TAGLICH BROTHERS

MEMBER: FINRA, SIPC | WWW.TAGLICHBROTHERS.COM

Initial Report

Investors should consider this report as only a single factor in making their investment decision.

OxySure Systems, Inc.

Rating: Speculative Buy

Juan Noble

OXYS $0.74 — (OTCQB)

July 24, 2013

	2012A	*2013E*	*2014E*	*2015E*
Total revenues (in millions)	$0.27	***$1.1***	***$1.6***	***$3.5***
Earnings (loss) per share	($0.04)	***($0.03)***	***($0.03)***	***$0.01***

52 - Week range	$2.75 – $0.35	Fiscal year ends:	December
Shares outstanding as of May 14, 2013	23.1 million	Revenue/share (ttm)	$0.02
Approximate float	2.7 million	Price/Sales (ttm)	35X
Market Capitalization	$17 million	Price/Sales (2014)E	12X
Tangible Book value as of Mar. 31, 2013	NA	Price/Earnings (ttm)	NA
Price/Book	NM	Price/Earnings (2014)E	NA

OxySure Systems, Inc., based in Frisco, Texas, manufactures and markets the OxySure Model 615, a low cost, lightweight portable emergency device that administers acute oxygen therapy. The FDA-approved Model 615 is designed to be prepositioned in public settings for use by laypersons when life-threatening medical emergencies occur. The Model 615 aims to deliver emergency oxygen therapy before first responders arrive at the scene of medical emergencies. OXYS also distributes automatic external defibrillators manufactured by all of the major producers.

Initiating as Speculative Buy with a (12-month) price target of $2.10.

OxySure's oxygen generating technology has lifesaving potential in the treatment of cardiac arrest, acute asthma or pneumonia, severe trauma, smoke inhalation, carbon monoxide poisoning and air embolism. Untrained nonmedical personnel using the OxySure Model 615 can provide that therapy safely and rapidly, supporting lifesaving resuscitation before the arrival of emergency medical personnel.

Cardiac arrest, a consequence of irregular and abnormally rapid heartbeat that stops the heart, requires a rapid response, which can include shock treatment administered with a defibrillator, a need that has driven rapid growth in the market for automatic external defibrillators (AEDs).

OXYS' Model 615, easy to use and quickly brought to bear, is a highly suitable companion for AEDs. There are an estimated 2.2 million AEDs in service worldwide, roughly 60% of them in the US. OxySure aims to position the Model 615 alongside AEDs in public and private venues.

We project a revenue ramp from $1.6 million in 2013 to $3.5 million in 2015. As the OxySure's Model 615 gains traction, revenue should increase to $18 million by 2017. That long-term revenue estimate is based on moderate acceptance of the Model 615, mainly as a companion to automatic external defibrillators.

We project continued losses through 2014 but a sharp revenue gain in 2015 should make operations profitable and cash flow positive by the end of 2015.

By our estimates, cash needs will require further borrowing through 2015. The increase in debt will weigh on profitability due to increases in interest expense.

See disclosures on pages 13 - 15

790 New York Ave., Huntington, N.Y 11743
(800) 383-8464 • Fax (631) 757-1333

Investment Recommendation

Initiating as Speculative Buy with a (12-month) price target of $2.10.

A comparison group of 140 medical device and instrument stocks with market values under $250 million is trading at a trailing price to sales multiple, excluding outliers, of 7X, vs. 35X for OXYS. The market has clearly accorded the stock a valuation that is based on anticipation of significantly higher revenue.

We value the stock at 7X estimated 2017 revenue per share of $0.63, a target of $4.40, which we have discounted by 25% to a year-ahead value of $2.10. Our discount reflects acceptance and execution risks. Our target is based on an estimated 27.5 million shares outstanding in 2017, reflecting shares, warrants and options outstanding as of March 31, 2013, as well as shares issued in connection with additional borrowing through 2015.

In our view, acceptance and execution risks make OXYS shares suitable mainly for highly risk-tolerant accounts.

Overview

Oxysure was founded in 2004 and went public in 2011. In 2004 OxySure R&D was moved into the North Texas Enterprise Center for Medical Technology, a medical technology incubator, where it stayed until 2005, when the Food and Drug Administration granted the Model 615 oxygen generator 510-K clearance for over the counter sale. The 615 is approved for emergency use only.

The Model 615 was introduced to US school districts in 2008. Most of the company's sales to date have been to educational facilities in more than 40 states but distribution has broadened to commercial markets. Sales have increased steadily since 2010 and should begin a sharp ramp in 2013. In addition to oxygen generators, OxySure also distributes automatic external defibrillators (AEDs), which are widely used to resuscitate cardiac arrest patients.

