

Actinium Pharmaceuticals, Inc. (ATNM - \$ 7.20)

Highlights from Key Opinion Leader Presentation

This morning Actinium hosted a KOL presentation to focus on emerging therapies for the treatment of acute myeloid leukemia (AML). The presentation included an update on its product candidates Actimab-A and Iomab-B.

- Actimab-A Abstract to be Presented at ASH.** After providing a detailed update on current treatment regimens and experimental treatments for acute myeloid leukemia (AML), including Actimab-A and Iomab-B, the company confirmed that it would be presenting an abstract from its on-going Phase I/II trial of Actimab-A at the American Society for Hematology (ASH) annual meeting. Abstracts will be available online on November 6, 2014, with the meeting taking place December 6th – 9th. We expect the data presented will be for nine newly diagnosed AML patients over the age of 60 treated with Actimab-A in combination with chemotherapy. AML incidence is highly concentrated in patients over the age of 60 (see figure 1 on page 2). We believe Actimab-A has blockbuster potential due to the limited treatment options for this patient population, who are often deemed to be unfit to undergo standard induction chemotherapy. In a single agent Phase I study in which 18 of 21 enrolled patients were treated with Actimab-A, bone marrow blasts were reduced in 67% of evaluable patients and 53% had blast reductions of $\geq 50\%$. Actimab-A will be a first-line treatment delivered in an outpatient setting. Management indicated a high likelihood of its ultimately partnering the drug. We continue to estimate the potential U.S. market for Actimab-A is about \$450 million and the total worldwide market is \$900 million - \$1 billion.
- Iomab-B Updated Timeline.** Management provided an updated timeline for the company's planned Phase III multicenter, open label, randomized study of Iomab-B for bone marrow transplant conditioning in relapsed and refractory AML patients. Following an IND filing planned in early 2015, the company expects to enroll 150 patients, with 75 receiving Iomab-B. Enrollment is expected to begin in 2H15 and it is projected to take 12 months to reach full enrollment. The company plans to file a BLA by late 2016 or early 2017, and we expect a six month review.
- Maintain BUY Rating and Price Target.** Our price target for Actinium of \$18.00 is based on the NPV of our probability-adjusted forecasts for Iomab-B and Actimab-A plus a small value for the company's additional pipeline products.

Earnings Estimates: (per share)

(Dec)	1Q	2Q	3Q	4Q	FY	P/E
FY_15E	-0.14	-0.14	-0.14	-0.15	-0.56	NM
FY_14E	-0.66A	0.10A	-0.12	-0.13	-0.66	NM
FY_13A	-0.03	-0.13	-0.06	-0.26	-0.47	NM
FY_12A	-0.07	-0.09	NA	NA	-7.58	NM

Source: Laidlaw & Company estimates

Healthcare / Biotechnology

Ticker:	ATNM
Rating:	Buy
Price Target:	\$ 18.00

Trading Data:

Last Price (10/21/2014)	\$ 7.20
52-Week High (4/3/2014)	\$ 15.00
52-Week Low (11/13/2013)	\$ 4.30
Market Cap. (MM)	\$ 202
Shares Out. (MM)	28

