

BIOCUREX, INC.

(OTC BB:BOCX)

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Recent Price: \$0.70
Target Price: \$2.25

SPECULATIVE BUY RATING

A Universal Marker for Cancer Detection

Company Overview

BioCurex, Inc. (OTC:BB – BOCX) is a biotechnology company that is developing products based on patented/proprietary technology in the areas of cancer diagnosis, imaging and therapy. The technology identifies a cancer marker known as RECAF™, which is found on malignant cells from a variety of cancer types but is absent in most normal or benign cells. BioCurex has a licensing agreement with Abbott Laboratories, the world's largest diagnostic company, for BioCurex's RECAF™ serum based cancer assay technology.

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- According to the **World Health Organization**, more than **10 million people are diagnosed with cancer every year**, and it is estimated that there will be **15 million new cases every year by 2020**. The chance of cure increases substantially if cancer is detected early.
- The worldwide market for IVDs used on a routine basis was **\$4.1 billion** in 2004, according to "The Worldwide Market for Cancer Diagnostics" report from Kalorama Information. It cites that an aging population, along with advancements in technology, will fuel **growth in the diagnostics sector to an estimated \$7.4 billion by 2009**.
- BioCurex's mission is to radically reduce human suffering through early cancer detection. BioCurex has patented, proprietary technology that is **leading the way in detection and effective treatment of different types of cancer**.
- RECAF™ has emerged as a potential **universal biomarker** that may be useful in the development of new cancer diagnostics tests. Preliminary studies from the investigators at BioCurex have reported a **high level of clinical sensitivity and specificity for RECAF** in many of the **most common cancers, including prostate, breast, colorectal and lung**.
- On October 25, 2006, BioCurex announced its first set of results using a **colorimetric version** of its RECAF™ blood test for cancer detection at the annual meeting of the International Society for Oncofetal Biology and Medicine in Pasadena, CA. The results indicated that this colorimetric version of BioCurex's **RECAF test detected more than twice the amount of cancers than the most widely used prostate cancer detection test** utilized today – **the PSA test**.
- The Licensing Agreement with Abbott Laboratories is **semi-exclusive thus allowing for more than one licensee**. BioCurex expects to enter into other licensing agreements in the coming months.
- RECAF technology also has a **high sensitivity and specificity for breast, lung and gastric cancers**, which are **3 common cancers** for which there are **no other valuable tests available at present**.
- **A major springboard for unprecedented growth exists for the company that is able to develop more effective cancer diagnosis and detection technologies for commercial application. BioCurex shares offer shareholders access to this intellectual property and expertise of research specialists looking to develop and commercialize cancer diagnostic products based upon its breakthrough RECAF™ UNIVERSAL cancer marker. This technology detects a new marker, which is present in all malignant cells. It is well tested and is over 90% successful in detecting all cancers. We believe BioCurex can benefit from its competitive early-to-market position that can assist in successful detection of cancers in blood or tissue samples. Under the critical assumption that BioCurex can raise additional capital in the near term that will allow them to conduct clinical trails and R&D work needed, we are optimistic that BioCurex can pursue a strategy towards becoming a dominant player in the field of cancer detection through licensing agreements with large pharma companies. See INVESTMENT THESIS & RECOMMENDATION for more in-depth discussion (Page 12-14).**

BIOCUREX INC.	
<i>(all figures in millions)</i>	
52 Week Hi/Lo Range	1.34/0.50
Fiscal Year End	31-Dec
Shares Outstanding (08/10/2006)	36.7
Float (approximately)	NA
Share price (11/06/2006)	0.700
Market Capitalization	25.7
Average Volume (3 months)	
Insider Ownership (approximately)	15%
(as at 3/31/2005)	
Institutional Ownership	1%
Enterprise Value (EV)	26.20
Long Term Debt (06-30-06)	0.761
Total Cash (06-30-06)	0.221
12/31/2006 12/31/2007	
FY2006 E FY2007 E	
Earnings Per Share (EPS)	-0.052 0.036
Book Value (\$/share)	-0.009
FY2006 E FY2007 E	
Total Revenue	0.000 19.000
Cost of Sales	0.000 4.370
Gross Profit/Loss	0.000 14.630
Operating expenditures	1.865 13.300
Income/Loss from Operations	-1.865 1.330
Other Expenses	0.025 0.300
Tax Items	0.000 0.000
Net Income	-1.890 1.330
NA = Not applicable/Not Available. A = Actual Reported figures E = Estimates	
Balance Sheet & Financial Statement Extracts (06-30-2006)	
Current Assets	0.518
Current Liabilities	0.354
Total Assets	0.797
Total Shareholders Deficit	-0.316
Patents	0.279
Capital Structure (06-30-2006)	
Authorized Common Stock	125 000 000
Outstanding Stock Options	3 090 000

COMPANY

BioCurex's mission is to radically reduce human suffering through early cancer detection. BioCurex is a leading edge biotechnology company with **proprietary and patented technologies in the areas of cancer diagnosis, imaging and therapy**. Results have consistently proven **that BioCurex successfully detects over 90% of all cancers in blood or tissue samples** – levels significantly above any present method. BioCurex Inc. is currently developing and commercializing cancer diagnostic products based upon its **breakthrough RECAF™ cancer marker technology**. Its main products are **Histo-RECAF™, Cryo-RECAF™ and Serum-RECAF™** and the technology is also used in **Leukemia identification and Tumor Imaging**.

BioCurex's **Histo-RECAF™** is a special cancer detection kit for tissues that stains cancer cells brown, clearly distinguishing them from normal healthy cells. Pathologists are able to easily identify cancer cells under a conventional microscope for making a diagnosis. Leukemia cells can be "lit up" so that only infected blood cancer cells are isolated for targeted treatment. The clear implication of the BioCurex technology is that physicians can detect any recurrence of the blood cancer at a very early stage using equipment that is available today.

Using Serum-RECAF™ technology, a basic blood test can determine if a patient has cancer. Cancer cells shed BioCurex's cancer marker RECAF™ into the blood stream where it is detected. Because of its powerful detection capability and simple execution, Management believes that **the Serum-RECAF™ will be a standardized blood test widely available in any clinical laboratory**. Physicians can then use Serum-RECAF™ as frequently as required for both the initial screening of patients with symptoms, and monitoring patients who have been previously treated for cancer. Once cancer has been diagnosed, it is crucial to determine its location and size. Because the RECAF™ technology effectively detects cancer cells, cancer tissue can be targeted with special compounds administered to the patient. Since only cancer cells are selected, **tumor locations can then be imaged** using standard equipment.

STRATEGY & PLAN OF OPERATIONS

BioCurex is involved in developing cancer detection technology. BioCurex:

- * has developed a cancer detection kit for tissues (**Histo-RECAF™**) which stains cancer cells thereby allowing a pathologist to easily see the cancer cells with the use of a **microscope**,
- * has developed the **Cryo-RECAF™ diagnostic kit** which can be used by pathologists as an aid in determining whether cancer cells are **benign or malignant during surgery**, and
- * is working, together with Abbott Labs, on the **development of a screening assay** which can detect multiple cancers from a **blood** sample.

The FDA, in its device-listing database, shows the **Histo-RECAF™ kit as a Class I medical device**. As a Class I medical device the **Histo-RECAF™ kits may be sold in the United States as an adjunct to standard light microscopy staining methods to aid in the identification of cancer in breast and axillary node tissues**.

