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Company Report

October 16, 2013

Actinium Pharmaceuticals, Inc. (ATNM - $ 5.40)

Healthcare / Biotechnology

Highlights from Actinium Hosted Webinar on Iomab-B

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

Actinium hosted a webinar with an impressive panel of physicians/researchers to discuss Iomab-B. Iomab-B, a combination of a monoclonal antibody and a beta-emitting radioisotope, has completed a Phase I/II trial in bone marrow conditioning for hematopoietic stem cell transplantation (HSCT) in relapsed and/or refractory elderly acute myeloid leukemia (AML) patients.

Iomab-B Could Expand Hematopoietic Stem Cell Transplant (HSCT) Use in AML. HSCT use in patients with AML is limited to patients in complete remission (CR) and patients with a low comorbidity index due to the effects of myeloablative conditioning prior to HSCT. Limitations affect older patients more as it is harder for them to achieve CR and they tend to have more comorbidities. Additionally, physician's and patient's attitudes towards the treatment of AML scare patients away from treatment due to the toxicities, according to the doctors on the panel. HSCT has made big strides in recent years and bone marrow transplant is the fastest growing hospital procedure in the U.S. The initial indication for Iomab-B is to condition bone marrow in relapsed/refractory AML patients over 55 years old in preparation for HSCT. The BC8 monoclonal antibody in Iomab-B is highly specific for the CD 45 antigen on white blood cells. BC8 targets these cells and delivers Iomab-B's cell-killing Iodine-131 payload. Iomab-B would be eligible to most patients due to its targeting of cancer cells while sparing healthy cells. The reduction of intensive chemotherapy and targeted radiotherapy could increase eligible patient population by about an order of magnitude.

"Holy Grail." Dr. Lazarus stated that the "Holy Grail" of oncology is to deliver high toxicity treatment to cancer cells without equally high toxicity that will damage the rest of the body. Iomab-B, as mentioned above, is a targeted treatment. Phase I/II data shows reduced post HSCT complications and demonstrated clear survival benefits. Phase I/II trials in relapsed/refractory AML resulted in 100% complete remission and 19% of patients were still alive after 2 years. Dr. Lazarus did state that Iomab-B seems to have the same safety profile as reduced intensity conditioning but that more patients are needed to confirm existing results. We expect a Phase III trial would require approximately 150 patients – 250 patients, randomized 1:1 for Iomab-B and currently used re-induction chemotherapy both followed by HSCT. We believe the endpoint for the Phase III trial will be durable complete remission at six months.

Questions Concerning Who Will Deliver the Iomab-B. The treatment of patients with AML utilizing HSCT involves a team approach as the oncologist has to work with a nuclear medicine physician or a radiation oncologist anyway. So, the fact that Iomab-B has to be given by one of these other specialists should not inhibit the uptake of Iomab-B usage, according to the panel, as the oncologist would still lead the patient care and would work with the radiation oncologist or the nuclear medicine doctor.

Trading Data:

Last Price (10/15/2013)	$ 5.40
52–Week High (3/21/2013)	$ 7.75
52–Week Low (12/17/2012)	$ 1.00
Market Cap. (MM)	$ 88
Shares Out. (MM)	16

Earnings Estimates: (per share)

(Dec)	1Q	2Q	3Q	4Q	FY	P/E
FY_15E	NA	NA	NA	NA	-0.84	NM
FY_14E	NA	NA	NA	NA	-0.81	NM
FY_13E	-0.03A	-0.13A	-0.08	-0.09	-0.33	NM
FY_12A	-0.07	-0.09	NA	NA	-7.58	NM

Source: Laidlaw & Company estimates

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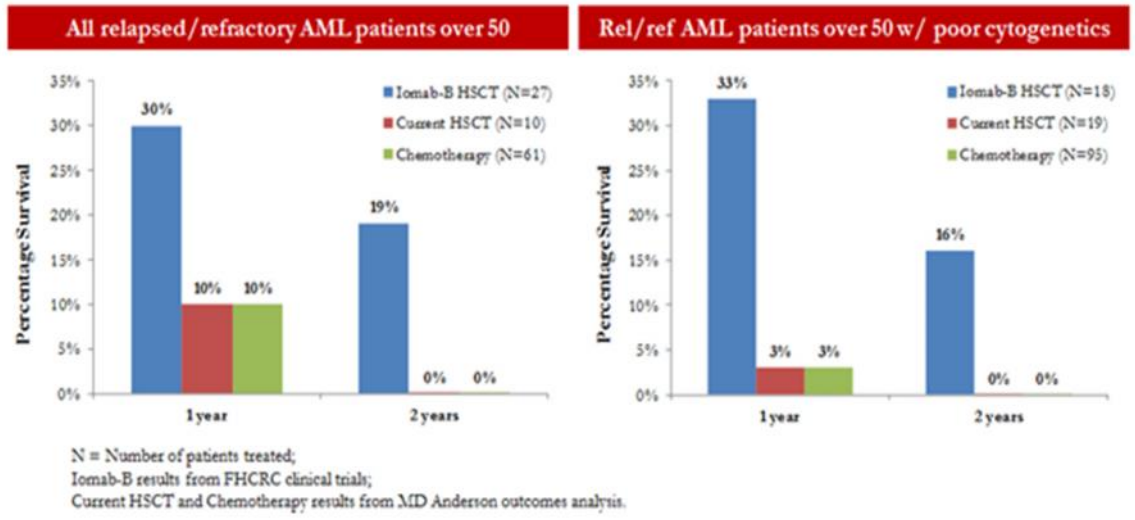
Highlights

