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raptor pharmaceuticals corp.

Raptor Pharmaceuticals Corp.

Biotechnology
Initiating Coverage
October 9, 2007

Stock Data:			
Ticker:	RPTP	Beta:	1.9
Price (10/8/07):	$0.55	Avg. Vol (3 month):	31,569
Mkt. Cap:	$18.1M	Shares Outstanding:	32.9M
Cash & STI (mrq):	$3.6M	52-Week High (05/10/07):	$1.29
Enterprise Value:	nm	52-Week Low (08/13/07):	$0.41
Return on Assets (ttm):	nm	Price/Sales:	nm
Return on Equity (ttm):	nm	Price/Book (mrq):	4.2x

Highlights:

- High quality management team and scientific advisory board with extensive experience in obtaining FDA approval of biologics
- Raptor's management team was pivotal in getting two drugs approved and creating stockholder value while at BioMarin Pharmaceutical (NASDAQ: BMRN), a $2.4B biotech company, enabling BioMarin to raise over $500M of capital.
- Raptor's lead product candidate, receptor-associated protein or RAP, is a drug delivery platform technology which could deliver various drugs to treat multiple indications
- Raptor's in-licensed molecule, mesoderm development factor or mesd could potentially reverse the effects of osteoporosis and enhance bone density in other bone disease indications
- Phase II study utilizing HepTide™, a variant of RAP, to target the liver to treat liver diseases anticipated to begin in 2H 2008

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Business Description:

Raptor Pharmaceuticals Corp. is developing a drug-targeting platform and therapeutics, based on the use of receptor-associated protein (RAP) and mesoderm development factor (mesd). Raptor's RAP-based delivery technology is being developed for the purpose of selectively targeting the delivery of engineered drugs to organs, tissues and cell types through the use of specific receptor systems. Raptor is also developing RAP and mesd as potential therapeutics for the treatment of cancer and osteoporosis.

Opportunity:

Raptor's RAP targeted delivery platform could potentially work with a variety of already approved drugs and soon to be approved drugs. Should RAP be approved; Raptor could roll out multiple drugs for different indications utilizing the RAP targeted delivery technology while extending the lifecycle of expiring patents. This is what makes the Raptor story so compelling, as the company is not tied to one particular indication. Raptor intends to initially focus on liver cancer and liver diseases, CNS disorders and osteoporosis (utilizing mesd). All three disease indications are large markets with limited, ineffective, or no treatment options.

Most biotechnology companies are comprised of management teams that have no experience in taking a molecule from preclinical studies to product approval. That is not the case with Raptor as management has seen two drugs go through the arduous clinical process to commercialization. Raptor's CEO, Christopher M. Starr, Ph.D., was a founder of BioMarin (ticker: BMRN) and saw both Aldurazyme and Naglazyme go from preclinical studies to market approval. Aldurazyme, BioMarin's first approved drug had revenues of $96.3M in 2006 and Naglazyme, BioMarin's second approved drug had revenues of $46.5M in 2006. BioMarin is currently a $2.4B market cap company and we believe that Dr. Starr and his management and scientific team, originally from BioMarin, can do it again with Raptor which currently sits at an $18.1M dollar valuation.

RAP Overview:

RAP is a platform technology designed to transport chemotherapeutic agents and therapeutic proteins for the treatment of various cancers and central nervous system (CNS) disorders. A simple way to think about RAP is to picture an octopus. When an octopus attacks a potential victim it uses it's tentacles to latch on to its prey. RAP is much the same in that it latches on to receptors on tumor cells when treating cancer, and latches onto receptors on the Blood Brain Barrier when used to treat CNS disease. Once the RAP-Drug conjugate is taken into a diseased cell it releases its therapeutic agent to treat or destroy the cell. In the case of CNS disorders, RAP binds to receptors on the Blood-Brain Barrier and is transported into the brain where it releases its therapeutic cargo to the targeted area.

Cancer:

HepTide™ for the Treatment of Primary Liver Cancer

Raptor has created HepTide™ for the treatment of hepatocellular carcinoma (HCC).There were 19,160 patients diagnosed year in the U.S. with HCC or primary liver cancer, and over a million patients diagnosed every year worldwide. Because of the high mortality rate from primary liver cancer, HCC ranks 8th in incidence of all cancer deaths worldwide, every year. HCC is a particularly fast growing and deadly form of cancer with few treatment options. HCC was responsible for 16,780 deaths in the U.S. last year. Life expectancy of a primary liver cancer patient is three to five months without a liver transplant or liver resection, which are considered the only truly effective therapies for HCC. Only 5 to 10% of patients with HCC, however, qualify for these procedures. Chemotherapeutic agents have been tested extensively for the treatment of HCC

and a few, including doxorubicin, have shown limited promise, but the systemic toxicities of these agents, especially the cardiac toxicity with doxorubicin, have severely limited their usefulness at doses thought to be required to treat the disease effectively.

