

# BIOTECH STOCK REVIEW

Los Angeles / Chicago / New York

## GEOVAX (SYMBOL: GOVX) \$0.16

### “Shock and Kill”

*“Shock and Kill” Using GeoVax DNA Vaccines, Could Potentially Contribute to Cure for HIV.*



### TIME TO BOTTOM FISH?

You might ask yourself, “How in the world does a company with a \$0.16 stock get to Phase 2, which everyone knows costs tens of millions?” You might also ask, “How have they been so successful in the trials and yet the stock has gone down the drain?” Knowing the technology has been backed an amazing \$54 million in grants and support from the **National Institutes of Health (NIH)**, might give us some clues. Let’s take a look at what has transpired.

**GeoVax (GOVX)** despite its diminutive share price and performance – is **the leading small publicly traded biotech company, working on a vaccine for HIV**. We define “leading” - as having gone furthest in clinical trials (Phase 2a) that is still standing, fighting and working to create a vaccine - to prevent HIV. **No other small public company, even comes close to their progress.**

The Company's preclinical protection studies demonstrated the best protection currently being achieved **by any HIV vaccines advancing in human clinical trials**, as was presented at the World Vaccine Congress on April 8, 2015. GeoVax's vaccines are unique in expressing virus-like particles. Preclinical and clinical studies suggest that this feature generates antibody that binds sufficiently tightly to HIV, a virus that is not easily recognized by antibody, to prevent transmission. Studies have also demonstrated that the antibody response elicited by the GeoVax vaccine is highly durable (long-lasting).

Furthermore, out of 100 Phase 1 trials conducted since 1992, **only five progressed to Phase 2** – including GeoVax. With millions in funding from the NIH and massive research help from the HIV Vaccine Trials Network (HVTN) – GeoVax vaccines have already been **successfully evaluated in nearly 500 humans**, using various dosing and formulations. But the NIH isn't much concerned about stock prices, meeting quarterly deadlines or shareholder press releases. Their only concern is on finding a vaccine or a cure and doing everything the right way. While this explains how GeoVax got so far, it of course doesn't answer the questions; why has the stock gone down the drain and is now the time to bottom fish?

**Our answer to that is being funded by the NIH is a two edged sword.** Yes it is a massive amount of money. Yes these grants have saved the company from having to issue tens of millions of shares. And yes the \$54 million in funding and support from NIH, has enabled GeoVax to quietly leapfrog the competition. But not having taken money from Wall Street, has left the company's shares orphaned. So what's good for the company, isn't always good for the share price (particularly when done too quietly), though logically it should. But who said Wall Street was logical.

#### **IS IT TIME TO BOTTOM FISH?**

We estimate without the help of the NIH and HVTN, GeoVax would have had to sell 337 million shares to raise \$54 million at today's prices. Instead, they have 32 million shares outstanding and no debt. It's close to impossible to find a company this far in the approval process, with a market valuation this low. Actually forget close. It is impossible.

Point being; don't confuse their clinical trial progress, with the progress of their stock price. They do not and have not for some time, moved in parallel. In fact they've done just the opposite.

**This set of circumstances however makes for a very interesting speculation.** The "good" flip-side of not having a sponsor on Wall Street, of not having any analysts covering your every step in the approval process – is a stock valuation that has gotten so low (under \$20 million versus a more typical +\$100 million), that if the company does announce FDA approval – all bets are off with regards to the upside potential. Explosive comes to mind, but we don't dare put up a potential price target, for fear of being called a huckster or scallywag.

**Clearly whoever comes up with a vaccine for HIV will be rewarded with a King's ransom. No one will disagree with that.** And with an estimated market of \$4 billion for the vaccine - as large as that is - it doesn't take a rocket scientist to understand the difference to the bottom line (and stock price), if a company like GeoVax announces approval, versus a company like Sanofi (SNY) with a market valuation of \$131 billion announcing approval. No doubt about it, a vaccine for HIV will make for world news, but it takes a lot to move the needle on a company worth \$131 billion. But what does it take to move a company with a market cap under \$20 million! We think you'll agree, not much.

So yes, we feel it is a great time to bottom fish. But first let's look at both the downside and upside.

#### **WHAT IS THE DOWNSIDE?**

We always like to look down before we look up and in Geovax's case this is a fairly simple exercise. We'll note in advance in our opinion, this is not by any means a trading stock although it has been traded in the past (see below). Nor is it a dividend

paying, core holding stock like Pfizer (PFE) as example, which may be growing at a steady growing 15-20% a year. There's little in the way of a safety net with technology start-ups and when there's little safety net (sales, earnings, book value) we prefer to say there is no safety net. So we peg the downside as 100%. Is that a problem? Well it depends on the upside, or more accurately your opinion of it and of course your risk tolerance.