BioCurex has not applied to the FDA, Canada's Health Products and Food Branch, or any other regulatory authority for permission to sell the **Cryo-RECAF™** kit on a commercial basis. Due to the costs involved in manufacturing and marketing, BioCurex plans **to license its Histo-RECAF™ and Cryo-RECAF™ technology to third parties**. As of November 15, 2006 BioCurex had not sold any Histo-RECAF™ or Cryo-RECAF™ test kits and had not licensed the technology pertaining to these kits to any third parties.

BioCurex has developed a **serum-based cancer screening assay and has licensed certain aspects of the serum assay technology to Abbott Laboratories**. The Licensing Agreement with Abbott is **semi-exclusive thus allowing for more than one licensee**. BioCurex expects to enter into other licensing agreements in the coming months. BioCurex retained all rights to its prototype format, a **radio-immunoassay (RIA)**, which it plans to commercialize directly to clinical laboratories as ASRs (Analyte Specific Reagents) for production of "home-brew" tests. A home-brew test is a test developed by a clinical laboratory using one or more ASRs, general laboratory reagents and/or general laboratory instruments for diagnostic purposes. BioCurex has also licensed 'rapid tests' to Abbott Laboratories on non-exclusive basis. Rapid tests using RECAF technology could be done in the doctor's office or at 'point of care'. This would allow frequent use of a simple office test to determine if further evaluations are indicated.

The FDA issued a new regulation in November of 1997 classifying/reclassifying ASRs based on risk to public health. The regulation allows certain individual reagents to be available for clinical laboratories to use in their own in-house developed (home-brew) tests, without requiring manufacturers to submit 510(k)s or PMAs for the majority of individual reagents. This regulation could allow clinical laboratories to produce RECAF tests based on BioCurex's RIA without the need for a lengthy FDA approval process. (For more information visit <http://www.aacc.org/govt/asr.htm>)

For FY2006 (year ended December 31, 2006) BioCurex:

- will continue its efforts to **license** the **Histo-Recap** technology to third parties.
- plans to enter into **agreements relating to its RIA blood test with clinical laboratories** using ASRs.
- intends to **license its Serum-RECAF™** to other major bio-pharma companies.
- if necessary, will **continue to raise capital through the sale of its common stock or securities convertible** into common stock in order to fund BioCurex's operations and research and development.
- **continue research in the areas of therapeutics and imagery.**

During fiscal 2006 it is expected that **Pacific Biosciences Research Centre, Goshen Cancer Center and other institutions** will perform **research and development** work on behalf of **BioCurex**.

The Company's short and medium term goals are:

- # **develop tissue and blood tests and obtain licensing and distribution agreements for each of its products.**
- # **develop a minimum 25% market share in 5 years. It is possible that its product will replace most other tests since it can detect ALL cancers with 90% sensitivity.**



CANCER DETECTION TECHNOLOGY

As a result of BioCurex's acquisition of technology in February and March 2001, BioCurex owns patents and intellectual properties relating to certain technology, which can be used to detect cancer. **Accurate and timely diagnosis is the vital first step in managing cancer.**

A principal goal of cancer research is to differentiate cancer cells from healthy cells. One way to achieve this goal is to detect **molecules (markers) that are present on cancer cells but not on healthy cells.** BioCurex's technology relates to the RECAF™ marker, which can be used in blood and tissue tests to aid in determining if a patient has cancer. These tests can also be used on a regular basis for the early detection of recurring cancer, thereby allowing a more effective treatment of cancer patients. The RECAF™ marker has been found in all tissues studied, including breast, lung, stomach and prostate.

BioCurex has **developed two cancer detection formats**, One uses the RECAF marker to detect the presence or absence of cancer by staining cancer cells in tissues removed from a patient (Histo-RECAF™ and Cryo-RECAF™) and the other format measures RECAF in blood (-RECAF™).

Histo-RECAF™

Soft tissue removed from a patient is stained with the chemicals supplied in a kit and then is examined by a physician under a microscope. When stained with the chemicals in the kit cancer cells are clearly visible.



In order to be seen under a microscope however, soft tissue must be cut into sections, to approximately five microns in thickness. To allow for this type of cutting the **tissue must be turned into something more solid** and for many years, paraffin (wax) has been used for that purpose. The tissue to be examined is fixed and embedded in a paraffin block, which is then cut precisely into 5-micron sections. The paraffin is then removed with solvents, the tissue is re-hydrated and stained. The process of embedding and re-hydrating takes 2-3 days. Another method used to harden tissue to allow it to be cut is to freeze the tissue and then slice the ice block.

BioCurex's Histo-RECAF™ kit, which is designed for tissue hardened with paraffin, was sent to independent researchers for testing on a significant number of breast tissue samples selected at random. The samples included twenty malignant, twenty benign (fibro adenomas) and twenty dysplastic (benign diffuse growth) specimens. The results indicated that 100% of breast cancers tested positive with the kits, whereas only 4% of the benign tumors and other non-malignant breast tissues studied were positive. Furthermore, several in-situ carcinomas (the earliest stage of cancer) tested positive. The test results are not only important in reference to the product itself, but also validate the RECAF™ system and its potential for other uses, such as serum testing, and cancer cell targeting in general.

See Appendix A-1 for Analyst Certification and Important Disclosures.

Serum-RECAF™

BioCurex believes that a significant market exists for a **screening assay**, which can **detect multiple cancers from a blood (serum) sample**. As a result, since March 2002 BioCurex’s research and development efforts have been focused on the development of a serum-based screening assay based upon BioCurex’s RECAF™ technology. The potential market for a serum assay is hard to define, but **market statistics confirm that there are over 100 million serum tumor marker (screening) tests performed every year**. However, most of the assays are specific to a particular cancer and suffer from poor sensitivity and specificity. As an example, **assay sales for CEA - Carcino Embryonic Antigen**, a relatively insensitive assay for colorectal cancer is **estimated to be over \$300 million US dollars annually**. **PSA, a maker for prostate cancer, sells approximately \$450 million per year**. BioCurex has licensed the assay technology to Abbott Labs, a pharmaceutical firm that has the financial capability to complete the research and clinical studies necessary to obtain clearance from the FDA and other regulatory authorities as well as to manufacture and commercialize the assay.

In June 2004 BioCurex presented its results on the serum-RECAF test to scientists at the EDNR conference in Boston and the ISOBM annual meeting in Helsinki. Those results **showed 80-90% sensitivity for a variety of cancers**, with **95% specificity for lung, breast, stomach and ovary cancers**. Further experiments have shown that the serum-RECAF assay performs much better than competing technologies in detecting prostate cancers and discriminating between malignant and benign lesions.

In late March, 2005, BioCurex signed an agreement with Abbott Laboratories. Under terms of the licensing agreement, Abbott obtains worldwide, semi-exclusive rights to commercialize products using BioCurex's RECAF technology. **The agreement includes payment to BioCurex of up-front fees, product development milestones and royalties on any product sales**. Abbott's goal is to further develop this technology, **incorporating it into future tests on its ARCHITECT® system**, for use in cancer diagnosis and monitoring. Abbott has a strong history in cancer diagnostics. In 1991, Abbott developed the first automated PSA test for use on the IMx ® System and has continued to expand cancer test menus across its diagnostic analyzers. Abbott's innovative genomic tests include Vysis® UroVysion, which aids in diagnosing and monitoring bladder cancer, and PathVysion® , for detecting amplification of the HER-2 gene to aid in determining whether a patient is an appropriate candidate for Herceptin® (trastuzumab) therapy for breast cancer.