In both Phase I and Phase II trials Iomab-B has led to effective cures in patients with no options left. The only potentially curative treatment option for older patients with refractory/relapsing AML patients with active disease is bone marrow transplantation (BMT), but vast majority of patients over the age of 50 are either ineligible for myeloablative conditioning due to concomitant conditions or have a high burden and/or very resistant disease that makes reduced dose conditioning futile. Iomab-B has demonstrated ability to successfully prepare such patients for bone marrow transplants when no other treatment was indicated. Actinium intends to develop Iomab-B through a regulatory approval via a pivotal registration trial in refractory/relapsing AML patients, which would allow for a relatively quick path to the market and provide a potentially curative treatment to patients who currently have little or no chance of achieving even a temporary remission, let alone a cure.

Figure 1 below shows Iomab-B Phase I/II data compared to historical data from M.D. Anderson. Iomab-B patients were treated at does levels to the critical normal organ ranging from 12 Gy to 26 Gy, with the maximum tolerated dose (MTD) established at 24 Gy. (Gy = Grey, a measure of absorbed radiation). In the Phase II portion of the trial, 20 patients with active disease were treated at MTD. All patients achieved complete response and one-year survival was eight of the 27 patients, or 30%, in advanced AML patients with active disease at all dose levels. At six months, disease free survival (DFS) was about 60% in the Iomab-B treated population.

Figure 1: Iomab-B Clinical Trial Data



Source: Company reports

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Panel participants included:

Hillard Lazarus, M.D. - Disease Team Leader, CTIS, University Hospitals Case Medical Center Director, Novel Cell Therapy, University Hospitals Case Medical Center Professor, Medicine, CWRU School of Medicine, Cleveland, OH.

John Pagel, M.D., Ph.D. - Associate Member, Clinical Research Division, Fred Hutchinson Cancer Research Center, Associate Professor, Medical Oncology Division, University of Washington School of Medicine, Seattle, WA.

Richard Wahl, M.D. - Professor of Radiology and Professor of Nuclear Medicine, Director, Division of Nuclear Medicine/PET, Vice Chair, Technology and New Business Development, Johns Hopkins University, Baltimore, MD.

We note that Drs. Pagel and Wahl are members of Actinium's Clinical Advisory Board.

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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 2014. 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.

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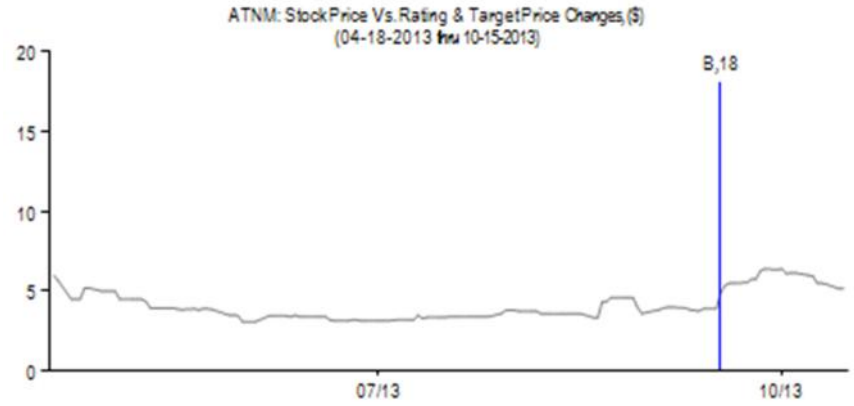
Rating and Price Target Change History



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.	85.71%	42.86%	0.00%
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Sell (S)	Returns expected to significantly underperform the sector average over 12 months.	0.00%	0.00%	0.00%

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