GeoVax in our opinion, is a fixed downside (\$0.16 to \$0), maximum upside (\$0.16 to \$\$\$) play. While we won't publish a price target, we feel fairly comfortable saying if it gets FDA approval, it's not just going up 20% or 50% or 100%. Everything else is just noise.

If a stock is selling at \$5 and has downside to \$4 and upside to \$8, we're interested. If a stock is selling at \$5 and has downside to \$0 and upside to \$8, we're not interested. Same upside, but different downside. And if a stock is selling at \$5 and has downside to \$0 and upside to \$50, then we're most definitely interested. Same downside, but different upside. It's all a matter of risk to reward.

**Now let's look at what can go wrong.** First there is "nobody knows they exist" **risk**. As the chart shows, the share price has drifted lower and lower, year after year as few investors have followed the progress from pre-clinical test tube, to pilot studies on primates and to **actually injecting human beings**. This is paramount progress, which few companies achieve and in many instances can double, triple or even quadruple a Biotech company's shares price. But it didn't in GeoVax's case. So can this drift continue? Of course it can.

Second is **funding risk**. To date GeoVax has received an amazing \$44 million in research grants and \$10 million in clinical trial support. The HIV vaccine technology was developed in collaboration with researchers at **Emory University**, the NIH, and the **CDC**, and is exclusively licensed from Emory University. All crème of the crop.

The trials were conducted by the **HIV Vaccine Trials Network**, the world's largest publicly funded research team, with testing sites across the world. We can't even begin to put a dollar amount on the value of their work and supervision. But just like how Wall Street financing can dry up (the lifeblood of all Biotech companies) so can grants from the NIH. Can they lose continued support, of course they can.

The third is safety and efficacy (does it work) **risk**. As with any Biotech company, safety and efficacy risks continue right up (and sometimes after) final FDA Phase 3 approval. Bad news (as well as good) can come out **at any time**.

In the first instance (non-news related drifting) in our view, with such a massive upside potential (remember less than a \$20 million market value vs. \$4 billion market) it really doesn't matter what we pay for the stock. It could be \$0.16 where it closed today, or \$0.50 or \$0.04. Similarly if we were to buy the whole company. If we think a vaccine for HIV is worth \$500 million, does it really matter if we pay \$20 million or \$50 million or \$4 million for the entire company? Our thoughts are ride it to zero like a big boy if they fail, or ride it to Biotech nirvana if they succeed. If we buy it at \$0.16 and it drifts to \$0.08 who cares. Of course we would rather have been able to buy more at the lower price, but it is what it is. We're not looking to make 20% or 50%, we're going for the gusto. Get a core risk position and let it ride.

*In the latter two "what can go wrong" instances, these are actually both potential risks and/or potential rewards.*

**Yes they could lose continued funding, but yes they could get more.** The company believes existing cash resources will be sufficient to fund their planned operations through the first quarter of 2016. The NIH has funded the costs of conducting all of the human clinical trials (Phase 1 and Phase 2a) to date for the preventive HIV vaccines, with GeoVax incurring certain costs associated with manufacturing the clinical vaccine supplies and other study support. They also expect the NIH to fully

fund the cost of another Phase 1 trial recently announced (HVTN 114) of their preventive HIV vaccine to begin in late 2015, which will investigate the effect of adding a “protein boost” component to their vaccine.

Zacks Investment Research has stated a larger GeoVax Phase 2b trial protocol (without the protein boost) has yet to be developed, however believes the trial could be performed with approximately 2500 individuals (split 1:1 between GOVX-B11 and placebo) at a cost of approximately \$50 million. **News of a funding agreement of that size (or a portion thereof), NIH or private or combination - could send the stock considerably higher.** No news or delayed news could mean further sideways trading or further drifting.

The opportunity risk danger here, would be waiting for financing news and being on the sidelines, if and when it is announced. Don't forget, grants are non-dilutive, meaning no shares are issued. This is how GeoVax has progressed so far and yet has only has 30+ million shares outstanding. Rest assured, if GeoVax announces another large grant, it will be reflected in the share price and investors will not be able to pay after the news, what they would have been able to pay before the news – whatever the share price. Remember that caveat.