Oxysure's technology rapidly generates medically pure oxygen by combining two inert powders, obviating the need for storage cylinders or tanks. The OxySure Model 615 can be prepositioned in educational institutions, manufacturing facilities, commercial and government office buildings, sports stadia, restaurants, airports, military installations and a wide variety of other public venues for emergency administration of acute oxygen therapy by untrained non-medical persons. Broad emergency application potential prior to arrival of first responders or admission to an emergency medical treatment facility underlies the appeal of the Model 615.

Oxysure's technology offers lifesaving potential in cases of major adverse cardiac events, severe trauma, and respiratory distress. The design of the Model 615 eliminates or minimizes the risks of fire or explosion seen in other portable oxygen delivery systems.

In early 2013 the company started distributing automatic external defibrillators. The company sells replacement single-use oxygen cartridges, and face mask and tubing systems, and replacement batteries and other AED-related supplies. OxySure sells its products through more than 40 independent commission agents in the US and overseas distributors in Australia and New Zealand, the UK, Brazil, South Africa and Turkey.

One of the company's initial objectives is positioning the Model 615 alongside automatic external defibrillators, which are widely sold in markets targeted by Oxysure. Worldwide, there are an estimated 2.2 million AEDs currently in service, roughly 60% of those in the US and another 30% in Japan. Market penetration potential is very high. If OxySure successfully positions its Model 615 together with a modest number of the AED's in service, revenue potential would be substantial.

Outlook

There is substantial revenue potential for an effective, FDA-approved low-cost acute oxygen therapy system that is safe, easy to use and can be operated by untrained non-medical personnel. The National Center for Health Statistics reports 130 million visits to US emergency rooms in 2010. Most of these visits were not for severe or life threatening conditions, but emergency room diagnoses suggest that millions might have been. In 5.4 million visits, patients were diagnosed with chest pain and another 6.4 million with abdominal pain. There were 4.1 million cases of acute respiratory infection and 1.8 million cases of asthma. There were also 29,000 cases of accidental falls, and 10.5 million cases of injuries sustained in traffic accidents.

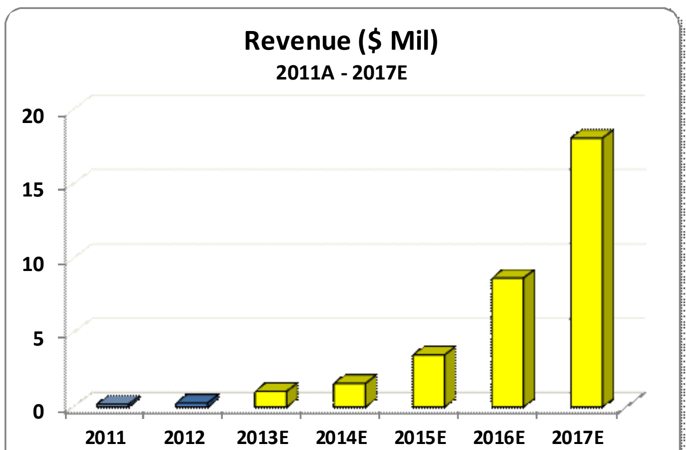
The benefit of acute oxygen therapy is probably demonstrated most clearly in first aid, or pre-hospital care of cardiac arrest patients. In the US, there were 382,000 cases of out-of-hospital cardiac arrest in 2012. Cardiopulmonary resuscitation was attempted on only 41% of them.

Longer term potential for emergency treatment devices such as AEDs and the Model 615 could rest on their availability in the home market. Most victims suffer cardiac arrest at home, where AED placement is low, rather than in public places. Of the 383,000 US cardiac arrest cases in 2012, only 11% survived (to hospital discharge), a dismal rate that some medical practitioners attribute to lack of defibrillators in the home. AED prices (they can range up to $2,000) and reimbursement issues probably limit patients' ability to purchase them for home use.

Oxysure would arguably optimize its initial impact by positioning the Model 615 in the same sites where AEDs have been installed, enabling cardiac arrest patients access to acute oxygen therapy as well as defibrillation. There are an estimated 2.2 million AEDs in service worldwide, 60% of those in the US and another 30% in Japan. Industry research services estimate that AED sales are increasing at around 10% annually, reflecting the increasing incidence of major adverse coronary events as the population ages, heightened awareness and wider public availability of AEDs, and a gradual decline in prices.

From an estimated $255 million, or 102,000 units, in 2002, AED global sales are projected by GII Research to increase to $837 million, around 875,000 units, by 2017. Based on estimated historical annual AED sales and an average service life of 7.5 years, we estimate the number of AEDs currently in service at 2.2 million units, a figure that should increase to an estimated 3.8 million by 2017.

If Model 615 unit sales ramp to as little as 5% to 6% of AEDs sold annually by 2017, the company's annual revenue should grow to $18 million by then. (see chart right).



Source: Company reports and Taglich Brothers estimates

Strategy

The company is positioning the Model 615 as a companion product to AEDs, and plans to place the Model 615 alongside as many AEDs as possible. In the long term the Model 615 could become a standard issue emergency treatment device in public and private settings, including private homes. Cost makes a persuasive case for installing emergency oxygen generators next to AEDs; the Model 615 is priced at around $350, a fraction of an AED's $1,500 to $2,000 price.

