MATEON THERAPEUTICS

STONEGATE CAPITAL PARTNERS

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MARKET STATISTICS

Exchange / Symbol	OTC:MATN
Price:	$0.18
Market Cap (mm):	$15.36
Enterprise Value (mm):	$16.34
Shares Outstanding (mm):	87.01
Diluted Shares Outstanding (mm)	373.48
Float (%):	51.0%
Volume (3-mo. average):	237,532
52 Week Range:	$0.08-$0.35
Industry:	Biotechnology

CONDENSED BALANCE SHEET

($mm, except per share data)

Balance Sheet Date:	3/31/2019
Cash & Cash Equivalents:	$0.18
Assets:	$23.60
Debt	$1.0
Equity/Share:	$0.17

CONDENSED INCOME STATEMENTS

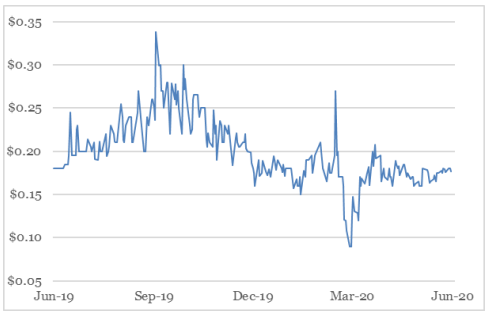
($mm, except per share data)

FY - 12/31	Rev	Op. Income	Net Income	EPS
Fy17	$0.00	($2.3)	($2.3)	($0.41)
Fy18	$0.00	($0.7)	($0.7)	($0.12)
Fy19	$0.00	($4.3)	($6.6)	($0.11)

LARGEST SHAREHOLDERS

Vuong Trieu	16,959,312
Larn Hwang	4,095581
Chao Hsiao	2,978,076
Autotelic, Inc.	2,931,223
Chulho Park	2,811,819
Fatih M. Uckun	1,492,742
Artius Bioconsulting, LLC	696,703
William Schwieterman	625,747
Matthew Loar	300,000
Anthony Maida III	198,668

STOCK CHART



COMPANY DESCRIPTION

Mateon Therapeutics, Inc. (MATN) is a clinical stage biotechnology company that focuses on developing drugs for the treatment of orphan oncology indications with a specialization in rare pediatric cancers. The Company is a developer of antisense therapeutic called "OT-101" fighting TGF-beta as a immunotherapy for a broad range of cancers. Mateon has completed phase 2 trials for pancreatic cancer and melanoma as well as glioblastoma. The Company is pursuing a phase 3 trial in China through a proposed joint venture with a Chinese company for pancreatic cancer to start in Q3 2020. Mateon is also seeking to treat COVID-19 with their OT-101 candidate. The Phase 2 COVID-19 trial will be managed by IQVIA. The Company has a total of six primary programs they will seek to advance including using. Mateon was formed through a reverse merger of Oncotelic Inc. into Mateon in April 2019 followed by the acquisition of PointR Data Inc. in November 2019. The Company's corporate office is located in Agoura Hills, CA.

SUMMARY

- Mateon's lead candidate Trabedersen (OT-101) is designed to specifically target the human TGF-beta messenger RNA, which suppresses host innate immune response to cancers. OT-101 treatment is designed to lift the cloaking effect on cancer cells and allows innate or therapeutic immunity to attack and eliminate the cancers.
- OT-101 has already completed phase 2 for pancreatic cancer and melanoma and phase 2 in glioblastoma with robust efficacy and safety noted. The Company is expecting to enter into a phase 3 trial in China after a proposed joint venture (JV) with a Chinese company to start in Q3 2020.
- The Company is also planning to conduct a 30 patient pivotal trial in the United States in Q4 2020 focusing on pediatric diffuse intrinsic pontine glioma (DIPG), the second most common pediatric brain tumor, where the current standard of care treatment has an average overall survival rate of less than 1 year.
- MATN is also using their OT-101 candidate to combat COVID-19 in a proposed randomized, double-blind, placebo-controlled trial in adult patients hospitalized with SARS-CoV-2 and pneumonia in the U.S. The Company is seeking to suppress replication of SARS-CoV-2 by suppressing TGF-beta messenger RNA. Initial data has shown successful suppression of SAR-CoV2 replication with efficacy and safety on par with Gilead's drug Remdesivir with the added benefit of targeting the virus induced pneumonia and fibrosis.
- Mateon has two additional pipeline drugs called CA4P and Oxi4503 which are vascular disruptor agents with extensive phase 1/2 testing that are ready to move into pivotal clinical trials. CA4P is used in combination with Ipilimumab for the treatment of solid tumors with a focus on melanoma, while Oxi4503 is used for the treatment of liquid tumors with a focus on childhood leukemia.
- In November 2019, Mateon acquired PointR Data Inc., an artificial intelligence (AI) company in order to enhance their ability to gather real world evidence for clinical trials and drug manufacturing. The Company develops and deploys high performance cluster computers to create an interconnected grid harvesting operational data within manufacturing plants, hospitals, and clinics. This has the potential to improve manufacturing operations and data reliability and security. In addition to using PointR's AI for drug discovery, the technology is also being used for contact tracing which will monitor the spread of COVID-19.
- PointR's technology has the added benefit of being partnered with IBM in multiple areas including sales and marketing. This partnership between Mateon and IBM should help the Company in penetrating larger pharma manufacturers and provide additional services to smaller, regional manufacturers.
- With promising clinical data and several programs in the pipeline addressing sizable markets with unmet needs, our comparables analysis shows that MATN remains undervalued at current levels. See page 8 for further details.