**With regards to safety or efficacy risk**, the company has been good and we feel certain will continue to be good, at sharing reams and reams of clinical data collected, collaborated and presented by the HVTN scientist, so investors can know exactly how they are progressing. The company Chief Scientific Officer, Harriet L. Robinson, Ph.D., (who will surely win a Nobel Prize if she succeeds in her mission) has also been clear about reporting on their progress in both print and on video. As we stated before, bad news which can crop up without notice and upset the apple cart. However, good news can propel the share price higher. Now that GeoVax has progressed to phase 2, POSITIVE data coming out of the next trials (protein boost or the independent trial), could **attract a deep pocketed major pharmaceutical company partner** and once again, investors most definitely will not be able to buy shares anywhere near pre-news pricing.

#### **WHAT IS THE UPSIDE, IF THEY'RE RIGHT?**

GeoVax's progress over the past ten years, surpasses many more recognizable and much better financed Biotech companies, most who have failed in getting pass Phase I (safety) trials. As example Merck (MRK) with sales of \$42 billion last year, had to throw the towel in in 2007 in its “STEP” trial, which enrolled 3,000 people, after it was determined it did not protect against infection in Phase 2.

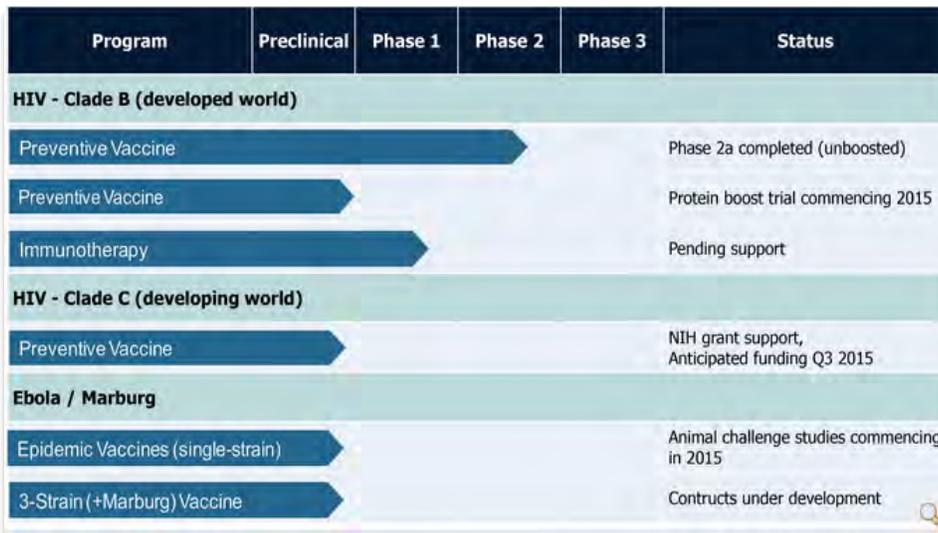
**VaxGen (DDXS)** as another example, which went public in a \$46 million offering in 1999, raised the white flag four years later in 2003. VaxGen was described by CNN as “poised to make billions,” failed to overcome the inherent obstacles in vaccinating against a constantly mutating virus. **And yet tiny GeoVax is still in the lab, still working diligently and still showing results.** Note the clinical trials conducted for GeoVax's vaccine (or any Biotech company) can be halted anytime due to safety issues. The only way for any developing biotech company to continue research - is to continually advance the science. **“STOP do not continue”** is what happens upon receipt of adverse testing (safety or efficacy) data.

Companies do not and cannot continue with bad data. Well actually they can if it's safe, but they will have to do so by starting from scratch and typically without any help (grants) from the NIH, or money from Wall Street. Meaning game over.

**GeoVax continues, GeoVax keeps crossing over hurdles. The science advances.**

We feel it's important to defend our “leading biotech” moniker, because it's natural to think “how can a company with a \$0.16 stock price and market cap under \$20 million” be called a leader.

Sounds more like either bad science, a joke, or at death's door. After-all, startups like **Bluebird Bio (BLUE)** which had sales of \$340,000 in 2012 and a market cap of \$6 billion today with a \$188 stock price – are what's typically called a "leader."



But we're not talking about stock price here and we're not talking about market valuation (though we will later). What we are talking about is science. Again, out of 100 Phase 1 trials conducted since 1992, **only five progressed to Phase 2** – including GeoVax, which is why we say they are the leading publicly traded company working on an HIV vaccine.

In January 2008, GeoVax was recognized by Georgia Bio, the state trade organization, as a

2007 "Deal of the Year" award winner for receipt of the \$15 million IPCAVD grant from the National Institutes of Health (NIH). The award was presented at Georgia Bio's annual awards dinner on January 24, 2008. This grant is believed to be one of the largest grants of its kind to be awarded that year.