BioCurex management acknowledges the **validating recognition of its RECAF technology by a major pharma company** and is currently working with Abbott in the further development of serum tests for cancer diagnosis. According to the World Health Organization, more than 10 million people are diagnosed with cancer every year and it is estimated that there will be 15 million new cases every year by 2020. The chance of cure increases substantially if cancer is detected early. The agreement with Abbott is semi-exclusive and BioCurex expects to engage other major pharma companies in licensing opportunities for cancer diagnostics. **BioCurex believes that there are substantial prospects for licensing and development of other types of diagnostic cancer tests.**

RESEARCH & DEVELOPMENT & PATENTS

In May 2003, a group of Japanese physicians/scientists agreed to test an improved Histo-Recaf™ kit on cancer tissues to determine the kit’s ability to accurately detect cancer cells. The Japanese research teams conducted the tests on a voluntary basis and without charge to BioCurex. In April 2004 BioCurex received notice that approximately 83% of the cancer cases stained with the Histo-RECAF™ kit were clearly positive and distinguishable from normal specimens with a microscope. The final results of this study were published in the journal Tumor Biology Vol 27, No 6, pp283-288.

Patents

BioCurex’s technology is protected by a **United States patent which expires in 2014 and by patents in Australia, Russia, and China which expire in 2015 and by pending patents in Europe, Japan and other countries (to a total of 22)**.

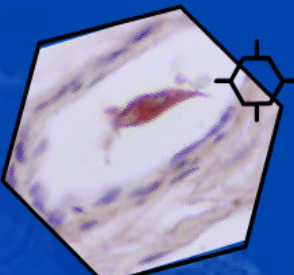
BioCurex is preparing to file one or more new patent applications covering inventions developed in the past few months. These inventions mainly relate to the RECAF blood tests and **could extend its patent protection for another 17-20 years**. These patents will not only be filed in Europe but also in the USA and other countries.

Opportunities

BioCurex

Tumour markers - breast cancer markers

Marker	Sensitivity
TPA	63%
CEA	75%
Ca 15-3	46%
RECAF	90%+



Finally, it is important to realize that the RECAF technology is very complex. Development of the technology is very tricky such that the proprietary 'know how' in working with the RECAF family of molecules is critical and beyond the basic patent information. BioCurex can include this 'know-how' with its licensees, **and therefore can obtain significant royalties even in countries where there is no patent protection.**

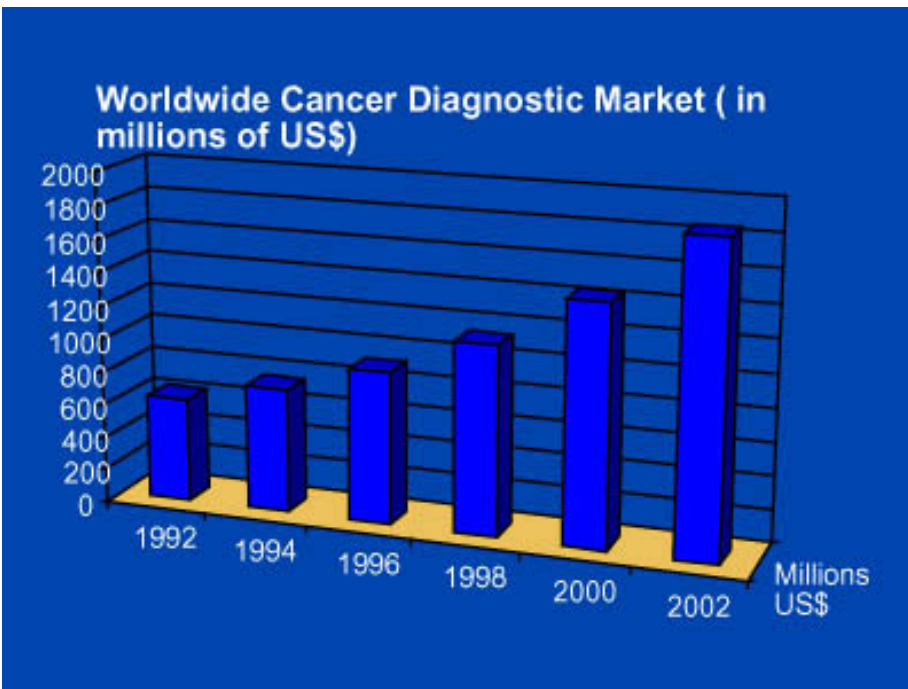
INDUSTRY & COMPETITION

Because of its high incidence and mortality rate, **cancer ranks high on the list of the world's deadliest and costliest diseases.** Around the world, **only cardiovascular disease ranks higher than cancer as a cause of death.** The World Health Organization (WHO) estimates that 25 million people have cancer in Japan, Europe and North America with an additional 10.1 million cases diagnosed worldwide each year. By 2020, the WHO estimates that number will grow to 15 million new cases every year.

The patterns of cancer incidence around the world vary in the economic developing versus developed world. In **developing** countries, **cancers of the mouth, pharynx, larynx and esophagus,** and of the **stomach, liver and cervix** are most prevalent. **Developed** countries tend to have higher rates of **colon and rectal cancer,** as well as hormone-related cancers including cancer of the **female breast, the endometrium and the prostate.** **Lung cancer,** the primary cause being tobacco, is now the **leading cause of cancer worldwide.**

With such an increasingly prevalent disease, it is not surprising that the overall market for cancer in vitro diagnostics (IVDs) is **growing at an annual rate of 13%** according to a recent market report "The Worldwide Market for Cancer Diagnostics" from Kalorama Information. In 2004, the worldwide market for IVDs used on a routine basis was \$4.1 billion. But an aging population, along with advancements in technology, will **fuel growth in the diagnostics sector to an estimated \$7.4 billion by 2009,** the report states. Fewer than half of new cancer cases—4.7 million per year—are diagnosed in the seven leading countries: France, Germany, Italy, Japan, Spain, the United Kingdom and the United States. Yet these countries account for 85% of sales, showing that the market for cancer testing is focused in the developed world. North America, with only 5% of new cancer patients worldwide, accounts for nearly 44% of the worldwide cancer diagnostics market. The more **traditional diagnostic methods for detecting cancer—histology/cytology and immunoassays—comprised 75% of total sales of IVDs in 2004.** With the cancer rate growing, these methodologies are projected to grow at 11% and 13% annually through 2009. But these methodologies will see an erosion of market share as newer, emerging technologies slowly gain a diagnostic foothold. **Molecular assays, tissue assays and pharmacodiagnosics** will lead the way among new diagnostic techniques. Totaling sales of just \$11 million in 2004, less than 2.5% of the total market, Kalorama forecasts these methods will **boast sales of \$480 million by 2009.**

A number of companies, such as **Dako Inc.,** have developed cancer detection products, which stain cells to detect cancer. However the cancer detection kits presently on the market can only detect one form of cancer. In contrast, BioCurex's cancer detection kits can detect the RECAF marker in all the types of cancer studied so far, including breast, stomach, lung and colon cancers.



A number of companies, including **Abbott Labs, Roche and Ortho Diagnostics,** have developed **serum based screening assays to detect cancer.** However the **serum based screening assays kits presently on the market can only detect one form of cancer.** In contrast, BioCurex's serum based screening assays have detected, in internal preliminary studies, ovary, lung, breast and stomach cancers with high sensitivity and specificity. In addition, BioCurex believes that for certain types of cancer, its serum based screening assays perform better than the screening assays of its competitors.

Even though the old detection test format works well enough, it is important to be aware of the fact that using light-based instruments to find particular 'signatures' is a direction that a big chunk of the industry seemed to be moving in. For example, **Applera Corp-Celera Genomics Group** (NYSE:CRA) is utilizing the idea of spectrometry, or light-based instruments, to identify unusual levels of proteins, relative to normal levels, in human cells.

