

**YM BIOSCIENCES, INC. (NYSE AMEX: YMI)**

**NEW DATA AT ASH DEMONSTRATES STRENGTH OF YMI'S JAK KINASE INHIBITOR**

**YM BioSciences, Inc. (NYSE AMEX: YMI, TSX: YM)** is a life-sciences product development company. YMI's first product, CYT387, is a potent, selective, oral JAK1/JAK2 inhibitor designed to suppress the over activity of the tyrosine kinases, including a mutant form of JAK2 enzyme, JAK2V617F. Clinical development of CYT387 is underway in the U.S. initially in patients with myelofibrosis, a type of myeloproliferative neoplasm (MPN). YMI's second product is nimotuzumab, an EGFR-targeting monoclonal antibody for which YMI holds the license for most major international pharmaceutical markets. It is currently in numerous trials globally for the treatment of glioma, head and neck, gastric, cervical, and non-small-cell lung (NSCLC) cancers. The product is approved for marketing in 25 secondary market countries by developers unrelated financially to YMI. YMI's third product is CYT997, a novel, oral, vascular disrupting agent (VDA), in a trial in glioma in Australia and the UK.

**CYT387 JAK 1/2 Program**

- Phase I/II Trial (US) (YMI) led by Tefferi at Mayo Clinic in patients with myelofibrosis, a type of myeloproliferative neoplasms (MPN).

**Selected nimotuzumab late stage trials:**

- Phase II Trial (Japan) (Daiichi-Sankyo/Kuhnil Pharma): Advanced/Recurrent Gastric Cancer
- Phase II Trial (Japan) (Daiichi-Sankyo): First-Line NSCLC
- Phase III Trial (Singapore & worldwide) (National Cancer Center of Singapore): Adjuvant Head & Neck Cancer
- Phase III Trial (Western Europe) (Oncoscience AG): First-Line Pediatric Glioma
- Phase III Trial (Western Europe) (Oncoscience AG): First-Line Adult Glioma
- Phase II Trial (U.S./Canada) (YMI): Diffuse Intrinsic Pontine Glioma
- Phase II/III (Western Europe) (Oncoscience AG): Pancreatic Frontline
- Phase II Trial (U.S. & Canada) (YMI): Palliative NSCLC
- Phase II Trial (U.S. & Canada) (YMI): Brain Metastases from NSCLC
- Phase II Trial (Singapore) (Innogene Kalbiotech/Kalbe Farma): Cervical Cancer
- Phase II Trial (Singapore) (Innogene Kalbiotech/Kalbe Farma): Locally-Advanced Head & Neck Cancer

**CYT997 VDA Program**

- Phase I/II clinical trial in combination with chemotherapy in patients with relapsed glioblastoma multiforme.

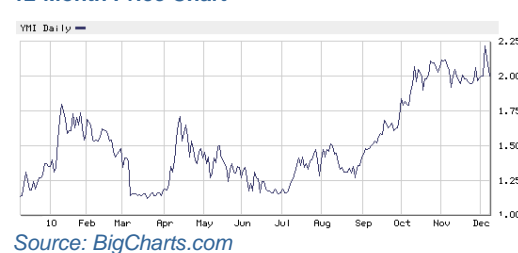
**We are reiterating our BUY rating on YM BioSciences, Inc. (NYSE AMEX: YMI, TSX: YM) and our 12-month price target of \$5.50 for YMI shares.**

☐ **Positive Interim Data Reported for YMI's oral dual JAK1/JAK2 kinase inhibitor CYT387 at the 2010 American Society of Hematology conference (ASH).** Clinical benefits observed in the ongoing Phase I/II myelofibrosis trial (for the first 60 patients enrolled in the 140-patient ongoing trial) included improvement in splenomegaly (spleen enlargement) and the debilitating constitutional symptoms (fatigue, fever, etc.) that plague the majority of these patients, are in-line with the other JAK inhibitors in clinical development. Unlike other JAK inhibitors, however, strikingly favorable anemia results were reported, i.e., very few patients developed anemia, a serious symptom of myelofibrosis. Among all factors independently associated with a poorer prognosis of myelofibrosis, anemia has constantly appeared to be one of the most important. This new data reinforces our belief that YMI's drug candidate CYT387 has the potential to be best-in-class in a market with high commercial opportunities. The Company said it expects to complete enrollment of 140 patients in early 2011 and to report on full results by mid-2011.

<b>Share Price (12/9/10)</b>	\$1.99
<b>52-Week Price Low / High</b>	\$1.06 – \$2.24
<b>Mkt. Capitalization (issued)</b>	\$160 MM
<b>Shares Outstanding (issued)</b>	80.39 MM
<b>12-month Target Price</b>	\$5.50
<b>Cash &amp; Equiv. (9/30/10)</b>	\$40.2 MM
<b>Fiscal Year Ends</b>	June 30th
<b>Website</b>	ymbiosciences.com

*All currency figures in USD\$, unless otherwise noted.*

**12-Month Price Chart**



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## HIGHLIGHTS

### □ HIGHLIGHTS OF THE CYT387 ASH DATA REPORTED INCLUDE<sup>1,2</sup>:

- The Overall Response Rate (anemia, spleen) to date is 62%;
- The Anemia Response Rate (of 42 evaluable) – for the 300 mg/day dosing group, the anemia response rate was 58% (69% for transfusion-dependent patients);
- Spleen Size Reduction (of 53 evaluable) – 47% who had splenomegaly at baseline achieved a minimum 50% decrease in palpable spleen size, thus qualifying them for Clinical Improvement (CI) per International Working Group Myelofibrosis Research & Treatment (IWG-MRT) criteria;
- Toxicity and tolerability profile favorable - the overall discontinuation rate was 5% and there were no patient withdrawals for drug-related adverse events; and
- Significant improvement in constitutional responses.

- **CYT387 HAS THE RIGHT MIX OF SELECTIVITY, SAFETY, AND ORAL AVAILABILITY.** CYT387 blocks both JAK1 and JAK2, an approach meant to improve the inhibition of the IL-6 family of immune system proteins (implicated in prostate and breast cancer as well as multiple myeloma), which use the JAK pathway for signaling, likely to give YMI a number of other opportunities outside of MPNs. Additionally, YMI's compound is differentiated from other JAK 1 /2 enzymes. That is, it is a selective inhibitor for JAK1 and JAK2, but not as much for related kinases JAK3 and TYK2. It has low selectivity for FLT3, often associated with the worst gastrointestinal side effects. This spectrum of kinase inhibition closely matches that of **Incyte Corporation's (NasdaqGM: INCY)** JAK2 inhibitors INCB18424 and INCB28050, which have successfully sealed deals worth \$1 billion with **Novartis AG (NYSE: NVS)** and \$665 million with **Eli Lilly & Co. (NYSE: LLY)**, respectively.

- **REITERATE BUY AND TARGET OF \$5.50 FOR YMI SHARES.** Our price target for YMI shares is \$5.50/share based on our DCF valuation model. We project royalties from sales of CYT387 in myeloproliferative disorders (MPDs), royalties from sales of nimotuzumab, and royalties from sales of CYT997 in glioblastoma multiforme. We believe the addressable worldwide commercial opportunity for CYT387 is enormous with potential to be targeted therapy for myeloproliferative neoplasms (MPNs) with potential broader applicability in a number of malignant hematologic conditions, solid cancers, and autoimmune diseases. We believe the positive impact of the JAK franchise, clinical progress, and increased interest from pharmaceutical companies will drive shares higher and build sustainable value for shareholders.

