts of cotinine as low as several billionths of a gram and have been proven to reliably indicate even second-hand smoke exposure in nonsmokers. The accuracy of the Company's technology has been confirmed in independent studies published in Nicotine & Tobacco Research and Cancer Epidemiology, Biomarkers & Prevention, as well as by researchers at the Centers for Disease Control and Prevention (CDC), who published their findings in the Journal of Analytical Toxicology at the end of 2005. In the CDC study, the urine-based *NicAlert™* measurements correlated well

with far more complex liquid chromatography-mass spectrometry used in the CDC laboratory. Most importantly, the easy-to-use one-step on-site *NicAlert™* procedure does not require any instruments or training and can be completed in a matter of minutes.

**The urine-based *NicAlert™*, the Company's flagship version of the proprietary strip-form nicotine test intended for the medical profession received clearance from the FDA in October 2002.** It is also eligible for sale in the European Union, where the saliva-based version of *NicAlert™* received the CE Mark certification. *NicAlert™* is currently being used in numerous research programs, and is actively promoted around the world, having taken part in stop-smoking marketing campaigns and contest sponsored by public health officials in Switzerland, Canada and the U.S. The Company's distribution partners globally include Adastra Medical Ltd and g-Nostics Ltd in the U.K., RAL Tecnica para el laboratorio S.A. in Spain and Alifax S.p.A. in Italy.

**In September 2004, the Company launched *TobacAlert™*, an over-the-counter saliva version of its nicotine test,** which is now available through drugstore.com, inc. (NASDAQ:DSCM), as well as in bulk through Jant Pharmacal Corporation, a California based company specializing in rapid immunodiagnostic test products for clinical, consumer and workplace applications. With the *TobacAlert™* technology featured in stories in London's Daily Mirror and Sunday Telegraph, New York's Daily News, New York Times, Washington Post and Melbourne's The Sunday Herald Sun, the Company is intensifying its marketing campaign internationally, which for example recently fruited in distribution agreement of the over-the-counter kit by Adastra Medical Ltd, the Company's U.K. partner.

## E.COLI DISINFECTANT AND ANTIBACTERIALS

The Company also has several antibacterials in development, including a potential treatment for E.coli O157:H7 food contamination. Unlike hundreds of *Escherichia coli* bacteria, which commonly live in the intestines of healthy humans and animals, the O157:H7 strain can cause severe bloody diarrhea and abdominal cramps, leading in some cases to kidney failure, particularly in young children and in the elderly, with often serious long term and sometimes fatal results. As such, E.coli O157:H7 contamination of food, drink and water supplies is a major public health problem throughout the world and outbreaks, which can continue spreading through person-to-person contact, remain common. According to a study by Centers for Disease Control and Prevention (CDC), E.coli O157 infection each year in the

U.S. causes over 73,000 illnesses, often with highly serious medical complications, and about 60 deaths.

The market for disinfective food products is driven by consumer concern and government regulatory activities. Despite efforts to improve the safety of the U.S. food supply, a total of 350 E.coli O157 outbreaks spanning 49 states were reported to the CDC from 1982 to 2002, with ground beef ranked as the most common source. Affecting all segments of the meat industry from large meat processors to local supermarkets and many consumers, E.coli O157 contaminations have led to the recall of over a million pounds of frozen ground beef in the U.S. just between August and October of 2005. Currently, the only commonly used meat treatment against E.coli infections is irradiation. The U.S. Department of Agriculture (USDA) estimates the annual direct and indirect costs of food-borne E.coli infections to exceed \$650 million.

**The Company's NXC-4720 antibacterial technology, which was shown to successfully retard E.coli growth and clear contamination of meat products by over 99% in controlled trials, has a potential to address the problem of E.coli contamination at various stages in the food production chain.** The Company appears to have completed its pre-marketing studies through research collaborations such as with Health Canada's Laboratory for Foodborne Zoonoses in Guelph, Ontario, an institution with world-class researchers and facilities. Currently, the Company plans to proceed into the regulatory pathway, which requires USDA approval before product launch.

Other antibacterial research for potential products includes agents for urinary tract infections, and for staph and strep infections.

