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EQUITY RESEARCH
Company Report

October 6, 2014

Relmada Therapeutics, Inc. (RLMD - $ 2.95)

Initiating Coverage with BUY Rating

Healthcare / Biotechnology

Ticker:	**RLMD**
Rating:	**Buy**
Price Target:	**$ 8.00**

We are initiating coverage on Relmada Therapeutics with a BUY rating and a price target of $8. We believe that Relmada has a strong pipeline with four products in the largest prescription drug market in the world, the pain market.

- **Initiating Coverage with a BUY Rating.** Our price target for Relmada Therapeutics is $8, which is based on the NPV of our probability-adjusted forecasts for its four pain therapeutics, LevoCap ER, d-Methadone, MepiGel and BuTab ER. These four drugs address a pain market in the U.S. that generated revenue of over $13 billion in the U.S. alone in 2013. Pain is the most frequent reason for physician visits in the U.S. and it affects more than 1.5 billion people worldwide. Our risk-adjusted projections for total sales of Relmada's products are $17 million in 2018 growing to $735 million by 2023.
- **Low Cost, Low Risk Drug Development Strategy.** Relmada utilizes the 505(b)(2) pathway to develop its drugs, which lowers the risk of drug development, reduces clinical development time and lowers costs, in our opinion. Three of the company's four pipeline drugs are employing the 505(b)(2) pathway for development. These drugs are proven drug candidates with novel delivery methods. The fourth drug, d-Methadone, is a new chemical entity.
- **Several Potential Key Events in 2015.** There are many catalysts that could occur between now and the end of CY15 that will likely impact the company's stock price. We expect Relmada will initiate a Phase I d-Methadone trial in Canada in October 2014. We estimate the company will file a CTA in Canada for BuTab ER in CY4Q14 and it will initiate two pharmacokinetic studies in healthy volunteers with this drug for chronic pain and opioid dependence in CY1Q15. In CY2Q15, we expect preliminary data from the Phase I d-Methadone trial and the initiation of two Phase I studies for MepiGel. In CY3Q15, we believe data from the BuTab ER bioavailability studies will be available. Additionally, we project the company will initiate a Phase IIa d-Methadone study in mid-CY15. Lastly, the company could start its Phase III BuTab ER program by the end of CY15. All of these binary events could drive appreciation in the company's stock price.

Trading Data:

Last Price (10/03/2014)	$ 2.95
52–Week High (9/26/2014)	$ 3.49
52–Week Low (7/3/2014)	$ 1.50
Market Cap. (MM)	$ 119
Shares Out. (MM)	40

Earnings Estimates: (per share)

(**Jun.**)	1Q	2Q	3Q	4Q	FY	P/E
FY_16E	NE	NE	NE	NE	-0.34	NM
FY_15E	-0.02	-0.02	-0.04	-0.07	-0.16	NM
FY_14A	NA	NA	NA	NA	-1.73	NM
FY_13A	NA	NA	NA	NA	-0.82	NM

Source: Laidlaw & Company estimates

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Investment Conclusions

Our price target for Relmada Therapeutics is $8, which is based on the NPV of our probability-adjusted forecasts for the company's products

- **Initiating Coverage with a BUY Rating.** Our price target for Relmada Therapeutics is $8, which is based on the NPV of our probability-adjusted forecasts for its four pain therapeutics, LevoCap ER, d-Methadone, MepiGel and BuTab ER. These four drugs address a pain market in the U.S. that generated revenue of over $13 billion in the U.S. alone in 2013. We project the peak sales potential for LevoCap ER is about $1.2 billion, the potential peak sales for BuTab ER (including pain and opioid addiction) is $850 million, the potential peak sales for d-Methadone is $970 million and we estimate the peak sales of MepiGel at $500 million. Our risk-adjusted projections for total sales of Relmada's products are $17 million in 2018 growing to $735 million by 2023.

There are many expected catalysts that could occur in CY15

- **Many Potential Catalysts in Calendar Year 2015.** There are many expected events that could occur in CY15 that will likely impact the company's stock price. We expect Relmada will initiate a Phase I d-Methadone trial in Canada in October 2014. We estimate the company will file a CTA in Canada for BuTab ER in CY4Q14 and it will initiate two pharmacokinetic studies in healthy volunteers with this drug for chronic pain and opioid dependence in CY1Q15. The second calendar quarter of 2015 is an important one for Relmada as we expect preliminary data from the Phase I d-Methadone trial and the initiation of two Phase I studies for MepiGel. In CY3Q15, we believe data from the BuTab ER bioavailability studies will be available. Additionally, we project the company will initiate a Phase IIa d-Methadone study, requiring approximately 100 patients, in mid-CY15. This study could be completed by the end of calendar 2015. Lastly, the company could start its Phase III BuTab ER program by the end of CY15. The LevoCap ER Phase III program could potentially be launched in CY15, but the timing will depend on the company's ability to finance it.

Figure 1: Relmada Key Upcoming Events/Developments

CY4Q14	Intiation of Phase I **d-Methadone** trial
CY1Q15	Initiation of two pharmacokinetic (PK) studies for **BuTab ER** (chronic pain indication)
CY2Q15	Expect Data for Phase I **d-Methadone** trial
CY2Q15	Initiation of two Phase I studies of **MepiGel** expected
mid- CY15	Initiation of Phase IIa proof-of-concept study of **d-Methadone**
2H15	**LevoCap ER** Phase III potentially launched
CY3Q15	Bioavailability data potentially available for **BuTab ER** PK studies
CY3Q15	Projected completion of **BuTab ER** PK studies
CY4Q15	Phase IIa/ IIb proof-of-concept study of **d-Methadone** expected completion
CY4Q15	Initiation of Phase III **BuTab ER** for treatment of chronic pain trial projected

Source: Company reports, Laidlaw & Company estimates

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The company utilizes the 505(b)(2) pathway to develop its drugs, which lowers the risk of drug development

- **Efficient Drug Development.** Relmada combines proven drug candidates with novel delivery methods and pharmaceutical compositions to reduce clinical development time and costs and lower regulatory risks to deliver therapeutic products in the pain market. The company has a cost-effective strategy, in our opinion, of utilizing the 505(b)(2) pathway to develop its drugs, which lowers the risk of drug development. The 505(b)(2) approval process is designed specifically to address new formulations of previously approved drugs, thus it has the potential to be more cost efficient and expeditious to market. However, d-Methadone has not been approved by the FDA so the regulatory pathway to approval will be via the more traditional NDA development. With LevoCap ER, BuTab ER and MepiGel targets delivering previously approved drugs through utilizing this FDA's 505(b)(2) approval process. We expect LevoCap ER could reach the market in CY18, BuTab ER in late CY18 and MepiGel in CY2021.

According to IMS, there were over 334 million prescriptions written in the U.S. alone in 2013 for pain generating revenue of over $13 billion

- **Largest Prescription Drug Market Target.** All four of Relmada's products target the pain market. The CDC estimates that 76.5 million Americans (about 26% of the population) are affected by chronic pain. Based on these statistics, pain affects more people than diabetes, heart disease and cancer combined. About 42% of patients with chronic pain felt that their prescription drug regimens did not effectively relieve their pain, according to a survey conducted by Peter D. Hart Research Associates in 2003. We believe the treatment of pain remains an unmet medical need in the U.S. It has been reported by the American Pain Association and the CDC that health care expenses, lost work time, and reduced productivity due to pain costs around $100 billion annually. According to IMS, there were over 334 million prescriptions written in the U.S. alone in 2013 for pain generating revenue of over $13 billion. Under the Patient Protection and Affordable Care Act (PPACA) more Americans will be covered by healthcare insurance and we project that the growth of prescription medication for pain may accelerate. Additionally, we believe the moving of the hydrocodone combination products into Schedule II from Schedule III could increase the potential market for BuTab ER and d-Methadone.

We estimate peak sales of LevoCap ER at $1.2 billion

- **Two Potential Blockbusters in Development.** LevoCap ER, is a proprietary once-a-day oral extended release dosage of levorphanol in an abuse-resistant dosage form being developed for pain severe enough to require daily, around the clock opioid treatment. Unlike other opioids, it has mild NMDA antagonism and potent serotonin and norepinephrine reuptake inhibition resulting in an overlapping multimodal mechanism of action. Competitor products include formulations of morphine, oxymorphone, tapentadol, oxycontin and hydrocodone. The 2013 sales of LevoCap ER comparable products were over $6.7 billion according to Symphony Health Solutions. Assuming approval, we project LevoCap ER risk adjusted sales at launch in 2018 of $15 million growing to $467 million in 2023. We estimate peak sales of LevoCap ER at $1.2 billion. Relmada is developing its orally available d-Methadone for the treatment of neuropathic pain. Oral medications that are approved for the treatment of neuropathic pain include anticonvulsants such as Lyrica (pregabalin), the antidepressant

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Cymbalta (duloxetine) and the opioid Nucynta (tapentadol). These treatments are modestly effective in relieving symptoms and their use can be limited by adverse effects and drug interactions. We believe the company intends to market d-Methadone for the treatment of neuropathic pain as a potential option prior to prescribing anticonvulsants. D-Methadone is a non-opioid that provides pain relief without the addiction hazard of opioids and we expect without the constipation, nausea, vomiting and drowsiness associated with opioids. Our risk-adjusted sales estimate of d-Methadone is $112 million in 2023 and our peak sales forecast is $970 million.

Our risk-adjusted sales estimate of d-Methadone is $112 million in 2023 and our peak sales forecast is $970 million

- **BuTab ER and MepiGel Could Generate Impressive Sales.** BuTab ER could potentially compete in both the over $8 billion opioid market for chronic moderate to severe pain and the $1.5 billion market for opioid addiction. It is the first form of buprenorphine in oral (tablet) form. Buprenorphine is a marketed opioid analgesic that has comparable efficacy to morphine but with a lower propensity for abuse and addiction and fewer typical opioid side effects. It is a Schedule III controlled substance versus the majority of the other potent opioids, such as morphine, oxycodone, and now hydrocodone combination products that are Schedule II, due to its lower potential for abuse and addiction. As we mentioned above, we believe the shift of hydrocodone combination products into Schedule II from Schedule III could increase the potential market for BuTab ER. Our peak sales estimate for BuTab ER for pain is $600 million and $250 million for the opioid dependence indication. Our risk-adjusted sales estimate for 2023 is over $100 million for these two indications. MepiGel (Mepivacaine gel), is a non-greasy topical gel for potential use as a local anesthetic for postherpetic neuralgia and HIV-associated neuropathy. The company received two seven-year FDA Orphan Drug designations for these indications. We estimate peak sales of MepiGel could potentially reach $500 million.

Our peak sales estimate for BuTab ER for pain is $600 million and it is $250 million for the opioid dependence indication

We estimate peak sales of MepiGel could potentially reach $500 million

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Company Description

Relmada Therapeutics is a small cap biopharmaceutical company with four products in clinical development to treat pain

Relmada Therapeutics is a small cap biopharmaceutical company with four products in clinical development to treat pain. Relmada combines proven drug candidates with novel delivery methods and pharmaceutical compositions to reduce clinical development time and costs and lower regulatory risks to deliver therapeutic products targeting areas of high unmet need. The company has an efficient strategy, in our opinion, of utilizing the 505(b)(2) pathway to develop its drugs, which lowers the risk of drug development. The 505(b)(2) approval process is designed specifically to address new formulations of previously approved drugs, thus it has the potential to be more cost efficient and expeditious to market. However, as the drug d-Methadone has not been already approved by the FDA, its regulatory pathway to approval will be via the more traditional NDA development, which will consist of conducting a full clinical development program. Other products in clinical development include LevoCap ER (Levorphanol ER), an extended release abuse resistant pain medication for pain severe enough to require daily, around the clock opioid treatment, MepiGel (Mepivacaine gel), a non-greasy topical gel for use as a local anesthetic for postherpetic neuralgia and HIV-associated neuropathy, and BuTab ER (Buprenorphine ER), a Class-III opioid with low abuse potential for moderate chronic pain and potentially opioid addiction. These three products are expected to only require a small Phase I/II trial prior to a pivotal Phase III registration program.