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<sup>1</sup> Animesh Pardhanani, Geeta George, Terra Lasho, William J. Hogan, Mark R. Litzow,, Kebede Begna, Curtis A. Hanson, Rose Fida, Chris Burns, Gregg D Smithand, and Ayalew Tefferi. American Society of Hematology (ASH) meeting poster and presentation of YMI's JAK inhibitor on December 6, 2010. "A Phase I/II Study of CYT387, An Oral JAK-1/2 Inhibitor, In Myelofibrosis: Significant Response Rates In Anemia, Splenomegaly, and Constitutional Symptoms".

<sup>2</sup> Francesco Onida, "Factors affecting prognosis in myelofibrosis". Hematology I - Bone Marrow Transplantation Center, Fondazione IRCCS Ospedale Maggiore Policlinico, Mangiagalli e Regina Elena, University of Milan, Via Francesco Sforza 35, 20122 Milan, Italy, F1000 Medicine Reports 2009, 1:55 (doi: 10.3410/M1-55).

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## KEY EVENTS & MILESTONES

### CYT387

- 3Q 2011 – Report final Phase I/II trial data
- 2H 2011 – Initiate NDA-enabling studies

### NIMOTUZUMAB

- 1Q 2011 – Gastric data to be presented at ASCO GI in January will determine Phase III strategy
- 1H 2011 – Phase III data in adult glioma from Oncoscience AG in Europe

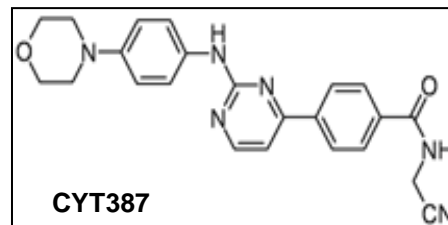
### CYT997

- 2H 2011 – Phase I/II open label proof-of-concept trial data expected
- 2H 2011 – Initiate oral dosing study

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## CYT387 OVERVIEW

CYT387 is a potent, selective, oral JAK1/JAK2 inhibitor designed to suppress the over-activity of the tyrosine kinases, including a mutant form of JAK2 enzyme, JAK2V617F. Abnormal JAK1/2 activity is observed in several indications, including myeloproliferative neoplasms (MPNs), inflammatory conditions, and cancer indications, which points to a broad applicability of CYT387. The compound is differentiated from other JAK1/2 inhibitors in development based on its superior selectivity for JAK1/2 enzymes. Additionally, preliminary clinical data demonstrates CYT387 has the ability to improve anemia, one of the most serious symptoms of MPNs, while maintaining comparable results as other JAK1/2 inhibitors in controlling spleen size and constitutional symptoms. Clinical development of CYT387 is underway in the U.S. initially in patients with myelofibrosis, a type of MPN.



CYT387, YMI's novel and highly selective oral JAK1/2 inhibitor, was discovered under the leadership of Dr. Andrew Wilks, who is credited with the seminal discovery of the JAK1 and JAK2 kinases. Under normal circumstances, the activation of JAK2 stimulates blood cell production. Genetic mutations in the JAK2 enzyme result in up-regulated activity and are implicated in MPNs, a family of conditions characterized by abnormal production of blood cells in the bone marrow. JAK1 is an important regulator of inflammation and becomes overactive in MPNs as well as inflammatory and cancer conditions. Consequently, CYT387, which potently and selectively blocks JAK1/2 signaling pathways, has potential utility in the treatment of MPNs, solid and liquid tumors, rheumatoid arthritis, and psoriasis.

<b>JAK2 PROGRAM: CYT387 PROFILE</b>	
<b>Description:</b>	<ul style="list-style-type: none"> <li>• Synthetic, small molecule</li> <li>• Novel: described in international (PCT) patent application</li> </ul>
<b>Kinase Profile:</b>	<ul style="list-style-type: none"> <li>• Potent JAK2 Inhibitor</li> <li>• ATP competitive: equi-active against JAK2 (V617F)</li> <li>• Equipotent JAK1; &gt;10X selectivity over JAK3, TYK2</li> <li>• Minimal off-target activity in kinase panels (&gt;150 screened)</li> </ul>
<b>Cellular Activity:</b>	<ul style="list-style-type: none"> <li>• Potently blocks JAK2 activity in cells</li> <li>• Blocks mutant activity in MPN patient-derived cells</li> <li>• Limited cytotoxicity</li> </ul>
<b>ADMET:</b>	<ul style="list-style-type: none"> <li>• Orally active, half life indicates once-a-day dosing</li> <li>• Favorable <i>in vitro</i> safety profile</li> <li>• Predicted human oral activity</li> <li>• "Clean" across broad counterscreen panel</li> </ul>

Source: Cytosia, Ltd. Corporate Presentation October 2009

## PHASE I/II INTERIM RESULTS AT ASH 2010

The CYT387 Phase I/II study, led by Dr. Ayalew Tefferi, Professor of Medicine at the Mayo Clinic and a Key Opinion Leader in the field of JAK1/2 inhibitors, commenced in 2009. Positive preliminary data from the Phase I portion of the study (for the first 60 patients enrolled in the 140-patient ongoing trial) were presented at the 52<sup>nd</sup> American Society of Hematology (ASH) Annual Meeting.<sup>3</sup> The ASH abstract is included below:

<sup>3</sup> Animesh Pardhanani, Geeta George, Terra Lasho, William J. Hogan, Mark R. Litzow,, Kebede Begna, Curtis A. Hanson, Rose Fida, Chris Burns, Gregg D Smithand, and Ayalew Tefferi. American Society of Hematology (ASH) meeting poster and presentation of YMI's JAK inhibitor on December 6, 2010. "A Phase I/II Study of CYT387, An Oral JAK-1/2 Inhibitor, In Myelofibrosis: Significant Response Rates In Anemia, Splenomegaly, and Constitutional Symptoms".

### A Phase I/II Study of CYT387, An Oral JAK-1/2 Inhibitor, In Myelofibrosis: Significant Response Rates In Anemia, Splenomegaly, and Constitutional Symptoms

Animesh Pardanani, MBBS, PhD<sup>1</sup>, Geeta George, P.A.-C<sup>1\*</sup>, Terra Lasho, MT, (ASCP)<sup>1\*</sup>, William J. Hogan, MBBCH, BA, MRCPJ<sup>1</sup>, Mark R. Litzow, MD<sup>1</sup>, Kebede Begna, MD<sup>1</sup>, Curtis A. Hanson, MD<sup>2\*</sup>, Rose Fida<sup>3\*</sup>, Chris Burns<sup>3\*</sup>, Gregg D Smith<sup>3\*</sup> and Ayalew Tefferi, MD<sup>1</sup>

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<sup>3</sup>YM Biosciences Australia, Melbourne, Australia

**Background:** CYT387 is a potent JAK-1/2 inhibitor that suppresses the *in vitro* growth of cells harboring JAK2V617F (*Leukemia* 2009;23:1441) and was effective in a murine model of myeloproliferative neoplasms (MPN) (*Blood* 2010;115:5232).

**Aims/Methods:** To assess the safety, tolerability, and pharmacokinetic behavior of CYT387 in a Phase I dose-escalation study in patients with high- or intermediate-risk primary myelofibrosis (PMF) and post-PV or post-essential thrombocythemia (ET) myelofibrosis. The secondary objective was evaluation of preliminary efficacy. CYT387 was administered orally once daily in 28-day cycles. Once dose-limiting toxicity (DLT) was identified, a dose-confirmation cohort initiated treatment at the maximum tolerated dose (MTD) or lower.