## COMPETITION

The modern pharmaceutical industry is characterized by rapidly evolving technology and intense competition. Due to the unmet need for effective treatment for AD, there has been an intense research effort among major pharmaceutical, diagnostic, chemical and biotechnology companies, as well as academic institutions, government agencies and other public and private research organizations. Currently, the Company competes in the field of AD diagnosis with Athena Diagnostics, Inc., Synapse Technologies, Inc. and NeuroLogic, Inc., which produce various blood, enzyme and cellular tests. In the field of AD therapeutics, the Company competes with companies that already produce short-term symptomatic relief drugs, such as Pfizer, Inc. (NYSE: PFE), Novartis AG

(NYSE: NVS) or Janssen Pharmaceutica, a subsidiary of Johnson & Johnson, Inc. (NYSE: JNJ), as well as other biotech and pharmaceutical companies involved in research and development of preventive and therapeutic products for AD such as Cortex Pharmaceuticals, Inc. (AMEX: COR), Neurochem, Inc. (TSX: NRM), Amgen, Inc. (NASDAQ: AMGN) and Bristol-Myers Squibb Co. (NYSE: BMY). Similarly, there is intense competition and innovation in the BPH market among large companies already marketing drugs, such as Boehringer Ingelheim Pharmaceuticals, Merck & Co. and Astellas Pharma Inc. or Teva Pharmaceutical Industries Limited (NASDAQ: TEVA), as well as others attempting to develop other treatments, such as Watson Pharmaceuticals, Inc. (NYSE: WPI), Spectrum Pharmaceuticals, Inc. (NASDAQ: SPPI), Protox Therapeutics, Inc. (TSX: PRX) and BioXell (SWX: BXLN).

## MANAGEMENT

The Company's executive team is composed of leading medical specialists with extensive scientific and commercial experience. The Chairman, President and CEO, Paul Averbach, MD, DABP, is a successful research scientist and an entrepreneur, who invented much of the Company's initial technology. After earning his Diploma of the American Board of Pathology in 1975 and prior to founding the Company, Dr. Averbach has been a front-line medical practitioner as an emergency room and family physician, a clinic administrator and a prolifically published academic member at Cambridge University, England and at McGill University. Dr. Averbach is a key shareholder of the Company with approximately 13.1 million shares, or 45.7% of the outstanding shares.

Celine Dupuis, MD, CMSQ, DABP, the Company's Chief Clinical Officer received her MD from Laval University in 1982, and completed her residency in Anatomical Pathology at McGill University and the University of Montreal in 1987. Dr Dupuis has practiced family medicine, as well as pathology, managed medical and laboratory facilities, and has publications in the scientific and patent literature.

Mr. Brian Doyle, M.B.A., Senior Manager of Global Sales and Marketing is an experienced marketing strategist with over 15 years of experience. He received his undergraduate degree in Microbiology and Immunology from McGill University in 1979 and worked at its Experimental Surgery department in cancer research, before completing his MBA at Concordia University in 1983. Prior to joining the Company, Mr. Doyle gained extensive sales, marketing and merchandising experience at a technical sales

representative firm, where he reached the position of National Sales Manager.

Roy M. Wolvin, Secretary-Treasurer and Chief Financial Officer, holds a degree in Economics from the University of Western Ontario and prior to joining the Company in 1995 held managerial positions at the CIBC.

Jack Gemmell, Chief Information Officer, General Counsel and Director, graduated from the Faculty of Law at the University of Toronto in 1977 and for nearly two decades practiced in private practice, primarily in the area of litigation, prior to joining the Company in 1998.

Other active members of the Board of Directors include distinguished professionals who serve or have served on multiple other academic and corporate governance bodies. Randall Lanham is an Orange County attorney with extensive experience in securities law and corporate finances. Mr. Lanham has vast experience in both domestic and international corporate legal matters. Paul F. McDonald, a graduate in law of McGill University, has been Vice-President of the Montreal Exchange, principal owner and president of a stock-exchange firm, and a longtime director of the Quebec Industrial Development Corporation, and brings a lifetime of experience as a member of the investment industry to the Company's board. Professor David Morse, Ph.D. is a Professor at the University of Montreal and a world expert in the biochemistry, proteomics and genomics of cell function. Professor Morse has published extensively in the peer-reviewed scientific literature, including papers in journals such as *Science*, *Nature*, *Cell*, *Proceedings of the National Academy of Science*, and the *Journal of Biological Chemistry*. Roger Guy, M.D., is a highly experienced medical doctor who has served as a national examiner. Dr. Guy has broad human clinical trial and business managerial experience.