BUSINESS OVERVIEW

Mateon Therapeutics is a clinical stage biopharmaceuticals company focused on advancing their six drug candidates into late stage pivotal trials and eventually commercialization. Mateon Therapeutics, Inc. was formed in 1988 and was focused on a variety of drug and healthcare innovations. However, in April 2019, the company was completely overhauled and entered into a merger agreement with Oncotelic, a clinical stage biopharmaceutical company focused on the treatment of cancer using its technology targeting TGF-beta. In connection with the merger, the Company issued approximately 41 million shares of common stock and 193,713 shares of newly designated Series A convertible preferred with each convertible into 1,000 shares of common stock. In connection with the merger, Oncoletic combined their OT-101 and Artemisinin drugs with Mateon's existing portfolio of CA4P and Oxi4503.

Mateon's lead candidate, OT-101, is being developed as a broad-spectrum anti-cancer drug designed to be used as a combination therapy to treat a variety of cancers. The Company is planning to initiate phase 3 trials for OT-101 for high-grade glioma and pancreatic cancer after phase 2 trials showed meaningful clinical benefits and a favorable safety profile. The Company is also working on developing OT-101 for use against epidemic and pandemic diseases such as Severe Acute Respiratory Syndrome (SARS) and COVID-19.

The Company will be leveraging their AI and vision powered Blockchain technology into their drug development process so that clinical development, clinical trials, and drug manufacturing can be done in real time with full data. This technology, which was acquired as part of the PointR acquisition, will be aided by a partnership with a division of IBM called Meridian IT. The Company is also planning the technology in their 6 programs in development. The Company's six programs currently in development are:

- **OT-101** – For the treatment of solid tumors with a focus on brain and pancreatic cancer in adults and DIPG in Children
- **OT-101** – For the treatment of viruses such as SARS and COVID-19
- **Artemisinin** – For the treatment of COVID-19 focusing on inhibiting the viruses ability to multiply
- **CA4P** – Combination treatment for solid tumors with a focus on melanoma
- **Oxi4503** – For the treatment of liquid tumors with a focus on childhood leukemia

In addition to drug discovery and optimizing the manufacturing process, Mateon's Point R technology can also be used for contact tracing to help track the spread of COVID-19.

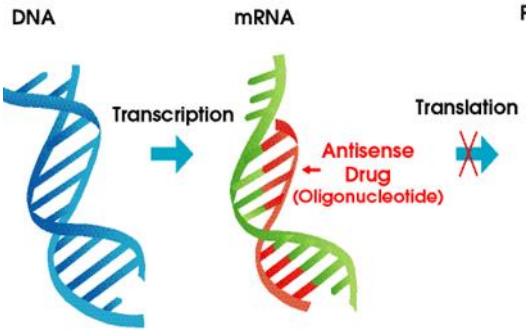
Exhibit 1: MATN Development Pipeline

Source: Company Reports

LEAD CANDIDATE OT-101

Mateon's lead drug candidate is an antisense RNA therapeutic targeting TGF-beta as immunotherapy for a broad range of cancers. One of the biggest problems with fighting cancer is that it overexpresses TGF-beta, which allows the cancer to "mask" itself against the bodies' innate immune response system. Mateon's OT-101 treatment is designed to lift the cloaking effect of the cancer and allows the bodies innate or therapeutic immunity to attack and eliminate the cancers. The Company believes that this type of immunotherapy can be broadly applicable to all solid tumors.

Exhibit 2: How OT-101 Works



Source: Company Reports

DNA has two strands—the sense strand and the antisense strand. The antisense strand, which is also known as the template strand, is the DNA that carries the genetic information necessary to make proteins because it is the template for messenger RNA (mRNA) synthesis. The synthesis of RNA from DNA is called transcription (the DNA is transcribed into RNA). Outside the cell nucleus, the mRNA sequence is next translated into a protein. Trabedersen (OT-101) is a novel antisense oligodeoxynucleotide (ODN) complementary to the mRNA of the human TGF-beta2 gene. Trabedersen is believed to reverse TGF-beta's suppressive effects, which would allow the tumor to be visible to a patient's innate immune system and would alert the body's own defense system to trigger an anti-tumor immune response. Mateon believes that if their OT-101 is successful in uncloaking the TGF-beta effect, this would lead to reduction of

tumor growth, inhibition of metastasis, and restoration of host antitumor response.

Although it has long been recognized that TGF-beta has played a pivotal role in the growth of cancers, many of the previous therapies targeting TGF-beta have been unsuccessful due to targeting TGF-beta 1. Unfortunately, removing TGF-beta 1 has created complications with host and has led to death in certain circumstances. Similarities between different TGF-beta isotypes has resulted in difficulty of targeting TGF-beta 2 without cross-inhibiting other TGF-beta isotypes. However, using the sequence of antisense OT-101 should enable Mateon to specifically target TGF-beta 2 without impacting other TGF-beta isotypes.

OT-101 has already completed phase 1 and phase 2 trials with promising results. During phase 2 the Company saw meaningful tumor reduction in pancreatic cancer, melanoma, and colorectal cancers as well as in high-grade gliomas. The drug also exhibited a favorable safety profile. The Company is planning to use OT-101 in combination with other standard cancer therapies.