**Results:** Thirty six subjects (median age 64 years) have been enrolled (targeted accrual 120); 18 each in the dose escalation and dose confirmation phases. Twenty-three subjects had PMF, 8 post-PV MF, and 5 post-ET MF; 81% were JAK2V617F-positive. Median palpable spleen size was 18 cm and 20 subjects (56%) were red cell transfusion-dependent at study entry. Prior treatment included JAK inhibitors (9 and 1 subjects with INCB018424 and TG101348, respectively) and pomalidomide in 9 patients. The median treatment duration to date is 15 weeks (range 4-38). Dose-linear plasma exposures were observed up to 300 mg/day, with mean elimination T<sub>1/2</sub> at steady state ranging from 3.9 to 5 hours across doses.

**Toxicity:** All 36 subjects were evaluable for toxicity. At 400 mg/day, 2 of 6 subjects experienced DLT (1 each with asymptomatic grade 3 hyperlipasemia and grade 3 headache that were reversible upon holding drug); consequently, the MTD was declared at 300 mg/day. In the dose-confirmation phase, subjects were started at one of 2 dose levels that were deemed clinically effective: 150 mg/day (n=15) and 300 mg/day (n=3). Thirty-five subjects are currently on active therapy: 100 mg/day (n=2), 150 mg/day (n=20), 300 mg/day (n=10), and 400 mg/day (n=3).

CYT387 was well tolerated. No grade 4 non-hematological toxicities were observed. Grade 3 non-hematologic adverse events were infrequent and included increased transaminases (n=2), increased alkaline phosphatase (n=2), headache/head pressure (n=2), increased lipase (n=1), and QTc prolongation (n=1). Thirteen (36%) subjects experienced "first-dose effect" characterized by grade 1 lightheadedness and hypotension; this phenomenon was self-limited and generally resolved within 3-4 hours with rare recurrence.

Grade 3/4 thrombocytopenia was seen in 8 (22%) subjects, and treatment-emergent grade 3 anemia was seen in 1 subject only (3%). Treatment-emergent grade 3/4 neutropenia was not observed.

**Efficacy:** Thirty two of 36 subjects who completed at least 1 cycle were eligible for response assessment:

**Anemia:** Twenty two subjects were evaluable for anemia response (baseline Hgb <10 g/dL or red cell transfusion-dependent). Of these, 9 subjects (41%) achieved the threshold of response for "Clinical Improvement (CI)" per the International Working Group for MPN Research and Treatment (IWG-MRT) criteria, including 2 of 4 subjects who were previously treated with INCB018424. An additional 5 subjects experienced a >50% reduction in transfusion requirement, thus increasing the total anemia response rate to 63%.

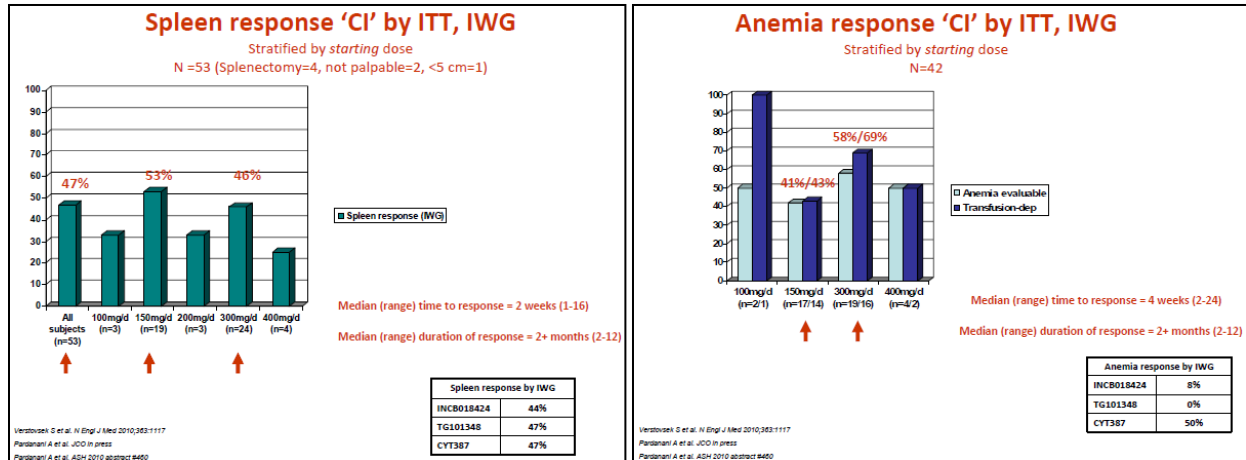
**Splenomegaly:** Thirty of 32 evaluable subjects had splenomegaly at baseline: median 20 cm; range 10-32 cm. Twenty nine subjects (97%) had some degree of spleen size reduction (median 9 cm; range 2-18 cm): 11 (37%) patients have achieved a minimum 50% decrease in palpable spleen size, thus qualifying them for a CI, including 3 of 8 subjects (38%) who were previously treated with INCB018424..

**Constitutional symptoms:** The proportion of patients with the following symptoms at baseline, are: fatigue (97%), pruritus (22%), night sweats (38%), cough (13%), bone pain (28%), and fever (16%). At last follow up, improvement (complete resolution) in these symptoms was reported by 68% (16%), 86% (57%), 83% (75%), 75% (50%), 78% (44%), and 100% (100%), respectively.

**Conclusions:** CYT387 is first-in-class of the JAK inhibitors with a significant response rate in anemia in myelofibrosis patients. The drug also shows substantial activity in reducing spleen size and controlling constitutional symptoms. CYT387 is well tolerated, and treatment responses have been seen both at (300 mg/day) and below (150 mg/day) the MTD.

Source: 52<sup>nd</sup> American Society for Hematology Annual Meeting Abstracts

Clinical benefits observed in the ongoing Phase I/II myelofibrosis trial including improvement in splenomegaly (enlargement of the spleen) and the debilitating constitutional symptoms (fatigue, fever, etc.) that plague the majority of these patients that are in line with the other JAK inhibitors. Unlike other JAK inhibitors, however, strikingly-favorable anemia results were reported, i.e., very few patients developed anemia, a serious symptom of myelofibrosis that impacts survival. The slides below from the ASH presentation display the spleen and anemia responses:



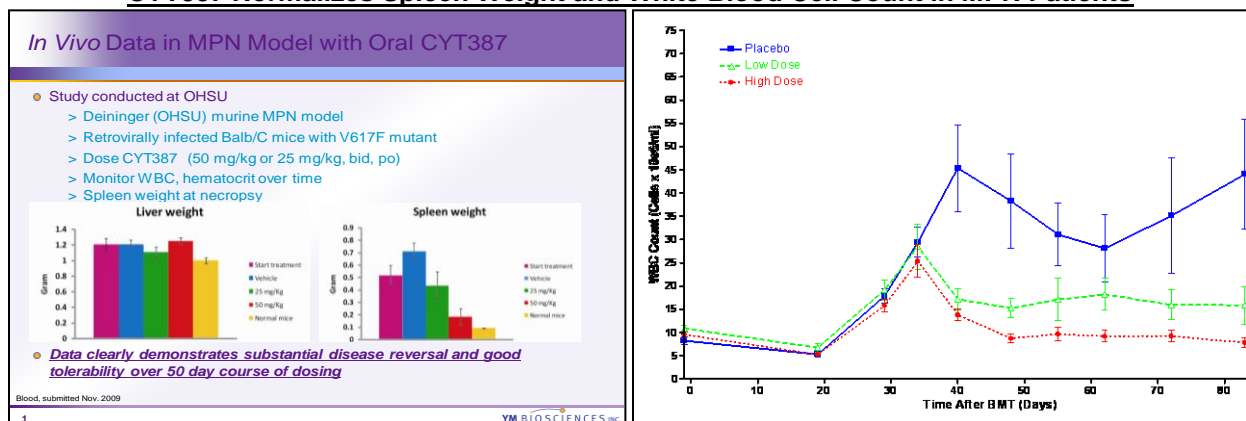
Source: Pardanani et al. A Phase I/II Study of CYT387, an oral JAK-1/2 inhibitor, in Myelofibrosis: Significant Response Rates in Anemia, Splenomegaly, and Constitutional Symptoms. ASH 2010 Annual Meeting

Notably, according to the International Working Group (IWG) criteria, CYT387 reported a spleen response of 47%, comparable with competing drugs INCB018424 and TG101348 (44% and 47%, respectively), with an anemia response of 50%, significantly better than INCB018424 and TG101348 (8% and 0%, respectively). This new data reinforces our belief that YMI's drug candidate CYT387 has the potential to be best-in-class in a market with high commercial opportunities. The Company said it expects to complete enrollment of 140 patients in early 2011 and to report on full results by mid-2011.