OXYS aims to increase penetration of school districts and educational institutions, and continue its expansion into other commercial markets, including places of worship, manufacturing facilities and government and office buildings.

The company is increasing partnerships with distributors of AEDs, safety products and medical devices and aims to invest resources in training that will facilitate distributors' sales of the Model 615. OXYS may undertake collaborations with industry, medical opinion leaders, and community organization aimed at promoting awareness of the need for early administration of emergency or supplemental oxygen in medical emergencies.

The company will increase the number of its US and overseas distributors, seeking those with relationships in medical emergency and industrial safety markets, especially ones already manufacturing or distributing AEDs, and specialty medical distributors that sell into at-risk patient populations in the cardiovascular disease, asthma and COPD (chronic obstructive pulmonary disease) markets.

OxySure sells its Model 615 through more than 40 independent US distributors that sell AEDs, medical products and safety products. The company also has overseas distributors in Australia, New Zealand, the UK, Brazil, South Africa and Turkey.

OxySure's addition of AED's to its product line aims to broadly support its sales efforts by offering distributors another major first-aid technology to market to the same call point as the Model 615, and expanding the company's presence in medical emergency markets.

Projections

<u>*Operations*</u> Revenue growth will be driven by sales of the Model 615 and single-use oxygen cartridges. Cartridges must be replaced at least once every two years, an annualized replacement rate of at least 50% of 615's in service, excluding replenishment due to their use. Sales should begin to accelerate sharply by 2015, rising to $3.5 million from only $1 million in 2013 as widening acceptance gives the Model 615 greater traction. Our sales forecast is based mainly on a rise in unit sales of the model 615 to almost 8,000 by 2015 and concomitant gains in sales of oxygen cartridges. That unit sales figure could double by 2017.

We project largely stable gross margins at 60% and narrowing expense margins as the business expands. Operating losses should narrow significantly, from $846,000 in 2012 to $446,000 in 2014. Operating losses should be reversed in 2015 as the company turns profitable due to acceleration in sales gains. Bottom line improvement, however, will be constrained by an increase in (non-cash) interest expenses stemming from the issuance of more convertible notes, and related warrants and options. For 2013 and 2014 we project losses in each year at roughly $685,000, or ($0.03) per share. For 2015, we project a profit of $216,000. Or $3=0.01 per share.

<u>*Finances*</u> At this time, OxySure is totally debt financed, mainly by trade credit and short-term notes from the company's landlord. By our estimates, the company will need additional financing that will double the amount of short-term notes outstanding to $1.2 million by 1Q15. Reliance on trade credit will increase in dollar terms but the company should be able to steadily shorten its vendor payment periods.

We have forecasted issuance of short-term notes under roughly the same terms as notes payable to the company's landlord, convertible notes with attached options and warrants. In connection with these new notes, charges for fair value of warrants and beneficial conversion options will be recorded as debt discounts amortized over the term of the notes and charged as interest expense. These new notes account for the jump in interest expense, largely non-cash, in 2014. If OxySure is able to secure conventional financing within the next year or two, interest charges could be significantly less that we project.

By our estimates, cash burn will increase to $430,000 in 2014, up from $351,000 in 2013, and shrink considerably in 2014. Operations should turn cash flow-positive by 2Q15, enabling OXYS to show cash earnings for 2015.

While receivables and inventory should increase as sales rise, continued increases in trade payables should offset their effect on working capital. By 2015, receivables and inventory will increase working capital but cash earnings should provide ample coverage of the increase in working capital, and offer a means of repaying a portion of outstanding notes.

Oxygen Delivery Systems

Major medical emergencies in which patients need high concentrations of oxygen immediately include cardiac arrest, shock, major trauma, severe hemorrhage, sepsis (severe inflammatory response to a bacterial infection), anaphylaxis (a severe whole-body allergic reaction to a food, drug or insect bite) and carbon monoxide poisoning. Most of these can occur outside of a medical facility so a timely response by an adequately equipped layperson is essential to restoring normal breathing.

Oxygen is delivered through a variety of masks but most oxygen storage systems are not suitable in out-of-hospital medical emergencies, as they are too large or must be operated by a relatively knowledgeable user. In hospitals, oxygen is piped in from large storage cylinders and administered by medical staff. Some storage cylinders are some small enough to be easily portable, as are electrical and chemical reaction-based oxygen generators, but the operation of even relatively simple home and travel systems requires some experience.

Chemical reaction-based oxygen generators release oxygen when chemicals (usually sodium chlorate, barium peroxide and potassium perchlorate) are released and combine with each other. This type of oxygen generator is widely used on passenger aircraft and submarines and by firefighters and mine rescue crews. They are compact, have a long shelf life and are well suited to emergency use. However, as the chemical reactions are exothermic, activation of these generators can increase external temperatures significantly, posing a risk of fire. The Model 615 is based on a different oxygen generation technology.