HepTide™ utilizes engineered RAP-based peptides conjugated to chemotherapeutic drugs to target their delivery to hepatocytes. A number of potent chemotherapeutics could be targeted in this way. Doxorubicin, for example, is a proven chemotherapeutic with high antibiotic efficacy against a wide variety cancers. As with most such drugs, doxorubicin is especially toxic to cells undergoing rapid growth, including tumor cells. Doxorubicin has been the first-line therapy for systemic treatment of non-resectable HCC, despite an objective response rate of less than 10%. The use of this agent is limited by significant cardiac toxicity and myelosuppression, side-effects that are likely to be obviated by RAP-based delivery.

There are additional factors that argue in favor of the suitability of RAP as an HCC targeting agent: RAP is captured by hepatocytes with extraordinary efficiency, primarily on first-pass, and late-stage HCC is perfused exclusively by the hepatic artery, while the majority of the liver is primarily perfused through the portal vein; the RAP receptor on hepatocytes, LRP1, is overexpressed on HCC and underexpressed on non-cancerous cirrhotic hepatocytes; high levels of LRP1 expression are maintained on metastasized HCC. These factors will favor delivery of RAP-chemotherapeutic conjugates to tumor cells, with sparing of normal liver tissue, and should facilitate delivery of toxins to extrahepatic metastasized cells.

Finally, RAP conjugation will result in large amounts of chemotherapeutic drugs being driven deep within cells via endocytosis, to the lysosome, proximate to the nucleus. This trafficking advantage should allow released chemotherapeutic to partly avoid multi-drug resistance efflux pumps in the plasma membrane, increasing intracellular concentrations of drug. Raptor has manufactured, and is in the process evaluating conjugates between an engineered RAP-based peptide and doxorubicin and other liver treatments in *in vitro* and appropriate animal models for the treatment of HCC and other liver diseases. Raptor hopes to initiate their first clinical study in humans within the next 6 to 12 months.

CNS:

NeuroTrans™ and Preliminary Demonstration of RAP Technology

Raptor named their proprietary RAP technology, developed as a means of transporting therapeutic proteins from the blood to the brain, NeuroTrans™. It is important to understand some of the obstacles in treating CNS disorders in order to fully appreciate the impact of NeuroTans™, should NeuroTrans™ reach commercialization.

Blood-Brain Barrier

One hurdle scientists face when attempting to treat CNS is the ability get a therapeutic agent across the blood-brain barrier. Despite the thorough infiltration of brain tissue with blood capillaries, most therapeutic molecules are not able to pass from the blood into the brain. The brain has evolved a protective barrier, commonly referred to as the blood-brain barrier (BBB), which prevents the free passage of most blood components into the brain. The barrier exists because the endothelial cells lining brain capillaries are sealed tightly together, forming continuous tubes that do not leak. This barrier is critical to the health of the brain as it excludes potentially harmful molecules circulating in the blood. Fortunately,

the concept of blood being completely sealed off from brain tissue is misleading, as a large number of molecules do move across the capillary endothelial cells. It is more useful to consider the brain vasculature as a type of molecular sieve allowing certain molecules to enter the brain, while excluding others.

Large molecules, such as growth factors, enzymes and other therapeutic proteins, cannot pass through the BBB and there are constraints on small molecules that severely limit the types of drugs that can be delivered. Small molecules that freely diffuse across the BBB do not need special transport systems but must be small and fat soluble. Small molecules that require the use of special small molecule transporters do not need to be fat soluble but most drugs need to be specifically modified to make use of these transporters. Engineering molecules that are both large and water soluble so that they are able to cross the BBB is an even greater challenge. As most brain diseases are not adequately treated using small molecule drugs alone, developers of protein therapeutics have to devise ways of delivering their drugs to the brain. One method is to take advantage of a mechanism used by existing protein transport systems within the BBB. This mechanism is called transcytosis.

Approaches to Delivering Therapeutics Across the BBB

- **Pharmacological**
  - Lipophilic agents, nanoparticle technology, glycomimics, phospholipid microparticles - *small synthetic molecules*
- **Neurosurgical and invasive approaches**
  - Polymer wafer implants, catheter-based pump and direct intrathecal administration, BBB disruption - *chemotherapeutics*
- **Physiological - potential BBB protein transporters - Company**
  - Transferrin/Insulin systems – Armagen
  - Bacterial protease inhibitor – Angiochem
  - Modified Diphtheria toxin – toBBB
  - **RAP based NeuroTrans™ - Raptor**

Transcytosis

Transcytosis involves the selective receptor mediated transport of peptides and large proteins across endothelial membrane in the BBB. Transcytosis is responsible for delivering a wide variety of natural blood proteins such as cytokines, lipoproteins, transferrin and hormones like insulin to the brain because these proteins are needed by brain tissue for normal brain function. The endothelial cells of the BBB operate a number of specific transcytosis transport systems to satisfy this need.

Each of these transcytosis transport systems is defined by a specific pair of receptor and ligand. Ligand is a blood protein (e.g., cytokines, lipoproteins, transferrin or insulin) that is to be transported into the brain; and the receptor is a cell surface membrane protein residing on the blood side of the brain capillary endothelial cells that make up the BBB. As the blood circulates through the brain capillaries, the ligand comes into contact with the receptor and the two form a complex. The receptor-ligand complex is then transported across the endothelial

cell through a series of intracellular compartments, finally arriving at the brain side of the BBB. The receptor then releases the ligand, which is free to diffuse into the brain tissue.