Edward White

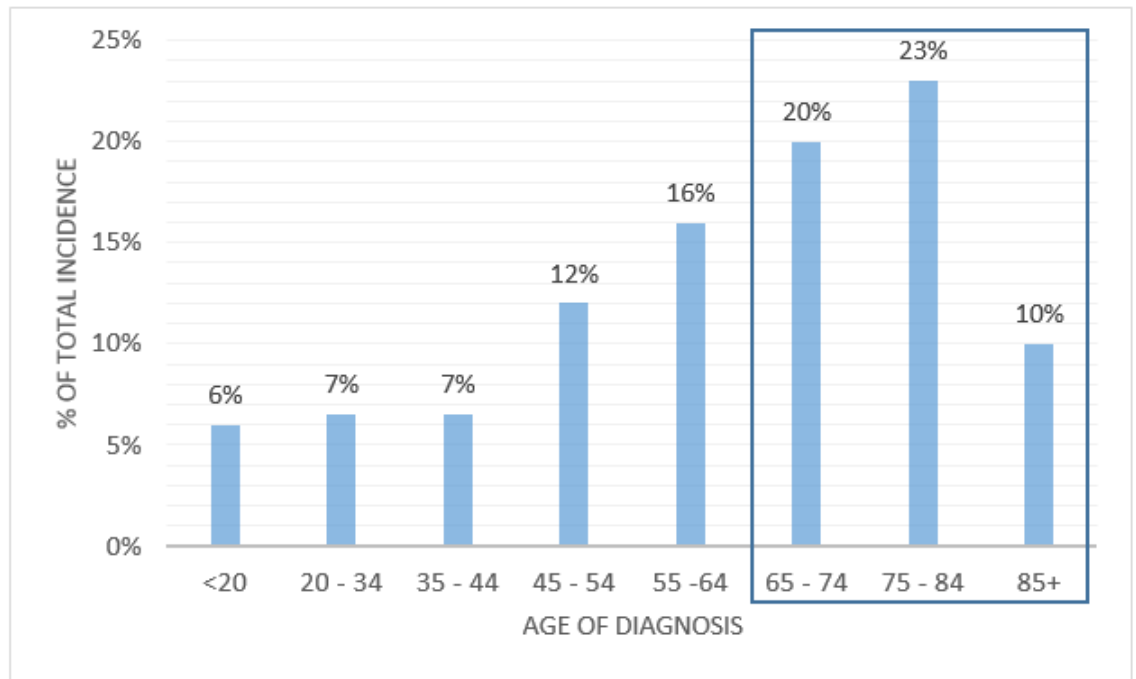
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Figure 1: 2012 AML Incidence by Age Group



Source: Company reports

Risks to Owning the Stock

There are many standard risks for development stage biotechnology companies that hold true for the entire industry. There are development risks associated with preclinical and clinical studies, and potential delays in the start of trials. There is regulatory risk that the company will be unable to receive regulatory approvals for drugs or that regulatory approval may be delayed. Manufacturing risks are associated with the upgrading of facilities from clinical study production to commercial production. There is also commercial risk for a company to successfully market and sell its drug or drugs. Other risks include financing risk, currency risk, potential governmental price controls, and IP (generic) risks. The stock of biotechnology companies, like all publically traded companies, is subject to market volatility and liquidity risks if there are small trading floats. Actinium is susceptible to all of these risks.

Downside risks specific to Actinium include the likelihood of the need to sell more stock to raise capital for the continuation of the company's clinical trials. However, we believe investors already assume that the company will have to raise funds for the continued development of the company's products. We expect the company will have to raise capital in each of the next two years and have included those assumptions in our models. The near-term value of the stock is hinged on binary events, including the success of the Phase I/II trial for Actimab-A in AML and the start of the Phase III trial for Iomab-B HSCT in refractory/relapsed older AML patients in 2015. The longer-term value for the company is based on the timing of regulatory submission and approval, the ultimate market potential and expectations for the company's drugs, and the successful commercialization of these drugs.