In preclinical profiling, CYT387 demonstrates excellent selectivity and safety profile with minimal off-target activities as well as favorable pharmacokinetic properties. Preliminary data using samples derived from MPN patients have shown *activity in suppressing* the over-activity caused by the JAK2V617F mutant enzyme.

YMI previously announced the pre-publication of data for CYT387 in the hematology journal *Blood* that indicated that YMI's JAK1/2 has an exceptional profile.<sup>4</sup> The paper discusses work conducted in the laboratory of Dr. Michael Deininger at Oregon Health Sciences University Knight Cancer Institute, Portland, Oregon, which demonstrated that orally-administered CYT387 normalizes the common MPN features of elevated blood cell counts and enlarged spleen size (depicted below) in an *in vivo* model of the disease.

**CYT387 Normalizes Spleen Weight and White Blood Cell Count in MPN Patients**



Source: YM BioSciences, Inc, Blood, Tyner and Deininger, April 2010.

The data also indicated that CYT387 significantly reduces circulating levels of inflammatory cytokines, such as IL-6 and TNF-alpha, which are common in patients with MPNs. Importantly, blood cell production was shown to return to the bone marrow with drug treatment.

<sup>4</sup> Jeffrey W. Tyner, Michael W. Deininger et al.; "CYT387, a novel JAK2 inhibitor, induces hematologic responses and normalizes inflammatory cytokines in murine myeloproliferative neoplasms"; Blood, First Edition, 2010.

## NIMOTUZUMAB OVERVIEW

Nimotuzumab is YMI's humanized monoclonal antibody (mAb) targeting the epidermal growth factor receptor (EGFR) currently being studied in non-small cell lung (NSCLC), gastric, cervical, pancreatic, head & neck cancers, pediatric and adult gliomas, and various other solid tumors. Importantly, nimotuzumab has demonstrated activity in numerous clinical trials in over 10 indications without the presence of the severe side effects, including follicular (skin) rash associated with other EGFR receptor-targeting agents, such as cetuximab (Erbix®), panitumumab (Vectibix®), and erlotinib (Tarceva®). YMI's license to nimotuzumab includes most of the major world markets, including the U.S. and Canada, Europe, Japan, and the Pacific Rim countries, excluding the People's Republic of China. In addition to YMI's extensive global consortium of licensees working to develop and commercialize nimotuzumab, CIMAB, the licensor, has numerous other licensees in emerging pharmaceutical markets. The table below lists YMI's regional licensees:

Major Partner	Region
Daiichi-Sankyo	Japan
Oncoscience AG	Western Europe
Kuhnle Pharma Co.	Korea
Innogene Kalbiotech/Kalbe Farma	Singapore

*Source: YM Bioscience, Inc.*

Nimotuzumab is already approved for sale in Argentina, Brazil, and Mexico in the Americas, and India, China, Indonesia, the Philippines and 19 other developing countries elsewhere.<sup>5</sup>

**For a complete overview of nimotuzumab and its proposed mechanism of action, please see our update report dated June 23, 2010.**

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<sup>5</sup> YM Biosciences, Inc. website: "Consortium" <http://www.ymbiosciences.com/products/nimotuzumab/codevelopment.php>. 2009.

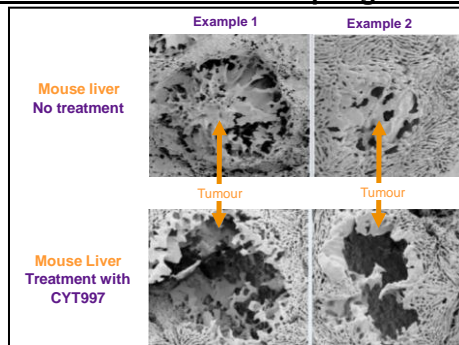
## CYT997 OVERVIEW

CYT997 is an orally bioavailable, small-molecule, vascular-disrupting agent (VDA). It triggers cell death by disrupting microtubule formation. CYT997 selectively disrupts tumor blood flow by blocking tubulin polymerization in tumor blood vessel endothelial cells. The selective disruption of the tumor vasculature leads to necrosis of the tumor. CYT997 also possesses direct cytotoxic activity against cancer cells. Oral and IV formulations of CYT997 have completed Phase I studies, including a Phase I study published in September 2010 in which the intravenous form of CYT997 was well tolerated as dose levels associated with vascular disruption activity in tumors.<sup>6,7</sup> CYT997 is under clinical development as a therapy to be used in conjunction with current anti-tumor therapies.

CYT997 is differentiated from other agents in this class by being one of very few orally-bioavailable VDAs in clinical development (the only one we could identify). Potential advantages of oral administration of CYT997 include patient convenience and even more importantly, potentially improved efficacy and safety. The vast majority of current VDAs in development are administered intravenously, which positions them to be administered infrequently and at high-doses. Such schedules result in rapid tumor revascularization (within days of treatment) and toxicities. High-doses of VDA's are also likely to cause spikes in circulating pro-angiogenic endothelial precursor cells (CEPs) that restore tumor vasculature.<sup>8</sup> In contrast, oral administration of CYT997 at low, minimally toxic, doses at frequent intervals may lead to a more sustained disruption of tumor vasculature, reduced induction CEP-mediated resistance pathway, and improved safety.

Use of VDAs encompasses majority of solid tumors and CYT997 demonstrated activity against a range of cancer cells. CYT997 is currently being studied in a Phase I/II clinical trial in combination with carboplatin in patients with relapsed glioblastoma multiforme (glioma).

### CYT997's Vascular-Disrupting Activity



Source: YM BioSciences, Inc.

CYT997 is a wholly synthetic compound that possesses highly potent cytotoxic activity *in vitro* through inhibition of microtubule polymerization. CYT997 blocks the cell cycle at the G2-M boundary, and Western blot analysis indicates an increase in phosphorylated Bcl-2, along with increased expression of cyclin B1. Caspase-3 activation is also observed in cells treated with CYT997 along with the generation of poly (ADP-ribose) polymerase. The compound possesses favorable pharmacokinetic properties, is orally bioavailable, and is efficacious in a range of *in vivo* cancer models, including some refractory to paclitaxel treatment. CYT997 exhibits vascular disrupting activity as measured *in vitro* by effects on the permeability of human umbilical vein endothelial cell monolayers, and *in vivo* by effects on tumor blood flow. CYT997 possesses a useful combination of pharmacologic and pharmacokinetic properties and has considerable potential as a novel anticancer agent.<sup>9</sup>

<sup>6</sup> ASCO 2008 Presentation. Lickliter et al. Phase I evaluation of CYT997, a novel cytotoxic and vascular-disrupting agent, in patients with advanced cancer. Royal Brisbane and Women's Hospital.

<sup>7</sup> ASCO 2009 Presentation. Francesconi et al. Phase I evaluation of orally-administered CYT997, a novel cytotoxic vascular disrupting agent, in patients with advanced cancer. Queensland Government Queensland Health.