Transcytosis has been widely studied as a potential means of delivering intravenously administered therapeutic proteins to the brain. In theory, transcytosis might be used as a method of drug delivery by fusing a drug to a transcytosed ligand. The premise of this approach is that both the drug and ligand retain their functionality within the context of the fusion; the ligand dictates transport behavior and the drug dictates pharmacology.

At least two types of ligands, natural ligands and antibodies that are engineered to bind to the receptor; can be chosen to take advantage of the transcytosis transport systems. Proteins like transferrin, insulin and RAP (which is the subject of Raptor's research), can be classified as natural ligands. Natural ligands have a number of advantages, including its transport behavior and minimal immunogenicity (The ability of a particular substance antigen to provoke an immune response). However, the normal, saturating serum levels of naturally present transferrin in the blood have been shown to inhibit binding of transferrin fusions to the transferrin receptor and the powerful physiological effects of insulin itself makes it also an unsuitable choice as a fusion partner intended only to direct transport.

As an alternative to natural ligands, antibodies have been used to bind to receptors that undergo transcytosis. Antibodies can be engineered that are able to bind to receptors even in the face of high concentrations of endogenous natural receptor ligand and which do not have their own pharmacological activity. However, these antibodies have been demonstrated to be transcytosed far less efficiently than natural ligands. Antibodies themselves are also quite difficult to fuse to drugs in a consistent, scalable manner.

In practice, attached drugs to ligands can interfere with the binding of ligands to receptors and attached ligands can diminish the binding of a drug to its target. However, in Raptor's limited non-clinical studies involving fusions between RAP and a variety of protein drugs, including enzymes and growth factors, the ligands and drugs do not appear to have interfered with each other. Peer reviewed research papers have shown that RAP is efficiently transcytosed and fusions between RAP and therapeutic proteins have been manufactured using standard methods.

CNS Market: According to the Visiongain Report on Neurodegenerative Disorder: World Markets 2002-2007, the annual cost to the U.S. economy to treat common brain diseases is estimated to be greater than $600 billion in direct medical and related expenses. There is currently no cure and limited treatment to slow the progression of neurodegenerative diseases. The best current drugs work only for a short time, resulting in some transient benefit before the disease progression resumes. As the population ages, the prevalence of these diseases will increase significantly. IMS Health World Review estimates that, by 2010, 40 million Americans will be age 65 or older, greater than 1% of those 65 or older will have some symptoms of Parkinson's disease, and nearly half of individuals 85 or over will have clinically recognizable Alzheimer's disease. Cambridge Health Advisors estimates that by the middle of this century, nearly 14 million Americans will be affected by Alzheimer's disease.

Mesd:

Mesd for Bone Disease

Maintaining bone health is a finely coordinated balance between active bone depletion and bone creation. The normal process of bone remodeling continues throughout life. When bone creation lags behind bone depletion, net loss in bone density occurs, resulting in osteoporosis. Signal transductions through known cell surface receptors control the balance between bone creation and bone depletion. The receptors targeted by their RAP compound have been shown to regulate bone cell differentiation in animal models. These receptors bind inhibitor molecules in the blood that are known to decrease bone creation. Raptor believes they can construct compounds that interfere with inhibitor binding, or which enhance receptor signaling potentially resulting in enhanced bone density. In November 2006, Raptor licensed mesd from Washington University, St. Louis for the treatment of cancer and osteoporosis. Specifically, Raptor will be testing the ability of mesd acting through LRP5, a known determinant of bone density, to combat osteoporosis in suitable animal models.

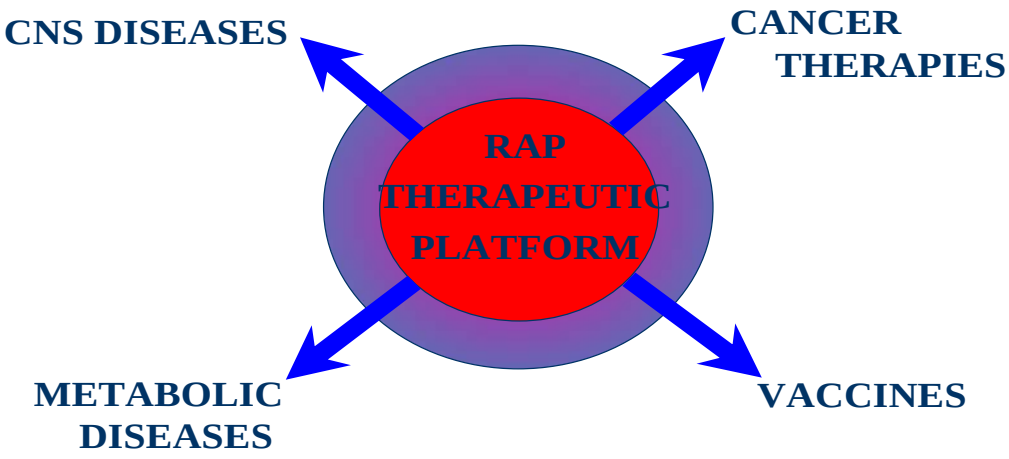
According to the National Osteoporosis Foundation, osteoporosis represents a health threat for an estimated 44 million people in the U.S. The most common manifestation of the disease is bone fracture. Osteoporosis is responsible for more than 1.5 million fractures in the U.S. annually. Osteoporotic fractures require a long healing period and lower a patient's quality of life, contributing to a rapid, progressive decline in overall health and premature death. The estimated national direct care expenditures, including hospitals, nursing homes, and outpatients services are estimated to be $18 billion per year in 2002.