Currently Mateon is planning to initiate a phase 3 clinical trial for both high grade glioma and pancreatic cancer. The Company is currently looking to form a joint venture with a Chinese company to start in Q3 2020. Creating a joint venture with a Chinese company will decrease the funding needs of the Company as well as allow Mateon to focus on pediatric diffuse intrinsic pontine glioma (DIPG) in the United States. This intentional strategy of having a phase 3 trial in China and doing rare pediatric pivotal trials in the U.S. will allow the Company to capitalize on a voucher program in the U.S. In addition focusing on rare pediatric designation for pediatric DIPG in the U.S. will:

1.) Reduce cost of clinical development
2.) Accelerate approval
3.) Obtain market exclusivity for 12 years for small molecules and 17 years for biologics
4.) Allow Mateon to capitalize on U.S. voucher program

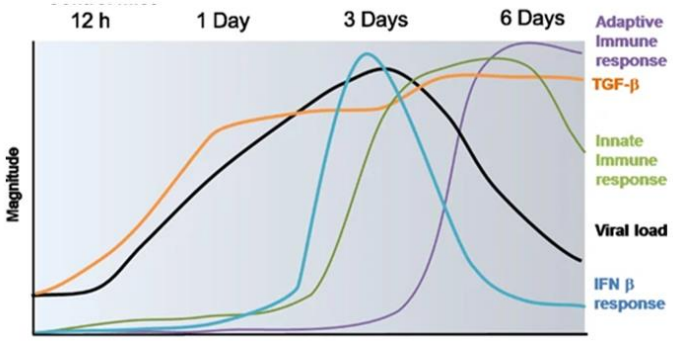
The DIPG trial in the United States for OT-101 would last no more than 2 years and cost approximately $5 million.

In addition to targeting various forms of cancer, Mateon also believes that their lead candidate, OT-101, is highly effective at inhibiting the ability of the COVID-19 causing virus to multiply while also exhibiting a strong safety profile. In an in vitro antiviral test performed by an independent laboratory, OT-101 showed that it was highly effective against COVID-19. On March 23, 2020, Mateon and Golden Mountain Partners (GMP) entered into an agreement where GMP would provide financial support for the research and development of the drug in exchange for a 50/50 profit share between Mateon and GMP.

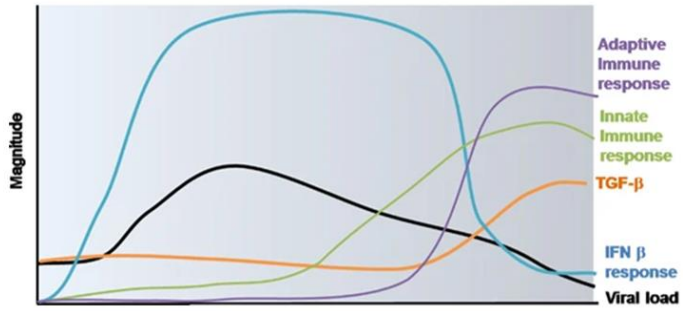
Following the successful in vitro antiviral testing, the Company filed an IND with the FDA to permit Mateon to commence clinical trials to evaluate if OT-101 is effective to treat COVID-19. The IND outlined a proposed randomized, double-blind, placebo controlled Phase 2 study which will be used to evaluate the safety and efficacy of OT-101 in adult patients who have tested positive for SARS-CoV-2 and exhibiting moderate or severe signs of COVID-19 in the U.S. Mateon is anticipating that OT-101's ability to suppress TGF-beta will suppress SAR-CoV-2 replication directly and has the potential to suppress viral induced pneumonia and fibrosis.

Exhibit 3: Untreated Vs. OT-101

Untreated



OT-101 Treatment



Source: Company Reports

Currently, the standard of care for COVID-19 is Gilead's Remdesivir. Remdesivir aims to shorten the amount of time it takes to recover from COVID-19. In May 2020, the US Food and Drug Administration gave Gilead emergency authorization for Remdesivir to be distributed to hospitalized patients after early studies showed an improvement in the amount of time the average patient will stay in a hospital from 15 to 11 days. While OT-101 has exhibited efficacy and safety on par with Remdesivir, it has the added benefit of targeting pneumonia and fibrosis in addition to the virus replication. Mateon believes that if successful OT-101 would become the gold standard for treatment of COVID-19.

Mateon also has an agreement with a South Korean company called Autotelic BIO to license limited use of OT-101 with Interleukin-2 (IL-2) in a tumor xenograft model. In this agreement, Autotelic BIO agreed to milestone payments as the trials progress as well as profit sharing and royalties from any commercialization and/or licensing of OT-101/IL-2. As of June 2020, the Company has received its first milestone payment from Autotelic and the OT-101/IL-2 combination will advance to phase 1 development.

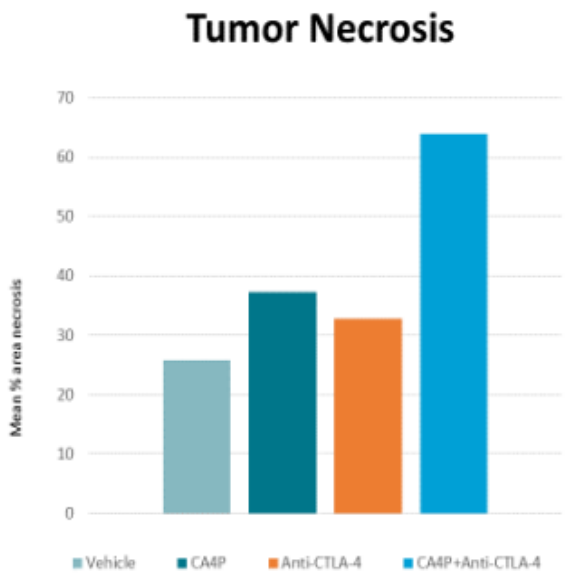
CA4P

One of the most popular ways to treat cancer related tumors is radiation treatment. Radiation therapy is recognized by its cytotoxic effect on cancer cells by inflicting direct DNA damage. Radiation therapy releases a plethora of neoantigens and cytokines that result in tumor regression within the primary site, but also occasionally results in regression of secondary unknown tumors. This process is called the abscopal effect and happens infrequently. However, recent studies have shown that a combination of radiation and immunotherapy create a durable abscopal effect in patients.

Similarly to the abscopal effect, Mateon's CA4P causes rapid and widespread tumor cell necrosis or cell death. Laboratories who have begun studying ischemic necrosis not only have detected the presence of specific tumor antigens but have also seen immunological responses ranging from immunosuppression to anti-tumor immunity.