Figure 2: Income Statement

Actinium Pharmaceuticals <i>Income Statement (000s, except per share data)</i>	FY 2013				FY 2014E				FY 2015E				FY_11 Dec	FY_12 Dec	FY_13 Dec	FY_14E Dec	FY_15E Dec
	Q1_13 Mar	Q2_13 Jun	Q3_13 Sept	Q4_13 Dec	Q1_14 Mar	Q2_14 Jun	Q3_14E Sept	Q4_14E Dec	Q1_15E Mar	Q2_15E Jun	Q3_15E Sept	Q4_15E Dec					
Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Profit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Operating expenses:</i>																	
Selling, general and administrative	933.1	966.4	830.7	1,189.1	2,461.0	2,414.6	2,439.6	2,469.6	2,489.6	2,469.6	2,519.6	2,549.6	2,959.2	4,506.2	3,919.4	9,784.8	10,028.5
Research and development	1,085.7	509.3	778.2	293.7	1,676.1	2,001.9	2,097.0	2,267.9	2,881.3	2,917.3	2,978.8	3,183.6	323.8	3,440.5	2,666.9	8,042.9	11,961.1
Depreciation and amortization	-	-	-	1.6	1.4	8.1	8.1	8.0	8.0	7.9	7.9	7.8	0.6	0.6	1.6	25.5	31.6
Loss on disposition of equipment	4.1	-	-	-	-	-	-	-	-	-	-	-	-	-	4.1	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	2,023.0	1,475.6	1,609.0	1,484.3	4,138.4	4,424.6	4,544.6	4,745.6	5,378.9	5,394.9	5,506.3	5,741.0	3,283.7	7,947.3	6,591.9	17,853.2	22,021.1
Operating Income/(loss)	(2,023.0)	(1,475.6)	(1,609.0)	(1,484.3)	(4,138.4)	(4,424.6)	(4,544.6)	(4,745.6)	(5,378.9)	(5,394.9)	(5,506.3)	(5,741.0)	(3,283.7)	(7,947.3)	(6,591.9)	(17,853.2)	(22,021.1)
<i>Other Income:</i>																	
Interest income (expense)	(0.6)	(0.6)	(1.3)	-	-	-	-	-	-	-	-	-	(175.1)	(1,099.3)	(2.5)	-	-
Gain on change in fair value of derivative liabilities	1,334.5	(1,307.7)	189.3	(4,395.5)	(12,561.1)	7,939.7	-	-	-	-	-	-	14.0	685.4	(4,179.4)	(4,621.4)	-
Income (loss) before provision for income taxes	(689.0)	(2,784.0)	(1,420.9)	(5,879.8)	(16,699.5)	3,515.1	(4,544.6)	(4,745.6)	(5,378.9)	(5,394.9)	(5,506.3)	(5,741.0)	(3,444.8)	(8,361.2)	(10,773.8)	(22,474.6)	(22,021.1)
<i>Tax: (% non-GAAP)</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Income tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income (loss)	(689.0)	(2,784.0)	(1,420.9)	(5,879.8)	(16,699.5)	3,515.1	(4,544.6)	(4,745.6)	(5,378.9)	(5,394.9)	(5,506.3)	(5,741.0)	(3,444.8)	(8,361.2)	(10,773.8)	(22,474.6)	(22,021.1)
Diluted EPS (GAAP)	(0.03)	(0.13)	(0.06)	(0.26)	(0.66)	0.10	(0.12)	(0.13)	(0.14)	(0.14)	(0.14)	(0.15)	(4.30)	(7.58)	(0.47)	(0.66)	(0.56)
Weighted Diluted Shares outstanding	21,391.7	22,178.6	23,601.9	22,752.8	25,228.3	35,862.2	37,689.3	37,689.3	37,689.3	39,507.5	39,507.5	39,507.5	801.8	1,103.5	22,752.8	34,117.3	39,052.9
Weighted Diluted Shares YOY change (%)	56.1%	30.3%	NA	NA	17.9%	61.7%	59.7%	65.6%	49.4%	10.2%	4.8%	4.8%		37.6%	NM	49.9%	14.5%

Source: Bloomberg LP; Company reports; Laidlaw & Company estimates

DISCLOSURES:

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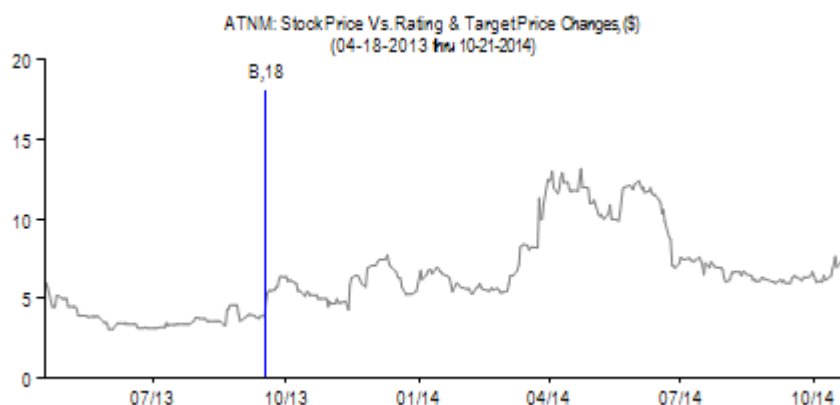
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Rating and Price Target Change History



3 Year Rating Change History

Date	Rating	Closing Price (\$)
09/17/2013	Buy (B)	4.90

3 Year Price Change History

Date	Target Price (\$)	Closing Price, (\$)
09/17/2013	18.00	4.90

Source: Laidlaw & Company

Created by: Blue-Compass.net

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			Investment Banking	Brokerage
Strong Buy (SB)	Expected to significantly outperform the sector over 12 months.	0.00%	0.00%	0.00%
Buy (B)	Expected to outperform the sector average over 12 months.	95.24%	33.33%	14.29%
Hold (H)	Expected returns to be in line with the sector average over 12 months.	4.76%	0.00%	0.00%
Sell (S)	Returns expected to significantly underperform the sector average over 12 months.	0.00%	0.00%	0.00%

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