Other Clinical Opportunities:

In addition to being a potential transport carrier to deliver therapeutics to the brain and the central nervous system, RAP potentially is capable of transporting therapeutics selectively to muscle, vascular tissue sites, bone, liver, and retina, and could be used to remove unwanted compounds and proteins from the blood stream. Initially, because of the unmet clinical need, Raptor will focus their resources on targeting the delivery of growth factors for the brain such as Glial Derived Neurotrophic Factor, Nerve Growth Factor and Brain Derived Neurotrophic Factor to the brain for the treatment of neurodegenerative diseases. Neurotrophic factors have already demonstrated their potential in treating neurodegenerative diseases in clinical settings, but have not yet been made commercially available primarily because of the lack of an effective intravenous therapeutic brain delivery system.

There may be a wide range of other applications and conditions that the RAP technology may be applied to, including cancer and bone disease. These additional applications are based on the assumptions that Raptor's RAP targeting molecule can be genetically engineered to bind to a selective subset of receptors with restricted tissue distribution. These selective tissue distributions can be used to deliver drugs to the brain as described, or to deliver drugs to other tissues based on known restricted receptor subtype distribution. In addition to selectively transporting drugs to specific tissues, selective receptor binding constitutes a means by which receptor function might be specifically controlled, either through modulating its binding capacity or its prevalence on the cell surface.

Therapeutic Applications



Product Pipeline:

Pipeline Candidate	Profile	Status
HepTide™		
Treatment of Hepatocellular Carcinoma (HCC)	Liver receptor-based delivery of therapeutics to treat HCC	Initiated Pre-IND program for HCC with goal to file an IND in mid 2008
Treatment of Hepatitis	Liver receptor-based delivery of antivirals to treat Hepatitis	Initiated Pre-IND program for Hepatitis with goal to file an IND in mid 2008
NeuroTrans™		
Delivery of IV Administered Therapeutics to Brain	RAP-Drug fusions injected intravenously targeting “professional” transport receptors that reside on the blood-brain barrier	Selected RAP peptide to be conjugated to Nerve Growth Factor for additional preclinical testing
WntTide™		
Treatment of Osteoporosis	Mesd peptide binding to LRP5 resulting in stimulation of new bone deposition through the activation of osteoblasts	Preclinical studies completed at Washington University and Charles River Laboratories; awaiting proof-of-principal report

Competition:

Brain Delivery

Raptor will compete against pharmaceutical and biotechnology companies that provide, or are attempting to develop product candidates to provide, remedies and treatments for brain and neurodegenerative diseases. Three approaches are primarily used to solve the problem of reaching the brain with therapeutic compounds:

- Neurosurgery or invasive techniques.
- Pharmacological techniques, which include less than 2% of currently available drugs.
- Physiologically based techniques, such as transcytosis.

Invasive techniques include bone marrow transplants or implants of polymers with drugs imbedded in the material for slow release. These implants extend from the skull surface to deep into brain tissue sites and use a permeation enhancer. Mannitol induced osmotic shock that creates leaks in the BBB allowing intravenous administered chemotherapeutics into the brain is used in the treatment of brain tumors, but is not appropriate for administration of drugs for chronic therapies. Companies active in developing treatments based on these invasive technologies include Alza Corporation, Ethypharm, Guilford Pharmaceuticals, Medtronic Inc., Neurotech, and Sumitomo Pharmaceutical.

Other invasive procedures utilize catheter-based delivery of the drug directly into the brain. This technique has proven useful in the treatment of brain tumors, but has not been successful in distributing drugs throughout the entire brain. Amgen Inc. recently conducted clinical trials for the treatment of Parkinson's disease using intrathecal delivery through the use of various catheter/pump techniques.

The physiological route is a popular approach to cross the BBB via lipid mediated free diffusion or by facilitated transport. This is the most common strategy used for the development of new neuropharmaceuticals, but has experienced limited success as it requires that the drug have sufficient lipophilic or fat-soluble properties so that it can pass through lipid membranes. The current method of delivery by this route, however, is nonspecific to the brain and side effects are common since most organs are exposed to the drug. Furthermore, many of the potential lipophilic therapeutic molecules are substrates for the BBB's multi-drug resistant proteins, which actively transport the therapeutic agent back into the blood. Consequently, large doses need to be used so that sufficient amounts of the drug reach the brain. These high doses can result in significant side effects as the drug is delivered to essentially all tissues of the body, which is extremely inefficient. Companies and organizations that are developing treatments based on various physiological approaches include Angiochem, Axonyx, AramaGen Technology, to-BBB, Xenoport Inc., Oregon Health and Science University Neuro-oncology, Xenova Group Ltd., d-Pharm, Neurochem Inc., and Vasogen Inc.

