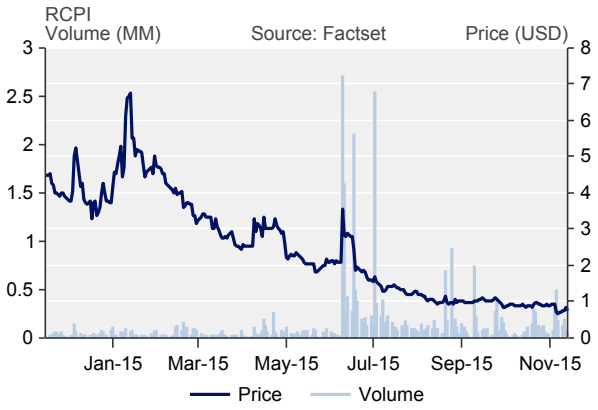
Biotechnology

RCPI - NASDAQ November 13, 2015

Closing Price 11/12/2015	**$0.75**
Rating:	Buy
12-Month Target Price:	$4.00
52-Week Range:	$0.65 - $7.00
Market Cap (M):	8
Shares O/S (M):	11.2
Float:	99.9%
Avg. Daily Volume (000):	149
Dividend:	$0.00
Dividend Yield:	0.00%
Risk Profile:	Speculative
Fiscal Year End:	December

Total Expenses ('000)

	2015E	2016E	2017E
1Q	3,819A	3,708	4,220
2Q	3,496A	3,758	4,290
3Q	3,496A	3,858	4,430
4Q	3,496	3,908	4,500
FY	14,307	15,234	17,438
Prior	9,891	13,456	15,625



Rock Creek Pharmaceuticals — Buy

3Q Results and Clinical Study Update

Summary

- **Rock Creek reported 3Q with a net loss of approximately $2.8M or ($0.26) per share. The monthly burn rate was about $1M. We recently launched coverage on the company with a Buy Rating, a $4 price target, and the theme "taking a successful nutraceutical to the clinic."**
- **The company completed its ex-U.S., three-part Phase I study (an oral formulation of anatabine citrate) for the treatment of mild to moderate psoriasis. The trial was conducted with healthy volunteers and demonstrated both tolerance and a strong safety profile (with no adverse events reported).**
- **The company is conducting the final analysis on the Phase I clinical data (expected by year end), with a follow-up Phase 1b proof-of-concept trial in 1H16. Recall that Rock Creek's regulatory strategy is to complete a single-site Phase Ib/IIa trial in EU and prepare data for a multi-site Phase IIb trial including in the U.S. The FDA's approval for the Phase IIb trial is expected in 2016.**
- **Bottom line: Large amounts of established user data (reports from the Anatabloc users) support the compound's effectiveness as an anti-inflammatory and mitigates much of the risk associated with the product. We see psoriasis (an inflammatory disease manifesting in the skin) as the first of multiple possible indications — the "low-hanging fruit" opportunity.**

Details

- **Anatabine citrate**, Rock Creek's lead product candidate is a synthetic derivative of the anti-inflammatory compound anatabine (from the tobacco plant), and it is in clinical development for the treatment of psoriasis. Anatabine was a successful nutraceutical ("Anatabloc") used by more than 500,000 people, primarily to alleviate inflammation conditions such as osteoarthritis. Anecdotal evidence has also supported anatabine citrate being used in psoriasis.
- **Anatabine citrate targets two key inflammatory pathways.** It is a small molecule with anti-inflammatory properties that binds to cholinergic receptors on the surface of immune cells and shuts down the signaling pathways responsible for driving inflammation. Anatabine citrate's binding and suppression of inflammation is unique in that it effectively suppresses two key mediators of inflammation, the transcription factors NF-kB and STAT3, while many other drugs only suppress one or the other. NF-kB and STAT3 drive the expression of damaging inflammatory cytokines like TNF-alpha, which is the target of blockbuster drugs like Humira, Remicade, and Enbrel. We see psoriasis as an ideal initial indication for anatabine citrate. We believe that anatabine citrate efficacy should be relatively easy to observe through changes in skin lesions as measured by the PASI (Psoriasis Area Severity Index) scoring system.
- **Conclusion.** Our current assumption is that anatabine citrate is approved and launched by 2020. We believe the success of the prior nutraceutical form of anatabine as an anti-inflammatory in more than 500K users partially mitigates risk. Nevertheless, we apply a discount rate of 30% to our free-cash-flow, discounted-EPS, and sum-of-the-parts models, which are equally weighted to derive a $4 price target.