The concept of spotting the difference in protein levels (peptides) is believed to be an effective way of distinguishing between normal and potentially diseased cells, effectively serving as a detection test. This 'proteomics' effort at Celera is currently focused on pancreatic cancer, lung cancer, colon cancer, and breast cancer. Note that the only target disease in common with BioCurex's research (so far) is breast cancer.

Digene Corp. (NASDAQ:DIGE) is another biotech company using light-based, high throughput equipment. But, Digene is waging their war on diseases such as **human papillomavirus (HPV)** - the primary cause of cervical cancer - with a slightly different approach. Their detection process comes in two stages. The first stage is the introduction of so-called 'probes' into the potentially infected patient. These probes are designed to only attach to the DNA of a specific virus or bacteria. When test results are analyzed, the presence or absence of the target DNA is determined by a particular chemiluminescent reaction. Digene's methodology looks promising, but cancer is not their primary target.

The question arises, how does the use of light-based immunoassays affect BioCurex? The company's key partner, Abbott Laboratories (NYSE:ABT), **does not use radio-immunoassays**. Abbott has semi-exclusive rights to market RECAF technology, which doesn't necessarily require them to provide the equipment that can actually analyze said tests. But, even a casual observer would have to wonder about the conflicting message there. Abbott controls about 1/3 of the diagnostic equipment market. If they wouldn't use equipment despite that fact that one of their licensors required its use, then there was clearly a limitation in place. Odds were/are that other major diagnostic equipments outfits were also avoiding the use of radio-immunoassays for the same reasons. The result is a very limited - and perhaps even shrinking - functionality for the RECAF test.

Well, there is indeed more to the story. As it turns out, radioactive isotopes are a logistical challenge. As you may suspect, radioactive materials, even as minimally radioactive as these tests require, are heavily regulated by the government - transporting them includes considerable regulatory red tape. Moreover, they have a limited life span. If the materials sit on a shelf too long, they become useless, and therefore, a waste of money and uneconomic prospect. Colorimetric (light-based) materials, on the other hand, offer advantages such as a **longer shelf life, greater convenience and easier shipment**. It doesn't pose a surprise that radio-immunoassays are considered less desirable than the chemoluminescent alternatives.

The upside should be clear, the more labs that are able to use the colorimetric RECAF test, the bigger the potential market for BioCurex. The new test format is **directly compatible** with a larger number of instruments used in most clinical laboratories. Many research laboratories also have chemoluminescence readers, so BioCurex can ship demonstration kits for further validation of their previous work, an important concept.

The bottom line is, the announcement brings BioCurex one-step closer to the commercialization of RECAF cancer test.

- ❑ The PSA test market alone each year is worth a staggering **half of a billion dollars**. Bearing in mind that *Prostate* cancer only accounts for about 1/3 of all cancer among men. As the result of ongoing research it is becoming clear **RECAF may be useful in detecting many types of cancer other than just prostate cancer**. Hence, it is clear that the opportunity for BioCurex spans much further than the PSA market, thus widening the playing field.
- ❑ There are now **more than 11 million new cases of cancer diagnosed globally each year**. By 2020, it's expected there will be 15 million new cases per year, with the number to keep growing beyond this.
- ❑ While not all cancer cases are actually diagnosed with a test, many cancer tests are taken with a negative (non-cancerous) diagnosis. Point being, **the number of potential cancer test kits needed each year could also number in the millions**.

BioCurex's test kits are estimated to be priced anywhere between \$10 and \$30 (at least for the radio-immunoassay version). Abbott reports about \$20 billion in sales each year, including pharmaceuticals. Its diagnostic division sells roughly 1/3 of the whole diagnostic market. Obviously the **Serum-RECAF™** test would be a single item in Abbott Labs inventory of products, but with the market share (and marketing leverage) controlled by Abbott, even BioCurex's thin sliver of Abbott's revenue makeup would still be a meaningful revenue opportunity for a young company such as BioCurex that is in developmental stage. And since the Abbott licensing deal is semi-exclusive; other licensing deals will likely be forthcoming that will be of benefit to BioCurex.

It's difficult to really gauge the exact magnitude of the total market and the revenue potential that is implied by the novel cancer detection technology of BioCurex but it **certainly dwarfs the current market capitalization of this company**. We know it's on the order of several hundreds of millions if the RECAF test validity continues to grow, as it currently is, which for BioCurex - and by extension, its investors - would be a gigantic windfall.

We believe there exists a clear competitive advantage for BioCurex as there are no other cancer markers that can detect all tumor types. There are also no other markers that can reliably detect over 90% of all breast and lung cancers. Thirdly there are no other markers that can be used to image the location of all cancers.

See Appendix A-I for Analyst Certification and Important Disclosures.

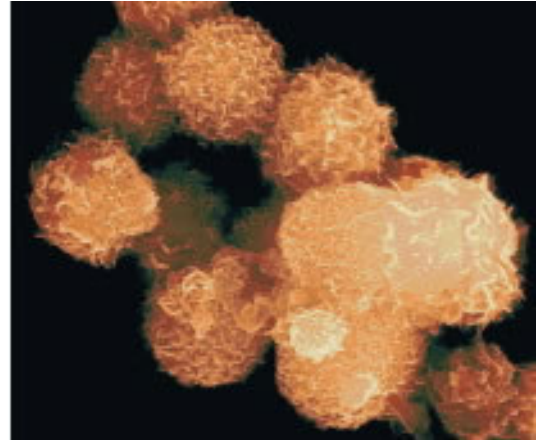
RECENT DEVELOPMENTS AND OUTLOOK

BioCurex's RECAF cancer detection test seems to work better than current alternatives, and has repeatedly found cancer in its early stages, when cancer is much easier to beat. Not only are current cancer tests less accurate, they also tend to only spot later stages of cancer, when treatment is much less effective. There have been several encouraging test results announced in the last few months.

April 11th: RECAF **detects early stages of breast cancer with high specificity.** Patients afflicted with either early Stage 1 or Stage 2 breast cancer were 'marked' by the RECAF test with a sensitivity exceeding 90%, and 100% specificity (or no false positives). Mammography has a sensitivity of 65-75%, and has a specificity of 90%, which translates into 10% false positives.

July 19th: RECAF **twice as effective as current prostate cancer test (or PSA).** The standard PSA test showed a sensitivity of 48% with 60% specificity. The specificity could be increased to 70%, but at the expense of doubling the cost. By comparison, using BioCurex's RECAF test on the same cancer and benign samples, the sensitivity was 90% with a specificity of 84%.

October 17th: RECAF tests accurately in detection of gastric cancer; **no other biomarker specifically detects gastric cancer.** Third party (non-BioCurex) research reported 73% sensitivity with 97% specificity using Histo-RECAF for tissue examination in gastric (stomach) cancer detection tests.