Primary Liver Cancer

Surgical resection of the primary tumor or liver transplantation remains the only curative options for HCC patients. The acute and tragic nature of this aggressive cancer and the widely preserved unmet medical need continues to attract a significant level of interest in finding ways of treating this disease. For example, there are currently 144 ongoing clinical trails actively recruiting patients with HCC listed in the ClinicalTrials.gov website. Many of these trials are designed to evaluate ways of locally administering chemotherapeutics or various ways of performing surgical resections of the tumors. As of 2004, Eximias Pharmaceutical's Thymitaq and Amgen's T67 were the only new therapies in Phase III trials for HCC. Since then, Metabasis Therapeutics has been testing their MB07133 pro-drug formulation in the clinic and has reported encouraging results. We believe that a number of biotechnology and pharmaceutical companies may have internal programs targeting the development of new therapeutics that may be useful in treating HCC in the future.

Bone Disease

Due to the large number of patients with bone disease, and the expectation that the number of people suffering from bone loss is likely to increase significantly as

people live longer, biotechnology and pharmaceutical companies are expending enormous resources to discover new treatment options. Numerous drugs have been approved and are on the market for the treatment of bone loss. In addition, there are currently 137 ongoing clinical trails actively recruiting patients with osteoporosis listed in the ClinicalTrials.gov website.

BioMarin Agreement: Under the asset purchase agreement Raptor entered into with BioMarin for the purchase of intellectual property related to Raptor's RAP technology. Raptor is obligated to make the following milestone payments to BioMarin upon the achievement of the following events:

- $50,000 within 30 days after Raptor receives total aggregate debt or equity financing of at least $2,500,000;
- $100,000 within 30 days after Raptor receives total aggregate debt or equity financing of at least $5,000,000;
- $500,000 upon filing and acceptance of an investigational new drug application for a drug product candidate based on our NeuroTrans product candidate;
- $2,500,000 upon successful completion of a Phase II human clinical trial for a drug product candidate based on our NeuroTrans product candidate;
- $5,000,000 upon successful completion of a Phase III human clinical trial for a drug product candidate based on the NeuroTrans product candidate;
- $12,000,000 within 90 days of obtaining marketing approval from the FDA or other similar regulatory agencies for a drug product candidate based on the NeuroTrans product candidate;
- $5,000,000 within 90 days of obtaining marketing approval from the FDA or other similar regulatory agencies for a second drug product candidate based on the NeuroTrans product candidate;

In addition to these milestone payments, Raptor is also obligated to pay BioMarin a royalty at a percentage of aggregated revenues derived from drug product candidates based on the NeuroTrans product candidate. On June 9, 2006, Raptor made a milestone payment in the amount of $150,000 to BioMarin because Raptor raised $5,000,000 in the May 25, 2006 private placement financing. If Raptor becomes insolvent or if the company breaches the asset purchase agreement with BioMarin due to non-payment and Raptor does not cure the non-payment within the stated cure period, all of the rights to the RAP technology will revert back to BioMarin.

Risks: Raptor is primarily a development company, and faces the following risks in its areas of operation:

- It has not marketed any products and most of its products are in the development stage and will take several years to commercialize. To successfully commercialize a drug, Raptor must conduct successful preclinical studies, clinical trials, gain marketing approval from US and international regulatory agencies, and effectively market its drugs. Thus, if Raptor is not able to successfully commercialize its drug candidates, the company's business will be severely harmed and it may be forced to cease operations.

- Raptor has a history of incurring net operating losses. As of May 31, 2007, Raptor had an accumulated deficit of $3.4 million. It has operated at a loss since its inception on September 8, 2005 and expects to continue to incur losses for the foreseeable future and will have to raise substantial cash to fund planned operations.

Management:

Christopher M. Starr, Ph.D.
Dr. Starr is a co-founder, Chief Executive Officer and a director of Raptor since its inception in 2006. Dr. Starr co-founded BioMarin Pharmaceutical Inc. in 1997 where he last served as Senior Vice President and Chief Scientific Officer. As Senior Vice President at BioMarin, Dr. Starr was responsible for managing a Scientific Operations team of 181 research, process development, manufacturing and quality personnel through the successful development of commercial manufacturing processes for its enzyme replacement products, and supervised the cGMP design, construction and licensing of a manufacturing facility.

From 1991 to 1998, Dr. Starr supervised research and commercial programs at BioMarin's predecessor company, Glyko, Inc., where he served as Vice President of Research and Development. At Glyko, Inc., Dr. Starr directed the research and development and commercial operations of the organization. Prior to his tenure at Glyko, Inc., Dr. Starr was a National Research Council Associate at the National Institute of Health studying nuclear membrane transport, cell surface receptor function and protein intracellular trafficking. Dr. Starr earned a B.S. from Syracuse University and a Ph.D. in Biochemistry and Molecular Biology from the State University of New York Health Science Center, in Syracuse, New York.

