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From: **Greg Sturmer** <gsturmer@elysiumrx.com>
Date: Fri, Mar 27, 2020 at 12:56 PM
Subject: 1Q2020 Update and Planned Financing
To: Greg Sturmer <gsturmer@elysiumrx.com>

Dear Investors:

First and foremost, I hope that you, your family and friends are safe during the Coronavirus pandemic.

The purpose of this letter is to provide you with an update on the Company's progress, including the potential impact of the Coronavirus pandemic on operations, and plans for a small round of financing to strengthen our position in anticipation of potential deal negotiations assuming success in our upcoming Oral Overdose Protection (O2P) human proof-of-concept (hPOC) study. Success in this study would add significant value to the Company by enabling a lucrative commercialization deal for our first-in-class, game-changing technology.

Coronavirus Pandemic

Elysium's employees and our families are doing well, and we remain focused on Elysium's goals of initiating the O2P hPOC study this year, and, potentially, a study to evaluate the effects of increasing doses of naltrexone on the analgesic properties of oxycodone in support of our Expiring (XpiRx) Pill technology (referred to as the XpiRx "Surrogate" Efficacy Study). Thus far, we have experienced minimal impact on our timelines in the range of 3-4 weeks related to completing O2P IND-enabling study reports and the manufacturing of O2P GMP material. Looking ahead, we would not be surprised if we experience some delays associated with FDA and NIH reviews due to changes in their staffing and operations, but we still anticipate initiating our O2P human study in the October timeframe assuming a July IND submission. With regard to recruiting for the planned study, our CRO has only indicated that we will likely need to add Coronavirus testing to the volunteer screening process, which could cause slight delays in enrollment depending on the state of the pandemic and availability of testing kits.

On a positive note, the NIH has already announced that they will supplement grants for Coronavirus related delays. Our understanding is that grantees will be required to submit a request with support for the increased costs.

O2P (Oral Overdose Protection) Program Update

Our focus remains on clearing the path for the 2020 O2P human proof-of-concept (hPOC) study, which involves (i) initiating and successfully completing multiple non-GLP and GLP non-clinical studies, (ii) developing and validating the requisite analytical methods for hydrocodone, ETR028

and ETR029, (iii) finalizing our phase 1 human clinical study design, (iv) drafting and filing our IND with the FDA, and (v) continuing to build our IP portfolio.

- CMC: Expect to initiate the GMP campaign within a month, providing the necessary data and material to support the IND and Phase 1 clinical study. Analytical methods necessary for the release of materials for studies have been qualified.
- Non-clinical: We are nearing completion of the final IND-enabling studies, and, thus far, there have been no unacceptable findings from completed studies.
- Regulatory: Drafting the IND is underway, allowing for real-time updates as animal and CMC data becomes available. As discussed above, we may experience a delay in filing the IND with the FDA from June to July 2020.
- Clinical: We evaluated quotes from multiple clinical CROs, conducted site-visits, and selected a CRO to conduct the O2P Phase 1 human proof of concept study to be initiated in 2H2020.

XpiRx (Forced Expiry) Program

The focus of our XpiRx efforts has been to clear a path to filing an IND in 2020, including: (i) completing key CMC activities to enable the timely delivery of GLP and GMP material, and (ii) leveraging FDA feedback on our proposed XpiRx development plans.

- CMC: Completed GLP and GMP campaigns to support IND
- Non-clinical / clinical: We plan to meet with the National Institute on Drug Abuse in 2Q2020 to discuss the potential of using remaining grant funds to conduct a surrogate human study using the two active ingredients in our initial XpiRx product (i.e., hydrocodone and naltrexone) in lieu of non-clinical studies to increase the value to the program by demonstrating human efficacy in a pain study.

Planned Financing

During the March Board Meeting, the Board of Directors established a Financing Committee to advise the Company on plans for a small (i.e., $500K-$1M) financing round. Before we finalize terms, we are requesting an indication from you, our existing investors, on your interest in investing in this preferred stock round. We expect terms to be pari passu to the prior round, with a modest increase in the stock price given the favorable results from the O2P IND-enabling studies to date. Please feel free to send me an email or call me with any questions and a preliminary indication of your interest.

All the best,

A. Greg Sturmer

President and Chief Executive Officer

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