Relmada outsources development of its products, while retaining scientific, operational and financial oversight and control. The company intends to seek and execute licensing and/or co-development agreements with companies capable of supporting the final stage development of its products and their subsequent commercialization in the U.S. and international markets. Currently, the company does not have a sales and marketing team, as it has no commercial products, but it is planning to develop its own internal sales and marketing capabilities to commercialize some or all of its products to selected specialty medical segments in the U.S. while out-licensing sales and marketing for the international market. Alternatively, management stated that it might consider a trade sale of products or the entire company if it believes that it is in the best interests of the shareholders. As of September 2, 2014, Relmada had seven full-time employees. The company's office is located in New York City.

The company is targeting the pain market as it believes it can commercialize product candidates to fulfill unmet needs in the treatment of pain

The company is targeting the pain market as it believes it can commercialize product candidates to fulfill unmet needs in the treatment of pain. Pain represents the largest prescription drug market in the world with over 334 million prescriptions written in the U.S. alone in 2013 generating revenue of over $13 billion, according to IMS. The American Pain Association has reported that healthcare expenses, lost work time and reduced productivity due to pain costs around $100 billion annually. The Institute of Medicine published a report in 2011 stating that common chronic pain conditions affect about 100 million U.S. adults with a total cost to society of $560 billion - $635 billion annually. Relmada's abuse resistant and long-acting once-a-day formulations could

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We believe the company's management team has considerable industry experience, analgesic therapy knowledge and drug development expertise

improve the commercial potential of opioids, addressing the risk of opioid abuse and opioid diversion by making the dosage form tamper resistant, thereby thwarting attempts at physical manipulation of the drug. We believe the company's management team has considerable industry experience, analgesic therapy knowledge and drug development expertise to identify, develop and commercialize product candidates with strong market potential for the treatment of pain. In February 2014, Relmada appointed Dr. Eliseo Salinas, M.D., MSC, as President and Chief Scientific Officer. Dr. Salinas has more than 20 years of experience developing therapeutic products for central nervous system (CNS) disorders in many key jurisdictions worldwide, including the United States, Canada, the European Union, and Japan. Under Dr. Salinas' leadership, 15 programs obtained regulatory approval in the U.S. and other major international markets. Prior to joining Relmada, from October 2012 to February 2014, Dr. Salinas was Executive Vice President and Head of Research and Development at StemCells, Inc. Prior to that, he was Executive Vice President, Specialty Pharma, Global R&D and Chief Scientific Officer at Shire Pharmaceuticals, Executive Vice President - Head of Research & Development and Chief Medical Officer at Elan Pharmaceuticals, and he was Head of Worldwide CNS at Wyeth. Dr. Salinas has been the driving force behind the development of several highly successful drugs including Wyeth's Effexor XR and Adderall XR and Elan's/Biogen Idec's Tysabri.

Relmada commenced operations on May 24, 2004 as a Delaware limited liability company (LLC) under the name of TheraQuest Biosciences, LLC. In February 2007, the company converted from an LLC to a C Corporation. In November 2011, it changed its name to Relmada Therapeutics, Inc. On May 20, 2014, Relmada became public through a reverse merger with Camp Nine, Inc. Camp Nine was formed as a Nevada corporation on May 31, 2012. Relmada completed a share exchange in May 2014 with Camp Nine. Relmada became a wholly-owned subsidiary of Camp Nine when the shareholders of Relmada exchanged 10 shares of Relmada common stock for 1 share of Camp Nine common stock in connection with the share exchange. Camp Nine changed its name to Relmada on July 8, 2014, which became effective in accordance with the Certificate of Amendment to Articles of Incorporation filed with the State of Nevada. On August 5, 2014, FINRA approved the name change and the changing of the ticker symbol to RLMD, which became effective on August 6, 2014. During the six months ended June 30, 2014, the company changed its fiscal year end to June 30. The share exchange was accounted for as a reverse merger rather than a business combination, wherein Relmada is considered the acquirer for accounting and financial reporting purposes. The statement of operations reflects the activities of Relmada from the commencement of its operations since inception on May 24, 2004. At the end of fiscal year 2014 (June 30, 2014), Relmada had 40.3 million shares of common stock outstanding. For fiscal 2014, the weighted average shares outstanding were 12.3 million. Fully-diluted shares outstanding at the end of fiscal 2014 were 90.1 million (includes convertible preferred stocks, common stock warrants and common stock options). We note that the fully-diluted shares outstanding number includes Series A warrants to purchase 17,163,799 shares of common stock at an exercise price of $1.50 per share. These Series A Warrants are exercisable immediately through October 10, 2014. We do not expect all of these warrants to be exercised and thus, we believe the total diluted shares outstanding will be lower after October 10.

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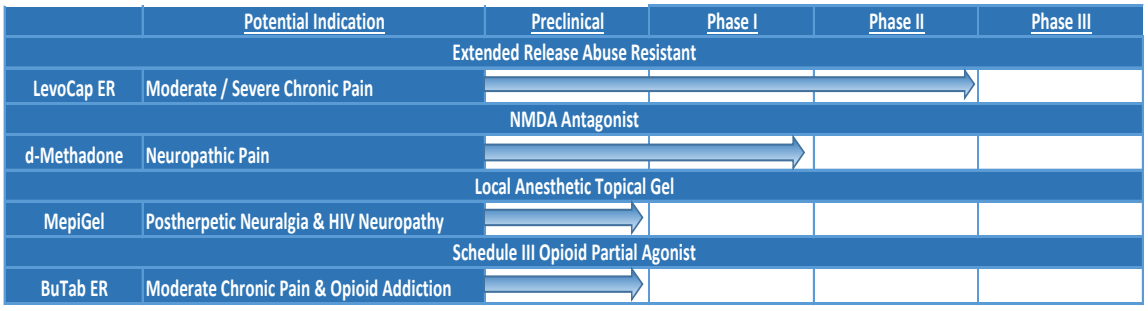
Figure 2: Relmada's Pipeline



Source: Company reports; Laidlaw & Company estimates

In July 2013, Relmada completed a 30 patient Phase I pharmacokinetic study for LevoCap ER with a positive outcome…

…Relmada is now preparing the Phase III development program and it is planning to submit a request to the FDA to discuss the final pathway to the NDA for this drug

The company has made good progress in the development of its pipeline. During 2013, it completed good manufacturing practices (GMP) manufacturing for LevoCap ER and batches have successfully passed the 12 month stability milestone. In July 2013, Relmada completed a 30 patient Phase I pharmacokinetic study for LevoCap ER with a positive outcome. This was the second Phase I study, the first had 15 patients. Relmada is now preparing the Phase III development program and it is planning to submit a request to the FDA to discuss the final pathway to the NDA for this drug. The company is preparing the material required for an "end of Phase II" meeting and conducting the preliminary work for the manufacturing technology transfer from the UK to the U.S. The d-Methadone program is also progressing well, in our opinion. An open-label Phase I/IIa study with d-Methadone was conducted at the Memorial Sloan Kettering Cancer Center that showed the drug was safe and well tolerated with 75% of the patients completing the study finding d-Methadone to be moderately or very effective in providing relief to patients with neuropathic pain. Relmada has successfully manufactured GMP d-Methadone active pharmaceutical ingredients (API). It has filed a Clinical Trial Application to Health Canada to conduct a dose-ranging pharmacokinetic study with d-methadone in healthy volunteers. The company plans to confer with the FDA at the end of that study to review the next Phase II development plan in chronic pain.

The company received two seven-year FDA Orphan Drug designations for mepivacaine

Relmada completed a series of preclinical studies with MepiGel (Mepivacaine gel) that resulted in the selection of the optimal formulation. The company received two seven-year FDA Orphan Drug designations for mepivacaine, one for "the treatment of painful HIV-associated neuropathy" and the other for "the management of postherpetic neuralgia." The company has selected a contract manufacturer to generate GMP batches required for the Phase I portion of the development, file a CTA with Health Canada before the end of 2014 and start the Phase I trial with timing based on resources allocation. We expect Phase I to start in CY2Q15. Last, but not least, Relmada completed a successful preclinical study with BuTab ER that resulted in achieving proof of concept for gastrointestinal bioavailability of buprenorphine in an animal model (dogs). There are no orally absorbed dosage forms of buprenorphine currently on the market. Relmada expects to generate GMP batches (via a contract manufacturer), file an IND with the FDA in CY4Q14 and subsequently start a Phase I pilot study in healthy volunteers in CY1Q15.

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Going forward, Relmada will prioritize the order of development of its drugs after taking into consideration its resources, development hurdles, competitive conditions and other factors that could have bearing on the commercial viability of its programs. Currently, we do not believe the company has enough capital to fund the Phase III LevoCap ER study, but we do believe it has the financial resources to fund the Phase I studies for MepiGel and BuTab ER and the Phase I and Phase II trials for d-Methadone. The company could partner LevoCap ER to fund the Phase III program or it could partner one of the other drugs and use the capital from that agreement to fund the LevoCap Phase III program.

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The Pain Market

Opioids are used to treat both acute and chronic pain. Acute pain occurs suddenly, often as a result of an illness, injury, or surgery. Acute pain can be short-term but may also last a few days or even weeks. For example, following major surgery, a patient may need strong pain relief for a week or two until healed. One characteristic of acute pain is that once the injury is healed, the pain usually goes away. In contrast, chronic pain often persists long after an injury has healed. Chronic pain can also mysteriously occur when no specific injury, wound, illness, or disease is identified. Such cases can often be linked to nervous system problems. Chronic pain is often defined as any pain that lasts longer than three to six months. Thus, acute pain can become chronic just by virtue of how long it lasts. Chronic pain is common among people who have osteoarthritis, rheumatoid arthritis, fibromyalgia, injuries to their back, injuries to their limbs and muscles, and damage to their nerves or nervous system from diseases such as diabetes or after an episode of shingles.

Chronic pain is often defined as any pain that lasts longer than three to six months

A national survey conducted by ABC News, USA Today and the Stanford University Medical Center reported that just under 50% of surveyed adults experienced pain during the two weeks prior to the survey. This translates into approximately 113 million adults in the U.S. Pain was reported to be acute in 44% (about 45 million adults) and recurrent or chronic in the rest. The CDC estimates that 76.5 million Americans (about 26% of the population) are affected by chronic pain. Based on these statistics, pain affects more people than diabetes, heart disease and cancer combined. Pain is an enormous burden on society. It is the most common complaint in primary care physicians' offices. Unrelieved pain can result in increased outpatient visits, longer hospital stays, increased rates of re-hospitalization, and decreased ability to function, leading to lost income and insurance coverage. About 42% of patients with chronic pain felt that their prescription drug regimens did not effectively relieve their pain, according to a survey conducted by Peter D. Hart Research Associates in 2003. It has been reported by the American Pain Association and the CDC that health care expenses, lost work time, and reduced productivity due to pain costs around $100 billion annually. Of course, chronic pain has a negative impact on quality of life as well. The treatment of pain is a well-established market, with many pharmaceutical companies marketing innovative products as well as generic versions of older products. In 2012, the U.S. opioid market exceeded $10 billion in annual sales. As shown in the figure below, retail prescriptions for opioids have been growing steadily. Total prescriptions in the U.S. grew to 207 million in 2013 from 76 million in 1991. In the entire pain category, there were over 334 million prescriptions written in the U.S. alone in 2013 generating revenue of over $13 billion, according to IMS. We believe that due to the Patient Protection and Affordable Care Act (PPACA) more Americans will be covered by healthcare insurance and that the growth of prescription medication for pain may accelerate.