The Model 615

The Model 615, illustrated at right, is a catalytic portable oxygen generator that releases 99%-pure oxygen when two inert chemical powders within its single use cartridge are combined. Use of the 615 requires no prescription; the device is available over the counter.

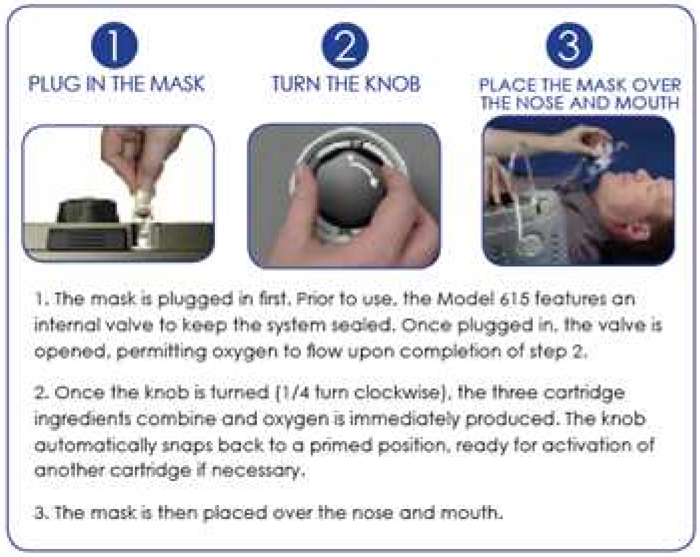
The 615 is housed in a thermoplastic, lightweight (less than 11 pounds) dispenser which holds a cartridge containing two powders and an accelerant that combine to create oxygen when the cartridge is activated. The 615 dispenses oxygen rate of six liters per minute for approximately 15 to 20 minutes.

The chemicals are combined within an easily removable, single-use cartridge that has a shelf life of two years. As shown in the illustration on page 6, operation of the 615 is a simple and straightforward three step process that requires no training or experience. So is the removal and replacement of an empty or expired cartridge. The system requires no maintenance other than replacement of the oxygen cartridge after use or at the end of its shelf life.

The Model 615 apparatus and method of operation are covered by six US and three foreign patents, most of which do not expire for at least another 10 years. Two of the US patents cover a "breathing device utilizing a catalytic oxygen generation method" and another two cover methods (and apparatus) for controlled production of a gas, including its control, containment and delivery.

OxySure does not disclose the chemicals used by its technology. The Model 615 might use a solid form of hydrogen peroxide, e.g., sodium percarbonate or carbamide peroxide, both available in powder form, that generates oxygen when combined with water and a catalyst. Both these forms of hydrogen peroxide are easy to transport and safe to handle.

As FDA clearance hinges in large measure on product safety, we infer that potential safety hazards, such as fire risks stemming from the heat generated by chemical reactions, are well contained, a key objective in the design of the 615 and its cartridge.



2012 and 1Q13 Results

2012 OXYS incurred a loss of $828,000, or ($0.04) per share, on revenue of $270,000. Revenue was up 46% due to a 43% rise in US product sales to $147,000, and $36,000 (vs. none the year before) in overseas license fees and revenue. Overseas product sales were increased 5% to $87,000. OxySure's 2012 loss shrank by almost half to $828,000. Gross profit doubled to $174,000 due to the increase in revenue and gross margin expansion to 64.6% from 44.2%. Gross margin improvement stemmed mainly from the gain in service revenue.

Operating expenses dropped 11% to $1 million due mainly to a 19% decrease in G&A expense stemming mainly from a reduction in stock based compensation (for employees) to $8,000 from $104,000 due to option forfeitures. Sales & marketing expense increased fivefold to $76,000 due mainly to increases in commissions, marketing programs aimed at increasing sales, and investor relations expenses. The increase in R&D to $26,000 related to new product development and laboratory testing.

Other income increased 55% to $225,000 due to the receipt of a $39,000 economic incentive from the Frisco Economic Development Corporation and gains relating to the impairment of some accounts and notes payable. Interest expense dropped 66% to $207,000 due to a 65% reduction (to $190,000) in the amortization of debt discount and warrant fair values relating to convertible notes, and a 72% decrease in other interest expense to $17,000. Most of the other interest expense in 2012 and 2011 was non-cash interest related to accrued but unpaid interest on convertible debt.

Finances In 2012 the company burned cash of $351,000, down from $667,000 in 2011. Working capital decreased by $230,000 due mainly to increases in payables, accruals, and deferred revenue. Cash of $120,000 used in operations, capital expenditures, and payments on capitalized lease obligations exceeded proceeds from issuance of stock and exercise of options and warrants, reducing cash by $52,000 to $14,000 at the end of 2012.