October 25th: BioCurex Inc. announced it has presented its first set of results using a colorimetric version of its RECAF™ blood test for cancer detection at the annual meeting of the International Society for Oncofetal Biology and Medicine in Pasadena, CA. The results indicated that this colorimetric version of BioCurex's RECAF test detected **more than twice the amount of cancers than the most widely used cancer detection test utilized today - the PSA test.**

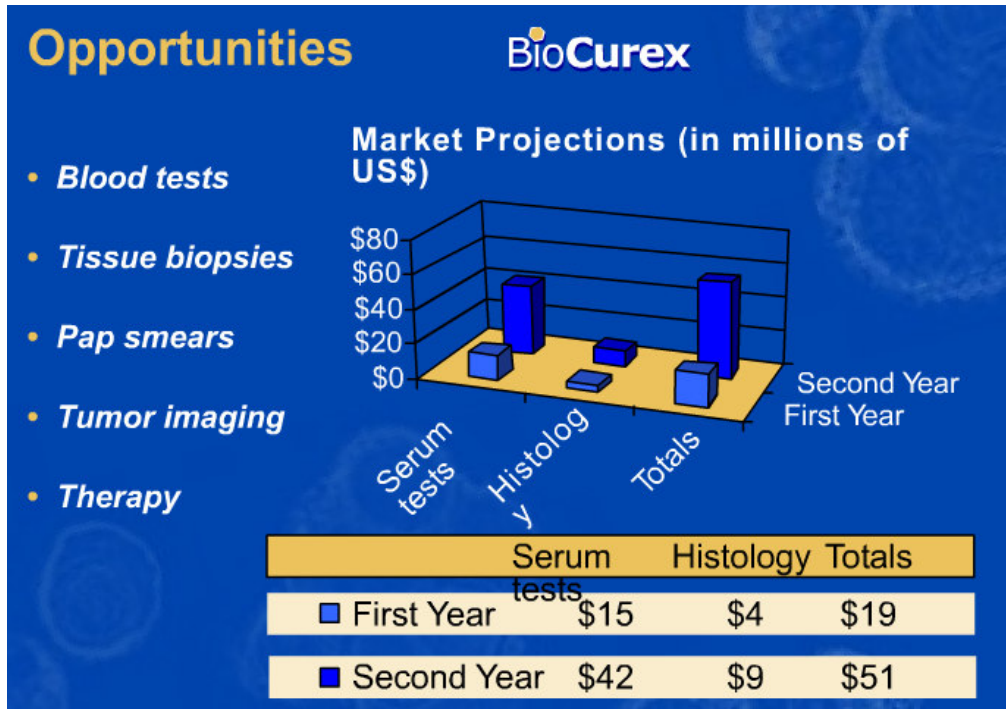
BioCurex previously obtained excellent results with a radio-immunoassay format. An immunoassay takes advantage of the exquisite specificity of an antibody to detect one and only one substance - in this case RECAF - among the hundreds of different molecules in serum. A radio-immunoassay uses a radioisotope as a tag and since minute amounts of radioactivity can be measured with the appropriate equipment, the result is an assay that can detect trace amounts of an individual substance (RECAF) in the serum. Radio-immunoassays have now been successfully used for almost 50 years but the use of radioactivity and their short life-span due to radioactive decay has prompted the search for alternative way to detect the reaction (it should be noted that the amount of radioactivity used is minute, but its use, as well as shipment, is heavily regulated by government agencies).

Most high throughput automated systems - such as the Abbott Architect® - use chemoluminescence, which is based on a tag that emits light when it reacts with certain chemicals. By convention, **tests that rely on light to measure the reaction are called "colorimetric assays".** They offer advantages such as a longer shelf life, greater convenience and easier shipment. The results referred were obtained with chemoluminescence and they represent a **significant step forward into implementing the RECAF test in the automated instruments supported by clinical laboratories.**

On 68 prostate cancers (Stages I and II) RECAF detected 71% of cancers with 87% specificity. Only 27% of these samples exhibited a PSA higher than 4 ng/ml (value above which there is the suspicion of cancer). **Therefore the PSA test would not have raised suspicion whereas the RECAF test was able to detect these early cancers.** On 28 miscellaneous cancers, which included more advanced stages, the sensitivity was 86% with 95% specificity.

Dr. Moro, the CEO of BioCurex expressed his delight with these results since this new format is directly compatible with many high throughput automated instruments used in large clinical laboratories. Many research laboratories also have chemoluminescence readers and therefore BioCurex can now ship demonstration kits to other scientists for further validation of its previous work, something not easy to do with a radioactivity based kit (due to shipping restrictions).

Dr. Moro added: "This breakthrough brings us one step closer to the commercialization of our unique cancer test. We have more work to do to optimize the assay for improved detection comparable to our radio-immunoassay results. We will need to test more samples before we are finished, and there are also other colorimetric formats that we want to implement as well. However, our active participation and collaboration with others to develop this new testing method is rewarding. We are particularly pleased with the development of this format since the know-how gained can be transmitted to all of our future licensees, and it worked well with early stages of prostate cancer. As a matter of fact, it detected more than twice the cancers that PSA would have detected".



The above table summarizes the initial revenue potential and opportunities that BioCurex has identified. The RECAF technology is expected to initially generate revenue from two main categories. The first one, a histology application could total \$4 million in the first year of commercial introduction into the market, rising to \$9 million during the second year. The second category, for blood serum tests is expected to contribute the bulk of BioCurex’s top line. The current forecasts are for Serum tests to total \$15 million in the first year and grow rapidly to \$42 million during the second year.

Under the assumption that these revenue projections are attainable, we believe the company is undervalued when both a PE and Price to Sales methodology is employed using peer metrics as inputs to such a framework. Obviously there are many caveats for investing in any young emerging biotechnology company, but there is certainly tremendous room for appreciation in the value of BioCurex common stock if the company is able to access sufficient capital to conduct further clinical trials and R&D work and is able to successfully implement its strategy to collaborate with larger partners to capture a stake in the cancer diagnostics market.

GOVERNMENT REGULATION

Medical device regulation is based on classification of the device into three classes, II, III, or I. Class III medical devices are regulated much like drugs, whereas Class I and II devices, have less stringent data requirements than drugs and do not require clinical trials for FDA clearance. Products submitted to the FDA for clearance as medical devices can refer to the safety and effectiveness data of medical devices which perform similar functions and which the FDA has already cleared. Providing a medical device submitted to the FDA has the same clinical use as a medical device previously cleared by the FDA the medical device submitted will normally receive FDA clearance, providing that data can demonstrate substantial equivalence to the other approved medical device, together with verification of claims.

In the case of the Histo-RECAF kit, BioCurex provided the FDA with reports from pathologists that used the kit and also provided a pathologist from the FDA with a collection of tissues stained with the kit. The FDA, in its device-listing database, shows the **Histo-RECAF kit as a Class I medical device.** BioCurex expects that its **Cryo-RECAF™ kit will also be classified as a Class I medical device.**

BioCurex **anticipates** that its serum assay, if successfully developed, will be **classified as a Class II medical device.**

BioCurex’s strategy is to license its cancer detection kits and its serum assay to third parties, which will be responsible for any further regulatory approvals. However, any licensee of BioCurex may not be successful in obtaining additional clearances or approvals from any regulatory authority with respect to BioCurex’s cancer detection kits or its serum-screening assay.

FINANCIAL STATEMENTS

The company recently filed Form 10-QSB containing financials for the period ending September 30, 2006. The Company has its fiscal year-end on December 31. Most recent results for the first 9 months of FY2006 were un-audited. The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business.

The Company's revenue consists of license fees related to the licensing of its RECAF™ technology. Currently, there is one license agreement for its serum-based cancer-screening assay. Due to the costs involved in manufacturing and marketing, BioCurex plans to license its Histo-RECAF™ and Cryo-RECAF™ technology to third parties. As of November 15, 2006 BioCurex had not sold any Histo-RECAF™ or Cryo-RECAF™ test kits and had not licensed the technology pertaining to these kits to any third parties. For the first 9 months of FY2006 BioCurex has received \$148,527 in royalties for RECAF applications other than diagnosis.