The CDC estimates that 76.5 million Americans (about 26% of the population) are affected by chronic pain

In the entire pain category, there were over 334 million prescriptions written in the U.S. alone in 2013 generating revenue of over $13 billion, according to IMS

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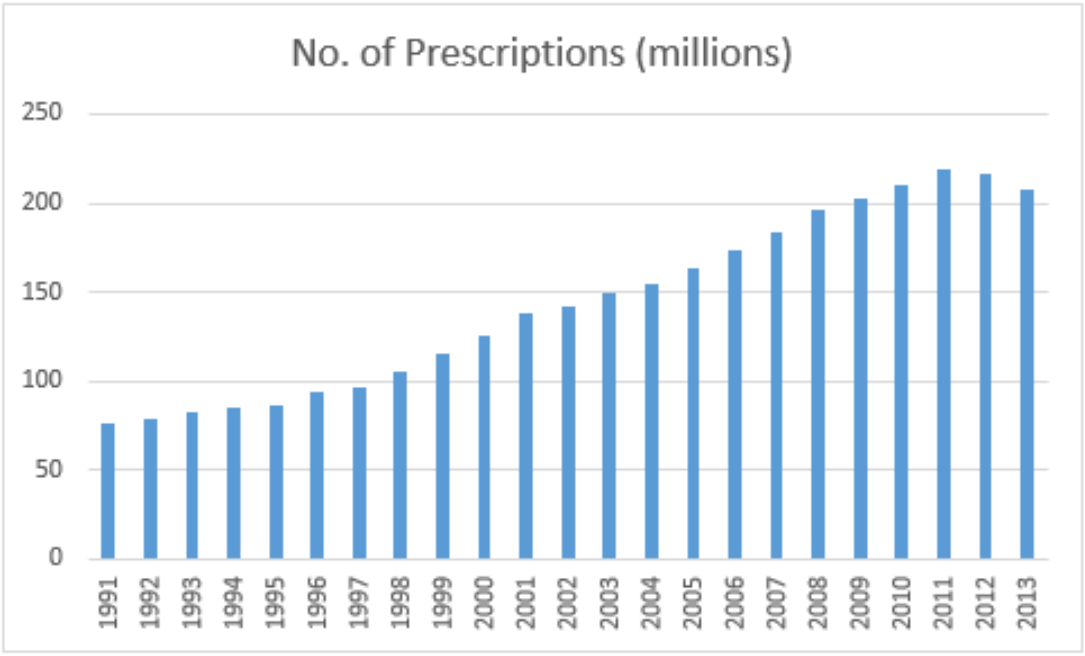
Figure 3: U.S. Retail Opioid Prescriptions



Source: National Institute on Drug Abuse

Pain ranges from mild to severe with stronger opioids typically reserved for severe pain

LevoCap ER, is a proprietary once-a-day oral extended release dosage of levorphanol in an abuse-resistant dosage form

Pain ranges from mild to severe with stronger opioids typically reserved for severe pain. Relmada's lead product candidate, LevoCap ER, is a proprietary once-a-day oral extended release dosage of levorphanol in an abuse-resistant dosage form being developed for pain severe enough to require daily, around the clock opioid treatment. Unlike other opioids, it modulates pain through both ascending opioidergic pathways and descending noradrenergic pathways in one centrally acting analgesic. It is the only available opioid that also has mild NMDA antagonism and potent serotonin and norepinephrine reuptake inhibition resulting in an overlapping multimodal mechanism of action. According to a survey by ORC International of 150 physicians with a focus on pain management LevoCap ER is likely to be positioned as a competitor to morphine and a complement to oxycodone and hydrocodone (see Figure 4).

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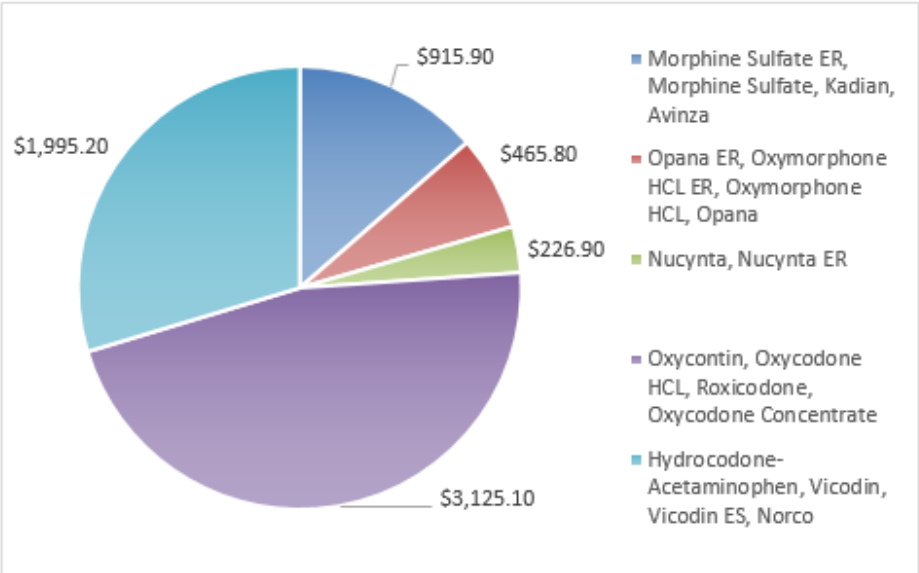
Figure 4: LevoCap ER Physician Survey (n= 150)

Source: Company reports, ORC International

LevoCap ER will compete with other Schedule II strong opioids for the treatment of severe pain which includes arthritis, cancer pain, neuropathic pain and post-operative pain. Competitor products include formulations of morphine, oxymorphone, tapentadol, oxycontin and hydrocodone. Sales of oxycontin products in 2013 totaled $3.1 billion according to Symphony Health Solutions. Morphine product sales, which include the branded drugs Kadian and Avinza, totaled $915.9 million in 2013. Oxymorphone products, including Opana, totaled $465.8 million in 2013. Hydrocodone combination products including Vicodin and Norco totaled approximately $2.0 billion in 2013 (see Figure 5). Assuming approval, we project LevoCap ER risk adjusted sales at launch in 2018 of $15.0 million growing to $466.9 million in 2023.

Figure 5: 2013 Sales of LevoCap ER Comparable Products ($ millions)



Source: Symphony Health Solutions

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Buprenorphine is a Schedule III controlled substance

Relmada is developing an oral form of extended release buprenorphine (BuTab ER) for the potential indications of both moderate to severe chronic pain and opioid addiction. Buprenorphine is a marketed opioid analgesic which has comparable efficacy to morphine but with a lower propensity for abuse and addiction and fewer typical opioid side effects. Buprenorphine is a Schedule III controlled substance versus the majority of the other potent opioids, such as morphine, oxycodone, and now hydrocodone combination products that are Schedule II, due to its lower potential for abuse and addiction. Since buprenorphine is a Schedule III controlled substance, physicians will be able to phone, fax or electronically deliver the prescription to the pharmacy with refills permitted for up to six months, making chronic therapy easier for both the patient and the physician. Refills are not permitted for Schedule II controlled substances. Those require the patient to obtain a new prescription from the doctor's office and take the prescription to the pharmacy each time the medication is needed.

On August 22, 2014, the DEA issued a final rule that hydrocodone combination products were rescheduled to Schedule II of the Controlled Substances Act

Following the signing of the Food and Drug Administration Safety and Innovation Act on July 9, 2012, the FDA began soliciting advice and recommendations pertaining to the scheduling of drugs containing hydrocodone combined with other analgesics or as cough suppressants under the Controlled Substances Act (CSA). As part of the effort, stakeholder input was solicited regarding the health benefits and risks, including the potential for abuse of hydrocodone combination products (HCPs) and the impact of moving these products from Schedule III to Schedule II narcotics. On January 24-25, 2013, the U.S. Drug Enforcement Administration (DEA) presented to an Advisory Committee composed of science and medical professionals with opioid abuse expertise as well as a patient representative. Following the presentation, the Advisory Committee voted 19 to 10 in favor of recommending that hydrocodone combination products be placed into Schedule II. On December 16, 2013, the Department of Health and Human Services (HHS) submitted to the Administrator of the DEA its scientific and medical evaluation entitled, "Basis for the Recommendation to Place Hydrocodone Combination Products in Schedule II of the Controlled Substances Act." The recommendation included an eight-factor analysis of the abuse potential of HCPs, along with the HHS's recommendation to control HCPs under Schedule II of the CSA. On February 27, 2014, The DEA submitted a formal proposal to reschedule HCPs to schedule II, labeled Docket No. DEA-389 "Schedules of Controlled Substances: Rescheduling of Hydrocodone Combination Products from Schedule III to Schedule II." The response period was open until April 28, 2014. According to the DEA there were a total of 573 comments on the proposed rule to reschedule HCPs. Fifty-two percent (52%) (298 comments) supported, or supported with qualification, controlling HCPs in schedule II of the CSA. Forty-one percent (41%) (235 comments) opposed rescheduling HCPs into schedule II. Seven percent (7%) (40 comments) did not take a definitive position regarding rescheduling of HCPs. On August 22, 2014, the DEA published "Schedules of Controlled Substances: Rescheduling of Hydrocodone Combination Products From Schedule III to Schedule II" and issued a final rule that hydrocodone combination products were rescheduled to Schedule II of the Controlled Substances Act. The change is set to take effect 45 days from the date of the issuance of the final rule on October 6, 2014.

Butrans (from Purdue Pharmaceuticals) delivers buprenorphine transdermally (through the skin) over a period of seven days. Butrans was launched in early 2011. According to Symphony Health Solutions, 2013 sales of Butrans were $141.5 million. As previously mentioned, prior to the rescheduling of HCPs,

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We project peak sales of BuTab ER for the treatment of chronic pain could reach $600 million

hydrocodone combination products including Vicodin and Norco totaled approximately $2.0 billion in 2013. We view the rescheduling of these products as a significant opportunity for buprenorphine products for the treatment of moderate to moderately severe pain. Tramadol is a Schedule IV opioid analgesic for moderate-to-severe pain. Tramadol sales, including branded forms Ultram and ConZip, totaled $879 million in 2013. We project peak sales of BuTab ER for the treatment of chronic pain could reach $600 million.

Opioid addiction is a problem that affects nearly 5 million people in the U.S.

Over the past decade, opioid dependence has become an epidemic in the U.S. Between 1999 and 2008, the rate of prescription opioid overdose-related deaths in the U.S. quadrupled, according to the CDC. Opioid addiction is a problem that affects nearly 5 million people in the U.S. and leads to about 17,000 deaths in the U.S. annually. Of those nearly 5 million people, approximately 2 million people are dependent on prescription opioids according to the 2010 National Survey on Drug Use and Health, conducted by the U.S. Department of Health and Human Services. Only about 20% of people addicted to these painkillers get any treatment. Opioid dependence greatly impacts the U.S. economy, with the non-medical use of prescription painkillers, including opioids, costing health insurers up to $72.5 billion annually in direct health care costs with about $56 billion spent on opioid dependence alone each year. In addition, the average healthcare cost per patient with opioid dependence is eight times higher compared to nondependent patients. Non-medical use and abuse of prescription opioids costs the U.S. approximately $53.4 billion dollars annually, of which $42 billion is attributed to lost productivity, $8.2 billion to criminal justice costs and $2.2 billion to drug abuse treatment, according to a 2011 article in *The Clinical Journal of Pain*. Buprenorphine, like methadone, is a chosen method for opioid dependence therapy because of its long half-life, which provides a milder withdrawal. Buprenorphine is available alone or in combination with the opioid antagonist, naloxone, to deter its abuse by intravenous injection.