2013 First Quarter In 1Q13 OXYS lost $169,000, or ($0.01) per share, on revenue of $240,000. In the year-earlier quarter, the company lost $325,000 on revenue of $28,000. Revenue increased sevenfold due to higher sales of the Model 615, component sales under a military subcontract and a $150,000 increase in overseas service and license revenue (up from none in 1Q12). Product sales increased fourfold to $115,000. Gross profit increased twelvefold to $187,000 due to the rise in revenue and an increase in the gross margin to 78% from 54%. Gross margin gains were due to the increase in service revenue.

Operating expenses were up 17% to $331,000 reflecting increases in R&D and sales & marketing to $37,000 and $58,000, respectively, from practically none in 1Q12. G&A expense dropped 16% to $236,000.

Due to the increase in gross profit, the company's operating loss narrowed to $144,000 from $268,000. Interest expense dropped by more than half to $25,000. The net loss for the quarter dropped by almost half to $169,000.

Finances In 1Q13 the company burned cash of $105,000 and increased working capital by $88,000 due to an increase in receivables and a reduction in deferred revenue, offset in part by an increase in payables and accruals. Cash of $193,000 used in operations was covered by issuance of and subscriptions to common stock, which increased cash by $81,000 to $95,000 at the end of the quarter.

Debt As of March 31, 2013 the company had notes payable with a total face value of $594,000, consisting mainly of $446,000 in short-term notes (all payable to the company's landlord) and a long-term note of $148,000, of which $44,000 was due in the coming year.

The short term notes were issued in satisfaction of rent obligations to the company's landlord. Relative fair value of warrants issued in connection with issuance of the notes and beneficial conversion options were recorded as debt discounts amortized over the term of the notes and charged as interest expense. The notes are convertible to common stock, some at the option of the landlord and some at the option of the company, at an exercise price of either $1.00 per share, or $1.50 per share, depending on the note. In connection with each note, the company also issued penny warrants to the landlord exercisable at varying dates at a price of $0.01 per share.

The long-term note is payable to the City of Frisco (TX) in annual payments of $44,000 for 2013, and $52,000 for each of 2014 and 2015. The note is non-interest bearing but interest has been imputed at 12.34%.

Management

Julian Ross – President and chief financial officer. Beneficially owns (at December 31, 2012) 67.6% of outstanding common shares. Founded the company in 2004. More than 18 years experience in both consulting and operational roles at senior management level in technology and manufacturing. Has worked for and with start-ups and established firms, including Anglo American Corporation, Volt Information Sciences, Tandy Corporation, Merrill Lynch, Ernst & Young, Sun International and Isle of Capri, Inc. MBA Finance, Edwin L. Cox School of Business, Southern Methodist University.

Risks

In our view, these are the principal risks underlying the stock:

Acceptance Hurdles Penetration achieved so far in the company's initial target markets may not be sustained, curtailing growth and leaving revenue short of levels essential to satisfactory profitability.

Liquidity By our estimates, the company will need an estimated $800,000 in additional financing by the end of our forecast period. If OxySure is unable to obtain adequate financing, the company may have to curtail its sales efforts.

Execution Product launch is still in a relatively early stage. Without broad distribution capability and production scalability, sales may fall short of potential, leading to a failure to achieve critical mass.

InterveningTechnology/Competition There does not appear to be any directly competing emergency oxygen therapy systems. But while the company's catalytic oxygen generation technology and the Model 615 apparatus are covered by US patents, other medical technology companies might develop alternative oxygen generation technology. The chemicals that OxySure uses in the Model 615 are trade secrets but are not patent protected and could potentially be used in competing systems.

Concentration of Ownership Julian Ross controls two-thirds of outstanding common shares, a position that underlies a strong commitment to the success of the business. However, he is able to influence business decisions in ways that may not be in the best interest of the shareholders at large.

Potential Dilution The issuance of common shares to raise capital and pay down debt would dilute the ownership interests of current shareholders.

Microcap Concerns Shares of OXYS have risks common to the stocks of other microcap (which we define as market capitalizations of $250 million or less) companies. These risks often underlie stock price discounts from the valuations of larger-capitalization stocks. Liquidity risk, typically caused by small trading floats and very low trading volume, can lead to large spreads and high volatility in stock price. The company has approximately 2.7 million shares in the float. On average, approximately 6,200 shares are traded daily.

Miscellaneous Risks The company's financial results and equity values are subject to other risks and uncertainties known and unknown, including but not limited to competition, operations, financial markets, regulatory risk, and/or other events. These risks may cause actual results to differ from expected results.

OxySure Systems, Inc.