Only meritorious HIV/AIDS prevention vaccine candidates are considered to receive an IPCAVD award. Candidate companies are **highly scrutinized and must supply substantial positive AIDS vaccine data** to support their application. IPCAVD grants are awarded on a competitive basis and are designed to support later stage vaccine research, development and human trials.

When we ask what is the upside if GeoVax's technology is right, investors should understand that while an HIV preventative vaccine has been front and center for GeoVax, the company actually has four shots on goal.

1. Preventative Vaccine
2. Preventative Vaccine with Boost
3. Shock & Kill HIV Cure (immunotherapy)
4. Ebola Vaccine

1. PREVENTATIVE VACCINE.

DNA and MVA Vaccines.

GeoVax's most clinically advanced vaccine development program is a DNA/MVA vaccine regimen (**GOVX-B11**) for the prevention of HIV infection.

In 2005, a Phase 1 human clinical trial to test its preventative vaccine concluded successfully. After receiving “Safe to Proceed” status for a new IND by the FDA, a Phase 1 trial combining low doses of the DNA vaccine with the MVA vaccine began in May 2006. In February 2009, GeoVax announced the first injections in its Phase 2a Human Clinical Vaccine Trial for its candidate HIV/AIDS vaccine.

GeoVax has completed multiple Phase 1 trials and a Phase 2a trial of various dosing regimens and formulations of its vaccines. These vaccines have been evaluated in nearly 500 humans and they’re currently exploring options, to secure funding to advance this vaccine directly into pivotal Phase 2b efficacy trials.

Robert T. McNally, Ph.D., GeoVax’s President and CEO, said, “During the four previously completed human clinical trials of our vaccine, a remarkable amount of promising data have been collected on the ability of the GOVX-B11 vaccine to elicit potentially protective antibodies. The preclinical protection data are also quite persuasive. It is now time to test the vaccine in humans for its protective potential (a Phase 2b trial)”.

**GeoVax’s HIV vaccines incorporate two delivery components:** a recombinant plasmid DNA vaccine, and a recombinant MVA (modified vaccinia Ankara) vaccine. Both their DNA and MVA vaccines express sufficient vaccine genes to support the production of non-infectious VLPs. **The VLPs cannot cause disease** because they contain mutated or deleted enzymatic functions that are essential for virus replication.

Vaccines typically contain agents (antigens) that resemble disease-causing microorganisms. Traditional vaccines are often made from weakened or killed forms of the virus or from its surface proteins. Many newer vaccines use recombinant DNA (deoxyribonucleic acid) technology to generate vaccine antigens in bacteria or cultured cells from specific portions of the DNA sequence of the target pathogen. The generated antigens are then purified and formulated for use in a vaccine.

The most successful of these purified antigens have been **non-infectious virus-like particles (VLPs)** as exemplified by vaccines for hepatitis B (Merck’s Recombivax® and GSK’s Engerix®) and Papilloma viruses (GSK’s Cervarix®, and Merck’s Gardasil®). **GeoVax’s approach** uses recombinant DNA or recombinant viruses to produce VLPs in the person being vaccinated. In human clinical trials of their HIV vaccines, **GeoVax has demonstrated that their VLPs, expressed in the cells of the person being vaccinated, are safe, yet elicit both strong and durable humoral and cellular immune response.**

All of GeoVax’s vaccines are designed to produce self-assembling non-infectious VLPs in the cells of the person being vaccinated. **VLPs train the body’s immune system to recognize and kill** the authentic virus should it appear. VLPs also train the immune system to recognize and kill infected cells to control infection and reduce the length and severity of disease. **One of the biggest challenges** with VLP-based vaccines is to design the vaccines in such a way that the **VLPs will be recognized** by the immune system **in the same way as the authentic virus would be.**

**GeoVax believes its technology provides distinct advantages by producing VLPs that more closely resemble the authentic virus,** which in turn, allows the body’s immune system to more readily recognize the authentic virus. In addition, **by producing VLPs in vivo,** GeoVax vaccines avoid potential purification issues associated with in vitro production of VLPs.

When VLPs for enveloped viruses are produced in vivo, they include not only the protein antigens, but also an envelope consisting of membranes from the vaccinated individual’s cells. In this way, they are highly similar to the virus generated in a person’s body during a natural infection. VLPs produced externally, by contrast, have no envelope; or, envelopes from the cultured cells (typically hamster or insect cells) used to produce them.

Since 2014 and during early 2015, GeoVax has been actively engaged in discussions with the HVTN and NIAID regarding the design of the next clinical study (2b) of its preventive HIV vaccine. GeoVax's vaccine is currently the only vaccine being contemplated for efficacy trials for prevention of clade B HIV infection.