Although Generally Accepted Accounting Principles (US GAAP) requires BioCurex's financial statements to show its intellectual property as having no value, an **independent appraisal has valued BioCurex's intellectual property at approximately \$5,000,000 as of December 31, 2003.**

Liquidity and Capital Resources

BioCurex does not have any traditional financing arrangements. Since January of 2003 BioCurex has been able to finance its operations through the private sale of its common stock and from borrowings from private lenders. BioCurex plans to continue to obtain the capital needed for its operations through these financial arrangements. There can be no assurance that BioCurex will be successful in obtaining any additional capital as the need arises.

Management is currently seeking additional financing through the sale of equity and from borrowings from private lenders to cover its operating expenses and restructuring its convertible notes payable into common stock.

BioCurex anticipates that the capital requirements for the year-ended December 31, 2006 will be as follows:

Research and Development - Therapeutics	\$ 400,000
Research and Development - Histo-Recap kits	75,000
Research and Development - Serum screening assay	250,000
Research and Development - Imagery	200,000
Payment of Outstanding Liabilities	420,000
General and Administrative Expenses	320,000
Marketing and Investor Communications	200,000
Total:	\$1,865,000

BioCurex does not have any bank lines of credit or any other traditional financing arrangements. BioCurex will need additional capital until it is able to generate significant revenues from licensing its technology or from other sources. BioCurex expects to **obtain additional capital through the private sale of its common stock or from borrowings from private lenders or financial institutions.** From an operations standpoint, the most significant capital requirements of BioCurex are general and administrative expenses and research and development. General and administrative expenses and R & D, exclusive of depreciation, amortization and other expenses not requiring the use of cash (such as the costs associated with issuing stock and options for services) **average approximately \$60,500 per month.**

BioCurex's research and development expenses vary, depending upon available capital. When more capital is available to BioCurex, research and development expenses increase. Conversely, research and development expenses decline when less capital is available. Pacific Biosciences Research Centre, which is controlled by the President of BioCurex, performs all research and development work on behalf of BioCurex. If BioCurex is unable to raise the capital it needs, its research and development activities will be curtailed or delayed and its operations will be reduced to a level, which can be funded with the capital available to BioCurex.

Other noteworthy financial and per share statistics are listed in the table found on page 1 of this report.

See Appendix A-I for Analyst Certification and Important Disclosures.

RISK FACTORS / CONCERNS

The business model, and longer-term consistency of revenue and income potential, remain uncertain and are not yet proven. The company is **dependent on the successful development of its RECAF intellectual property and the licensing of this potential universal cancer marker technology**. Due to the costs involved in manufacturing and marketing, BioCurex **plans to license** its Histo-RECAF™, Cryo-RECAF™ and serum-based cancer-screening assay (Serum-RECAF™) to third parties, typically large pharmaceutical firm and hence it will be highly dependent on further closure of licensing agreements with new partners to enable the company to develop its technology and derive commercial benefit from its novel general screening agent what has high specificity.

Failure to develop these potential cancer marker products to completion or obtain regulatory approval for the product, either on its own or in collaboration with other pharmaceutical companies or the inability to fund future operations from either revenue or the issuance of additional equity, will have an adverse effect on the Company. BioCurex is dependent on the successful culmination of R&D, licensing partnerships and regulatory approval of its RECAF products and failure to develop and market this product will have a significant and negative effect on its ability to continue operations. Its most recent audited financial statements contain a **going concern qualification** from its auditors.

BioCurex business development is substantially dependent on the expertise of its management team and scientific team, the loss of which could materially adversely affect future anticipated results. The company is still considered to be a **development stage company** and generated little revenue and has a scant financial history. Before BioCurex can sell any of its RECAF cancer diagnostic products, it will need to **comply and adhere to various regulatory requirements** as discussed in the Government Regulations section on Page 9 and 10.

The company to date has not successfully commercialized any of its products and we cannot be certain that they will be able to start generating revenues from these products, or that these potential products will prove to be effective and will produce the intended effects to identify and detect various forms of cancer. Even if effective, there may be factors beyond the control of the company that may impede the acceptance of this product by practitioners, patients and the medical community.

A number of companies in the drug delivery, biotechnology and pharmaceutical industries have suffered significant setbacks in clinical trials, testing and R&D efforts even after showing promising results in earlier studies or trials. BioCurex cannot give assurances that favorable results in any trial/study will mean that favorable results will ultimately be obtained in future studies or cancer detection efforts in specific cases for one or more types of cancer. Similarly, there is no assurance that the U.S. Food and Drug Administration (FDA) and other regulatory agencies in countries where RECAF technology is sold or licensed, will approve its potential products.

The **FDA may make new rulings in future** which mandate a suspension or a recall of production or sales of products sold under BioCurex license, and result in BioCurex losing such licensing revenue and incurring expenses for a period until the company is in compliance with the regulations specified by the FDA or other regulatory body. All trials and studies, as well as the manufacturing and marketing of its potential product, are subject to extensive, costly and rigorous regulation by various governmental authorities in the United States and other countries. The process of obtaining required approvals from the FDA and other regulatory authorities **often takes many years, is expensive and can vary significantly based on the type, complexity and novelty of the potential product**.

The company may not be able to generate or obtain sufficient funds to operate its business, which could harm results, and force the company to curtail or cease planned operations. Most recent financials statements alert to the fact that liquidity is insufficient to support the expansion, research and development plan(s) of BioCurex. There can be no assurance the company will be successful in its effort to secure additional financing for the R&D work that lie ahead.

Trading in the shares will continue to be subject to major fluctuations for the foreseeable future. The stock is thinly traded at prices below \$1.00 and selling of small positions could have a negative impact on the share price in absence of sufficient liquidity. The reverse is true if one or more large investors decide to acquire a block of BioCurex shares that would result in demand outstripping supply and result in an upward squeeze in the price given the low liquidity and daily trading volume. As of November 3, 2006, the Company had 40,280,615 outstanding shares of common stock.

We caution that historical volume activity on BioCurex has been noticeably light, and we are unable to predict the direction of trading volumes over the coming months. Major dilution of common stock can occur if company issues large blocks of common stock or convertible debt is converted or warrants are exercised into common stock, that can negatively impact on the value of its shares. NASD and SEC Regulations covering rules on Penny Stocks apply for BioCurex.

MANAGEMENT & SCIENTIFIC TEAM

Dr. Ricard Moro-Vidal – Chief Executive Officer & President & Director

Ricardo Moro-Vidal, M.D. is the CEO and President of BioCurex. Previously, he developed a new diagnostic system (conductivity ELISA) and a microchip that was used by NASA in space. Dr. Moro-Vidal discovered the universal cancer marker RECAF™, the core of BioCurex's technology.

He has been an officer and director of BioCurex since March 2001. Since 1996 Dr. Moro has been the President of Pacific Biosciences Research Centre, formerly named Curex Technologies Inc., where he developed the RECAF cancer marker concept. From 1980 to 1985, Dr. Moro worked in cancer research at the French National Cancer Institute near Paris, France. From late 1985 to 1988 he worked at the University of Alberta, Edmonton on onco-developmental biology. From 1989 to 1996 he was engaged in various entrepreneurial ventures relating to diagnostics and instrumentation.