Suboxone is an FDA approved product for opioid dependence containing both buprenorphine and naloxone marketed by Reckitt Benckiser. In 2013, U.S. sales of Suboxone were approximately $1.4 billion according to Symphony Health. In addition, the total market for buprenorphine and naloxone combination products, which includes generics and Zubsolv, Orexo's sublingual tablet, totaled approximately $1.6 billion in 2013. In June 2014, the FDA approved BioDelivery Sciences International's (BDSI, Buy-Rated) Bunavail, a buprenorphine and naloxone combination product for the treatment of opioid dependence utilizing transmucosal delivery (through the lining of the cheek). We believe Bunavail could achieve peak sales of $250 million. We project that BuTab ER could come to market by 2020 with peak sales potential of $250 million.

We project that BuTab ER could come to market by 2020 with peak sales potential of $250 million

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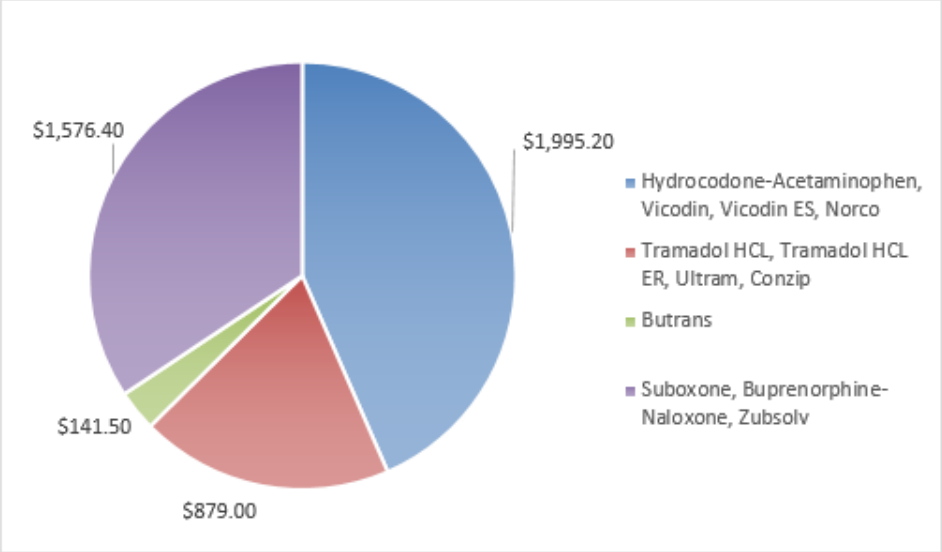
Figure 6: 2013 Sales of BuTab ER Comparable Products ($millions)



Source: Symphony Health Solutions

Neuropathic pain remains an unmet medical need due to the lack of efficacious treatment options and as a result patients often take multiple medications to manage their chronic symptoms

According to the article "Neuropathic Pain: A Maladaptive Response of the Nervous System to Damage," neuropathic pain is caused by lesions to the somatosensory nervous system. Neuropathic pain results in chronic pain and sensory deficits. While multiple mechanisms cause neuropathic pain, both diagnosis and treatment recommendations for neuropathic pain are often determined by contributing disease etiology. According to a Decision Resources study, current neuropathic pain drugs have unpredictable efficacy with fewer than 50% of patients responding to any one individual therapy. Neuropathic pain remains an unmet medical need due to the lack of efficacious treatment options and as a result patients often take multiple medications to manage their chronic symptoms with 80% - 90% of patients taking more than one chronic pain prescription. Current treatment plans may include both local anesthetics and oral chronic pain medications. Relmada is developing two product candidates for neuropathic pain indications. MepiGel is being developed as a topical gel for the treatment of HIV-associated neuropathy and for the management of postherpetic neuralgia (PHN). MepiGel has received orphan drug designations for both potential indications. D-Methadone is being developed as an oral treatment for neuropathic pain. Our peak sales estimate for d-Methadone is $970 million.

Our peak sales estimate for d-Methadone is $970 million

Decision Resources estimated the 2014 major market total population of HIV/AIDS diagnosed neuropathic pain patients to be 840,400, growing to 909,200 patients by 2020. Postherpetic neuralgia is a type of neuropathic pain which results from herpes zoster, commonly referred to as shingles. According to the CDC, approximately 1 out of 3 people in the U.S. will develop shingles in their lifetime and there an estimated 1 million cases of shingles in the U.S. each year. Any person who has been infected by the chickenpox can develop postherpetic neuralgia. According to Decision Resources, PHN pain can persist from 30 days to several years with an average duration of 1.4 years with a total major market population of 557,900 patients in 2014 growing to 578,700 patients by 2020. We estimate peak sales of MepiGel could potentially reach $500 million.

We estimate peak sales of MepiGel could potentially reach $500 million

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Lidoderm patch (lidocaine topical patch 5%), which is marketed by Endo Pharmaceuticals, and generic lidocaine are currently available for the treatment of postherpetic neuralgia and likely have significant off-label use for the treatment of localized pain, in our opinion. According to Symphony Health, 2013 sales of Lidoderm patch and other topical anesthetic lidocaine products totaled $1.5 billion. We believe that off label use of lidocaine products likely encompasses HIV related neuropathy patients as well. The neuropathic pain market is expected to reach peak sales of $3.6 billion by 2020. According to Datamonitor forecasts, the neuropathic pain market is expected to reach peak sales of $3.6 billion by 2020 assuming a projected compound annual growth rate of 3.6% for their forecasted period of 2011 – 2020. Based on these figures, we estimate the total current neuropathic pain market size is approximately $2.9 billion as of 2014. We believe Relmada is positioning itself well to potentially provide both a topical and oral treatment for this large underserved market.

We estimate the total current neuropathic pain market size is approximately $2.9 billion as of 2014

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The Pipeline

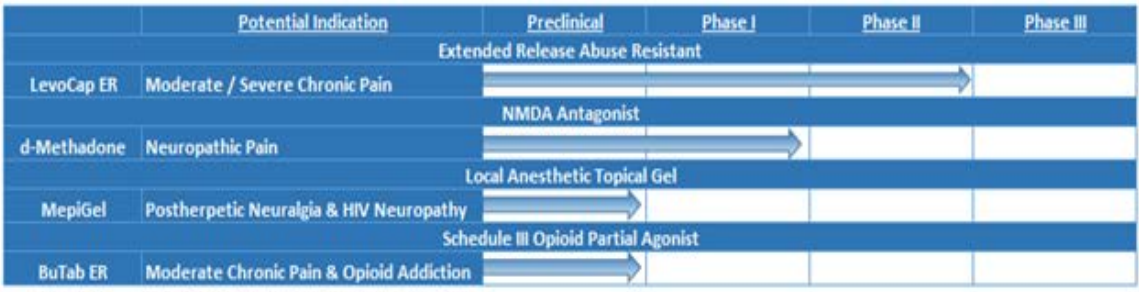
The company plans to utilize the 505(b)(2) approval process for three of its current development programs

Relmada's pipeline includes four product candidates with diversified indications covering pain severe enough to require daily, around the clock opioid treatment. The company plans to utilize the 505(b)(2) approval process for three of its current development programs to bring previously approved products to market with novel delivery methods including LevoCap ER for the treatment of chronic pain, MepiGel for the treatment of postherpetic neuralgia and HIV associated neuropathy, and BuTab ER for chronic pain and potentially opioid addiction. In addition to these previously approved product candidates, the company is developing the N-methyl-D-aspartate (NMDA) antagonist d-Methadone for the treatment of neuropathic pain. No previous d-Methadone products have been approved by the FDA, thus this drug must be approved through the typical FDA pathway.

The diversity of method of action of the company's pipeline allows for multiple approaches to treating the extensive chronic pain and opioid addiction markets

An opioid agonist is a drug that activates receptors in the brain. Full agonist opioids activate the opioid receptors in the brain causing an opioid effect. Opioid antagonists block opioids by attaching to opioid receptors without activating them. Antagonists cause no opioid effect and block full agonist opioids. Relmada's product portfolio includes opioid receptor antagonists and a receptor partial-agonist. The diversity of method of action of the company's pipeline allows for multiple approaches to treating the extensive chronic pain and opioid addiction markets. Given the unique needs of chronic pain patients, we believe the company's multifaceted approach to building a pain franchise could lead to significant success if any of its products reach commercialization.

Figure 7: Relmada's Pipeline



Source: Company reports; Laidlaw & Company estimates

LevoCap ER

Relmada's lead product candidate is LevoCap ER, an extended release formulation of levorphanol that utilizes a proprietary abuse and tamper resistant drug delivery technology. The drug is in development for the treatment of

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chronic pain. Levorphanol's interaction with the three major opioid receptors, which produces its analgesic effect, is more effective than morphine as it is four to eight times as potent as that drug. According to an article entitled, "Levorphanol: the forgotten opioid," levorphanol is also a more potent NMDA antagonist than racemic methadone. The drug is well absorbed after oral administration with analgesic effect at 10 minutes – 60 minutes and peak concentrations at approximately one hour after ingestion. The duration of the analgesia lasts between 6 hours – 15 hours, with longer effect resulting from chronic dosing. Levorphanol has receptor activity similar to both morphine and methadone. Like methadone, levorphanol inhibits both serotonin and norepinephrine uptake. The company completed two successful Phase I studies under a 505(b)(2) in which 45 total patients were treated with LevoCap ER. Relmada has successfully completed a 15-subject, 5-way crossover bioavailability study of its abuse resistant once-a-day dosage forms of the multimodal strong opioid analgesic, LevoCap ER, under a U.S. FDA IND (Investigational New Drug) application. A LevoCap ER IND was filed with the FDA on September 30, 2008 by Relmada. Currently this IND is open. The crossover bioavailability study evaluated four GMP formulations of LevoCap ER against immediate release (IR) levorphanol. The results of the study showed that all four LevoCap ER dosage forms provide robust extended release characteristics suitable for once-a-day dosing.

The company completed two successful Phase I studies under a 505(b)(2) in which 45 total patients were treated with LevoCap ER

On March 4, 2013, Relmada announced the approval of a Clinical Trial Authorization (CTA) to conduct a Phase I pharmacokinetic study of LevoCap ER. The company has recently completed a 30-subject Phase I pharmacokinetic study for LevoCap. The results showed good bioavailability for the ER formulations with dose proportionality and a profile that is suitable for a once a day administration. No serious events or unexpected side effects were experienced during the study.

Following the manufacturing technology transfer of LevoCap ER from the UK to the United States, Relmada may be in a position to proceed directly into a Phase III development program using the 505(b)(2) pathway, subject to FDA approval. The company plans to potentially enter a Phase III trial in calendar year 2015, provided that management determines the study is financially feasible. We believe the study will be designed as an enriched enrollment trial with a total population of 1,000 patients including 300 patients in an open label study for safety. Assuming a successful Phase III, we project approval could occur in late 2017 or early 2018.