## 2. PREVENTATIVE VACCINE WITH BOOST.

While GeoVax would prefer to graduate GOVX-B11 from its recently completed Phase 2a to a much larger (and expensive) Phase 2b trial, the HVTN believes the best path forward will be to first test the Company's GOVX-B11 vaccine in combination with a protein boost. During the first quarter of 2015, the HVTN approved a concept protocol and assigned a Phase 1 trial number, HVTN 114, to the next clinical trial of the Company's clade B preventive HIV vaccine candidate and is expected to begin enrolling patients during the second half of 2015 and will be fully funded by the National Institute of Allergy and Infectious Diseases (NIAID).

Protein boosts may augment antibody responses that can both block virus infections and make the virus more susceptible to attack by immune system cells. The only partially successful HIV vaccine trial (known as RV144) included a protein boost, which the HVTN believes should be tested with the GeoVax vaccine. The boosts will consist of the GeoVax vaccine with or without a gp120 protein vaccine. The gp120 protein, is the same protein used to boost immune responses in the partially successful RV144 vaccine trial in Thailand with a 30% success rate. We are told a 60% success is needed.

HVTN 114 will enroll up to 100 individuals who participated in the HVTN 205 Phase 2a trial of the GeoVax GOVX-B11 vaccine (concluded in 2012) and will test the ability of boosts to increase the antibody responses elicited by GOVX-B11.

In late April, GeoVax announced its interest in seeking financing, enabling it to pursue a dual pathway (dual trials) for advancing the GOVX-B11 preventive HIV vaccine into pivotal human efficacy trials (Phase 2b).

So not to confuse, the quickest way to prove GOVX-B11's effectiveness (and an exploding GOVX stock price if proven right) is through a large Phase 2b trial, with positive data. But as we said before, the NIH isn't concerned about share price or speed to market. Their concern is getting it done and getting right. Our take is if the mighty NIH wants to mix GOVX-B11 with gp120 – all the more power to them. Yes we'd like to see effectiveness news sooner than later, but we're interested in a drug that works, and at \$0.16 a share, we are fine with waiting. We just got here, we didn't get here in 2007. So that wait is gone.

Finally so as not to be ignorant of the need of getting an approved vaccine to market, we note that 50,000 people are year in the US are getting infected. Saving people from this dreaded virus, is paramount. The annual cost taxpayer cost of care and treatment is estimated at \$17 billion. So in that sense spending \$50 million on a GeoVax Phase 2b trial pales in comparison the money being spent treating the infected.

## 3. SHOCK & KILL CURE (IMMUNOTHERAPY)

Observations from a pilot Phase 1 clinical trial of the Company's HIV vaccines (GV-TH-01) have led GeoVax to postulate that its DNA vaccine may be effective as a shock agent and that a subsequent, precisely timed MVA inoculation may reduce viral reservoirs.

While not front and center, we believe that GeoVax's new concept of "Shock & Kill" therapy, is not only going to shock latent (hidden) HIV, it's also going to shock Wall Street! We could be wrong, but if we're right – heads will spin. The National Institutes of Health and other leaders in the HIV field developed the new "shock and kill" strategy.

A major challenge in the development of HIV therapeutics has been the ability of HIV to persist in host cells in a latent form, invisible to the immune system and inaccessible to antiretroviral drugs.

In Shock and Kill, the patients remain on standard-of-care anti-retroviral drug therapy while a second drug ("shock agent") is used to activate latent HIV and a third drug ("kill agent") is used to recognize and eliminate cells that harbor the latent HIV reservoir. A shock and kill therapy **could potentially contribute to a cure for HIV**.

During 2014, GeoVax completed a Phase 1 clinical trial (GV-TH-01) investigating the therapeutic use of their **GOVX-B11 vaccine in HIV-infected patients**. Future therapeutic studies of their vaccine may investigate the vaccine's ability to act as a "shock agent" in a shock and kill therapy in combination with standard of care antiretroviral drug therapy to seek a cure for HIV infection. While we assume that GeoVax's standard preventative vaccine development efforts are forefront, it is actually the Shock and Kill which excites us most. The timetable and specific clinical plans will be dependent upon the Company's ability to secure external funding for the program, and on the nature of any collaborations GeoVax may establish.