Annual Income Statements
($ 000)
2011A – 2015E

	2011A	2012A	2013E	2014E	2015E
Revenue	185	270	1,052	1,594	3,497
Cost of revenue	103	96	378	638	1,399
Gross profit	82	174	674	957	2,098
Expenses					
R&D		26	151	145	186
Sales & marketing	15	76	261	364	596
G&A	1,135	918	895	894	856
Total	1,151	1,020	1,308	1,403	1,638
Operating loss	(1,069)	(846)	(634)	(446)	460
Other income (expense)	145	225	120	200	200
Interest expense	(608)	(207)	(174)	(436)	(444)
Net income (loss)	(1,532)	(828)	(688)	(682)	216
Average shares outstanding (000)	15,930	19,862	23,366	25,350	27,624
Earnings (loss) per share	(0.10)	(0.04)	(0.03)	(0.03)	0.01
Margin Analysis					
Gross margin	44.2%	64.6%	64.1%	60.0%	60.0%
R&D	0.0%	9.6%	14.4%	9.1%	5.3%
Sales & marketing	8.2%	28.3%	24.8%	22.8%	17.1%
G&A	NM	NM	85.1%	56.1%	24.5%
Operating income	NM	NM	NM	NM	13.2%
Net income (loss)	NM	NM	NM	NM	6.2%

Source: Company reports and Taglich Brothers estimates

Quarterly Income Statements
($ Thousands)
2013E - 2015E

	1Q13A	2Q13E	3Q13E	4Q13E	**2013E**	1Q14E	2Q14E	3Q14E	4Q14E	**2014E**	1Q15E	2Q15E	3Q15E	4Q15E	**2015E**
Revenue	240	247	271	293	**1,052**	323	361	417	493	**1,594**	597	741	941	1,218	**3,497**
Cost of revenue	53	99	109	117	**378**	129	145	167	197	**638**	239	296	376	487	**1,399**
Gross profit	187	148	163	176	**674**	194	217	250	296	**957**	358	445	564	731	**2,098**
Expenses															
R&D	37	37	41	37	**151**	32	36	38	39	**145**	42	48	47	49	**186**
Sales & marketing	58	62	68	73	**261**	81	90	94	99	**364**	119	130	165	183	**596**
G&A	236	222	217	220	**895**	226	217	229	222	**894**	209	222	212	213	**856**
Total	331	321	326	330	**1,308**	339	343	361	360	**1,403**	370	400	423	445	**1,638**
Operating loss	(144)	(173)	(163)	(154)	**(634)**	(145)	(126)	(111)	(64)	**(446)**	(12)	44	141	286	**460**
Other income (expense)		40	40	40	**120**	50	50	50	50	**200**	50	50	50	50	**200**
Interest expense	(25)	(25)	(54)	(70)	**(174)**	(87)	(103)	(118)	(128)	**(436)**	(135)	(113)	(106)	(90)	**(444)**
Net income (loss)	(169)	(158)	(177)	(184)	**(688)**	(182)	(179)	(179)	(142)	**(682)**	(97)	(19)	85	246	**216**
Average shares outstanding	22,666	23,100	23,600	24,100	**23,366**	24,600	25,100	25,600	26,100	**25,350**	26,600	27,327	27,942	28,627	**27,624**
Earnings (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)	**(0.03)**	(0.01)	(0.01)	(0.01)	(0.01)	**(0.03)**	(0.00)	(0.00)	0.00	0.01	**0.01**
Margin Analysis															
Gross margin	78%	60%	60%	60%	**64%**	60%	60%	60%	60%	**60%**	60%	60%	60%	60%	**60%**
R&D	15%	15%	15%	13%	**14%**	10%	10%	9%	8%	**9%**	7%	7%	5%	4%	**5%**
Sales & marketing	24%	25%	25%	25%	**25%**	25%	25%	23%	20%	**23%**	20%	18%	18%	15%	**17%**
G&A	98%	90%	80%	75%	**85%**	70%	60%	55%	45%	**56%**	35%	30%	23%	18%	**0%**
Operating loss	15%	15%	15%	13%	**14%**	10%	10%	9%	8%	**9%**	7%	7%	5%	4%	**5%**
Net income (loss)	24%	25%	25%	25%	**25%**	25%	25%	23%	20%	**23%**	20%	18%	18%	15%	**17%**

Source: Company reports and Taglich Brothers estimates

Annual Balance Sheets
($ 000)
2011A –2015E

	2011A	2012A	1Q13A	2013E	2014E	2015E
ASSETS						
Current assets						
Cash + equivalents	65	14	95	65	102	369
Accts receivable	3	18	73	161	199	437
Inventory	248	221	221	350	537	692
Total	316	253	389	576	839	1,498
Fixed assets (net)	134	28	23	28	62	111
Intangibles	445	418	411	387	355	323
Other	53	516	493	631	638	699
TOTAL ASSETS	948	1,216	1,317	1,622	1,894	2,632
LIABILITIES AND EQUITY						
Current liabilities						
Accts pay & accruals	245	596	687	983	1,233	1,448
Capital lease obligations - current	328	296	309	300	300	300
Notes payable - current	1,565	399	448	760	1,165	800
Deferred revenue	422	499	374	400	400	400
Total	2,560	1,790	1,819	2,443	3,098	2,948
Capital lease obligations	3	2	2	2	2	2
Notes payable	1,162	76	76	76	76	76
Shareholders' equity	(2,777)	(652)	(581)	(899)	(1,283)	(394)
TOTAL LIABILITIES AND EQUITY	948	1,216	1,317	1,622	1,894	2,632