<sup>8</sup> Shaked et al. Rapid Chemotherapy-Induced Acute Endothelial Progenitor Cell Mobilization: Implications for Antiangiogenic rugs as Chemosensitizing Agents. *Cancer Cell* 2008;14(3): 263-73.

<sup>9</sup> Molecular Cancer Therapeutics. 2009;8(11):3036-45 2009. CYT997: a novel orally active tubulin polymerization inhibitor with potent cytotoxic and vascular disrupting activity in vitro and in vivo. Christopher J. Burns, et al.

## INVESTMENT CONCERNS AND RISKS

For a complete description of risks and uncertainties related to YM BioSciences, Inc.'s business, see the "Risk Factors" section in YM BioSciences' SEC filings, which can be accessed directly from the SEC Edgar filings at [www.sec.gov](http://www.sec.gov). Potential risks include:

- ❑ **Stock risk and market risk:** There is a limited trading market for the Company's common stock. There can be no assurance that an active and liquid trading market will develop or, if developed, that it will be sustained, which could limit one's ability to buy or sell the Company's common stock at a desired price. Investors should also consider technical risks common to many small-cap or micro-cap stock investments, such as small float, risk of dilution, dependence upon key personnel, and the strength of competitors that may be larger and better capitalized.
- ❑ **New and rapidly changing field:** The pharmaceutical and biotechnological markets are rapidly evolving, and research and development are expected to continue at an accelerated pace with increased frequency. Other companies are also actively engaged in the development of therapies to directly or indirectly treat those disorders being pursued by YM BioSciences. These companies may have substantially greater research and development capabilities, as well as significantly greater marketing, financial, and human resources abilities than YM BioSciences.
- ❑ **Products still in development phases:** Although the Company intends to continue with clinical development of CYT387 for myelofibrosis and other myeloproliferative neoplasms (MPNs), nimotuzumab for the treatment of pediatric and adult glioma, non-small cell lung (NSCLC), gastric, cervical cancers, and various other solid tumors, CYT997 for advanced cancers, AeroLEF™ for break through pain, and other future pipeline candidates in various indications, the successful development of the Company's product candidates is uncertain. Product development costs and timelines can vary significantly for each product candidate and are difficult to accurately predict. In addition, products in development that appear to be promising may not reach commercialization for various reasons, including failure to achieve regulatory approvals, safety concerns, and/or the inability to be manufactured at a reasonable cost.
- ❑ **Funding requirements:** It is difficult to predict the Company's future capital requirements. The Company may need additional financing to continue funding the research and development of its products and to expand its business. There is no guarantee that it can secure the desired future capital or, if sufficient capital is secured, that current shareholders will not suffer significant dilution.
- ❑ **Regulatory risk:** Various statutes and regulations also govern or influence the manufacturing, safety, labeling, storage, record keeping and marketing of each product. The lengthy process of seeking approval and the subsequent compliance with applicable statutes and regulations require the expenditure of substantial resources. Any failure by us to obtain, or any delay in obtaining, regulatory approvals could materially adversely affect YM BioSciences' business. There is no guarantee that YM Biosciences' products will be approved by the U.S. Food and Drug Administration (FDA) or international regulatory bodies for marketing in the U.S. or abroad.
- ❑ **The Company may need to raise additional capital, which may not be available on terms acceptable to them, if at all:** As the Company continues to expand their research and development and sales and marketing activities, they may need to raise additional capital, which may not be available on terms acceptable to them, if at all. If the Company cannot raise necessary additional capital on acceptable terms, they may not be able to increase sales, develop or enhance their products and services, take advantage of future opportunities, or respond to competitive pressures or unanticipated requirements, any of which could cause their business to suffer.
- ❑ **Competitive risk:** The biotechnology industry is extremely competitive, mainly due to its large market potential. Many companies are developing products for the same therapeutic indications targeted by YM BioSciences. These companies may have substantially more resources than YM BioSciences, which could adversely affect the Company's position in the market place.

## FINANCIAL FORECASTS & VALUATION

The following assumptions refer to YMI's revenue model, annual earnings model, and valuation analysis. The revenue estimates are for CYT387 royalties and milestones in the U.S, nimotuzumab royalties in the US, nimotuzumab royalties received from Daiichi Sankyo Co. Ltd. in Japan, Oncoscience AG in Europe, Kuhnle Pharma Co. in Korea, and Innogene Kalbiotech in Singapore, and CYT997 royalties in the U.S. We have not included potential upfront fees or milestone revenue from, nor expenses associated with, YMI's other product candidates.

### HISTORICAL BALANCE SHEET

CAD\$ in thousands

Fiscal Year ended June 30

<b>ASSETS</b>	<b>9/30/2010</b>	<b>6/30/2010</b>
Current Assets		
Cash & equivalents	15,096	19,460
Short-term deposits	25,073	26,185
Accounts receivable	166	161
Prepaid expenses	124	238
<b>Total Current Assets</b>	<b>\$ 40,460</b>	<b>\$ 46,044</b>
Property & equipment	\$ 129	\$ 85
Intangible assets	10,519	11,646
Other	-	-
<b>Total Assets</b>	<b>\$ 51,107</b>	<b>\$ 57,775</b>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	\$ 693	\$ 699
Accrued liabilities	2,730	2,086
Deferred revenue, current portion	594	1,524
<b>Total Current Liabilities</b>	<b>\$ 4,017</b>	<b>\$ 4,309</b>
Deferred revenue, non-current portion	\$ 2,277	\$ 1,651
<b>Total Liabilities</b>	<b>\$ 6,294</b>	<b>\$ 5,960</b>
Shareholders Equity		
Share capital	\$ 203,522	\$ 203,498
Share purchase warrants	1,473	1,473
Contributed surplus	14,680	14,089
Deficit	(174,863)	(167,245)
<b>Total Shareholders Equity</b>	<b>\$ 44,813</b>	<b>\$ 51,815</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$ 51,107</b>	<b>\$ 57,775</b>

## REVENUE ASSUMPTIONS

YMI will develop CYT387 for myeloproliferative diseases and enter into a co-development deal with a partner for an upfront fee and milestone payments. Based on an analysis of the current deal landscape for JAK inhibitors, we assume an upfront fee of \$75 million following the publication of final Phase II data (CY2011), a milestone payment of \$25 million payable at initiation of a Phase III trial (CY2012), and a milestone payment of \$50 million payable upon filing of an NDA (CY2013). (Please see “JAK Inhibitor Deal Landscape” on page 19 of this report for more information.) Though we expect both parties to split product sales following commercial launch, for the purpose of modeling we assume YMI will receive 15% of total product sales.

Daiichi Sankyo Co. Ltd. and Kuhnle Pharma Co. will develop nimotuzumab for non-small cell lung cancer (NSCLC) and gastric cancer, and YMI will receive 15% of product sales in Korea and Japan.

Oncoscience AG will develop nimotuzumab for pediatric and adult glioma, and YMI will receive 15% of product sales in Europe. Assumes Oncoscience AG will find a sub-licensee to aid distribution upon the commercial release of nimotuzumab in FY2012. Assumes an up-front payment of \$75,000,000, 50% of which we believe the Company is eligible to receive, recognition of which, as revenue, will be deferred and amortized to income over a 48-month period. The projected revenue also includes existing licensing and milestone agreements.

Innogene Kalbiotech will develop nimotuzumab for cervical cancer, and YMI will receive 15% of product sales.

YMI will out-license nimotuzumab for pediatric and adult glioma, palliative NSCLC, brain metastases from NSCLC, gastric cancer, and cervical cancer for the U.S. market on approval, and the Company will receive an upfront payment which will be deferred and amortized to income over a 60-month period, and a royalty of 15% of total product sales in each indication. We also assume that YMI will receive milestone payments that add upside to our estimates, but we haven't included them in our model at this time.