#### 4. EBOLA VACCINE

We earlier mentioned that while we do not believe that GeoVax is a "trading" stock, that it has been traded. Last year in early October GeoVax announced that it had initiated a new program for the development of a safe and effective vaccine to prevent

Ebola infection. The company noted that its Ebola vaccine development efforts will be facilitated by the Company's close proximity to, and collaboration with, the U.S. Centers for Disease Control (CDC) in Atlanta and its experts and Biosafety Level 4 (BSL-4) facilities for testing vaccine responses against lethal hemorrhagic viruses.

Suddenly investors showed up in droves – though we assume few took the time to examine the Company's progress on their HIV vaccine. From October 2<sup>nd</sup> the shares trade from \$0.21 to \$0.49.

Whereas average daily volume was around 50,000 shares, in the two week to follow over 15 million shares traded in a feeding frenzy.



Prices	Date	Open	High	Low	Close	Volume	Adj Close*
	Oct 20, 2014	0.34	0.35	0.28	0.30	861,200	0.30
	Oct 17, 2014	0.37	0.37	0.33	0.35	446,300	0.35
	Oct 16, 2014	0.32	0.38	0.31	0.36	668,000	0.36
	Oct 15, 2014	0.38	0.39	0.31	0.32	1,201,300	0.32
	Oct 14, 2014	0.43	0.51	0.35	0.39	3,051,000	0.39
	Oct 13, 2014	0.31	0.49	0.25	0.42	3,344,800	0.42
	Oct 10, 2014	0.34	0.36	0.28	0.30	536,600	0.30
	Oct 9, 2014	0.37	0.37	0.28	0.35	604,200	0.35
	Oct 8, 2014	0.38	0.41	0.34	0.37	360,200	0.37
	Oct 7, 2014	0.34	0.42	0.34	0.38	1,191,000	0.38
	Oct 6, 2014	0.33	0.35	0.30	0.34	568,400	0.34
	Oct 3, 2014	0.38	0.38	0.26	0.32	689,700	0.32
	Oct 2, 2014	0.22	0.36	0.22	0.36	1,218,100	0.36
	Oct 1, 2014	0.21	0.24	0.21	0.21	62,600	0.21

\* Close price adjusted for dividends and splits.

There were a number of companies whose shares took flight that fall including many "me too" companies of ill repute.

The difference with GeoVax is they didn't claim to suddenly come up with a solution, but merely postured that the vaccination platform could also be used with Ebola.

As Ebola could be the first GeoVax product to market, it is worth close monitoring. The vaccines use GeoVax's

recombinant modified vaccinia Ankara (MVA) platform to produce non-infectious virus-like particles (VLPs) in the person

being vaccinated. The VLPs mimic natural infections and should be highly effective at eliciting protective antibody and T-cell responses.

GeoVax began its Ebola vaccine development program in late 2014 using viral genetic sequences from the current outbreak. In early 2015, the Company demonstrated that the vaccine, when used to infect human cells, expresses VLPs which display the virus's surface protein (glycoprotein). The virus glycoprotein is the major target for protective antibodies.

In April, GeoVax entered into a collaboration agreement with the **National Institute of Allergy and Infectious Disease (NIAID)**, part of the **National Institutes of Health (NIH)**, for development of GeoVax's vaccines against Ebola and Marburg. Under the agreement, NIAID will contribute materials, scientific methods and advice for vaccine construction, carry out animal protection studies in BioSafety Level 4 (BSL-4) facilities, and consult with GeoVax on the analysis and interpretation of studies.

So once again, GeoVax (and again despite it being a \$0.16 stock) is using its reputation and standing with these governmental agencies in ways most start-up companies can only dream of.

In a press release, Robert T. McNally Ph.D., GeoVax's President and CEO, commented, "This month, we will begin preclinical animal studies for our first Ebola constructs and we expect to conduct the initial challenge studies during the summer. Our collaboration with the NIH is providing us with invaluable expertise and access to BSL-4 facilities. Our goals are to advance to testing in the non-human primate model in late 2015, and to progress to human clinical trials by late 2016 or early 2017."

Dr. McNally continued, "We are excited about the potential for our Ebola/Marburg vaccine program, and pleased with the rate of our progress. We think the first-generation vaccines currently in human trials have potential drawbacks, including safety, complexity and high production costs. We believe our vaccines will offer a superior alternative to those vaccines by addressing these deficiencies, and that our multi-strain vaccine is something the world will need, as history has shown that the current outbreak will certainly not be the last."