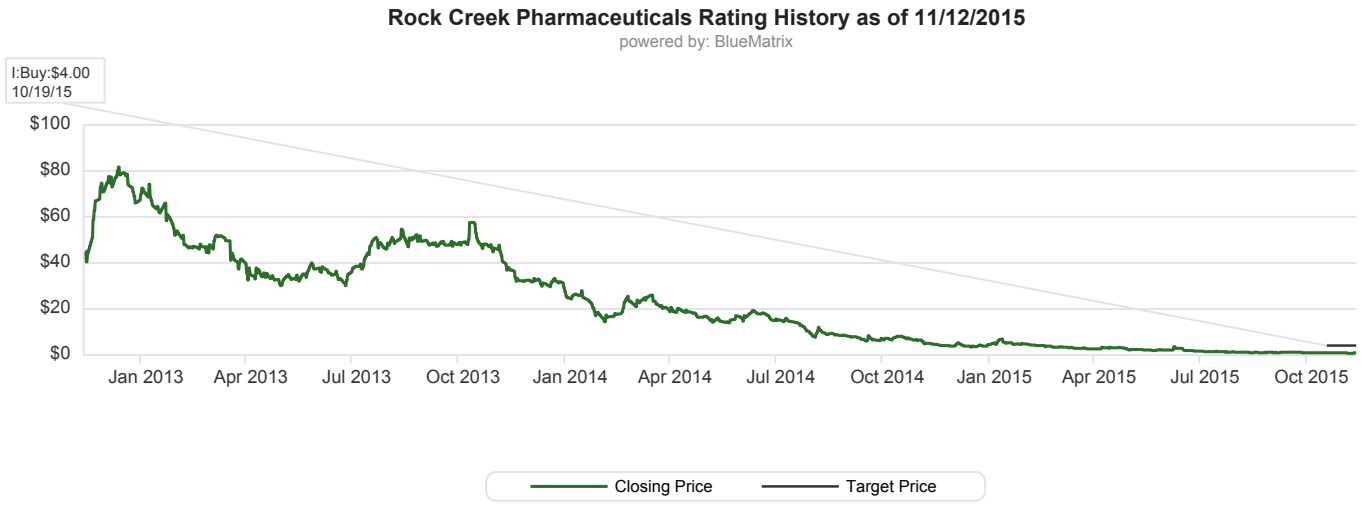
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Rock Creek Pharmaceuticals.: Income Statement ($000)																
RCPI: YE December 31	**2014A**	**1Q15A**	**2Q15A**	**3Q15A**	**4Q15E**	**2015E**	**2016E**	**2017E**	**2018E**	**2019E**	**2020E**	**2021E**	**2022E**	**2023E**	**2024E**	**2025E**
Product sales																
Anatabine Citrate, Psorisis (EU)											94,722	121,615	149,899	179,629	210,861	243,657
Total Product Sales	**1,219**										**94,722**	**121,615**	**149,899**	**179,629**	**210,861**	**243,657**
Expenses																
Cost of Goods Sold	457										14,208	18,242	17,988	19,759	21,086	24,366
%COGS											15%	15%	12%	11%	10%	10%
Research and Development	3,611	473	1,267	1,267	1,267	4,274	5,000	7,000	10,000	10,200	12,000	12,240	12,485	12,734	12,989	13,249
%R&D																
General expenses	28,968	3,346	2,229	2,229	2,229	10,033	10,234	10,438	10,459	10,668	10,882	11,099	11,321	11,548	11,779	12,014
%SG&A																
Total expenses	**33,036**	**3,819**	**3,496**	**3,496**	**3,496**	**14,307**	**15,234**	**17,438**	**20,459**	**20,868**	**37,090**	**41,582**	**41,794**	**44,041**	**45,854**	**49,629**
Operating Income (Loss)	(31,817)	(3,819)	(3,496)	(3,496)	(3,496)	(14,307)	(15,234)	(17,438)	(20,459)	(20,868)	57,632	80,034	108,105	135,587	165,007	194,028
Derivative gain	22		378	378	378	1,134										
	(1)															
Other income(expense)	(558)	3,522	287	287	287	4,383										
Total other income (expense)	**(537)**	**3,522**	**665**	**665**	**665**	**5,517**										
Pretax Income	**(32,354)**	**(297)**	**(2,831)**	**(2,831)**	**(2,831)**	**(8,790)**	**(15,234)**	**(17,438)**	**(20,459)**	**(20,868)**	**57,632**	**80,034**	**108,105**	**135,587**	**165,007**	**194,028**
Income Tax Benefit (Provision)													5,405	13,559	24,751	38,806
Tax Rate													5%	10%	15%	20%
Net loss from continuing operations	(32,354)	(297)	(2,831)	(2,831)	(2,831)	(8,790)	(15,234)	(17,438)	(20,459)	(20,868)	57,632	80,034	113,510	122,028	140,256	155,223
Discontinued Operations																
(Loss)/gain on disposal	(3618)															
Loss on discontinued operations	(1,783)	(41)	(10)	(10)	(10)	(71)										
Total discontinued operations	(5,401)	(41)	(10)	(10)	(10)	(71)										
Comprensive Loss	**(37,755)**	**(338)**	**(2,841)**	**(2,841)**	**(2,841)**	**(8,861)**	**(15,234)**	**(17,438)**	**(20,459)**	**(20,868)**	**57,632**	**80,034**	**113,510**	**122,028**	**140,256**	**155,223**
GAAP-EPS	**(0.20)**	**(0.04)**	**(0.26)**	**(0.26)**	**(0.14)**	**(0.70)**	**(0.62)**	**(0.63)**	**(0.64)**	**(0.65)**	**1.76**	**2.42**	**3.38**	**3.59**	**4.07**	**4.45**
GAAP EPS (dil)																
Wgtd Avg Shrs (Bas) - '000s	184,482	7,932	10,874	10,885	20,895	12,646	24,639	27,489	31,853	32,268	32,689	33,115	33,546	33,984	34,426	34,875
Wgtd Avg Shrs (Dil) - '000s	184,482	7,932	10,874	10,885	20,895	12,646	24,639	27,489	31,853	32,268	32,689	33,115	33,546	33,984	34,426	34,875