## FINANCIALS AND OUTLOOK

The Company's research and product development activities, clinical testing, regulatory approval efforts and general corporate expenses are funded through a continuous shelf offering relationship with a private investment fund, and to an increasing extent with revenues generated from sales of its tobacco and AD diagnostic products. For the year ended December 31, 2006, the Company's revenues increased 3.9% to \$442,861, compared to \$426,282 in 2005. Annual net loss in 2006 reached \$4,893,685, or \$0.18 per share, versus a net loss of \$3,584,528, or \$0.14 in 2005. The Company's revenues for the first quarter ended March 31, 2007 amounted to \$138,666, grow-

### Sample BPH treatments currently under development

Company	Treatment	Stage	Market Cap
Protox Therapeutics	PRX302	Phase I	N/A
BioXell	Elocalcitol	Phase II	\$224M
Spectrum Pharma	Ozarelix	Phase II	\$179M
Watson Pharma	Silodosin	Phase III	\$3.45B

ing 44.4% from \$96,009 in the same period of 2006. Net loss in the first three months of 2007 was \$1,132,520, or \$0.04 per share, compared to a net loss of \$1,059,246, or \$0.04 per share, in the first quarter of 2006. The first quarter increase in the net loss was attributable to stock-based compensation costs of \$242,695 compared to \$4,055 for the same period in 2006. *The Company and its subsidiary are incorporated in Canada and in Delaware, respectively, and indicative of its foreign issuer status, the Company files 20-F and 6-K statements with the Securities and Exchange Commission (SEC).*

Since January 2003, the Company has been utilizing a standby equity distribution agreement with Lorros-Greyse Investments, Ltd., a foreign hedge fund. The institutional private placement facility provides draw-downs at only a 3% discount to the market price, no associated warrants and no restrictions on other corporate financing, resulting in relatively low dilution. In the latest November 2006 amendment, the Company secured a two-year commitment for \$13 million, strengthening its financial position, which as of March 31, 2007 reflected \$583,965 in cash, \$4,337,808 in total assets and \$1,885,912 in shareholders' equity. With no long term debt and \$8.25 million still available under the financing facility as of June 22, 2007, the Company is well positioned to continue its research and development activities, despite its \$903,258 working capital deficit as of March 31, 2007. Together with revenues generated from the Company's diagnostic products, these current financing arrangements are anticipated to provide sufficient operating funds for at least the next twenty four months, covering the current burn rate of \$3-4 million annually. During this time, while benefiting from its marketing efforts related to the diagnostic products, which could contribute increasingly significant sales by growing from the current base, the Company is expected to advance its pipeline candidates to market, concentrating on the BPH treatment prospect, which is soon expected to enter Phase III clinical trials, potentially proving valuable as a very attractive technology in an underserved growing therapeutic market for a highly prevalent age-related disorder. The Company has already been announcing considerable interest for collaboration on its NX-1207 candi-



date from some of the largest pharmaceutical companies in the world.

Having achieved significant milestones and moving clinical trials of its product-rich portfolio ahead into more significant phases in the past several years, the Company has recently attracted some attention in the marketplace, but still appears undervalued. Its numerous projects allow for diversification of business risk and often result in other synergistic product development benefits. With no long-term debt and a low burn rate comparing to industry standards, especially considering the number of marketed products and significant projects in the pipeline, the Company appears to be a good buying opportunity for speculative long term investors seeking emerging biotech stocks and willing to accept the high risks of small capitalization issues, including high stock volatility, the need for continuous access to the capital markets and expected resulting dilution, deficit working capital position, presence of larger competitors and current lack of profitability. The value of the shares is supported by the Company's broad worldwide patent portfolio of its proprietary products and development programs, especially the continued progress of the late-stage BPH candidate.

For comparison, BioXell, an Italian company on the Swiss Stock Exchange with a Phase II potential BPH treatment Elocalcitol as a main candidate in its early stage product portfolio, currently trades at approximately CHF50 or \$41.5 per share, for a market capitalization of nearly \$225 million based on 5.4 million shares, a significant 50% premium to the current valuation of the NYMX shares. With a market capitalization of \$150 million, the NYMX shares do not appear to reflect the full value of a successful Phase II clinical trials targeting the enormous, lucrative BPH

treatment market, not to mention other projects in the AD segment, including patents for the highly anticipated use of statins in AD treatment. Assuming the management delivers on its anticipated marketing or other alliances and collaborations with major pharmaceutical firms with respect to either the BPH or Alzheimer's treatment products, the stock price could advance above the 52-week highs in the next twelve months, as meaningful potential upfront payments and future royalty commitments from prospective deals could immediately increase revenues several fold, further reducing the Company's burn rate and eventually leading to greater financial strength and market valuation. However, any material delays or disappointments from clinical trial results could result in a downward adjustment of share values, as is the case with all biotech companies.

In conclusion, for the various reasons set forth herein, and the analysis of comparative companies with BPH drug discovery in Phase II or III, we consider the NYMX shares a good speculative buy for intermediate to longer term investors.

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