## MANAGEMENT

### Robert T. McNally, Ph.D., President & CEO



Dr. McNally joined the Board of Directors in December 2006 and was appointed as our President and Chief Executive Officer effective April 1, 2008. From 2000 to March 2008, Dr. McNally served as Chief Executive Officer of Cell Dynamics LLC, a cGMP laboratory services company. Previously, Dr. McNally was a co-founder and Senior Vice President of Clinical Research for CryoLife, Inc., a pioneering company in transplantable human tissues. He has over 35 years of experience in academic and corporate clinical investigations, management, research, business, quality and regulatory affairs.

Dr. McNally is a Fellow of the American Institute for Medical and Biological Engineering, serves on the advisory boards of the Petit Institute for Bioengineering and Dupree College of Management at the Georgia Institute of Technology, and is a former Chairman of Georgia Bio, a trade association. Dr. McNally graduated with a Ph.D. in biomedical engineering from the University of Pennsylvania.

### **Mark W. Reynolds, Chief Financial Officer**

Mr. Reynolds joined GeoVax on a part-time basis in October 2006 as Chief Financial Officer and Corporate Secretary, becoming a full-time employee in January 2010. From 2003 to 2006, before being named Chief Financial Officer of GeoVax, Mr. Reynolds provided financial and accounting services to the Company as an independent contractor. From 2004 to 2008, he served as Chief Financial Officer for HealthWatchSystems, Inc. a privately-held company in the consumer healthcare industry.

From 2004 to 2006, he served as Chief Financial Officer for Duska Therapeutics, Inc., a publicly-held biotechnology company. From 1988 to 2002, Mr. Reynolds was first Controller and later Chief Financial Officer of CytRx Corporation, a publicly-held biopharmaceutical company. Mr. Reynolds began his career as an auditor with Arthur Andersen & Co. from 1985 to 1988. He is a certified public accountant and earned a master's of accountancy degree from the University of Georgia.



### **Harriet L. Robinson, Ph.D., Chief Scientific Officer**



Dr. Robinson joined the Company as Senior Vice President, Research and Development on a part-time basis in November 2007 and on a full-time basis in February 2008, and was elected to the Board of Directors in June 2008. Dr. Robinson is the developer of GeoVax's HIV/AIDS vaccine technology and is one of the world's leaders in HIV/AIDS vaccine research. She is a co-founder of GeoVax and has served as chief of its scientific advisory board since formation of the company in 2001.

From 1999 to February 2008, Dr. Robinson served as the Asa Griggs Candler Professor of Microbiology and Immunology at Emory University in Atlanta, Georgia, and from 1998 to February 2008 as Chief, Division of Microbiology and Immunology, Yerkes National Primate Center and Professor at the Emory University School of Medicine. She was Professor, Department of Microbiology & Immunology, at the University of Massachusetts Medical Center from 1988 to 1997 and Staff, then Senior, then Principal Scientist at the University of Massachusetts Worcester Foundation for Experimental Biology from 1977 to 1987. Dr. Robinson received a bachelor of arts degree from Swarthmore College and M.S. and Ph.D. degrees from the Massachusetts Institute of Technology.

### **FINANCIAL REVIEW**

GeoVax reported a net loss for the three months ended March 31, 2015 of \$700,454, or \$0.02 per share, based on 32.0 million weighted average shares outstanding. For the three months ended March 31, 2015, the Company reported a loss of \$615,918, or \$0.02 per share, based on 24.8 million weighted average shares outstanding.

The Company reported revenues of \$103,424 for the three months ended March 31, 2015, related to grants from the NIH. This compares to \$157,340 of grant revenues reported in for the same period in 2014. As of March 31, 2015, there is \$125,541 of unused grant funds remaining and available for use.

Research and development (R&D) expenses were \$403,629 for the three months ended March 31, 2015, compared with \$402,860 for the comparable period in 2014. R&D expenses include direct costs funded by NIH grants, as well as other vaccine manufacturing and testing costs. General and administrative (G&A) expenses were \$401,441 and \$371,802 for the three months ended March 31, 2015 and 2014, respectively.

GeoVax reported cash balances of \$3,146,728 at March 31, 2015, as compared to \$1,101,651 at December 31, 2014. The increase relates primarily to net proceeds of \$2.7 million received in February 2015 from the sale of the Company's equity securities.

Further information concerning the Company's financial position and results of operations are included in its Quarterly Report on Form 10-Q, expected to be filed with the Securities and Exchange Commission.