Innogene Kalbiotech to develop nimotuzumab for cervical cancer in Indonesia, the Philippines, Malaysia, and South Africa, which we have not modeled at this time but could represent significant upside to our estimates. We expect Daiichi-Sankyo, the Japanese licensee of nimotuzumab, Kuhnle Pharma Co., the Korean licensee of nimotuzumab, and YMI's other partners to develop the drug for treatment of various solid tumors currently in clinical trials, but we have excluded potential revenue in our model at this time. We believe these opportunities could also add significant upside to our estimates.

YMI will develop CYT997 for glioblastoma multiforme and out-license the drug on approval for a 15% royalty on total product sales.

## DRUG SALES

All currency amounts expressed in the following section are in US Dollars. Where applicable, foreign exchange rate is USD\$1.00 equals CAD\$1.0031.

### CYT387: Myeloproliferative Diseases - U.S.

Year penetration starts	2015	Prevalence	200000
Starting penetration rate	3%	Percent addressable	80%
Years between penetration start and peak	4	Market growth rate	1%
Peak penetration	20%	Price per patient per year	\$30,000
Duration of peak penetration in years	4	Treatment price growth	1%
Retention rate in decline years	90%	Royalty rate	15%
Stage of development	Phase II	Probability of commercialization	40%

- There are approximately 200,000 patients with myeloproliferative diseases, including polycythemia vera (PV), essential thrombocythemia (ET), and idiopathic myelofibrosis (MF), in the U.S.;
- Approximately 80% of the patients will be eligible for CYT387;
- CYT387 penetrates the market beginning in FY2015 at a price of \$30,000 per treatment cycle;

- The price per prescription grows at an annual rate of 1%; and
- CYT387 penetrates 3% of the addressable market in the FY2015 launch year and reaches a peak penetration of 20% of the addressable market in FY2019.

#### Nimotuzumab: Non-Small-Cell Lung Cancer (NSCLC) - Korea & Japan

Year penetration starts	2014	Prevalence	82000
Starting penetration rate	5%	Percent addressable	40%
Years between penetration start and peak	5	Market growth rate	1%
Peak penetration	25%	Price per patient per year	\$25,000
Duration of peak penetration in years	3	Treatment price growth	1%
Retention rate in decline years	90%	Royalty rate	15%
Stage of development	Phase II	Probability of commercialization	35%

- There are approximately 82,000 NSCLC patients in Korea and Japan;<sup>10</sup>
- Approximately 40% of the patients will be eligible for nimotuzumab as the preferred treatment method over existing treatment options;
- Nimotuzumab penetrates the market beginning in FY2014 at a price of \$25,000 per treatment cycle;
- The price per prescription grows at an annual rate of 1%; and
- Nimotuzumab penetrates 5% of the addressable market in the FY2014 launch year and reaches a peak penetration of 25% of the addressable market in FY2019.

#### Nimotuzumab: Non-Small-Cell Lung Cancer (NSCLC) - U.S.

Year penetration starts	2013	Prevalence	324000
Starting penetration rate	3%	Percent addressable	40%
Years between penetration start and peak	5	Market growth rate	1%
Peak penetration	15%	Price per patient per year	\$30,000
Duration of peak penetration in years	3	Treatment price growth	1%
Retention rate in decline years	90%	Royalty rate	15%
Stage of development	Phase II	Probability of commercialization	20%

- There are approximately 324,000 NSCLC patients in the U.S.;<sup>11</sup>
- Approximately 40% of the patients will be eligible for nimotuzumab as the preferred treatment method;
- Nimotuzumab penetrates the market beginning in FY2013 at a price of \$30,000 per treatment cycle;
- The price per prescription grows at an annual rate of 1%; and
- Nimotuzumab penetrates 3% of the addressable market in the FY2013 launch year and reaches a peak penetration of 15% of the addressable market in FY2018.

<sup>10</sup> The Globocan 2002 Database – web-page address <http://www-dep.iarc.fr/globocan/database.htm> International Agency for Research on Cancer (IARC), part of the World Health Organization (WHO).

<sup>11</sup> SEER Cancer Statistics Review, 1973-2004, National Cancer Institute. Surveillance Epidemiology and End Results (SEER), 1973-2004.

**Nimotuzumab: Gastric Cancer - Korea & Japan**

Year penetration starts	2014	Prevalence	125000
Starting penetration rate	3%	Percent addressable	60%
Years between penetration start and peak	5	Market growth rate	1%
Peak penetration	20%	Price per patient per year	\$25,000
Duration of peak penetration in years	3	Treatment price growth	1%
Retention rate in decline years	90%	Royalty rate	15%
Stage of development	Phase II	Probability of commercialization	35%

- There are approximately 125,000 gastric cancer patients in Korea and Japan;<sup>12</sup>
- Approximately 60% of the patients will be eligible for nimotuzumab as the preferred treatment method;
- Nimotuzumab penetrates the market beginning in FY2014 at a price of \$25,000 per treatment cycle;
- The price per prescription grows at an annual rate of 1%; and
- Nimotuzumab penetrates 3% of the addressable market in the FY2014 launch year and reaches a peak penetration of 20% of the addressable market in FY2019.

**Nimotuzumab: Gastric Cancer - EU**

Year penetration starts	2015	Prevalence	220000
Starting penetration rate	3%	Percent addressable	60%
Years between penetration start and peak	5	Market growth rate	1%
Peak penetration	15%	Price per patient per year	\$15,000
Duration of peak penetration in years	3	Treatment price growth	1%
Retention rate in decline years	90%	Royalty rate	15%
Stage of development	Phase II	Probability of commercialization	35%

- There are approximately 220,000 gastric cancer patients in Europe;<sup>13</sup>
- Approximately 60% of the patients will be eligible for nimotuzumab as the preferred treatment method;
- Nimotuzumab penetrates the market beginning in FY2015 at a price of \$15,000 per treatment cycle;
- The price per prescription grows at an annual rate of 1%; and
- Nimotuzumab penetrates 3% of the addressable market in the FY2015 launch year and reaches a peak penetration of 15% of the addressable market in FY2020.

<sup>12</sup> The Globocan 2002 Database – web-page address <http://www-dep.iarc.fr/globocan/database.htm> International Agency for Research on Cancer (IARC), part of the World Health Organization (WHO).

<sup>13</sup> The Globocan 2002 Database – web-page address <http://www-dep.iarc.fr/globocan/database.htm> International Agency for Research on Cancer (IARC), part of the World Health Organization (WHO).

**Nimotuzumab: Gastric Cancer - U.S.**

Year penetration starts	2015	Prevalence	64000
Starting penetration rate	3%	Percent addressable	60%
Years between penetration start and peak	5	Market growth rate	1%
Peak penetration	20%	Price per patient per year	\$30,000
Duration of peak penetration in years	3	Treatment price growth	1%
Retention rate in decline years	90%	Royalty rate	15%
Stage of development	Phase II	Probability of commercialization	20%

- There are approximately 64,000 gastric cancer patients in the U.S.;<sup>14</sup>
- Approximately 60% of the patients will be eligible for nimotuzumab as the preferred treatment method;
- Nimotuzumab penetrates the market beginning in FY2015 at a price of \$30,000 per treatment cycle;
- The price per prescription grows at an annual rate of 1%; and
- Nimotuzumab penetrates 3% of the addressable market in the FY2015 launch year and reaches a peak penetration of 20% of the addressable market in FY2020.