Todd C. Zankel, Ph.D.
Dr. Zankel is a co-founder and the Chief Scientific Officer of Raptor. From 1997 to 2005, Dr. Zankel served as a Senior Director of Research at BioMarin Pharmaceutical Inc. Dr. Zankel's research team developed highly productive manufacturing cell lines for BioMarin's enzyme replacement drugs and protein drug candidates, utilizing both bacterial and mammalian expression systems. Dr. Zankel's research team created novel drugs, production methods and drug-delivery technologies using both protein engineering and chemical approaches. Dr. Zankel's team also supported the regulatory group at BioMarin by characterizing cell lines and developing documentation for two biologics license applications with the FDA. Additionally, Dr. Zankel coordinated the activities of the process development and analytical groups for the NeuroTrans program, currently under development at Raptor. At BioMarin, Dr. Zankel also conceived and led the development of additional RAP-based technologies currently owned by Raptor.

Prior to 1997, Dr. Zankel was a National Institutes of Health postdoctoral fellow at the Plant Gene Expression Center in Berkeley, California and at the Swiss Institute of Technology in Zurich, Switzerland. Dr. Zankel has been the author of a number of peer-reviewed articles in a variety of scientific areas. Dr. Zankel earned a B.A. in Chemistry from Reed College in Portland, Oregon and a Ph.D. in Chemistry from Columbia University.

Kim Tsuchimoto, C.P.A.
Ms. Tsuchimoto is the Chief Financial Officer, Treasurer and Secretary of Raptor since its inception in 2006. Prior to this, Ms. Tsuchimoto served Interim

Controller at International Microcomputer Software, Inc. (formerly a publicly traded company, now privately held), a software and Internet content company, from October 2005 to March 2006. From February 1997 to June 2005, Ms. Tsuchimoto served at BioMarin Pharmaceutical Inc. and its predecessor company, Glyko, Inc., most recently as Vice President, Treasurer for two years, Vice President, Controller for two years and prior to that, as Controller. Ms. Tsuchimoto was responsible for BioMarin's and Glyko, Inc.'s SEC and Canadian public company filings, respectively, corporate compliance, corporate governance, cash management and financial reporting. Prior to her employment at BioMarin, Ms. Tsuchimoto served as Controller of a marketing consulting firm and an international venture capital firm and worked as a staff accountant in a local public accounting firm. Ms. Tsuchimoto is an inactive licensed California Certified Public Accountant and holds a B.S. in Business Administration with an emphasis in Accounting from San Francisco State University.

Scientific Advisory Board:

Guojun Bu, Ph.D.

Dr. Bu is a molecular and cell biologist and an acknowledged leader in the field of the LDL receptor family. In the early 90s, his research led to the identification of LRP as the endocytic receptor for tissue-type plasminogen activator, an enzyme that is clinically used to dissolve blood clots during myocardial infarction and stroke. Dr. Bu also studied the mechanisms underlying the biogenesis and intracellular trafficking of lipoprotein receptors. In the mid-90s, he helped to define the receptor-associated protein (RAP) as a specialized molecular chaperone and antagonist for LRP. His laboratory has also delineated the molecular mechanisms underlying the interactions between RAP and LRP. Dr. Bu's current research includes defining the roles of LRP and apolipoprotein E in the pathogenesis of Alzheimer's disease, the role of the Wnt signaling pathway in breast cancer development, and the function of Wnt signaling and a novel chaperone, Mesd, in bone-density maintenance and osteoporosis.

Dr. Bu obtained his undergraduate degree from the Beijing Normal University in China. He then studied biochemistry and molecular biology in the Department of Biochemistry at Virginia Tech where he received his Ph.D. Dr. Bu moved to the Washington University School of Medicine for a postdoctoral training in cell biology where he later became a member of the faculty. He is currently a full Professor in the Department of Pediatrics and the Department of Cell Biology and Physiology. Among the numerous awards that he has received, Dr. Bu has been a Faculty Scholar of the Alzheimer's Association and an Established Investigator of the American Heart Association. He currently serves as the Editor-in-Chief of Molecular Neurodegeneration.

William C. Mobley, M.D., Ph.D

After completing undergraduate training in Chemistry and Zoology at the University of Nebraska at Lincoln, William C. Mobley received his M.D. and Ph.D. in Neuroscience from Stanford University. Dr. Mobley trained in Pathology and Pediatrics at the Stanford University Hospital and completed a residency and fellowship in Neurology at Johns Hopkins University Hospital, where he also was Chief Resident in Pediatric Neurology. In 1985, he joined the faculty of the University of California, San Francisco School of Medicine where he rose to the rank of Professor of Neurology, Pediatrics and the Neuroscience Program and served as the Director of Child Neurology. In 1991, he was named Derek Denny Brown Scholar of the American Neurological Association. From 1997 to 2005, he served as the Chair of the Department of Neurology and Neurological Sciences at Stanford University, and he holds the John E. Cahill Family Endowed Chair.