ASSETS	(unaudited)	
Current assets:		
Cash and cash equivalents	\$ 3,146,728	\$ 1,101,651
Grant funds receivable	47,955	79,341
Prepaid expenses and other current assets	48,160	44,503
<b>Total current assets</b>	<b>3,242,843</b>	<b>1,225,495</b>
Property and equipment, net	105,309	96,693
Deposits	11,010	11,010
<b>Total assets</b>	<b>\$ 3,359,162</b>	<b>\$ 1,333,198</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 45,912	\$ 55,616
Accrued expenses	68,180	52,490
Amounts payable to Emory University (a related party) (Note 11)	102,638	78,917
<b>Total current liabilities</b>	<b>216,730</b>	<b>187,023</b>
Commitments (Note 6)		
Stockholders' equity:		
Preferred stock, \$.01 par value:		
Authorized shares – 10,000,000		
Series B convertible preferred stock, \$1,000 stated value; 100 shares issued and outstanding at March 31, 2015 and December 31, 2014	76,095	76,095
Series C convertible preferred stock, \$1,000 stated value; 3,000 and -0- shares issued and outstanding at March 31, 2015 and December 31, 2014, respectively	983,941	-
Common stock, \$.001 par value:		
Authorized shares – 75,000,000		
Issued and outstanding shares – 31,950,813 at March 31, 2015 and December 31, 2014	31,951	31,951
Additional paid-in capital	32,536,539	30,823,769
Accumulated deficit	(30,486,094)	(29,785,640)
<b>Total stockholders' equity</b>	<b>3,142,432</b>	<b>1,146,175</b>

## SUMMARY.

With a properly set incoming expectation, meaning “minimal” - while at the same time be cognizant of the company’s actual progress **and upside potential**, we believe the shares of GeoVax belong in every speculative biotech portfolio.

Without proper expectations, investing in GeoVax can disappoint from two angles – even with FDA approval. The first would be “waiting for the stock to move” and getting impatient. Months can go by, maybe years and positive news seems to keep getting ignored (except a partnership with a major drug company, which like Ebola news – will get noticed) and you sell. And then six months or a year later the stock goes from \$0.16 to \$5.00. Major disappointment. You had the winning lottery ticket and you gave it away.

Similarly months can go by, maybe years and positive news seems to keep getting ignored, but one particular piece of good news gets noticed and the stock goes from \$0.16 to \$0.32 and you sell and presuming you can get back in, when it goes back to \$0.16 - like it usually does. But this time it doesn’t fall back and you wait and then eventually forget. Then one day you see a headline on CNBC about a small Biotech company based out of Atlanta, which was primarily funded by the National Institute of Health that just got approval to sell a vaccine to prevent HIV or a vaccine to prevent Ebola. You just turn off the TV and head out to the golf course. Just be careful about how you swing the golf club, because you might hurt someone.

That type of disappointment is much more frustrating, agonizing and difficult than buying a Biotech company that drops after failing in advanced trials, which most do.

To prevent this type of disappointment we feel it’s best for investors to visit the website and study the technology. It’s pretty much in plain English. And then note the progress that they have made and realize they couldn’t have gotten his far (very few have) without the help of the NIH and HVTN. If you simply look at the \$0.16 stock price, you can’t help but want to think they simply won’t be able to make it – or that “how good could the science from a \$0.16 stock really be?”

So instead think of GeoVax as a private Venture Capital Stage Company, that was funded by VC’s and is about to go public. Since there is no current stock price, the first thing you would look at his how much have they been funded (close to \$80 million from all sources), how far they are into FDA trials (very far), who has been funding it (OMG) and what is the background of the management team and who are their partners (the crème of the crop)?

If you look at all that, without looking at the stock price and then ask yourself, “Is this something I should be a shareholder of of?” We think you’ll find your answer will be YES.

Now bring it back to reality and remember it is a stock and that it’s trading at \$0.16 and only has 32 million shares outstanding meaning the market is valuing all this work and progress at \$5 million. How could you not take a shot? How could you not call your broker, buy the stock, have him mail you the stock certificate and then frame it and put it on your wall - so you’re not tempted to sell too early and then not look at tit for 3-4 years.

Our next report will be more anticipatory in nature, meaning what milestones are ahead which we should be aware of. Sign up for our newsletter at [TheBiotechStockReview.com](http://TheBiotechStockReview.com) to subscribe, if you not a subscriber already.

## NOTES/Disclaimers.

\*The Company’s preclinical protection studies in non-human primates demonstrating **the best protection** currently being achieved by any HIV vaccines advancing in human clinical trials was presented at the World Vaccine Congress on April 8, 2015. GeoVax’s vaccines are unique in expressing virus-like particles. Preclinical and clinical studies suggest that this feature generates antibody that binds sufficiently tightly to HIV, a virus that is not easily recognized by antibody, to prevent

transmission. Studies have also demonstrated that the antibody response elicited by the GeoVax vaccine is highly durable (long-lasting

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