Relmada may be in a position to proceed directly into a Phase III development program using the 505(b)(2) pathway, subject to FDA approval

d-Methadone

In December 2013, Relmada completed the acquisition of Medeor, Inc., from whom it had licensed d-Methadone. Methadone is a morphine-like synthetic analgesic that binds to N-methyl-D-aspartate (NMDA) receptors. Racemic methadone is the most commonly used formulation and includes both d- and l-isomers. Isolation of the isomers and formulation of both d- and l- isomer methadone (d-methadone and l-methadone) results in varied opioid activity and agonist/antagonist action. Opioid analgesics act on the three major opioid receptors (μ-opioid receptor, MOR; δ-opioid receptor, DOR; and κ-opioid receptor, KOR). According to a study entitled, "d-Methadone Blocks Morphine Tolerance and N-Methyl-D-Aspartate-Induced Hyperalgesia," l-methadone exhibits analgesic activity and possess affinity as a μ-opioid receptor agonist tenfold greater than d-Methadone and twice that of racemic methadone (dl-

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methadone). d-Methadone acts as a NMDA antagonist but demonstrates weak or no opioid activity. NMDA receptor antagonists have been shown to reduce neuropathic pain.

The company plans to launch its d-Methadone Phase I study in October 2014 with preliminary Phase I data projected for CY2Q15

Relmada is developing its orally available d-Methadone for the treatment of neuropathic pain. It announced the filing of a Clinical Trial Application (CTA) in Canada for d-Methadone on September 11, 2014. A CTA is the Canadian equivalent of an IND. The company plans to launch its Phase I study in October 2014 with preliminary Phase I data projected for CY2Q15. We estimate the Phase I trial will require between 40 patients – 60 patients, with a subsequent Phase IIa study requiring approximately 100 patients. A Phase III program could begin by CY4Q16 and would likely require over 2,000 patients, in our opinion. We believe the company could file an NDA by 2018.

Figure 8: d-Methadone Estimated Development Time Line

d-Methadone				
Phase	Approx. Number of Patients	Expected Start	Expected Data	Expected Completion
Phase I	40 - 60	CY4Q14	CY2Q15	CY1Q15
Phase IIa/ IIb	100	mid-CY15	CY4Q15	
Phase III	2,000+	CY4Q16		
NDA Filing Expected 2018				

Source: Company reports; Laidlaw & Company estimates

We believe the company intends to market d-Methadone for the treatment of neuropathic pain as a potential option prior to prescribing anticonvulsants

Oral medications that are approved for the treatment of neuropathic pain include anticonvulsants such as Lyrica (pregabalin), the antidepressant Cymbalta (duloxetine) and the opioid Nucynta (tapentadol). These treatments are modestly effective in relieving symptoms and their use can be limited by adverse effects and drug interactions. The progression of medicines that are typically prescribed in an attempt to treat neuropathic pain is depicted in Figure 9. Assuming commercialization, we believe the company intends to market d-Methadone for the treatment of neuropathic pain as a potential option prior to prescribing anticonvulsants. According to Relmada, the drug was safe and well tolerated in an earlier Phase I/II open label study conducted at Memorial Sloan Kettering with 75% the patients reporting that d-Methadone was moderately or very effective. We do not believe that d-Methadone will be a scheduled drug. Additionally, we expect the drug will be favorable to opioids concerning potential side effects including constipation, nausea, vomiting, drowsiness and addiction.

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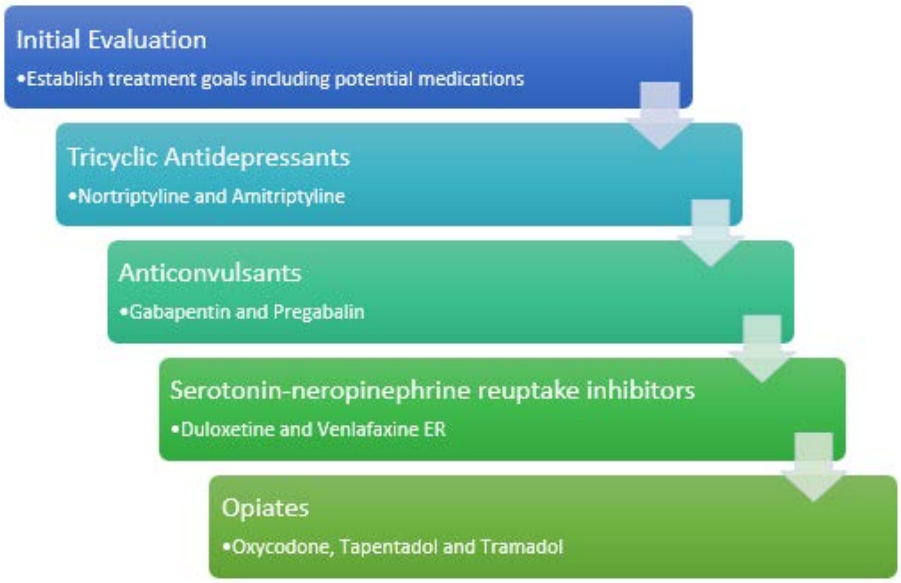
Figure 9: Progression of Medicines Typically Prescribed for Neuropathic Pain



Source: Company reports; Laidlaw & Company estimates

BuTab ER

Relmada is developing an oral form of extended release buprenorphine

Relmada is developing an oral form of extended release buprenorphine. Buprenorphine is a partial opioid agonist. This means that, although buprenorphine is an opioid, and thus can produce typical opioid agonist effects and side effects such as euphoria and respiratory depression, its maximal effects are less than those of full agonists such as morphine and methadone. At low doses, buprenorphine produces sufficient agonist effect to enable opioid-addicted individuals to discontinue the misuse of opioids without experiencing withdrawal symptoms. The agonist effects of buprenorphine increase linearly with increasing doses of the drug until, at moderate doses, the effects reach a plateau and no longer continue to increase with further increases in dose—the "ceiling effect." Thus, buprenorphine carries a lower risk of abuse, addiction, and side effects compared to full opioid agonists. In fact, in high doses and under certain circumstances, buprenorphine can block the effects of full opioid agonists and can precipitate withdrawal symptoms if administered to an opioid-addicted individual while a full agonist is in the bloodstream. Buprenorphine is highly bound to plasma proteins. It is metabolized by the liver via the cytochrome P4503A4 enzyme system into norbuprenorphine and other metabolites. The half-life of buprenorphine is 24 hours – 60 hours.

Buprenorphine carries a lower risk of abuse, addiction, and side effects compared to full opioid agonists

Depending on the application form, buprenorphine is indicated for the palliation of moderate to severe acute or chronic pain with no neuralgic component (or when the neuralgia is otherwise treated, such as with pregabalin), or for peri-operative analgesia. For the treatment of chronic pain, the transdermal formulations (which were released in the United States in January 2011, but were available in Australia and many European countries years beforehand) are the standard. In 1978, buprenorphine was first launched in the UK as an injection to treat severe pain, with a sublingual formulation released in 1982. Buprenorphine was first marketed in the U.S. in 1985 as a schedule V narcotic

For the treatment of chronic pain, the transdermal formulations are the standard

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analgesic. On October 7, 2002 the DEA rescheduled buprenorphine and all products containing buprenorphine from Schedule V to a Schedule III narcotic under the Controlled Substances Act. On August 22, 2014, the DEA published "Schedules of Controlled Substances: Rescheduling of Hydrocodone Combination Products From Schedule III to Schedule II" and issued a final rule that hydrocodone combination products were rescheduled to Schedule II of the Controlled Substances Act. Buprenorphine is still Schedule III. We view the scheduling shift as a positive for buprenorphine products for the treatment of moderate to severe chronic pain due to the safety advantage associated with it and tighter controls on competitive products.

Hydrocodone combination products were rescheduled to Schedule II of the Controlled Substances Act, while buprenorphine is still Schedule III

Initially, the only available buprenorphine product in the U.S. had been a low-dose (0.3 mg/ml) injectable formulation under the brand name, Buprenex. The first extended release transdermal buprenorphine film for the treatment of chronic pain in the U.S. was approved in June 2010. Purdue Pharmaceuticals received FDA approval for Butrans (buprenorphine transdermal system) for the management of moderate to severe chronic pain in patients requiring a continuous, extended period, around-the-clock opioid analgesic. Butrans delivers buprenorphine transdermally (through the skin) over a period of seven days. Butrans was launched in early 2011. In June 2014, the FDA approved BioDelivery Sciences International's Bunavail, a buprenorphine and naloxone combination product for the treatment of opioid dependence utilizing transmucosal delivery (through the lining of the cheek). The product was launched in September 2014. BioDelivery is also developing another buprenorphine product for the treatment of chronic pain. That company has announced the positive outcome of a pre-NDA meeting with the FDA regarding its BEMA Buprenorphine. A Phase III program for BEMA Buprenorphine included two arms of patients including opioid experienced and opioid naïve patients for the management of moderate to severe chronic pain. We continue to expect an NDA filing for BEMA Buprenorphine by the end of 2014 or early 2015.

There are no oral formulations of buprenorphine currently on the market anywhere in the world

There are no oral formulations of buprenorphine currently on the market anywhere in the world. Relmada plans to file a Clinical Trial Application (CTA) in Canada in CY4Q14 for its oral drug BuTab ER. The company intends to launch pharmacokinetic (PK) studies in Canada for formulations of BuTab ER for the treatment of both chronic pain and opioid dependence in CY1Q15. The study is projected to have bioavailability data in CY3Q15. We believe these two PK studies would each require approximately 50 patients. We would expect a Phase III trial would have a design similar to BioDelivery's for BEMA Buprenorphine with two arms of patients including opioid experienced and opioid naïve patients. We estimate each arm of Relmada's BuTab ER Phase III study for chronic pain would have 500 patients, again similar to BioDelivery's study. We expect the development of BuTab ER for the treatment of opioid addiction will follow the development in chronic pain. We believe the company will go after the same maintenance therapy indication as BioDelivery's Bunavail and not target the induction market. Relmada could have to add naloxone as an abuse deterrent to BuTab ER for the opioid dependence indication, however, the company has not had any regulatory guidance on this aspect at this time. We project Relmada could, assuming positive study results, file an NDA for BuTab ER for the chronic pain indication in CY4Q17 and that the drug could be approved for this indication by the end of 2018.

We project Relmada could, assuming positive study results, file an NDA for BuTab ER for the chronic pain indication in CY4Q17

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Figure 10: BuTab ER Estimated Development Time Line

BuTab ER (Chronic Pain Indication)				
Phase	Approx. Number of Patients	Expected Start	Expected Data	Expected Completion
PK Studies (2 studies)	50 per study	CY1Q15	CY3Q15	CY3Q15
Phase III	1,000	CY4Q15		
NDA Filing Expected 2018				

Source: Company reports; Laidlaw & Company estimates

MepiGel

Topical drug delivery systems offer an alternative to orally administered drugs that are likely to be affected by a first-pass effect in the liver

Relmada's fourth pipeline product is a proprietary topical gel form of the local anesthetic mepivacaine. MepiGel is being developed for the treatment of painful HIV-associated neuropathy and postherpetic neuralgia. Topical drug delivery systems offer an alternative to orally administered drugs that are likely to be affected by a first-pass effect in the liver resulting in low bioavailability as well as a non-invasive, self-administered substitute for hypodermic injections. Lidoderm patch (lidocaine topical patch 5%), which is marketed by Endo Pharmaceuticals, and generic lidocaine are currently available for the treatment of postherpetic neuralgia and likely have significant off-label use for the treatment of localized pain. Significant shortcomings of Lidoderm include poor adhesion and inefficient skin absorption of the transdermal drug delivery patch. Management believes that the non-greasy gel form of mepivacaine addresses the deficiencies of the Lidoderm patch.