Preclinical studies in which CA4P was combined with an anti-CTLA4 antibody showed that 7 out of 8 mice receiving a combination therapy experienced complete remission of their tumors compared to only 1 of 8 in the CA4P monotherapy and 2 of 8 in the CTLA4 monotherapy arms. In addition to this preliminary trial, the Company also conducted a larger CT-26-32 colon cancer animal model also using CA4P combined with CTLA4 antibodies showed a 77% reduction in tumor size compared with immune-oncology agents alone and an 89% reduction tumor size compared to the control. This model also showed a survival benefit with all the animals receiving the combination therapy group surviving to the end of the trial compared to none of the control and half of the immune-oncology agents alone. Further analysis showed that tumor necrosis with the combination of CA4P and immune-oncology agents resulted in nearly double the necrosis when compared with only immune-oncology agents (63.9% compared to 32.8%, control =25.8%).

Exhibit 4: Tumor Necrosis after Combination Therapy



CA4P + anti-CTLA4 doubles area of tumor necrosis compared to anti-CTLA4 alone

Source: Company Reports

Mateon is intending to use this combination therapy to target pediatric melanoma. Recently the first immunotherapy was approved for children's metastatic or nonresectable pediatric melanoma called Ipilimumab. In a phase 2 trial that included 17 melanoma patients over the age of 12 treated with only Ipilimumab two experienced objective responses. It is expected that with previously reported results from earlier studies that a combination of CA4P with Ipilimumab or other immune-oncology drugs would result in improved tumor control for these patients when compared solely with Ipilimumab.

During various phase 1 studies, Mateon found that CA4P treatment resulted in significant disease control among patients with solid tumors who progressed onto standard therapies. This led to the FDA granting Rare Pediatric Disease Designation for CA4P/ Fosbretabulin tromethamine for the treatment of stage IIB-IV melanoma due to genetic mutations that disproportionately affect pediatric patients. The Company feels that CA4P is ready to move into meaningful phase 2 trials, however, is currently focused on its lead candidate.

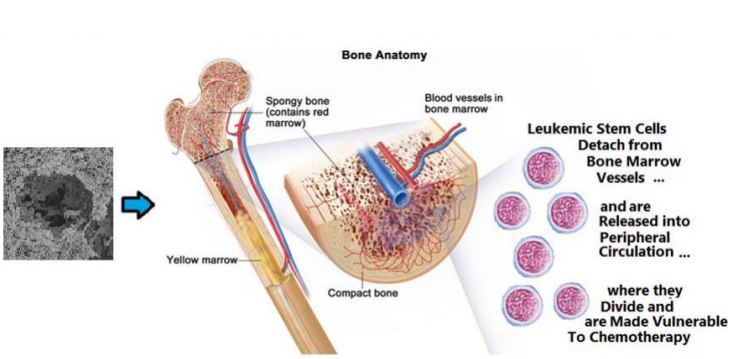
OXI4503

Oxi4503 is a novel investigational vascular disrupting agent (VDA) that employs a new, broader strategy against acute myeloid leukemia (AML) than what is currently available under standard chemotherapy. The novel VDA provides a dual mechanism of action which provides both direct cytotoxicity to AML cells as well as anti-vascular effects.

Studies show that vascular and/or bone marrow endothelial appear provide a protective barrier for AML cells which keeps

them lying dormant in the bone marrow. This makes it difficult for traditional chemotherapy techniques to attack the AML cells. Oxi4503 and VDA's in general may target these endothelial cells and reverse their chemo protective effect, which in turn, would make them susceptible to traditional chemotherapies. The VDA works by making leukemic stem cells detach from bone marrow vessels, releasing them into peripheral circulation where chemotherapy can effectively destroy the infected cells.

Exhibit 5: Mechanism-of-Action in AML



Source: Company Reports

Results from early testing of Oxi4503 have been positive as results from two completed phase 1 trials showed that when Oxi4503 when used alone or in combination with the standard chemotherapy drug, Cytarbine, can induce complete remissions in relapsed AML patients. OXi4503 has received orphan drug designation for AML in both the U.S. and the EU. Additionally, the FDA granted fast track designation to OXi4503 for the treatment of relapsed/refractory AML due to the life-threatening condition and large unmet medical need for the treatment of the disease.

In the latest phase 1b study 29 subjects were treated with OXi4503 in combination with Cytarabine. Of the 29 patients, 26 AML patients were available for outcome analysis. Of the 26, there were 4 complete remissions. The complete remission responses were associated with prolonged overall survival time substantially better than the current standard. Mateon is currently targeting Pediatric AML as novel therapies for these high-risk patients are urgently needed.

EDGEPOINT

Mateon Therapeutics acquired PointR in November 2019, shortly after merging with Oncoletic. After the acquisition, Mateon created the EdgePoint division in order to use the technology in streamlining manufacturing. EdgePoint develops and deploys high performance cluster computers and artificial intelligence (AI) technologies to create a cluster computing vision grid that can be interconnected and layered to harvest operational data from manufacturing plants, hospitals, and clinics. Its vision grid enables EdgePoint to make real-time decisions based on harvesting market data from structured and unstructured sources. The EdgePoint grid can be integrated to collect data from any type of sensors or collection devices.

Mateon plans to use this technology in the pharmaceutical industry by collecting data through the life cycle of a drug:

- Discovery
- Clinical Trials
- Manufacturing

The collection of this data is chained into blockchain ledgers. The system has potential to automatically record individual key steps throughout the development of a drug as well as the manufacturing process including flow of people and raw materials. Using this type of technology throughout the development and manufacturing process has the ability to improve real-time decision making, reliability and data security.