Source: Company reports & Taglich Brothers estimates

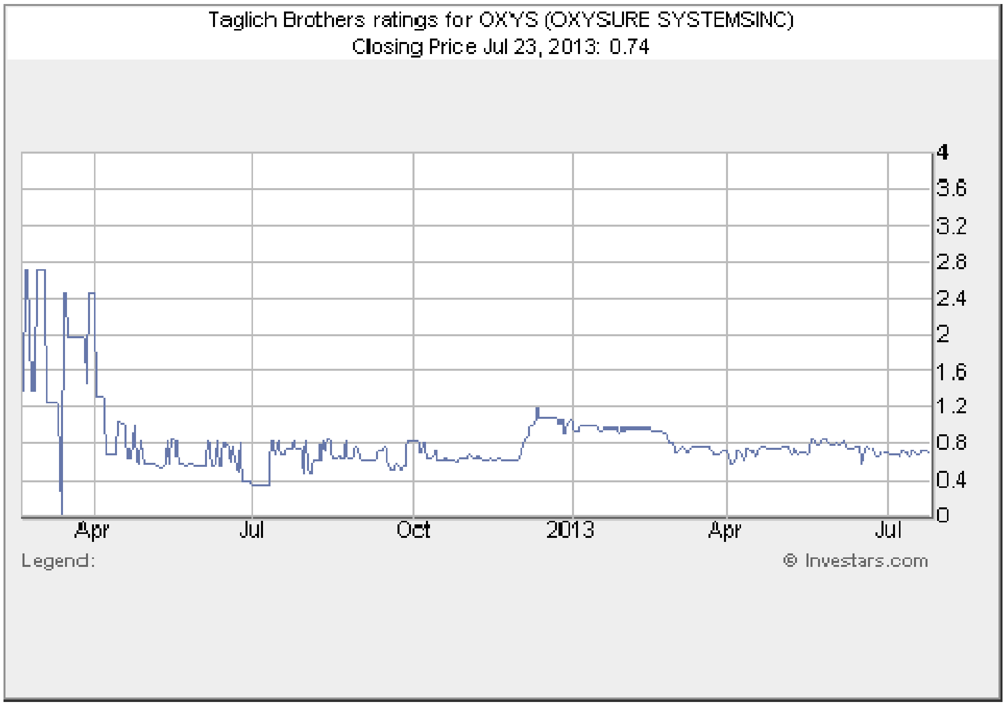
OxySure Systems, Inc.

Annual Cash Flow Statements
($ 000)
2011A –2015E

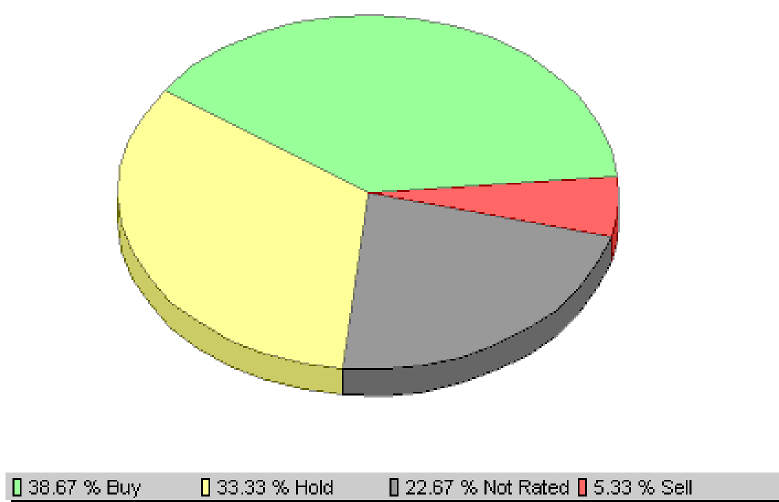
	2011A	2012A	1Q13A	2013E	2014E	2015E
Operating activities						
Net Income	(1,532)	(828)	(169)	(688)	(682)	216
Depreciation	174	139	5	20	26	31
Amortization of intangibles	30	55	31	55	32	32
Amortization of debt discount/warrant fair value	546	190	22	117	335	343
Changes in deferred rent/leasehold improvement	(18)	65				
Stock based compensation - employees	104	8	(12)	(12)		
Stock based compensation - others	29	21	19	79	80	80
Cash burn/earnings	(667)	(351)	(105)	(430)	(209)	702
Accts rec	(2)	(16)	(55)	(142)	(39)	(238)
Inventory	(20)	27	(0)	(129)	(187)	(155)
Prepayments & other	(41)					
Accts pay & accruals	(125)	142	92	387	250	215
Deferred revenue	166	78	(125)	(99)		
Changes in working capital	(23)	230	(88)	17	25	(178)
Net cash from operations	(689)	(120)	(193)	(413)	(184)	524
Investing activities						
Capital expenditures	(3)	(33)	(1)	(21)	(60)	(80)
Purchase of intangibles	(1)	(3)				
Other	(40)					
Net from investing activities	(45)	(36)	(1)	(21)	(60)	(80)
Financing activities						
Loan proceeds (repayments)	764	(9)	28	269	334	(436)
Payment - capital lease obligations	(28)	(32)	13	(18)	(52)	(52)
Proceeds - issuance of common stock on conversion		41	15	15		312
Proceeds - issuance of preferred stock		(1)				
Common stock subscribed/issued			216	216		
Proceeds - exercise of options/warrants	23	104	4	4		
Net cash from financing	760	104	275	485	282	(176)
Net change in cash	25	(53)	81	51	38	267
Cash - beginning	40	65	13	13	64	102
Cash - ending	65	13	95	64	102	369