MepiGel has received orphan designation for the treatment of HIV-associated neuropathy and for the management of postherpetic neuralgia

MepiGel could be submitted to the FDA for approval in CY1Q20 and approved in late 2020 or early 2021

MepiGel has received orphan designation for the treatment of HIV-associated neuropathy and for the management of postherpetic neuralgia. The orphan status of MepiGel grants the company seven years of market exclusivity for both potential indications. As a result of a study assessing the systemic absorption of mepivacaine in rabbits, Relmada has identified semi-solid gel forms that it believes could have optimal bioavailability and it has hired a contract manufacturer to produce good manufacturing practice (GMP) doses of MepiGel in preparation of filing an IND. We believe Relmada could begin two Phase I studies in CY2Q15 with approximately 40 patients each, followed by a Phase II efficacy study of over 100 patients which could begin in CY1Q16. We would expect the company could need 2,000 or more patients in Phase III for approval with perhaps three Phase III arms with 600 or more patients each. As the drug is topical, placebo response could be a concern for the trial results. Provided that at least two of the Phase III arms are positive, we estimate MepiGel could be submitted to the FDA for approval in CY1Q20 and approved in late 2020 or early 2021.

Figure 11: MepiGel Estimated Development Time Line

MepiGel				
Phase	Approx. Number of Patients	Expected Start	Expected Data	Expected Completion
Phase I (two studies)	40	CY2Q15	CY1Q16	CY1Q16
Phase II	100+	CY1Q16	CY2Q17	CY3Q17
Phase III (2+ studies)	2,000+	CY1Q18		
NDA Filing Expected 2020				

Source: Company reports; Laidlaw & Company estimates

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Intellectual Property

Relmada has filed three patent applications for levorphanol. Patent application 12/223.327 was filed on January 29, 2007 for Abuse Resistant and Extended Release Formulations and Method of Use Thereof. Patent application 12/597,702 was filed April 28, 2008 for Multimodal Abuse Resistant and Extended Release Opioid Formulations. Both of these patents only cover the U.S. A third patent application, 13/320,989, was filed on February 26, 2010 for Extended Release Oral Pharmaceutical Compositions of 3-Hydroxy-N-Methylmorphinan and Method of Use. This patent should cover the U.S. and EU. All three patents are owned by Relmada and are currently pending. We estimate that patent decisions could come in 2016 or 2017.

The d-Methadone patent is licensed from Cornell University and if terminated, may result in the loss of patent protection. This is an exclusive license. Cornell's patent is number 6,008,258, which was filed on January 21, 1998 and entitled D-Methadone, a Nonopioid Analgesic. This U.S. patent was granted and Relmada estimates the expiry date of January 20, 2018. Relmada expects to get five-year marketing exclusivity if the drug is approved and could potentially get seven years of marketing exclusivity if Orphan Drug Status is granted.

The company filed patent application 12/989,209 on March 9, 2009 for BuTab ER. The application is entitled Oral Pharmaceutical Compositions of Buprenorphine and Method of Use. The patent application covers the U.S. and EU. This patent is owned by Relmada. We expect the patent will be granted prior to the drug's launch, which we project will occur in late 2018.

Relmada has a patent pending for MepiGel that covers composition of matter and method of use. The patent application PCT/US2011/032,381 was filed on April 13, 2011 and is entitled Dermal Pharmaceutical Composition of 1-Methyl-2,6-Pipecoloxylidide and Method of Use. This patent will cover the U.S., EU, Canada, China, India, Japan, and South Korea and is owned by Relmada. The company received two seven-year FDA Orphan Drug market exclusivities for MepiGel, one for the treatment of painful HIV-associated neuropathy and the other for the management of postherpetic neuralgia.

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Figure 12: Relmada's Patents and Patents Pending

Drug	Patent Number	Title	Status	Issue Date	Expiration
LevoCap ER (Levorphanol)	12/223.327	Abuse Resistant and Extended Release Formulations and Method of Use Thereof	Pending	NA	NA
	12/597,702	Multimodal Abuse Resistant and Extended Release Opioid Formulations	Pending	NA	NA
	13/320,989	Extended Release Oral Pharmaceutical Compositions of 3-Hydroxy-N-Methylmorphinan and Method of Use	Pending	NA	NA
d-Methadone	6,008,258	D-Methadone, a Nonopioid Analgesic	Granted	12/28/1999	1/20/2018
BuTab ER (Buprenorphine)	12/989,209	Oral Pharmaceutical Compositions of Buprenorphine and Method of Use	Pending	NA	NA
MepiGel (Mepivacaine)	PCT/US2011/032,381	Dermal Pharmaceutical Composition of 1-Methyl-2, 6-Pipecoloxylidide and Method of Use	Pending	NA	NA

Source: Company reports; Laidlaw & Company estimates

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Financial Assumptions

The company has shifted its fiscal year end to June 30 from December 31

Relmada had cash and cash equivalents at the end of FY14 in the amount of $25.6 million

The company could partner LevoCap ER to fund the Phase III program or it could partner one of the other drugs and use the capital from that agreement to fund the Phase III program

On May 12, May 15 and June 10, 2014, the Company completed private placements for the sale of units for gross proceeds of $25,745,699. The units consisted of 17,163,799 shares of the Company's common stock, Series A warrants to purchase 17,163,799 shares of common stock at an exercise price of $1.50 per share and Series B warrants to purchase 8,581,894 shares of common stock, at an exercise price of $2.25 per share. The Series A Warrants are exercisable immediately through October 10, 2014 and the Series B Warrants are exercisable immediately up to a period of five years from the date of issuance. The company has shifted its fiscal year end to June 30 from December 31. Fiscal year 2014 covers the six-month period from December 31, 2013 to June 30, 2014. Prior results from 2012 and 2013 are based on the 12-month periods ending December 31 of that year. Relmada had cash and cash equivalents at the end of FY14 in the amount of $25.6 million and almost no debt (it had a note payable of under $0.1 million that we assume has been repaid).

At the end of fiscal year 2014, Relmada had 40.3 million issued shares of common stock and fully-diluted shares outstanding were 90.1 million (includes convertible preferred stocks, common stock warrants and common stock options). For FY14, there were 12.3 million weighted average shares outstanding. As we mentioned above, the fully-diluted shares outstanding number includes Series A warrants to purchase 17,163,799 shares of common stock at an exercise price of $1.50 per share. These Series A Warrants are exercisable immediately through October 10, 2014. We do not expect all of these warrants to be exercised and thus we believe the total diluted shares outstanding will be lower after October 10.

We estimate the exercise of Series A Warrants will generate $8 million - $12 million (we have $10 million in our model) for the company. While we do not believe the company has enough capital to fund the Phase III LevoCap ER study even with the exercise of the warrants, we do believe Relmada will have the capital to fund the Phase I studies for MepiGel and BuTab ER and the Phase I and Phase II trials for d-Methadone. We estimate the Phase I and II trials for d-Methadone could cost more than $5 million, the Phase I trials for BuTab could cost approximately $3 million and the Phase I and II trials for MepiGel could cost $5million - $5.5 million. We forecast the cost of the Phase III program for LevoCap ER will be between $35 million - $40 million. The company could partner LevoCap ER to fund the Phase III program or it could partner one of the other drugs and use the capital from that agreement to fund the Phase III program.

In FY14 (six months of operations), the company posted a net loss of $21.3 million, including $12.1 million of SG&A expenses and $0.8 million in R&D expenses. Loss on change in fair value of derivative liabilities was $8.0 million. In 2013, which included 12 months of operations) net loss was $19.9 million

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with R&D expenses of $5.2 million, SG&A of $1.5 million and $12.9 million in loss on change in fair value of derivative liabilities.

During fiscal 2015, Relmada expects to further ramp up operations and increase spending on research and development activities, which we believe will generate several catalysts over the course of the fiscal year. Potential catalysts include d-Methadone Phase I data, pharmacokinetic and safety studies for BuTab ER, and the initiation of the MepiGel Phase I study. We have not modeled for the start of the LevoCap ER Phase III as we are uncertain of its source of funding or timing, though we do believe the Phase III will start sometime in the second half of calendar 2015 (fiscal 2016).

We expect SG&A expenses will be $3.7 million in fiscal 2015 and $7.5 million in FY16. We estimate R&D expenses will be $3.6 million in FY15 and $8.4 million in FY16. Our risk-adjusted revenue estimate for Relmada's pipeline is $17 million in 2018 growing to $735 million in 2023. We estimate EPS of a loss of $0.16 in fiscal 2015 and a loss of $0.34 in FY16.

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Management Profiles

Sergio Traversa, Pharm.D., MBA

Chief Executive Officer

Before joining Relmada, Dr. Traversa was the co-founder and CEO of Medeor Inc. a spinoff pharmaceutical company from Cornell University. Dr. Traversa has over twenty-five years of experience in the healthcare sector in the United States and Europe, ranging from management positions in the pharmaceutical industry to investing and strategic advisory roles. He has held financial analyst, portfolio management and strategic advisory positions at large U.S. investment firms specializing in healthcare, including Mehta and Isaly, ING Barings, Merlin BioMed and Rx Capital. In Europe, he held the position of Area Manager for Southern Europe of Therakos Inc., a cancer and immunology division of Johnson & Johnson. Prior to Therakos, Dr. Traversa was at Eli Lilly, where he served as Marketing Manager of the Hospital Business Unit. He was also a member of the CNS team at Eli Lilly, where he participated in the launch of Prozac and the early development of Zyprexa and Cymbalta. Dr. Traversa holds a Laurea degree in Pharmacy from the University of Turin (Italy) and an MBA in Finance and International Business from the New York University Leonard Stern School of Business.

Eliseo Salinas, M.D., MSc

President and Chief Scientific Officer

Eliseo Salinas joined Relmada Therapeutics in February 2014. Dr. Salinas has more than 20 years of experience developing therapeutic products for CNS disorders in many key jurisdictions worldwide, including the United States, Canada, the European Union, and Japan. Under Dr. Salinas' leadership, 15 programs obtained regulatory approval in the United States and other major international markets. Prior to joining Relmada, Dr. Salinas was Executive Vice President and Head of Research and Development at StemCells, Inc. Before joining StemCells, Dr. Salinas was Executive Vice President, Head of Development and Chief Medical Officer of Elan Pharmaceuticals; Senior Vice President - Head of Research and Development and Chief Medical Officer of Adolor Corporation; Executive Vice President, Specialty Pharma, Research and Development and Chief Scientific Officer of Shire plc and held roles of increasing responsibility in research and development at Wyeth-Ayerst Research, including head of worldwide CNS Clinical Development. Dr. Salinas earned his medical degree from the University of Buenos Aires, Argentina, performed a residency in psychiatry in Paris at the Clinique des Maladies Mentales et de l'Encéphale, and obtained a master's degree in pharmacology from the Université Pierre et Marie Curie, Académie de Paris, France.

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Douglas J. Beck, CPA

Chief Financial Officer

Douglas J. Beck joined Relmada in December 2013. Mr. Beck has been the Chief Financial Officer of iBio, Inc., a publicly traded biotech company, from May 2011 to February 2013. Mr. Beck was the Chief Financial Officer of, Lev Pharmaceuticals, Inc. a publicly traded biotech company from May 2005 to February 2009 (the company was acquired by ViroPharma, Incorporated in October 2008 for $617 million.) He was employed from various times as an independent consultant. Mr. Beck serves on the SEC Practice Committee and the Chief Financial Officers Committee for the New York State Society of CPAs. Mr. Beck holds a B.S. from Fairleigh Dickinson University.