Data security and integrity has been an on-going and unmet problem within drug development and manufacturing. From 2014 to 2020 four major markets have shown consistent data integrity issues and data manipulation. The FDA stipulates that all manufacturing data must be preserved and made available to regulators. However, in four major markets, the FDA has uncovered violations to their data integrity rules.

Exhibit 6: Data Violations from form 483

Country	Percentage of Form 483's Citing Data Integrity Violations	Percentage of Form 483's Citing Data Manipulation
China	48%	31%
India	44%	24%
Europe	36%	18%
USA	26%	7%

Source: Stonegate, Company Reports

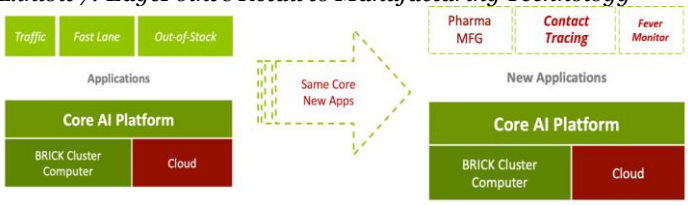
In addition to data security and integrity, EdgePoint technology also encompasses AI by recognizing complex patterns in imaging data and providing quantitative assessments of underlying characteristics. This EdgePoint technology could have the potential to detect meaningful relationships in radiology and pathology.

EdgePoint's "TrustPoint" product is designed to track people and materials with a grid of cameras and committing each transaction to a series of immutable blockchain records. The Blockchain ledger allows for manufacturers to conduct periodic audits in a reliable manner. This is similar to Amazon's Amazon-Go cashier-less technology currently being used in 26 current locations throughout the United States.

The EdgePoint technology is currently being used in the retail sector at a U.S. East Coast convenience store in partnership with IBM and its business partner Meridian IT. TrustPoint is attempting to re-deploy this technology in the manufacturing process in order to reduce human errors in the supply chain and increase compliance in warehouse operating procedures. For example, TrustPoint will be able to create a shopping list from a standardized template and alert supply chain employees to collect and deliver the items to where they are needed. The technology will create a ledger note once the items are picked up and delivered of what happened such as the timestamp of pick up and delivery,

who made the pick-up, who received the delivery, etc. Additionally, the system will be able to alert personnel if the wrong items are picked up or delivered. Lastly, due to the limited number of items and employees, the process should be more simplified and far less expensive than a traditional Amazon-Go like store.

Exhibit 7: EdgePoint's Retail to Manufacturing Technology



Source: Company Reports

GO-TO Market Strategy

The Company has already partnered with IBM's Meridian division in a variety of areas including sales and distribution. In addition, the EdgePoint software is already heavily integrated with IBM software and IBM's blockchain product called Hyper-Ledger. Mateon's current marketing strategy is to directly market to the smaller regional companies in the California area, while allowing IBM's Meridian team to market to larger national manufacturers.

The IBM Partnership bring many benefits to EdgePoint including:

- **Sales:** Enabling EdgePoint name recognition to gain penetration to large pharma
- **Support:** IBM can provide turnkey cloud managed services with high reliability and monitoring
- **Trust:** The strong reputation of IBM will help to deploy EdgePoint

EdgePoint is hoping to address an unsolved problem with their proprietary technology and first mover advantage in order to capture a large portion of the GMP manufacturing market.

EdgePoint has recently expanded its manufacturing AI vision camera grid to include a contact tracing application which can be used to monitor the potential spread of COVID-19 indoors. The Company's upgrade to the current system called TracePoint, can help social distancing and contact tracking. TracePoint's system is designed to identify any employees who have come in contact with a sick coworker, which will allow operational staff to implement quarantine or disinfection procedures. Lastly, the technology will also include a Fever Camera System to continuously monitor body temperature at a fraction of the cost of infrared cameras.

CAPITAL STRUCTURE

Mateon's capital structure is currently highly dilutive. The company currently has roughly 87 million shares outstanding. However, in connection with the reverse merger of Oncoletic into Mateon, the new management team and board members were awarded preferred shares that can be converted into roughly 278.2 million shares. It is expected that board members and management will convert a majority of these shares which will significantly dilute current shareholders.

Exhibit 8: Capital Structure

Capitalization (in Millions)	
Stock Price	$0.18
Common Shares Outstanding	87.01
Market Capitalization	$15.36
Working Capital	(6.51)
Warrants Convertible @ $0.20	1.49
Options (Wtd. Avg Exercise price: $0.75)	6.79
Preferred Shares (Convertible into 1,000 shares of common stock each)	0.28
Fully Diluted Share Outstanding	373.48
Debt	0.96
Enterprise Value	16.34

Source: Company Reports

We believe that converting the preferred shares into common shares will be a near term catalyst for the business. The potential of large, near term dilution has been a hang up on the stock as no new shareholders will consider ownership until after conversion. The Company is currently working to recapitalize and convert all preferred shares to common and we would anticipate this happening in 2020.

Additionally, the Company's balance sheet has continued to improve with insiders and management funding a majority of the operation since the merger. As of June 29, 2020 GMP has funded the COVID19 trial with the first tranche of a convertible 1 year $2M debt financing being received. To this point GMP has also invested >$1.2M in non dilutive funding to this project.

MARKET OPPORTUNITY

Mateon is targeting a number of diseases and viruses through their six primary programs. Each market is a large with unmet needs in each.

OT-101 for Pancreatic Cancer – Pancreatic Cancer is expected to be the second-leading cause of cancer related mortality in the U.S. by 2030. According the American Cancer Society, about 57,600 people will be diagnosed with Cancer in the United States in 2020 and 47,050 will die of pancreatic cancer. It currently accounts for about 3% of all cancer in the U.S. and about 7% of all cancer deaths. According to Grandview Research, The Global Pancreatic Cancer Market is expected to reach $4.2 billion in 2025. Some of the companies operating in this market are Eli Lily and Company, Celgene Corporation, Amgen Inc., Novartis AG, Merck & Co., and Pfizer, Inc.