He was recently appointed Director of the Neuroscience Institute at Stanford. His laboratory studies the signaling biology of neurotrophic factors in the normal nervous system and in animal models of neurological disorders, including Alzheimer's disease, Down's syndrome and peripheral neuropathy. He is the recipient of both the Zenith Award and the Temple Award from the Alzheimer's Association and is a Fellow of the Royal College of Physicians. He was chosen to receive the Cotzias Award of the American Academy of Neurology for 2004. Dr. Mobley is Past President of the Association of University Professors of Neurology and is President of The Professors of Child Neurology. He was recently elected to the Institute of Medicine of the National Academy of Sciences.

Rivka Sherman-Gold, Ph.D., MBA
Dr. Sherman-Gold is Senior Business Development and Corporate Strategy Advisor to Raptor. Dr. Sherman-Gold, founder and managing director of Yodan Ventures, is a Life Sciences industry investor-entrepreneur and advisor with expertise in early-stage companies in the areas of therapeutics, diagnostics, instrumentations, and medical devices. Her over 20 years of experience in the Biotech/Life Sciences industry include research and development, business strategy and business development, financing strategy, raising capital, executive-level management, and serving on boards of directors and advisory boards.

Dr. Sherman-Gold has served as: Chief Business Officer (from 2002 to 2004) of Diatos, a French biotechnology company focusing on cancer therapeutics, where she spearheaded the company's evolution into a product development company by establishing partnerships for Diatos's technology and creating a clinical product pipeline; President and Chief Executive Officer (from 2001 to 2002) of Alydar Pharmaceuticals, a seed-stage company developing small-molecule therapeutics for treating cancer and cardiovascular diseases; Director of Business Development (from 1996 to 2001) at Abgenix, a leading antibody company (acquired by Amgen), where Dr. Sherman-Gold played a key role in the growth and success of the company by initiating, negotiating, and managing multiple licensing partnerships with major pharmaceutical and biotech companies (including Pfizer, Amgen, Schering-Plough, SmithKline Beecham, Centocor, J&J, Elan, Millennium), generating hundreds of million dollars in revenues; Associate Director of Business Development (from 1993 to 1996) at Athena Neurosciences (acquired by Elan), where she initiated and spearheaded the creation of a strategic alliance between Athena and Elan and in-licensing therapeutic products.

Dr. Sherman-Gold holds a B.Sc. in Chemistry (with distinction) and M.Sc. in Biophysics and Physiology, both from the Technion - Israel Institute of Technology, Ph.D. in Life Sciences from The Weizmann Institute of Science, and an M.B.A. from California State University, San Jose (SJSU). She was a post-doctoral fellow at Stanford University School of Medicine.

Sam Teichman, M.D., FACC, FACP
Dr. Teichman is an independent consultant in the area of strategic drug discovery and development. He has worked on over 40 medical products in various stages of development from the earliest identification of leads in research to supporting commercial-stage products. Most recently, Dr. Teichman served as Vice President and Chief Development Officer at ARYx Therapeutics, where he was responsible for identifying and advancing three products from the research stage into clinical development.

During the past 20 years, Dr. Teichman has held senior level executive positions at Genentech, Medco Research (now part of King Pharmaceuticals), Glycomed (now part of Ligand Pharmaceuticals), and Mimetix. He has provided scientific advisory services and has acted in an interim executive role for numerous early-stage and established biotechnology companies.

Dr. Teichman holds an M.D. from Columbia University and a B.S. in Chemistry from Columbia College, Columbia University. He is board certified in Internal Medicine and Cardiology. Dr. Teichman is a Fellow of the American College of Cardiology (FACC) and the American College of Physicians (FACP). Dr. Teichman served as Associate Clinical Professor of Medicine at University of California in San Francisco from 1990 to 2001. He has more than 40 original publications, reviews and abstracts published in peer-reviewed and invited medical journals.

Andres Lozano, M.D., Ph.D.
Dr. Lozano earned his M.D. from the University of Ottawa and his Ph.D. in Neurobiology from McGill University, Montreal. He was appointed to the neurosurgical faculty at the University of Toronto in 1991 and became full Professor in 1999. Dr. Lozano is currently a Professor and holds the RR Tasker Chair in Functional Neurosurgery and a Canada Research Chair in Neuroscience at the University of Toronto. He also serves as Head of Applied and Interventional Research at the Toronto Western Research Institute.

Dr. Lozano's research is focused on understanding the cellular pathogenesis of and developing novel treatments for neurological disorders including Parkinson's disease and dystonia (abnormal muscle contractions.) His work has appeared in over 200 publications and he has been an invited lecturer or visiting professor throughout the world. Dr. Lozano serves on the boards and executive teams of several international organizations including the World Society for Stereotactic and Functional Neurosurgery where he currently serves as President.

Dr. Stephen Blacklow, M.D., Ph.D.
Dr. Blacklow graduated from Harvard College summa cum laude in 1983, and received his MD and PhD in bioorganic chemistry from Harvard University in 1991. Dr. Blacklow is a board-certified pathologist and an Associate Professor of Pathology at Harvard Medical School where he is the Director of the Harvard MD-PhD program, basic sciences track. He has directed a research laboratory at the Brigham and Women's Hospital, a teaching affiliate of the Harvard Medical School, since 1998. Over the last ten years, his research team has achieved international recognition both for their mechanistic and structural studies of proteins of the low-density lipoprotein receptor family, and for their work on the structure and function of human Notch proteins.