Danny Kao, Ph.D., J.D.

Senior VP of Pharmaceutical Development and Chief IP Counsel

Danny Kao has extensive formulation development experience. He has developed a number of marketed extended release opioid dosage products, including Opana ER® an first-to-file OxyContin® generic, and he has more than 20 issued or pending patents. Dr. Kao also has been involved in the development of other delivery systems, including OROS®, transdermal patches, nasal sprays, lozenges, fast dissolving tablets, and topical gels. Dr. Kao held various managerial positions in formulation development, chemical synthesis, and strategic development at Endo Pharmaceuticals. Prior to Endo, Dr. Kao was involved with formulation development at DuPont Pharma. Dr. Kao is a fellow of Pharmaceutical Research & Manufacturers of America (PhRMA). Dr. Kao received his undergraduate degree in pharmacy from the Taiwan University, his master's degree in industrial pharmacy from St. John's University, New York, his PhD in pharmaceutical sciences from University of Kentucky, and his JD from Touro College Jacob D. Fuchsberg Law Center in Central Islip, New York. He is a registered patent attorney at the United States Patent and Trademark Office.

Fai Jim, Ph.D.

VP of Chemistry, Manufacturing and Controls

Dr. Jim has over 15 years of CMC experience, which includes formulation development, technology transfer, and quality assurance. She has worked on an array of delivery systems including modified release and immediate release tablets, lozenges, buccal tablets, effervescent tablets, transdermal patches, liquids, gels and numerous technologies such as direct compression, wet granulation, beads coating, spray drying, tangential coating, and tablet-in-tablet, etc. Prior to joining Relmada, Dr. Jim established the CMC Compliance Team and R&D department at Yabao Pharmaceutical Co. in Beijing, successfully setting up an FDA-approved cGMP manufacturing facility while developing products for the global submission. Before that, she worked at DSM Pharmaceuticals in Greenville, NC in the Pharmaceutical Development Services. And prior to that, she was a lead formulator at Endo Pharmaceuticals,

Inc. Dr. Jim received her PhD in Pharmaceutical Sciences from Long Island University and her Bachelors in Chemistry from New York University.

Richard M. Mangano, Ph.D.

Senior VP of Clinical Development

Dr. Mangano has extensive experience leading global R&D programs in both large and small pharmaceutical companies including positions in discovery and clinical research at Hoffmann-La Roche, Lederle Laboratories, Wyeth Research and Adolor Corporation. He served as acting Therapeutic Area Director for Neuroscience at Wyeth before joining Adolor as Vice President of Clinical Research and Development. Dr. Mangano's expertise includes multiple IND/CTC submissions and NDA/MAA approvals in psychiatry, neurology and gastrointestinal therapeutic areas. Dr. Mangano is also an adjunct professor in the Department of Pharmacology and Physiology at the Drexel University School of Medicine. He lectures in the Drug Discovery and Development Program and in the Psychiatry Department's Resident Training Program. He has authored 30 peer reviewed publications and over 120 abstracts and presentations. Dr. Mangano holds a B.S degree in Chemistry from Iona College and a Ph.D. degree in Biochemistry from Fordham University. Prior to joining the pharmaceutical industry, he was a research faculty member of the Maryland Psychiatric Research Institute at the University of Maryland School of Medicine.

Christopher W. James

Senior Director of Clinical Development

During his extensive career in Clinical Research, Mr. James has established and lead successful global clinical operations teams, in the US and Europe, to facilitate the clinical development of numerous therapeutics and diagnostics across a broad spectrum of therapeutic areas including CNS and psychiatric therapies. He was involved in the evaluation of a mu opioid antagonist for the treatment of opioid induced bowel dysfunction in chronic pain patients. Over the past twenty five years, he has been directly involved in the clinical development of investigational pharmaceutical and biologic products for both early stage and established pharmaceutical companies. In addition to the broad range of therapeutics areas of study, he has diverse experience with various delivery systems, including oral, intravenous, transdermal patch and nasal sprays.

Julie J. Chen

Director of Finance and Operations

Ms. Chen brings almost 20 years of business experience and financial analysis to Relmada. Most recently, she was a consultant with Credo Partners where her responsibilities included analyzing financial models, conducting due diligence and participating in business strategy discussions. She has also conducted data analysis, reviews of company operations and internal controls and collected proprietary market and industry intelligence to assist with action oriented

recommendations. Ms. Chen was also a Senior Research Analyst at Hudson Securities, CRT Capital Group LLC and Brean Murray Carret & Co. LLC and an Associate Analyst at C.E. Unterberg Towbin. Prior to her career on Wall Street, Ms. Chen spent over 10 years in the public and private sectors as a Program Manager, Proposal Manager and Engineering Lead. Ms. Chen received her BA in Mathematics from California State University, an MS in Mathematics from Claremont Graduate School, and an MBA from Fordham University.

Valuation

Our valuation for Relmada is based on the NPV of our probability-adjusted forecasts for its four potential pain therapeutics, LevoCap ER, d-Methadone, MepiGel and BuTab ER. These four drugs address a pain market in the U.S. that generated revenue of over $13 billion in the U.S. alone in 2013. We project the peak sales potential for LevoCap ER is about $1.2 billion, the potential peak sales for BuTab ER (including pain and opioid addiction) is $850 million, the potential peak sales for d-Methadone is $970 million and we estimate the peak sales of MepiGel at $500 million. Our risk-adjusted projections for total sales of Relmada's products are $17 million in 2018 growing to $735 million by 2023.

The company has several potential catalysts next year that could impact the company's stock price. We believe the company's stock could be uplisted to the NYSE or the NASDAQ by September or October of next year. This could be an important milestone for Relmada as it could lead to increased liquidity for existing shareholders, bring greater attention to the company, and attract additional institutional investor interest. More importantly, on the pipeline side, we expect Relmada will initiate a Phase I d-Methadone trial in Canada in October 2014. We estimate the company will file a CTA in Canada in CY4Q14 and initiate two pharmacokinetic studies in healthy volunteers for BuTab ER for chronic pain and opioid dependence in CY1Q15. The second calendar quarter of 2015 is an important one for Relmada as we expect preliminary data from the Phase I d-Methadone trial and the initiation of two Phase I studies for MepiGel. In CY3Q15, we believe data from the BuTab ER bioavailability studies will be available. Additionally, we project the company will initiate a Phase IIa d-Methadone study in mid-CY15 requiring approximately 100 patients. This study could be completed by the end of calendar 2015. Lastly, the company could start its Phase III BuTab ER program by the end of CY15. The LevoCap ER Phase III program could potentially be launched in CY15, but the timing will depend on the company's ability to finance it.

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Figure 13: Relmada Key Catalyst Calendar

CY4Q14	Intiation of Phase I **d-Methadone** trial
CY1Q15	Initiation of two pharmacokinetic (PK) studies for **BuTab ER** (chronic pain indication)
CY2Q15	Expect Data for Phase I **d-Methadone** trial
CY2Q15	Initiation of two Phase I studies of **MepiGel** expected
mid- CY15	Initiation of Phase IIa proof-of-concept study of **d-Methadone**
2H15	**LevoCap ER** Phase III potentially launched
CY3Q15	Bioavailability data potentially available for **BuTab ER** PK studies
CY3Q15	Projected completion of **BuTab ER** PK studies
CY4Q15	Phase IIa/ IIb proof-of-concept study of **d-Methadone** expected completion
CY4Q15	Initiation of Phase III **BuTab ER** for treatment of chronic pain trial projected
CY1Q16	Data expected from two Phase I **MepiGel** studies
CY1Q16	Initiation of Phase II **MepiGel** trial
CY4Q16	Phase III **d-Methadone** program projected to initiate
CY17	Potential NDA filing for **LevoCap ER**
CY1Q18	First Phase III **MepiGel** trial expected launch
CY18	NDA filing for **d-Methadone** expected
CY1Q20	Potential NDA filing for **MepiGel**

Source: Company reports, Laidlaw & Company estimates

BioDelivery Sciences International is a pain therapeutics company with a market cap of almost $850 million. This company is also focused on developing pain therapeutics utilizing the 505(b)(2) pathway to approval. However, BioDelivery is much further along in development than Relmada as the company has one drug, Bunavail, approved, another drug (BEMA buprenorphine) being prepared for submission to the FDA for approval and a third product, Topical Clonidine Gel, in Phase III studies. Bunavail and BEMA buprenorphine utilize BioDelivery's proprietary BioErodible MucoAdhesive (BEMA) drug delivery technology consisting of a small, bi-layered erodible polymer film for application to the buccal mucosa (the lining inside the cheek). Both drugs contain the active ingredient buprenorphine, the same drug that is in Relmada's BuTab ER. Bunavail is for the treatment of opioid addiction and BEMA Buprenorphine is for chronic pain. Topical Clonidine Gel is being developed as a topically administered drug for the treatment of painful diabetic neuropathy (PDN) and other potential indications. We believe BioDelivery is about four years ahead of Relmada in development but that Relmada's four pain medications could rival BioDelivery's three drug platform for peak sales potential. Additionally, we note that BioDelivery has a $180 million worldwide licensing and development agreement with Endo Health Solutions for BEMA Buprenorphine. The financial terms of the agreement with Endo include: (A) a $30 million upfront license fee; (B) $95 million in potential milestone payments based on achievement of pre-defined intellectual property, clinical development and regulatory events; (C) $55 million in potential sales threshold payments upon achievement of designated sales levels; and (D) a tiered, mid- to upper-teen royalty on net sales of BEMA Buprenorphine in the U.S. and a mid- to high-single digit royalty on net sales of BEMA Buprenorphine outside the U.S. We would not be surprised if Relmada could enter into a similar deal with a large pharmaceutical firm for LevoCap ER or one of its other oral drugs.

Our price target for Relmada is $8, which is based on our risk-adjusted values for the company's product pipeline

We are initiating coverage on Relmada with a BUY rating. Our price target for Relmada is $8.00, which is based on our risk-adjusted values for the company's product pipeline. We note that this recommendation is speculative in nature due to the fact that the company currently does not have any marketed products and that future catalysts (the reporting of data from clinical trials and the submission

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of and potential approval of drugs) are binary events that could cause large fluctuations in the company's stock price. However, three of the company's four products are utilizing the 505(b)(2) pathway of development, which lowers the risk of drug development, in our opinion.

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Risks to Owning the Stock

There are many standard risks for development stage specialty pharmaceutical 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 relying on third parties to formulate and manufacture products and 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 and the competitive risk of new technological innovations. Other risks include: dependence on key personnel, patent infringement risk, financing risk, currency risk, product liability (both clinical and non-clinical), patent protection risk and potential governmental price controls. The company intends to compete in the highly competitive pain market. Many of the competitors in this market are bigger and have more capital than Relmada and either have products on the market or products in their pipeline that are more advanced. In addition, Relmada is exposed to litigation by third parties based on claims that its technologies, processes, formulations, methods, or products infringe the intellectual property rights of others or that it has misappropriated the trade secrets of others. We believe there is a high likelihood that Relmada will raise additional equity capital in order to fund its pipeline development. The stock of small cap specialty pharmaceutical companies, like all publicly traded companies, is subject to market volatility and liquidity risks if there are small trading floats. Relmada is susceptible to all of these risks.