OT-101 for Gliomas – Although brain tumors only account for roughly 2% of all adult cancers, cases have been on the rise over the past thirty years. Glioblastoma is most malignant from of brain tumor and has the worst five-year survival rates among all

human cancers. The average survival rate of patients with GBM is about 1 year with less than 5% of patients surviving after 5 years. P&T Community forecasts the Global Glioblastoma market to reach $1.4 billion by 2025. Specifically, Diffuse Intrinsic Pontine Gliomas (DIPG) represent 10 percent of all childhood central nervous system tumors and accounts for about 300 children diagnosed in the U.S. annually according to Dana Farber.

COVID-19 – Covid-19 cases have been rising dramatically with the latest number of cases worldwide over 8 million with deaths over 450,000. As the virus has now become a global pandemic, it is difficult to estimate a market size for future patients. Remdesivir is currently in a phase 3 trial and has been used in an emergency capacity, however, it is not yet known how much the drug will cost the patient. However, the demand for a COVID-19 treatment or vaccine would be extremely high and could persist for many years. Competition in this area is very high with almost every major drug manufacturer and biotechnology company working on either a treatment or vaccine for the disease.

Pediatric Melanoma – Melanoma is the deadliest form of skin cancer and is the second leading cause of cancer in adolescents and young adults according the National Institute of Health. Cases increase dramatically with age as there are only 1.1 cases per million in 1-to-4 years olds and 10.4 per million in 15-to-19 year olds. However, melanoma in children is still relatively rare with St. Jude's Hospital citing that less than 500 children are diagnosed each year with the disease.

Pediatric AML – Pediatric AML is the most common during the first 2 years of life and during the teenage years. Only about 500 people under the age of 20 are diagnosed with AML each year. The five-year survival rates range from 65 to 75 percent. The Global AML market is anticipated to be roughly $2.2 billion by 2025, however, only a small percentage of that will be attributable to pediatric cases.

EdgePoint – The EdgePoint group will be targeting a large addressable market of drug manufacturing facilities worldwide. According to the FDA at the end of FY2018, there were approximately 4,676 drug manufacturing sites under their supervision. The CDMO industry is currently around $340 billion and is currently growing around 4.9% CAGR according to Pharma's Almanac. The current outsourced manufacturing market is estimated to be about $90 billion and is expected to be $117.3 billion by 2023.

RISKS

Competition - MATN would be unable to compete effectively if its technology or its pipeline were to be rendered noncompetitive or obsolete by novel technologies or products that are more effective or less costly. Competition from other biotechnology companies and academic institutions are likely to increase. Many of those companies and institutions have greater financial, technical, and human resources than MATN.

Clinical trials - The path to commercialization requires multiple clinical trials. If the Company is unable to prove safety and efficacy of its product candidates, the result could be increased costs and a delay in generating revenue. Given that the clinical trials process can be both lengthy as well as costly, MATN will likely need to continue raising additional capital to fund its pipeline activities.

Funding – To date, the Company has experienced net losses every year since inception. The combined entity of Oncoletic and Mateon has an accumulated deficit of 12.1 million including a net loss of approximately $6.6 million in 2019. The Company currently has no source of revenue and is expected to incur continued losses as they continue clinical trials. As of December 31, 2019, the Company only has approximately $82,000 in cash and will need a near-term source of funding in order to continue operating. Due to the uncertainty that the company will be able to operate for the next 12 months, Management and its auditors have determined that there is substantial doubt about their ability to continue as a going concern. If the Company is not able to raise capital or partner with a larger pharmaceutical company in the near term, they will be required to suspend or cease business operations.

Reimbursement - Even if Mateon's drug candidates are approved, they may not gain market acceptance among patients, healthcare payors and the medical community due to the pricing or reimbursement status of the drug candidates, and as a result, the Company's topline could suffer.

Liabilities – Using of product candidates in clinical trial may expose Mateon to claims in the event of a product candidate causes death, injury or disease in patients. The Company may be exposed to liability claims even if the product did not cause death, injury or disease but is merely presumed to have caused any of these. Although the Company has obtained liability coverage, this may not be sufficient to cover these claims, in which case the Company will may have to sell assets or cease operations entirely.

Dilution – As of Dec. 31, 2019, the Company had ~84M shares of common stock issued and outstanding. The Company also had ~1M shares of stock to be issued, 19.5M warrants outstanding, and 6.4M options. On a fully diluted basis the Company has 366.2M shares outstanding. If all shares were to be converted, current shareholders would be significantly diluted.

INCOME STATEMENT

Mateon Therapeutics
Consolidated Statements of Income (in millions $, except per share amounts)
Fiscal Year: December

	FY 2017	FY 2018	FY 2019	Q1 2020
Revenues	$ -	$ -	$ -	$ 0.34
Operating expenses				
General and administrative	2.177	0.650	1.372	2.678
Research & Development	0.101	0.063	2.939	0.312
Total operating expenses	**2.278**	**0.713**	**4.311**	**2.990**
Loss From Operations	**(2.278)**	**(0.713)**	**(4.311)**	**(2.649)**
Interest Income	-	-	0.00	0.00
Interest Expense	0.0	-	(0.75)	(1.15)
Change in Fair Value of Derivative on Debt	-	-	0.19	(0.74)
Long Term Investment Written Off	-	-	(1.77)	(0.12)
Net income (loss)	**$ (2.279)**	**$ (0.713)**	**$ (6.6)**	**$ (4.7)**
Basic EPS (loss)	**$ (0.41)**	**$ (0.12)**	**$ (0.11)**	**$ (0.05)**
Diluted EPS (loss)	**$ (0.41)**	**$ (0.12)**	**$ (0.11)**	**$ (0.05)**
Basic shares outstanding	5.6	6.1	60.0	84.9
Diluted shares outstanding	5.6	6.1	60.0	84.9
Growth Rate Analysis Y/Y				
Revenues	N/A	N/A	N/A	N/A
General and administrative	N/A	-70.2%	111.2%	95.1%
Research & Development	N/A	-37.6%	4565.9%	-89.4%
Total operating expenses	N/A	-68.7%	504.8%	-30.7%
Net income	N/A	68.7%	-831.3%	29.8%
EPS - fully diluted	N/A	71.6%	4.7%	50.5%
Share count - fully diluted	N/A	10.1%	877.1%	41.6%