Dr. Phil Gold – Chairman of Scientific Advisory Board & Director

Phil Gold, C.C., O.Q., M.D., Ph.D. (Chairman of the Scientific Advisory Board), discovered CEA (the cancer marker for colonic and rectal cancer). Dr. Gold has been a director of BioCurex since March of 2001. From 1978 to 1980, Dr. Gold was Director of the McGill Cancer Centre in Montreal, Quebec. From 1980 to 1984, he was Physician-in-Chief of the Montreal General Hospital. From 1985 to 1990, he served as Chairman of the Department of Medicine at McGill University in Montreal. His present positions include Physician-in-Chief, Department of Medicine, The Montreal General Hospital; Professor of Medicine, McGill University; Professor, Departments of Physiology and Oncology, McGill University; and the Director of the McGill University Medical Clinic at the Montreal General Hospital.

Dr. Gerald Wittenberg – Chairman, Secretary-Treasurer & CFO.

Gerald Wittenberg, D.M.D., MS is the company's Secretary Treasurer and acting Chairman. He has extensive experience in business financing of new companies with specific interest in public company development. He also serves as Principal Financial Officer. Dr. Wittenberg has been an officer and director of BioCurex since March 2001. Dr. Wittenberg is a specialist in Oral and Maxillofacial Surgery and has been in private practice since 1981.

SCIENTIFIC ADVISORY BOARD

BioCurex's SAB includes the creators of the cancer marker field: Dr. Phil Gold, C.C., O.Q., M.D., Ph.D. and Dr. Garri Abelev Ph.D., M.D. (Russia), who discovered the first cancer marker, AFP, present in liver cancers. The SAB contains persons from USA, Canada, Russia, France, Spain and Japan.

INVESTMENT THESIS AND RECOMMENDATION

Our analysis suggests that BioCurex Inc. is an interesting speculative play among micro-cap companies offering exposure to the investor on groundbreaking R&D work that has delivered a revolutionary new cancer marker, titled RECAF, that has the ability to aid with early detection of numerous forms of cancer. Moreover, data accumulated in tests conducted show that RECAF™ has been able to detect certain forms of cancer for which no present marker exists, such as breast or gastric cancer. The upside potential of the stock is therefore significant given the size of the market capitalization of BioCurex in the context of the monetary value of even a small percentage of the cancer diagnostic market related to marker technology and assays.

According to the World Health Organization, more than 10 million people are diagnosed with cancer every year, and it is estimated that there will be 15 million new cases every year by 2020. The chance of cure increases substantially if cancer is detected early. A number of companies, including Abbott Labs, Roche and Ortho Diagnostics, have developed serum based screening assays to detect cancer. However the serum based screening assays kits presently on the market can only detect one form of cancer.

In contrast, BioCurex's serum based screening assays have detected, in internal preliminary studies, ovary, lung, breast and stomach cancers with high sensitivity and specificity. In addition, BioCurex believes that for certain types of cancer, its serum based screening assays are more accurate than the screening assays of its competitors. There are over 8 million cancer patients in North America, with approximately 1 million more people developing cancer each year. Over one third of the population will develop cancer at some point during their life and over one-half a million people die from cancer each year. The new incidences of cancer, along with the maintenance of persons living with cancer, continue to increase the demand for cancer products on a large scale. The present world market for cancer therapeutics alone is approximately \$6.5 billion with an expected increase towards \$15 billion by the year 2002.

See Appendix A-I for Analyst Certification and Important Disclosures.

The National Cancer Institute estimates the overall annual costs for cancer in the U.S. at \$104 billion with \$35 billion in direct medical costs and the remainder in productivity and mortality-related costs. Approximately one half of the direct costs are related to the treatment of breast, lung and prostate cancers. On a global basis, costs associated with cancer related illnesses are estimated at more than \$150 billion. These figures serve to illustrate the size and scope of the potential opportunity that exists for the universal cancer marker that BioCurex is developing.

The rising cost of healthcare has created a demand for cost effective techniques in the management of cancer and therefore, there is an increased emphasis on the screening and testing for the purpose of early detection. It is estimated that eventually 20% of all diagnostic tests will be performed in non-laboratory settings by patients and non-medical professionals. BioCurex's product - will present a tremendous advancement with obvious competitive advantage in the diagnostic field. It is BioCurex's intention to subsequently develop and command a significant market advantage in cancer therapeutics.

The financial risk involved in investing in a young research and developing company is typically high and should be considered by investors. In this case the risks are tied to the efficacy of BioCurex's strategy to license its cancer detection kits and its serum assay to third parties, that will be responsible for any further regulatory approvals. However, any licensee of BioCurex may not be successful in obtaining additional clearances or approvals from any regulatory authority with respect to BioCurex's cancer detection kits or its serum-screening assay. The lack of regulatory approval for BioCurex's products will prevent the sale of these products. Delays in obtaining regulatory approval or the failure to obtain regulatory approval in one or more countries may have a material adverse impact upon BioCurex's. Regulatory compliance and research and development costs associated with developmental work imply that BioCurex will have a negative cash flow from operations for the foreseeable future.

This can compound over time and result in full cash burn of all capital raised without deriving the intended economic benefit, sales or intellectual property that holds value for shareholders. Readers should understand that there can be no assurance that the company will be able to fast-track its intended path towards development and commercialization of this RECAF technology will flow through directly to the top and or bottom line to build a consistent longer term profitable track record that will build shareholder value.

We therefore only recommend investors that have a high tolerance for risk that are able and willing to forfeit either most or all of their capital in search for extraordinary returns, to consider investing in the shares. Also, in our view investors willing to commit capital to BioCurex should do so with absolute minimum 2 year investment horizon, but preferably longer, to allow ample opportunity for growth to emerge until broader price discovery can materialize within the investment community that will allow the value behind the current novel cancer marker and screening-assay intellectual property to be unlocked once further licensing agreements are closed completed and the company can advance its drive towards commercialization of its IP, which becomes the predominant intermediate term objective for the company and shareholders if its present R&D work continue to produce positive results. Short term we expect some consolidation in the price-action to occur. Once company releases news of new licensing deals struck or licensing revenues generated from products entering the market with respect to its Abbott Labs agreement, it should transpire as a positive catalyst for the stock.

In the near term a major risk factor of delays in receipt of additional funding to the count of \$1.865 million for its 2006 R&D Plan, may hinder further improvement in the rating of the shares until adequate funding is secured that will satisfy concerns that may be present, or resurface in the investor community. We believe that this may act as a short-term headwind in the absence of other positive news. The Company's short and medium term goals are to firstly develop tissue and blood tests and obtain a licensing and distribution agreement for each of its products. Secondly, BioCurex intends to develop a minimum 25% market share over the next 5 years. It is likely that its product will be used alone or in combination with other tests since it can detect ALL cancers with 90% sensitivity. Along these lines, RECAF could be used for general screening and if a patient is positive, then other organ specific markers such as PSA could be used to locate the cancer location.

BioCurex believes that a significant market exists for a screening assay, which can detect multiple cancers from a blood (serum) sample. As a result, since March 2002 BioCurex's research and development efforts have been focused on the development of a serum-based screening assay based upon BioCurex's RECAF™ technology. The potential market for a serum assay is hard to define, however market statistics confirm that there are over 100 million serum tumor marker (screening) tests performed every year. Most assays are specific to a particular cancer and suffer from poor sensitivity and specificity. As an example, assay sales for CEA - Carcino Embryonic Antigen, a relatively insensitive assay for colorectal cancer, is estimated to cost over \$300 million US dollars annually. BioCurex is currently working on licensing the assay technology to a pharmaceutical firm that has the financial capability to complete the research and clinical studies necessary to obtain clearance from the FDA and other regulatory authorities as well as to manufacture and commercialize the assay.

See Appendix A-1 for Analyst Certification and Important Disclosures.