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Figure 14: Income Statement

Relmada Therapeutics, Inc. *Income Statement (000s, except per share data)*	FY 2015E Q1_15E Sept	 Q2_15E Dec	 Q3_15E Mar	 Q4_15E Jun	FY_12 Dec	FY_13 Dec	FY_14 Jun	FY_15E Jun	FY_16E Jun
Revenue	-	-	-	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-	-	-	-
Gross Profit	-	-	-	-	-	-	-	-	-
Operating expenses:									
Selling, general and administrative	550.0	575.0	600.0	2,000.0	2,489.2	1,525.3	12,106.9	3,725.0	7,500.0
Research and development	300.0	450.0	1,250.0	1,550.0	667.5	5,248.7	840.0	3,550.0	8,350.0
Other	-	-	-	-	-	-	-	-	-
Total Operating Expenses	**850.0**	**1,025.0**	**1,850.0**	**3,550.0**	**3,156.7**	**6,773.9**	**12,946.8**	**7,275.0**	**15,850**
Operating Income/(loss)	**(850.0)**	**(1,025.0)**	**(1,850.0)**	**(3,550.0)**	**(3,156.7)**	**(6,773.9)**	**(12,946.8)**	**(7,275.0)**	**(15,850.0)**
Other Income:									
Gain on change in fair value of derivative liabilities	-	-	-	-	(3,688.4)	(12,877.7)	(7,955.0)	-	-
Interest income	38.3	36.0	48.9	47.0	12.8		1.4	170.3	98.7
Interest expense	-	-	-	-	(27.7)	(220.3)	(435.6)	-	-
Income (loss) before provision for income taxes	**(811.7)**	**(989.0)**	**(1,801.1)**	**(3,503.0)**	**(6,860.0)**	**(19,871.9)**	**(21,336.0)**	**(7,104.7)**	**(15,751.3)**
Tax: (%) non-GAAP	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0*
Income tax	-	-	-	-	-	-	-	-	-
Net income (loss)	**(811.7)**	**(989.0)**	**(1,801.1)**	**(3,503.0)**	**(6,860.0)**	**(19,871.9)**	**(21,336.0)**	**(7,104.7)**	**(15,751.3)**
Diluted EPS (GAAP)	**(0.02)**	**(0.02)**	**(0.04)**	**(0.07)**	**(0.32)**	**(0.82)**	**(1.73)**	**(0.16)**	**(0.34)**
Weighted Diluted Shares outstanding	40,294.2	46,960.9	46,960.9	46,960.9	21,665.0	24,292.7	12,332.3	45,294.2	46,960.9
Weighted Diluted Shares YOY change (%)	*NM*	*NM*	*NM*	*NM*	*NM*	*NM*	*NM*	*NM*	*3.7%*

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

Figure 15: Balance Sheet

Relmada Therapeutics, Inc. *Balance Sheet ($ 000s, except per share data)*	FY 2015E Q1_15E Sept	 Q2_15E Dec	 Q3_15E Mar	 Q4_15E Jun		FY_12 Dec	FY_13 Dec	FY_14 Jun	FY_15E Jun	FY_16E Jun
Assets:										
Cash and cash equivalents	24,027.7	32,623.0	31,306.7	30,452.0		1,772.8	3,522.5	25,564.4	30,452.0	19,301.0
Prepaid expenses	53.5	64.5	116.5	223.5		176.7	10.3	178.2	223.5	386.9
Deferred financing costs, net of accumulated amortization	-	-	-	-		38.2	78.7	-	-	-
Other	-	-	-	-		-	-	-	-	-
Total Current Assets	**24,081.2**	**32,687.6**	**31,423.2**	**30,675.5**	-	**1,987.7**	**3,611.5**	**25,742.5**	**30,675.5**	**19,687.9**
Deferred offering costs	-	-	-	-		-	-	-	-	-
Fixed Assets, net of accumulated depreciation	9.8	9.8	9.8	9.8		-	8.5	9.8	9.8	9.8
Other assets	12.1	12.1	12.1	12.1		6.0	12.1	12.1	12.1	12.1
Total Assets	**24,103.1**	**32,709.5**	**31,445.1**	**30,697.4**		**1,993.7**	**3,632.1**	**25,764.5**	**30,697.4**	**19,709.9**
Liabilities & Shareholders' Equity:										
Accounts payable	151.7	183.0	330.3	633.8		237.4	180.3	746.1	633.8	1,280.8
Accured expenses	196.4	236.9	427.5	820.4		223.0	438.7	382.0	820.4	820.4
Note Payable	-	-	-	-		-	-	-	-	-
Derivative liabilities	25,586.9	25,586.9	25,586.9	25,586.9		5,091.0	20,103.4	25,586.9	25,586.9	15,586.9
Subordinated promissary notes payable, net of discount	-	-	-	-		153.7	759.0	-	-	-
Other current liabilities	-	-	-	-		-	-	-	-	-
Total Current Liabilities	**25,935.1**	**26,006.8**	**26,344.7**	**27,041.1**		**5,705.0**	**21,481.4**	**26,715.1**	**27,041.1**	**17,688.1**
Long-term liability - accrued expense	100.0	100.0	100.0	100.0		-	-	-	100.0	100.0
Total Liabilities	**26,035.1**	**26,106.8**	**26,444.7**	**27,141.1**		**5,705.0**	**21,481.4**	**26,715.1**	**27,141.1**	**17,788.1**
Stockholders' Equity	**(1,932.0)**	**6,602.7**	**5,000.4**	**3,556.3**		**(3,711.3)**	**(17,849.3)**	**(950.6)**	**3,556.3**	**1,921.8**
Total Liabilities & Equity	**24,103.1**	**32,709.5**	**31,445.1**	**30,697.4**		**1,993.7**	**3,632.1**	**25,764.5**	**30,697.4**	**19,709.9**

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

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Figure 16: Cash Flow Statement

Relmada Therapeutics, Inc. *Non-GAAP Cash Flow Cont. Ops.($ 000s, except per share data)*	**FY_12** Dec	**FY_13** Dec	**FY_14** Jun	**FY_15E** Jun	**FY_16E** Jun
Cash flows from operating activities:					
Net income (loss)	(6,860.0)	(19,871.9)	(21,336.0)	(7,104.7)	(15,751.3)
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation expense	-	0.4	2.3	9.1	9.1
Amortization of debt discount	-	118.6	327.8	-	-
Amortization of deferred financing costs	-	69.5	78.7	-	-
Common Stock issured for services	1,330.8	3,766.9	8.7	-	-
Stock-based compensation expense	37.3	382.3	10,319.1	2,317.5	4,049.2
Gain on change in fair value of derivative liabilities	3,688.4	12,877.7	7,955.0	-	-
Other	-	-	-	-	-
		-	-	-	-
Changes in assets and liabilities:					
Prepaid expenses and other current assets	(182.7)	160.3	(90.0)	(90.0)	(90.0)
Accounts payable	32.3	(57.1)	565.8	(112.3)	647.0
Accrued expenses	369.9	315.7	4.3	438.4	-
Other Current Assets	-	-	-	-	-
Net cash provided by (used in) operating activities	(1,584.0)	**(2,237.5)**	**(2,164.3)**	**(4,542.0)**	**(11,136.0)**
Cash flow from investing activities:					
Purchase of fixed asets	-	(8.9)	(3.7)	(12.0)	(15.0)
Other	-	-	-	-	-
Cash provided by investing activities	**-**	**(8.9)**	**(3.7)**	**(12.0)**	**(15.0)**
Cash flows from financing activities:					
Proceeds from sale of Series A preferred stock	3,220.0	3,494.4	-	-	-
Proceeds from the sale of common stock	-	-	22,229.3	-	-
Proceeds from sale of common and Class A Series A preferred stock	-	-	2,000.0	-	-
Proceeds from the sale of warrants	-	-	-	10,000.0	-
Payment of deferred offering costs	-	-	-	(500.0)	-
Proceeds from loan	-	-	-	-	-
Payment of loan	(40.0)	-	-	-	-
Proceeds from related-party loans	-	-	-	-	-
Proceeds from notes payable	-	-	(19.5)	(58.4)	-
Proceeds from subordinated promissory notes, net of deferred financing costs	154.9	501.6	-	-	-
Proceeds from sale of common stock to founder	-	-	-	-	-
Cash (used in) provided by financing activities	**3,334.9**	**3,996.0**	**24,209.8**	**9,441.6**	**-**
Effect of exchange rates on cash	-	-	-	-	-
Net (decrease) increase in cash and cash equivalents	1,751.0	1,749.6	22,041.9	4,887.6	(11,151.0)
Cash and cash equivalents at beginning of the period	21.9	1,772.8	3,522.5	25,564.4	30,452.0
Cash and cash equivanlents at end of period -	**1,772.8**	**3,522.5**	**25,564.4**	**30,452.0**	**19,301.0**

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

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DISCLOSURES:

ANALYST CERTIFICATION

The analyst responsible for the content of this report hereby certifies that the views expressed regarding the company or companies and their securities accurately represent his personal views and that no direct or indirect compensation is to be received by the analyst for any specific recommendation or views contained in this report. Neither the author of this report nor any member of his immediate family or household maintains a position in the securities mentioned in this report.

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Additional information available upon request.

‡ Laidlaw & Company has received compensation from the subject company for investment banking services in the past 12 months and expects to receive or intends to seek compensation for investment banking services from the company in the next three months.

† Laidlaw & Company has received compensation from the subject company for brokerage services in the past 12 months.

^ Laidlaw & Company and/or its affiliated investment advisor and/or associated persons of Laidlaw & Co (UK) Ltd. maintain a position in this security of more than 1% of the outstanding equity securities.

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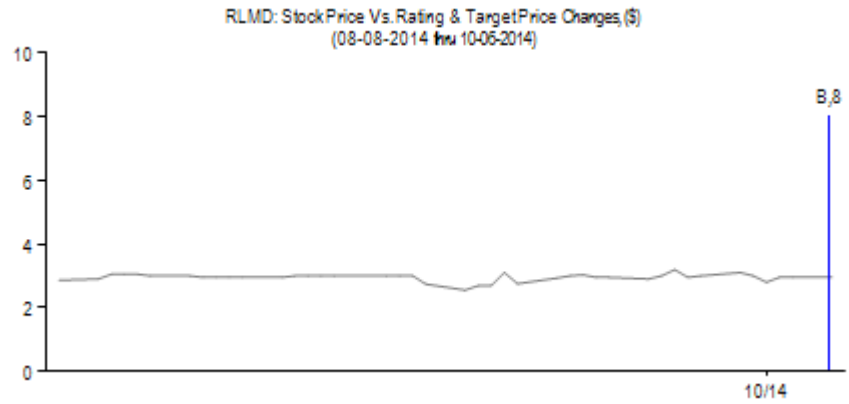
RATINGS INFORMATION

Rating and Price Target Change History



3 Year Rating Change History

Date	Rating	Closing Price ($)
10/06/2014	Buy (B)	2.95*

3 Year Price Change History

Date	Target Price ($)	Closing Price, ($)
10/06/2014	8.00	2.95*

** Previous Close10/3/2014*

Source: Laidlaw & Company **Created by: Blue-Compass.net**

Laidlaw & Company Rating System*		% of Companies Under Coverage With This Rating	% of Companies for which Laidlaw & Company has performed services for in the last 12 months	
			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%

ADDITIONAL COMPANIES MENTIONED

BioDelivery Sciences Intl (BDSI, Buy Rated $20 PT)
Endo Pharmaceuticals PLC (ENDP, Not Rated)
Orexo AB (ORX-SK, Not Rated)
Reckitt Benckiser Group PLC (RB.-LN, Not Rated)

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