

VICTHOM HUMAN BIONICS INC (TSX: VHB - \$0.14)

First Patient Receives Neurostep Implantation

Recommendation: No Change – Speculative Buy

Target Price: No Change – 1-year = \$0.30; 5-year = \$1.60

Ratings History

Date	Type	Recommendation	Stock Price	Target Price
October 19, 2007	Initiating	Speculative Buy	\$0.165	\$0.30
November 13, 2007	Bulletin	No Change	\$0.125	No Change

High-Low Since Initiating: \$0.175 - \$0.12

Clinical Trial Progress

On December 14, 2007, Victhom Human Bionics announced the first implantation of the Neurostep in a foot drop patient. This is part of the multi-centre clinical trial program which includes test centers in Canada, Europe, and India.

The trial includes patients with foot drop condition resulting from stroke – a market size estimated at \$5 billion. The Company has indicated that patient enrolment should be completed in 1H08. The objective of the trial is to demonstrate marked improvement in patients suffering from foot drop. In essence, a wheelchair-bound patient should be able to walk unassisted.

Significant Milestone and Catalyst

COMMENT: We believe this Neurostep announcement is a significant achievement for Victhom, for two reasons: (1) the timeframe for clinical trials is on track; and (2) the commitment to commercialize the product is demonstrated.

Our view is that, in 1Q08, the first patient trial results should be announced. This could mark a significant and positive catalyst for Victhom's stock. Positive results will demonstrate product efficacy for a need that is largely unmet, and prove the CLS Neuromodulator platform.

Further, we look forward to patient testimonials on the benefits of a completely implanted device plus the simplicity and low-risk nature of the implantation procedure. We estimate the Neurostep to retail for approximately \$15,000 and begin generating revenues in 2010.

COMMENT: The CLS Neuromodulator platform can be used for the treatment of other conditions including sleep apnea, chronic pain, and obesity. Results for the foot drop trails will reveal the immense potential of the CLS Neuromodulator platform.

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Company Overview

Victhom focuses on the research, development, and commercialization of bionic devices targeting physical dysfunctions caused by limb amputations and disorders such as foot drop, sleep apnea, and chronic pain. Its areas of specialty include the Orthotics and Prosthetics (O & P) and neuromodulation markets. Victhom has a portfolio of 37 granted and 82 pending patents in various countries worldwide.

Recommendation and Target Price

We reiterate our Speculative Buy rating and one-year and five-year Target Price of \$0.30 and \$1.60, respectively. The implantation announcement marks the first critical step towards product commercialization. We believe the valuation gap should narrow between Victhom and its American peers when the Company announces first patient results.

For an in-depth review of the Company, including peer comparison and valuation details, see the eResearch Initiating Report dated October 19, 2007.

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Analyst*