We are unable to use traditional methods to make a valuation call on the security at this early stage in the company's life cycle, but we have relied on some revenue projections for year 1 and year 2, following commercial launch of RECAF products, and some peer comparatives and margin assumptions to derive a 'fair value' of what BioCurex may be realistically worth. Despite the risk attached with time to market that is required to pursue regulatory success before FDA grants approval for the testing kits and technology to be introduced into the market, we know from other biotechnology cases that similar young biotechnology companies are assigned values for its intellectual property, and that those values typically fluctuate wildly on the back of press releases about progress or lack thereof of clinical trial data etc.

Our research delivered Matritech (AMEX: MZT), a leading developer of protein-based diagnostic products for the early detection of cancer as a possible proxy to evaluate the current valuation of BioCurex. For FY2006 MZT guided they will generate \$12 million in sales and is trading at higher market capitalization of \$41 million compared to BioCurex trading on a market capitalization of \$26 million. For FY2007 we anticipate that BioCurex is likely to start earning licensing revenues and believe that top line revenues of \$19 million is feasible in the coming fiscal year. Other related companies in this group of diagnostic substances, worth considering for valuation work, include Cytogen Corp. (NASDAQ:CYTO), Digene Corp (NASDAQ:DIGE) and Immunomedics Inc. (NASDAQ:IMMU). This industry is trading on historic PE multiples averaging near 30x and Price-to-Sales multiples can reach from as low as 3.1x to 7 or 8x revenues.

We have made certain assumptions regarding revenue possibilities following full commercialization of RECAF starting in FY2007 and we arrived at revenue and net income forecasts for the next 2 financial years starting FY2007 through FY2008 for BioCurex. These numbers together with net operating margins (%) and earnings per share (EPS) estimates are provided on the table found on the previous page (SEE TABLE below).

Using these numbers in conjunction with a forward PE methodology, where we applied individual PE multiples for each of the respective years shown below close to peer companies, and thereafter discounting at the required rate of return (k) which is a function of the risk-free rate and market rate of return, together with the stock's beta measure, to obtain present values for the stock price, and ultimately arrive at a valuation framework for BioCurex.

	EPS Forecast	Revenue Estimate (\$million)	Net Income Estimate (\$million)	Net Oper Margin %	Forward PE multiple	EPS Growth	Forward Price	Discount Rate (k)	Present Value
FY 2007	0.036	19.000	1.330	7.0%	21.0	NA	0.76	14.8%	0.664
FY 2008	0.097	51.000	3.570	7.0%	21.5	168%	2.09	14.8%	1.589
TOTAL									2.2522
Assumptions		Beta	3.00	R_m	8.0%				
$k=R_f+(R_m-R_f)*Beta$		R_f	4.60%	k	14.8%				

For FY2007 we have calculated an EPS estimate of +3.6c and for FY2008 we estimate EPS to be closer to +9.7c. We proceeded to apply forward PE multiples of 21x and 21.5x respectively which was chosen closer to the large pharmaceuticals peer group average, rather than that of the biotechnology sector (which is much higher PE multiples) in order to take a more conservative approach.

Given these calculations and our bottom up analysis, which is also qualitative in nature, we set a 12-month target price for the security of \$2.25. Our 12-month target price implies a market capitalization of \$82.8 million, representing a price to sales multiple of 4.3x our FY2007 revenue projection of \$19 million. This price to sales multiple is not unduly demanding in light of its life-cycle, its industry peers and rate of revenue growth to transpire in FY2008 and we believe that this revenue projection for FY2007 and \$51 million for FY2008 is certainly attainable, given the pervasive applicability of RECAF marker technology.

When taking into account all of the factors in this report, the risk associated with a developmental stage biotechnology company such as BioCurex and relative rating to its peers, we initiate coverage on BioCurex with a SPECULATIVE BUY rating under the stated assumptions.

DISCLAIMER: BIOCUREX INC. DOES NOT AGREE, NOR DISAGREE WITH THE PROJECTIONS AND THE TIME FRAMES DESCRIBED IN THIS DOCUMENT.

See Appendix A-I for Analyst Certification and Important Disclosures.

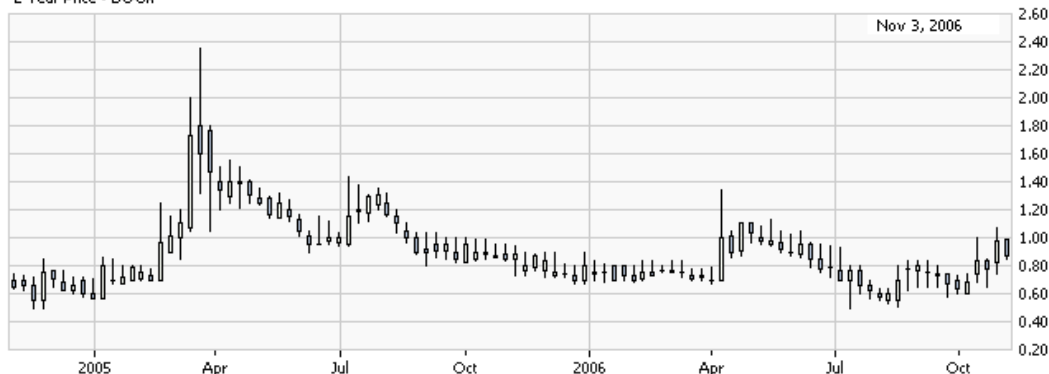
Risk to our recommendation include amongst other, failure of the company to obtain approval to market products utilizing its RECAF cancer marker, failure to attract further large companies willing to enter into licensing agreements for BioCurex technology, a slowdown or disruption in its R&D plans due to other regulatory and legislative issues that serve to push out or hinder R&D efforts, unfavorable terms with research partners, new or additional competition or availability for alternative cancer detection alternatives, a change to Medicare reimbursement procedures/policy changes or unforeseen regulatory changes impacting adversely on biotechnology efforts with regards to cancer marker and serum-screening assays research and development, and/or acceptance of its product by the medical community.

Also, any inability to obtain necessary financing from capital markets to proceed with the R&D plans, the loss of intellectual property and patents, which protect its competitive position, the loss of key personnel and or scientists and/or major share dilution that can occur, if large quantities of shares are issued to extinguish debt or paid for services, inability to obtain positive results from further studies, are some additional factors that will counteract price appreciation potential or cause shares to decline in value.

We would caution that given the size of the company (micro-cap) and risks involved, overall we advise private client positions be limited below 5% of the client's total portfolio size.

Charts For BioCurex Inc.

2 Year Price - BOCX



ANALYST CERTIFICATIONS

APPENDIX A-1

The research analyst, who upon request wrote this report, certifies that the views expressed in this research report, accurately reflects his personal view about the subject company. The analyst also certifies that he does not own or have any beneficial interest in shares of the covered company, also that no part of his compensation was, is or will be directly or indirectly related to the specific recommendation or view expressed in this report. Tri-State Capital received \$7,000 in compensation for work on the subject company from a third party, Onyx Consulting. BioCurex compensated Onyx Consulting for providing investor relations services \$75,000 in cash together with 225,000 common shares with piggy-back registration rights and 150,000 warrants at \$0.85 cents.

Based on the facts that were provided, the industry trends present and sources of information used to produce this report, it is my best opinion and reflection of what the companys rating and share appreciation potential could be once research coverage is widely adopted. Investors are urged to consider this report as only a single factor in making their investment decision. Information, opinions or recommendations contained in this report or research note are submitted solely for advisory and information purposes and we also do not accept any obligation to provide updates to this report in future.

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