**Nimotuzumab: Cervical Cancer - U.S.**

Year penetration starts	2015	Prevalence	250000
Starting penetration rate	3%	Percent addressable	50%
Years between penetration start and peak	5	Market growth rate	-2%
Peak penetration	10%	Price per patient per year	\$30,000
Duration of peak penetration in years	3	Treatment price growth	1%
Retention rate in decline years	90%	Royalty rate	15%
Stage of development	Phase II	Probability of commercialization	20%

- There are approximately 250,000 cervical cancer patients in the U.S.;<sup>15</sup>
- Approximately 50% of the patients will be eligible for nimotuzumab as the preferred treatment method over existing treatment options;
- Nimotuzumab penetrates the market beginning in FY2015 at a price of \$30,000 per treatment cycle;
- The price per prescription grows at an annual rate of 1%; and
- Nimotuzumab penetrates 3% of the addressable market in the FY2015 launch year and reaches a peak penetration of 10% of the addressable market in FY2020.

<sup>14</sup> SEER Cancer Statistics Review, 1973-2004, National Cancer Institute. Surveillance Epidemiology and End Results (SEER), 1973-2004.

<sup>15</sup> SEER Cancer Statistics Review, 1973-2004, National Cancer Institute. Surveillance Epidemiology and End Results (SEER), 1973-2004.

**Nimotuzumab: Pediatric & Adult Glioma - EU**

Year penetration starts	2012	Prevalence	45000
Starting penetration rate	3%	Percent addressable	80%
Years between penetration start and peak	5	Market growth rate	1%
Peak penetration	15%	Price per patient per year	\$20,000
Duration of peak penetration in years	3	Treatment price growth	1%
Retention rate in decline years	90%	Royalty rate	15%
Stage of development	Phase III	Probability of commercialization	80%

- There are approximately 45,000 pediatric and adult glioma patients in Europe;<sup>16</sup>
- Approximately 80% of the patients will be eligible for nimotuzumab;
- Nimotuzumab penetrates the market beginning in FY2012 at a price of \$20,000 per treatment cycle;
- The price per prescription grows at an annual rate of 1%; and
- Nimotuzumab penetrates 3% of the addressable market in the FY2012 launch year and reaches a peak penetration of 15% of the addressable market in FY2017.

**Nimotuzumab: Pediatric & Adult Glioma - U.S.**

Year penetration starts	2013	Prevalence	115000
Starting penetration rate	3%	Percent addressable	80%
Years between penetration start and peak	5	Market growth rate	1%
Peak penetration	15%	Price per patient per year	\$30,000
Duration of peak penetration in years	3	Treatment price growth	1%
Retention rate in decline years	90%	Royalty rate	15%
Stage of development	Phase III	Probability of commercialization	20%

- There are approximately 115,000 pediatric and adult glioma patients in the U.S.;<sup>17</sup>
- Approximately 80% of the patients will be eligible for nimotuzumab;
- Nimotuzumab penetrates the market beginning in FY2013 at a price of \$30,000 per treatment cycle;
- The price per prescription grows at an annual rate of 1%; and
- Nimotuzumab penetrates 3% of the addressable market in the FY2013 launch year and reaches a peak penetration of 15% of the addressable market in FY2018.

<sup>16</sup> The Globocan 2002 Database – web-page address <http://www-dep.iarc.fr/globocan/database.htm> International Agency for Research on Cancer (IARC), part of the World Health Organization (WHO).

<sup>17</sup> SEER Cancer Statistics Review, 1973-2004, National Cancer Institute. Surveillance Epidemiology and End Results (SEER), 1973-2004.

**CYT997: Glioblastoma Multiforme - U.S.**

Year penetration starts	2015	Prevalence	124000
Starting penetration rate	5%	Percent addressable	25%
Years between penetration start and peak	5	Market growth rate	1%
Peak penetration	20%	Price per patient per year	\$30,000
Duration of peak penetration in years	3	Treatment price growth	1%
Retention rate in decline years	90%	Royalty rate	15%
Stage of development	Phase II	Probability of commercialization	15%

- The prevalence of CNS tumors in the U.S. is approximately 124,000, and about 25% of the cases are glioblastoma multiforme;<sup>18</sup>
- Approximately 80% of the patients will be eligible for CYT997;
- CYT997 penetrates the market beginning in FY2015 at a price of \$30,000 per treatment cycle;
- The price per prescription grows at an annual rate of 1%; and
- CYT997 penetrates 5% of the addressable market in the FY2015 launch year and reaches a peak penetration of 20% of the addressable market in FY2020.

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<sup>18</sup> SEER Cancer Statistics Review, 1973-2004, National Cancer Institute. Surveillance Epidemiology and End Results (SEER), 1973-2004.

**INCOME STATEMENT***CAD\$ in thousands, except per share data*

<i>FY ending June 30</i>	2011	2012	2013	2014	2015
	2011	2012	2013	2014	2015
<b>Total revenue</b>	\$ -	\$ 78,515	\$ 71,121	\$ 153,431	\$ 214,936
<b>COGS</b>	-	-	-	-	-
<b>Gross profit</b>	\$ -	\$ 78,515	\$ 71,121	\$ 153,431	\$ 214,936
<b>Operating expenses</b>					
R&D	\$ 20,000	\$ 15,000	\$ 15,000	\$ 10,000	\$ 10,000
Selling & marketing	-	-	-	-	-
General & administrative	9,250	9,500	9,750	10,000	10,250
<b>Total expense</b>	29,250	24,500	24,750	20,000	20,250
<b>Operating profit</b>	\$ (29,250)	\$ 54,015	\$ 46,371	\$ 133,431	\$ 194,686
<b>Non-operating income/expense</b>					
Interest expense	-	-	-	-	-
Interest income	-	-	-	-	-
Other	-	-	-	-	-
<b>Total non-operating</b>	-	-	-	-	-
<b>Pretax profit</b>	\$ (29,250)	\$ 54,015	\$ 46,371	\$ 133,431	\$ 194,686
Income tax	-	20,526	17,621	50,704	73,981
<b>Net income</b>	\$ (29,250)	\$ 33,489	\$ 28,750	\$ 82,727	\$ 120,705
<b>Earnings (loss) per share</b>	\$ (0.30)	\$ 0.33	\$ 0.29	\$ 0.82	\$ 1.20
<b>Fully-diluted shares outstanding</b>	97,024	100,000	100,250	100,500	100,750

**Income Statement Assumptions:**

- COGS of 0% of total sales as partners will assume these costs;
- Research and Development (R&D) expenses of \$20 million in FY2011, \$15 million in FY2012 through FY2013, and \$10 million in FY2014 and FY2015;
- Zero Sales and Marketing (S&M) expense for nimotuzumab, CYT997, and CYT387;
- General and Administrative (G&A) expenses of \$9.25 million in FY2011, \$9.5 million in FY2012, \$9.75 million in FY2013, \$10.0 million in FY2014, and \$10.25 million in FY2015;
- Income tax rate of 38%;
- The number of shares outstanding increases due to the exercise of stock options and warrants.

**DISCOUNTED CASH FLOW (DCF) MODEL**

Our DCF model, using a discount rate of 12.5%, suggests a value of USD\$5.47 for YMI shares. Where applicable, we assume the foreign exchange rate is USD\$1.00 equals CAD\$1.0031.