Source: Company reports and Taglich Brothers estimates

Price Chart



Taglich Brothers Current Ratings Distribution



Investment Banking Services for Companies Covered in the Past 12 Months

Rating	#	%
Buy	1	4
Hold	1	14
Sell		
Not Rated		

Important Disclosures

At this writing, none of Taglich Brothers' affiliates, officers, directors or stockholders, or any member of their families have a position in OxySure Systems, Inc. Taglich Brothers, Inc. does not have an investment banking relationship with the subject of this report and was not a manager or co-manger of any offering for the company within the last three years.

All research issued by Taglich Brothers, Inc. is based on public information. In June 2013 the company paid an initial monetary engagement fee of US$4,500 to Taglich Brothers, Inc. representing payment for the first three months of the creation and dissemination of research reports, after which the company will pay Taglich Brothers, Inc. a monetary fee of US$1,500 per month for a minimum of three more months of such services.

General Disclosures

The information and statistical data contained herein have been obtained from sources, which we believe to be reliable but in no way are warranted by us as to accuracy or completeness. We do not undertake to advise you as to change in figures or our views. This is not a solicitation of any order to buy or sell. Taglich Brothers, Inc. is fully disclosed with its clearing firm, Pershing, LLC, is not a market maker and does not sell to or buy from customers on a principal basis. The above statement is the opinion of Taglich Brothers, Inc. and is not a guarantee that the target price for the stock will be met or that predicted business results for the company will occur. There may be instances when fundamental, technical and quantitative opinions contained in this report are not in concert. We, our affiliates, any officer, director or stockholder or any member of their families may from time to time purchase or sell any of the above-mentioned or related securities. Analysts and members of the Research Department are prohibited from buying or selling securities issued by the companies that Taglich Brothers, Inc. has a research relationship with, except if ownership of such securities was prior to the start of such relationship, then an analyst or member of the Research Department may sell such securities after obtaining expressed written permission from Compliance.

Analyst Certification

I, Juan Noble, the research analyst of this report, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities and issuers; and that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report.

Stocks Mentioned in this Report

Anglo American	(AAUKY:OTC)	Volt Information	(VISI: OTC)
Bank of America	(BOA: NYSE)		

Meaning of Ratings

Buy - the company is undervalued relative to its market and peers. We believe its risk reward ratio strongly advocates purchase of the stock relative to other stocks in the marketplace. Remember, with all equities there is always downside risk.

Speculative Buy - We believe that the long run prospects of the company are positive. We believe its risk reward ratio advocates purchase of the stock. We feel the investment risk is higher than our typical "buy" recommendation. In the short run, the stock may be subject to high volatility and continue to trade at a discount to its market.

Neutral - We will remain neutral pending certain developments.

Underperform - We believe that the company may be fairly valued based on its current status. Upside potential is limited relative to investment risk.

Sell - We believe that the company is significantly overvalued based on its current status. The future of the company's operations may be questionable and there is an extreme level of investment risk relative to reward.

Dropping Coverage – we have discontinued research coverage of the company due to the acquisition of the company, termination of research services, non-payment for such services, or departure of the analyst.

Some notable Risks within the Microcap Market

Stocks in the Microcap segment of the market have many risks that are not as prevalent in Large-cap, Blue Chips or even Small-cap stocks. Often it is these risks that cause Microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume which can lead to large spreads and high volatility in stock price. In addition, Microcaps tend to have significant company specific risks that contribute to lower valuations. Investors need to be aware of the higher probability of financial default and higher degree of financial distress inherent in the microcap segment of the market.

From time to time our analysts may choose to withhold or suspend a rating on a company. We continue to publish informational reports on such companies; however, they have no ratings or price targets. In general, we will not rate any company that has too much business or financial uncertainty for our analysts to form an investment conclusion, or that is currently in the process of being acquired.