Source: Company Reports, Stonegate Capital Partners estimates

BALANCE SHEET

Mateon Therapeutics
Consolidated Balance Sheets in millions
Fiscal Year: December

ASSETS	FY 2017	FY 2018	FY 2019	Q1 2019
Assets				
Cash	$0.00	$0.00	$0.08	$0.18
Accounts Receiveable	-	-	0.15	0.02
Prepaid & Other Current Assets	0.08	-	0.04	0.07
Total Current Assets	0.08	0.00	0.27	0.27
Development of Equipment	-	-	0.05	0.04
Long Term Investment	-	1.77	-	-
Intangibles, net of accumulated amortization	-	0.98	0.92	0.91
In process R&D	-	-	1.38	1.31
Goodwill	-	-	21.06	21.06
Other LT Assets	0.14	$ -	$ -	$ 0.00
Total Assets	**$ 0.22**	**$ 2.75**	**$ 23.68**	**$ 23.60**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
Accounts Payable and Accrued Liabilities	$ -	$ -	$2.05	$2.20
Accounts Payable to Related Party	0.70	0.28	0.60	0.76
Contigent Consideration	-	-	2.63	2.63
Derivative Liability on Notes	-	-	0.54	1.78
Convertible Debt, Related Party, Net of Costs	-	-	0.02	0.02
Convertible Debt, Net of Costs	-	-	0.94	1.10
Total Liabilities	**$ 0.70**	**$ 0.28**	**$ 6.78**	**$8.48**
Shareholders' Equity				
Convertible Preferred Stock	-	-	0.00	0.00
Common Stock	0.00	0.00	0.84	0.88
Additional Paid in Capital	4.29	7.95	28.19	31.01
Accumulated Defecit	(4.78)	(5.49)	(12.13)	(16.79)
Total Shareholders' Equity (deficit)	**$ (0.48)**	**$ 2.46**	**$ 16.90**	**$ 15.11**
Total Liabilities and Shareholders' Equity	**$ 0.22**	**$ 2.75**	**$ 23.68**	**$ 23.60**
Ratios				
Liquidity				
Current Ratio	0.2x	0.0x	0.1x	0.1x
Quick Ratio	0.0x	0.0x	0.0x	0.0x
Total Liabilities to Total Assets	323.5%	10.3%	28.6%	36.0%

Source: Company Reports, Stonegate Capital Partners

VALUATION

Below we have presented a comparables analysis as an appropriate tool for outlining the current opportunity for MATN investors. We have selected a peer group of clinical stage biotech and pharmaceutical companies with minimal to no current revenues and all with at least one or more candidates focused in the oncology realm. In addition, all comparables also have a lead candidate in Phase 2 or 3 trials.

We note that of the comps listed below, Mateon trades at the lowest market cap and second lowest enterprise value, despite being 1 of 3 candidates in a phase 3 trial. However, we also note that Mateon currently has the lowest cash position of any of the comps.

Exhibit 7: Comparables Analysis (all figures in $M)

Name	Ticker	Price (1)	S/O	Mrkt Cap	EV	Cash	Lead Candidate Stage	Target
Cellectar Biosciences, Inc.	CLRB	$ 1.28	9.4	$ 12.0	$ 25.3	$ 7.1	Phase 2	Multiple Myeloma
Bio-Path Holdings, Inc.	BPTH	$ 5.05	3.7	$ 18.6	$ 1.1	$ 17.9	Phase 2	Acute Myeloid Luekemia
Onconova Therapeutics, Inc.	ONTX	$ 0.57	168.7	$ 95.5	$ 64.4	$ 31.0	Phase 3	Myelodysplastic Syndromes (MDS)
Scholar Rock Holding Corporat	SRRK	$18.21	29.9	$ 544.0	$ 388.4	$ 95.4	Phase 2	Spinal Muscular Atrophy
Pliant Therapeutics, Inc.	PLRX	$32.46	1.9	$ 61.9	$1,264.8	$ 113.4	Phase 2	Idiopathic Pukmonary Fibrosis
Inhibitor Therapeutics, Inc.	INTI	$ 0.09	370.4	$ 35.0	$ 38.7	$ 0.3	Phase 3	Prostate/Lung Cancer
Mateon Therapeutics, Inc.	**MATN**	**$ 0.19**	**88.6**	**$ 16.6**	**$ 17.4**	**$ 0.2**	**Phase 3**	**Pancreatic Cancer**

(1) Previous day's closing price
(2) Estimates are from Capital IQ except for TGA revenues, EBITDA and EPS, which are Stonegate estimates

Source: Company Reports, Stonegate Capital Partners, Capital IQ

While Mateon does currently trade at a discount to the peers, we believe that the near-term dilution from a potential financing and conversion of preferred shares into common justify the stock trading below the peers. However, we believe that if the Company is able to solidify their balance sheet and simplify their capital structure, they have several catalysts that could drive the stock in the near and long term.