Financial Statements:

Raptor Pharmaceuticals Corp.
(A Development Stage Company)
Condensed Consolidated Balance Sheets

	May 31, 2007	August 31, 2006
ASSETS	(unaudited)	(1)
Current assets:		
Cash and cash equivalents	$ 3,630,482	$ 3,648,538
Prepaid expenses	329,843	103,255
Receivables – other	-	640
Total current assets	3,960,325	3,752,433
Intangible assets, net	140,000	145,625
Fixed assets, net	328,942	387,317
Deposits	20,207	20,207
Total assets	$ 4,449,474	$ 4,305,582
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Current liabilities:		
Accounts payable	$ 237,216	$ 52,068
Due to stockholders	-	293
Accrued liabilities	141,845	84,283
Deferred rent	12,199	15,120
Capital lease liability – current	2,432	2,241
Total current liabilities	393,692	154,005
Capital lease liability - long-term	2,953	4,801
Total liabilities	396,645	158,806
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.001 par value, 10,000,000 shares authorized, zero shares issued and outstanding	-	-
Common stock, $0.001 par value, 100,000,000 shares authorized 32,924,166 and 29,633,333 shares issued and outstanding as at May 31, 2007 and August 31, 2006, respectively	32,924	29,633
Additional paid-in capital	7,408,724	5,086,393
Deficit accumulated during development stage	(3,388,819)	(969,250)
Total stockholders' equity	4,052,829	4,146,776
Total liabilities and stockholders' equity	$ 4,449,474	$ 4,305,582

(1) Derived from the Company's audited consolidated financial statements as of August 31, 2006.

Raptor Pharmaceuticals Corp.
(A Development Stage Company)
Condensed Consolidated Statements of Operations
(Unaudited)

	For the three-month period from March 1, 2007 to May 31, 2007	For the three-month period from March 1, 2006 to May 31, 2006
Revenues:	$ -	$ -
Operating expenses:		
General and administrative	322,410	53,928
Research and development	614,616	135,130
Total operating expenses	937,026	189,058
Loss from operations	(937,026)	(189,058)
Interest income	41,502	3,733
Interest expense	(247)	(3,333)
Net loss	$ (895,771)	$ (188,658)
Net loss per share:		
Basic and diluted	$ (0.03)	$ (0.02)
Weighted average shares outstanding used to compute:		
Basic and diluted	32,533,503	11,395,604

Raptor Pharmaceuticals Corp.
(A Development Stage Company)
Condensed Consolidated Statements of Operations
(unaudited)

	For the nine-month period from September 1, 2006 to May 31, 2007	For the period from September 8, 2005 (inception) to May 31, 2006	For the cumulative period from September 8, 2005 (inception) to May 31, 2007
Revenues:	$ -	$ -	$ -
Operating expenses:			
General and administrative	949,756	182,253	1,373,413
Research and development	1,579,990	136,743	2,165,650
Total operating expenses	2,529,746	318,996	3,539,063
Loss from operations	(2,529,746)	(318,996)	(3,539,063)
Interest income	110,786	4,007	154,314
Interest expense	(609)	(3,333)	(4,070)
Net loss	$ (2,419,569)	$ (318,322)	$ (3,388,819)
Net loss per share:			
Basic and diluted	$ (0.08)	$ (0.03)	$ (0.17)
Weighted average shares outstanding used to compute: Basic and diluted	31,013,170	10,479,245	20,517,591

Legal Notes and Disclosures:

This report has been prepared by Vista Partners LLC ("Vista") with the assistance of Raptor Pharmaceuticals Corp. ("the Company") based upon information provided by the Company. Vista has not independently verified such information, and in addition, Vista has been compensated by the Company in cash of forty thousand dollars paid over the course of one year plus stock options to purchase eight thousand shares of the Company's common stock in exchange for a one year period of services including the creation of this report, quarterly updates, as well as for printing costs. Statements in this report that are not historical facts are "forward-looking statements" that involve risks and uncertainties. Forward-looking statements can be identified by the use of words such as "opportunities," "trends," "potential," "estimates," "may," "will," "could," "should," "anticipates," "expects" or comparable terminology or by discussions of strategy. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from the results, performance or achievements expressed or implied by such forward-looking statements. Additional risks, uncertainties and other factors are identified under the captions "Risk Factors" and "Special Note Regarding Forward-Looking Statements" in the Company's reports filed from time to time with the Securities and Exchange Commission, including its Annual Report on Form 10-KSB for the fiscal year ended August 31, 2006, as amended. Vista and the Company disclaim any intention or obligation to update publicly or revise any forward-looking statements, whether as a result of new or additional information, future events or otherwise. The Company is solely responsible for the accuracy of that information. Information as to other companies has been prepared from publicly available information and has not been independently verified by the Company or Vista. For more complete information about Raptor Pharmaceuticals Corp. the reader is directed to the Company's website, www.raptorpharma.com.

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