Source: Company reports and Maxim

DISCLOSURES



Maxim Group LLC Ratings Distribution			As of: 11/12/15
		% of Coverage Universe with Rating	% of Rating for which Firm Provided Banking Services in the Last 12 months
Buy	Fundamental metrics and/or identifiable catalysts exist such that we expect the stock to outperform its relevant index over the next 12 months.	**88%**	**47%**
Hold	Fundamental metrics are currently at, or approaching, industry averages. Therefore, we expect this stock to neither significantly outperform nor underperform its relevant index over the next 12 months.	**11%**	**17%**
Sell	Fundamental metrics and/or identifiable catalysts exist such that we expect the stock to underperform its relevant index over the next 12 months.	**1%**	**0%**
	**See valuation section for company specific relevant indices*		

I, Jason Kolbert, attest that the views expressed in this research report accurately reflect my personal views about the subject security and issuer. Furthermore, no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation or views expressed in this research report.

I, Jason McCarthy, Ph.D., attest that the views expressed in this research report accurately reflect my personal views about the subject security and issuer. Furthermore, no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation or views expressed in this research report.

The research analyst(s) primarily responsible for the preparation of this research report have received compensation based upon various factors, including the firm's total revenues, a portion of which is generated by investment banking activities.

Maxim Group makes a market in Rock Creek Pharmaceuticals

Maxim Group managed/co-managed/acted as placement agent for an offering of the securities for Rock Creek Pharmaceuticals in the past 12 months.

Maxim Group received compensation for investment banking services from Rock Creek Pharmaceuticals in the past 12 months.

Maxim Group expects to receive or intends to seek compensation for investment banking services from Rock Creek Pharmaceuticals in the next 3 months.

RCPI: For RockCreek we use the BTK as the relevant index

Valuation Methods

RCPI: Our therapeutic model assumes that anatabine citrate is approved and launched in 2020. We expect the initial indication to be for mild to moderate psoriasis. Our model assumes a risk adjustment due to the early stage of clinical development. We then apply a 30% discount to our free-cash-flow, discounted-EPS, and sum-of-the-parts models, which are equally weighted to arrive at our price target.

Price Target and Investment Risks

RCPI: RockCreek faces multiple risks associated with the company. These include but are not limited to: The pace and success of drug development activities; The possible out-licensing of any product candidates developed; obtaining regulatory approvals for any product candidates developed; the pace of development of new intellectual property for any product candidates developed; The company's ability to market and sell their products; and the ability to secure financing necessary to operate and grow the business. There can be no assurance that an IND filed with the FDA in the U.S. will result in the actual initiation of clinical trials in the U.S. or that the company's products will ultimately be approved or achieve or maintain expected levels of market acceptance in the U.S. or anywhere else.

RISK RATINGS

Risk ratings take into account both fundamental criteria and price volatility.

Speculative – Fundamental Criteria: This is a risk rating assigned to early-stage companies with minimal to no revenues, lack of earnings, balance sheet concerns, and/or a short operating history. Accordingly, fundamental risk is expected to be significantly above the industry. Price Volatility: Because of the inherent fundamental criteria of the companies falling within this risk category, the price volatility is expected to be significant with the possibility that the investment could eventually be worthless. Speculative stocks may not be suitable for a significant class of individual investors.

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Medium – Fundamental Criteria: This is a risk rating assigned to companies that may have average revenue and earnings visibility, positive cash flow, and is fairly liquid. Accordingly, both price volatility and fundamental risk are expected to approximate the industry average.

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