1.) Solidify the balance sheet with financing, partnership, or otherwise
2.) Begin enrolling patients in Phase 3 trial for pancreatic cancer in China
3.) Begin enrolling patients in Pivotal trial for DIPG in the U.S.
4.) Presenting data on phase 2 OT-101 trial in the treatment of COVID-19
5.) Mass marketing of EdgePoint to U.S. Drug Manufacturers
6.) Presenting data on pancreatic cancer trial
7.) Presenting data on DIPG trial

Overall, we believe that if Mateon is able to succeed in near term challenges to the business, the Company will have many long-term opportunities to provide value to shareholders. The Company is addressing many large target markets with unmet needs. If one of their several programs in development can make it to commercialization it could become a gold standard in the space.

IN THE NEWS

June 2020 **–** Mateon Therapeutics Inc. announced it has secured $2 million in debt financing with Golden Mountain Partners to conduct a clinical trial evaluating OT-101 against COVID-19

June 2020 **–** Mateon Therapeutics Inc. announced the fruition of its licensing of OT-101/IL-2 combination to Autotelic BIO based on an agreement entered into between Oncotelic and Autotelic BIO, a South Korean Company, during 2018. Furthermore, FDA recently granted Rare Pediatric Designation for OT-101 against diffuse intrinsic pontine glioma (DIPG).

June 2020 **–** MATN announced that EdgePoint AI, a division within Mateon, announced its decision to expand its manufacturing AI vision camera grid to encompass a contact tracing application which will monitor the spread of COVID-19 indoors. TracePoint is an upgrade to the EdgePoint manufacturing grid to track contact between workers.

May 2020 **–** Company appointed Steven W. King and Anthony E. Maida, III to the Board of Directors effective that same date.

May 2020 **–** MATN filed its 10-K on May 14, 2020 for the period ending Dec 31, 2019. In this report its auditor, Squar Milner LLP - Squar Milner Reehl & Williamson, LLP, gave an unqualified opinion expressing doubt that the company can continue as a going concern.

May 2020 **–** Food and Drug Administration (FDA) granted Rare Pediatric Disease Designation for CA4P/Fosbretabulin for the treatment Of stage IIB–IV melanoma due to genetic mutations that disproportionately affect pediatric patients as a drug for a "rare pediatric disease".

April 2020 **–** The Company reported several peer-reviewed publications derived from its R&D effort against COVID-19. Published April 24th, is a special report in the biomedical journal Annals of Pulmonary and Critical Care Medicine regarding the medical-scientific rationale for its planned

BPTH GOVERNANCE

Vuong Trieu, PhD, Chief Executive Officer– Peter Dr. Trieu, an expert in pharmaceutical development, currently serves as CEO/Chairman of Oncotelic Inc.. Previously he was President and CEO of Igdrasol- developer of 2nd generation Abraxane- where he pioneer the regulatory pathway for approval of paclitaxel nanomedicine through a single bioequivalence trial against Abraxane. When Igdrasol merged with Sorrento Therapeutics, he became CSO and Board Director. He was Board Director of Cenomed- a company focusing on CNS drug development. Before that he was Director of Pharmacology, Pharmacokinetics, and Biology at Abraxis where he lead the development of albumin encapsulated therapeutics along building high throughput platform for small molecules, mirRNA, kinases. Prior to that he was Group Leader at Applied Molecular Evolution where he was developing biobetter for Humira and Enbrel. Dr. Trieu holds a PhD in Microbiology, BS in Microbiology and Botany. He is member of ENDO, ASCO, AACR, and many other professional organization. Dr. Trieu published widely in oncology, cardiovascular, and drug development. Dr. Trieu has over 100 patent applications and 39 issued US patents.

Seymour Fein, MD, Chief Medical Officer – Dr. Fein's professional activities have been focused on drug development research for over 35 years. He has been extensively involved in the successful development of numerous drugs, biologics and medical devices over this time leading to FDA approvals for over 20 drugs (NDAs, sNDAs, BLAs) and devices (PMAs). Dr. Fein began his career at Hoffmann-La Roche Ltd. as a senior research physician and was responsible for a clinical development program that led to U.S. Food and Drug Administration (FDA) approval of recombinant interferon-alpha for cancer treatment. Dr. Fein was also the medical director of Bayer Healthcare Pharmaceuticals (U.S.) where he was responsible for therapeutic areas including gastroenterology, oncology, and cardiology. He later served as medical director for Rorer Group (now part of Sanofi) and Ohmeda (now part of Baxter). Dr. Fein founded and has been managing partner of a clinical and regulatory consulting organization and has worked closely with the Division of Gastroenterology and Inborn Errors Products at the FDA. He has participated in the development of and FDA approval of numerous drug products in many therapeutic areas. Dr. Fein has successfully overseen entrepreneurial drug development leading to the FDA approval of two orphan drug products in the field of gastroenterology. Dr. Fein received his B.A. degree from the University of Pennsylvania and his M.D. degree with honors from New York Medical College.

Amit Shah, Chief Financial Officer – Amit Shah, age 53, has served as a senior financial officer for a number of life science companies, including Chief Financial Officer at Marina Biotech, Inc., a publicly traded biotechnology company (2017 to 2018); Vice President of Finance & Accounting and Acting Chief Financial Officer at Insightra Medical Inc. (2014 to 2015); VP Finance and Acting Chief Financial Officer at IgDraSol Inc. (2013); Corporate Controller & Director of Finance at ISTA Pharmaceuticals (2010 to 2012); Corporate Controller at Spectrum Pharmaceuticals (2007 to 2010): and as Controller / Senior Manager Internal Audits at Caraco Pharmaceuticals Laboratories (2000 to 2007). Mr. Shah received a Bachelor's of Commerce degree from the University of Mumbai, and is an Associate Chartered Accountant from The Institute of Chartered Accountants of India.

Board of Directors:

Vuong Trieu – *Chairman*
David Diamond - *Director*
Steven King – *Director*
Anthony Maida III – *Director*

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