<i>CAD\$ in thousands, except per share data</i>	2011	2012	2013	2014	2015
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Revenue	\$ -	\$ 78,515	\$ 71,121	\$ 153,431	\$ 214,936
Operating income	(29,250)	54,015	46,371	133,431	194,686
Net income	(29,250)	33,489	28,750	82,727	120,705
Depreciation/amortization	2,500	2,500	2,500	2,500	2,500
Stock-based compensation	1,000	1,000	1,500	2,000	2,000
Tax loss carryforwards	-	-	17,621	50,704	111,549
Capital expenditures	(100)	(125)	(125)	(150)	(150)
Asset acquisitions					
Other					
Total cash flow adjustments	3,400	3,375	21,496	55,054	115,899
Free cash flow	\$ (25,850)	\$ 36,864	\$ 50,246	\$ 137,781	\$ 236,604
Gross profit weighted probability	100.0%	100.0%	40.5%	34.7%	30.7%
Risk-adjusted free cash flow	\$ (25,850)	\$ 36,864	\$ 20,339	\$ 47,856	\$ 72,733

*USD\$ in thousands, except per share data*

Exchange Rate (USD\$/CAD\$) 1.0031

Discount Rate	Discounted Cash Flows (2008 - 2023)	PV of Terminal Value at a Perpetual growth rate of rFCF			Enterprise Value		
		2.0%	3.0%	4.0%	2.0%	3.0%	4.0%
7.5%	\$595,407	\$ 501,623	\$ 619,105	\$ 803,721	\$1,097,030	\$1,214,513	\$1,399,128
10.0%	\$481,495	\$ 244,279	\$ 281,913	\$ 332,092	\$725,775	\$763,409	\$813,587
12.5%	\$393,662	\$ 132,859	\$ 148,283	\$ 167,338	\$526,521	\$541,945	\$560,999
15.0%	\$325,147	\$ 77,171	\$ 84,422	\$ 92,991	\$402,318	\$409,569	\$418,138
17.5%	\$271,108	\$ 46,878	\$ 50,602	\$ 54,878	\$317,986	\$321,710	\$325,986

Discount Rate	Net Debt	Total Equity Value			Value per Diluted Share		
		2.0%	3.0%	4.0%	2.0%	3.0%	4.0%
7.5%	\$ (8,802)	\$1,105,832	\$1,214,513	\$1,407,930	\$ 10.98	\$ 12.05	\$ 13.97
10.0%	(8,802)	\$734,576	\$772,210	\$822,389	\$ 7.29	\$ 7.66	\$ 8.16
12.5%	(8,802)	\$535,322	\$550,747	\$569,801	\$ 5.31	\$ 5.47	\$ 5.66
15.0%	(8,802)	\$411,120	\$418,371	\$426,939	\$ 4.08	\$ 4.15	\$ 4.24
17.5%	(8,802)	\$326,788	\$330,512	\$334,788	\$ 3.24	\$ 3.28	\$ 3.32

Discount Rate	Terminal Value as % Enterprise Value			Implied EBITDA Multiple		
	2.0%	3.0%	4.0%	2.0%	3.0%	4.0%
7.5%	45.7%	51.0%	57.4%	11.61	14.32	18.60
10.0%	33.7%	36.9%	40.8%	7.98	9.21	10.85
12.5%	25.2%	27.4%	29.8%	6.08	6.79	7.66
15.0%	19.2%	20.6%	22.2%	4.91	5.37	5.92
17.5%	14.7%	15.7%	16.8%	4.12	4.45	4.82

**JAK INHIBITOR DEAL LANDSCAPE**

<b>Company</b>	<b>Compound</b>	<b>Clinical Progress</b>	<b>Indication</b>	<b>Partner</b>	<b>Date of Partnership</b>	<b>Terms</b>	<b>Details</b>
Incyte Corp. (INCY)	INCB18424	Phase III	Myelofibrosis	Novartis (NVS)	2009	\$150 million upfront \$1 billion total	Ex-U.S. rights
Incyte Corp. (INCY)	INCB28050	Phase III	Inflammatory Diseases	Eli Lilly (LLY)	2009	\$90 million upfront \$665 million total	Worldwide rights
TargeGen (Acquired)	TG101348	Phase II	Myelofibrosis	Sanofi-Aventis (SNY)	2010	\$75 million upfront \$560 million total	Acquired all rights
S*BIO (Private)	SB1518	Phase II	Myelofibrosis	Onyx Pharma (ONXX)	2009	\$25 million upfront \$550 million total	U.S., EU rights

Source: Griffin Securities, Inc., YM BioSciences, Inc.

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## DISCLOSURES

**ANALYST(S) CERTIFICATION:** The analyst(s) responsible for covering the securities in this report certify that the views expressed in this research report accurately reflect their personal views about YM BioSciences, Inc. (the “Company”) and its securities. The analyst(s) responsible for covering the securities in this report certify that no part of their compensation was, is, or will be directly or indirectly related to the specific recommendation or view contained in this research report.

**MEANINGS OF RATINGS:** Our rating system is based upon 12 to 36 month price targets. **BUY** describes stocks that we expect to appreciate by more than 20%. **HOLD** describes stocks that we expect to change plus or minus 20%. **SELL** describes stocks that we expect to decline by more than 20%. **SC** describes stocks that Griffin Securities has **Suspended Coverage** of this Company and price target, if any, for this stock, because it does not currently have a sufficient basis for determining a rating or target and/or Griffin Securities is redirecting its research resources. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon. **NR** describes stocks that are **Not Rated**, indicating that Griffin Securities does not cover or rate this Company.

**DISTRIBUTION OF RATINGS:** Currently Griffin Securities has assigned BUY ratings or NO RATINGS on all of the companies it covers. The Company has provided investment-banking services for 17% of companies in which it has had BUY ratings in the past 12 months, 0% for companies in which it has had NR or no coverage in the past 12 months or has suspended coverage (SC) in the past 12 months.

**MARKET MAKING:** Griffin Securities does not maintain a market in the shares of this Company or any other Company mentioned in the report.

**COMPENSATION OR SECURITIES OWNERSHIP:** The analyst(s) responsible for covering the securities in this report receive compensation based upon, among other factors, the overall profitability of Griffin Securities, including profits derived from investment banking revenue. The analyst(s) that prepared the research report did not receive any compensation from the Company or any other companies mentioned in this report in connection with the preparation of this report. The analysts responsible for covering the securities in this report currently do not own common stock in the Company, but in the future may from time to time engage in transactions with respect to the Company or other companies mentioned in the report. However, an account in which a member of an analyst’s household has a financial interest holds warrants to purchase shares of the Company’s common stock. Griffin Securities from time to time in the future may request expenses to be paid for copying, printing, mailing and distribution of the report by the Company and other companies mentioned in this report. Griffin Securities has received compensation from the Company in the past 12 months for non-investment banking services. During the past 12 months, Griffin Securities acted as a placement agent for the Company’s private placement of equity and received cash compensation and warrants for such investment banking activities. Griffin Securities expects to receive, or intends to seek, compensation for investment banking services from the Company in the next three months.

### PRICE CHART



Source: BigCharts.com

**11/15/2004** – Initiating Coverage: share price: \$2.25; rating: BUY; 12-month price target: \$5.40; **10/25/2005** – Research Update: share price: \$2.65; rating: BUY; 12-month price target: \$6.00; **8/08/2007** – Research Update: share price: \$1.45; rating: BUY; 12-month price target: \$6.50; **8/24/2009** – Research Update: share price: \$0.93; rating: BUY; 12-month price target: \$5.00; **10/28/2009** – Research Update: share price: \$1.07; rating: BUY; 12-month price target: \$5.50. **6/23/2010** – Research Update: share price: \$1.17; rating: BUY; 12-month price target: \$5.50. **12/09/2010** – Research Update: share price: \$1.99; rating: BUY; 12-month price target: \$5.50.

**FORWARD-LOOKING STATEMENTS:** This Report contains forward-looking statements, which involve risks and uncertainties. Actual results may differ significantly from such forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in the “Risk Factors” section in the SEC filings available in electronic format through SEC Edgar filings at [www.SEC.gov](http://www.SEC.gov) on the Internet.

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