

Quarterly ASX Update and Cashflows

Medibio Limited (ASX: MEB) (OTCQB: MDBIF)

30 September 2017

Quarterly Update and Message from CEO of Medibio Limited

Sydney, Australia and Minneapolis, MN – 30 October 2017: Medibio Limited (MEB or the Company)(ASX: MEB)(OTCQB: MDBIF), is a mental health technology company that is pioneering the use of objective biometrics to assist in the screening, diagnosing, monitoring and management of depression and other mental health conditions, provides the following quarterly update and message to shareholders from Jack G. Cosentino, CEO and Managing Director of Medibio Limited:

I am pleased with our activities and progress during the quarter. We continue to remain focused and on track across the business and have accomplished all stated milestones for the quarter.

Quality, Regulatory, and Clinical Update

The CE and ISO 13485 work streams remain on schedule. Implementation of the foundational quality management system is complete, and the system has been in use for the past several months. We are currently preparing for ISO 13485 audits to support CE certification, which represent important milestones for the maturation of the company. The team has completed design history documentation for the Analytics Platform and Depression Diagnostic product, which has been signed-off in four successive Phase Reviews. An internal Quality Manager has joined the company to support the growing complexity of the Quality system as we expand our product portfolio.

ISO 13485 and CE certifications are anticipated in calendar first quarter of 2018. We are awaiting feedback from FDA regarding our August Pre-submission package for our Depression Diagnostic 510(k) *De Novo* clinical evidence package.

The DEPDX04 confirmatory study is now active at five sites (three in the U.S. and two in Australia), with at least two more anticipated in the coming month. The study has started enrollment and completion is anticipated in February 2018.

The company's treatment monitoring studies are making good progress. DEPMON02 (ECT) compares longitudinal Medibio classifications with serial, structured clinical assessments for subjects undergoing ECT for depression. Nine subjects have been enrolled with two completions so far. DEPMON01 (Pharma) is similar in design to the ECT study, but in individuals initiating standard pharmacologic therapy. This study was reviewed favorably at the Mayo IRB, with an anticipated 2018 start. Finally, the investigator-initiated Monash TMS study uses Medibio technology to characterize progress of individuals undergoing transcranial magnetic stimulation, and has enrolled eight subjects so far.

Early conversations with large potential customers have indicated that scientific validation of our solutions will be an important factor for adoption. With this in mind, we are preparing to start development & validation of a consumer screening product for mental wellness. Individuals will undergo a structured clinical interview and use a standard consumer wearable device for 30 days. Classifications from Medibio's analytics platform will be compared with the results from the structured interviews for the analysis. We believe that this effort will result in one of the largest datasets to date to explore the link between wearable-based biometrics and mental health conditions.

The company is also continuing to expand a rich pipeline of investigator-initiated studies and additional research with existing datasets to expand the use of the Medibio solution to multiple other clinical indications, including anxiety, PTSD, bipolar, and schizophrenia.

Research and Development

The Company announced entering into a significant research partnership with Otsuka Pharmaceutical, a leading global pharmaceutical company. The agreement is a paid commercial arrangement. Under the terms of the agreement, Medibio will leverage its proprietary Digital Mental Health platform to process Otsuka clinical data with the goal of further clarifying the role of biomarker-based, objective measures in management of serious mental illness. Medibio will receive payments for services provided.

The Company continues to seek additional partnership opportunities that will extend the capabilities of the core technology, including plans to initiate work related to differential diagnosis in collaboration with academic researchers at the University of Ottawa.

We continue to expand our intellectual property position with research and patent filings designed to expand the core technology's approach, use, and applications. The intellectual property expansion and additional work being done with partners places Medibio as the thought-leader in the objective diagnosis and characterization of mental health disorders.

Finance

We completed the Unmarketable Parcel share sale announced in July and expect to see cost savings related to that activity. The company continues to progress in transitioning the business into the U.S. market and has completed the registration and application process for the U.S. General Services Administration (GSA) Schedule Contracts, which will enable the Company to conduct business with the U.S. federal government, including the U.S. Department of Veterans Affairs and the U.S. Department of Defense.

Quarterly Expenditure and Cash at Bank

The Company's cash position at 30 September 2017 was A\$3.3 million. On October 13, 2017, the Company announced the completion of a heavily oversubscribed institutional placement for A\$13.9 million to accelerate commercialisation. Net of fees, the placement will provide the Company with approximately A\$12.9 million available cash. The Company also received a refund of approximately A\$3.2 million from the Australian Taxation Office under the Research & Development Tax Incentive Program for the current financial year. We also anticipate receiving A\$1.4 million from the exercise of options and partly paid shares. Available cash over the next 12 months is anticipated to be A\$20.8 million.

Total cash expenses during the quarter were approximately A\$2.3 million. The expenditures reflect clinical trials, research and administrative activities to advance the company's technology and expand its presence into the U.S. market. Quarterly expenditure is expected to increase over time as we conduct clinical trials, product development, regulatory filings, and marketing activities associated with advancing our technology, including CE Mark and FDA submissions, toward commercialization.

Corporate Development

During the quarter, Medibio entered into a second agreement with Mayo Clinic, a five-year master clinical trial agreement, which further solidifies our relationship with this leading institution and will be the basis for further collaboration on future clinical studies.

Medibio is partnering with Vital Conversations to support the launch of Australia's Biggest Mental Health Check-in. Medibio and Vital Conversations are both focused on reducing the

\$11B annual cost to Australian businesses through programs that increase employee awareness and engagement in mental health. One such program is Australia's Biggest Mental Health Check-in, which is a large-scale, corporate health program that uses a technology-driven approach to engage the workplace in talking about and assessing mental wellness. The Check-in aims to deliver a large scale corporate wellness initiative utilising wearable technology and online psychological health software. A number of large companies that have realized previous benefits are continuing their involvement in the program. The rapidly growing new client base of state and federal government and corporate clients are also committed to the October 2017 launch. We anticipate that over 57,000 employees will be offered the Check-in during the remainder of 2017. Medibio also anticipates that its objective measurement solution will be used in approximately 15% to 30% of all employee participants. For a nominal subscription fee, participants will measure and monitor key indicators and mental health risk factors. In addition, participants will receive confidential screening results and the opportunity to take action to improve their mental wellness. The Check-in continues to see significant increase in volume, making it one of the world's largest scale corporate wellness initiatives utilizing wearable technology and online psychological health software.

Investor Relations

On October 13, 2017, we announced the completion of a heavily oversubscribed institutional placement, in which the Company received firm commitments to raise \$13.9 million via the placement of 38,736,640 ordinary shares at a price of \$0.36 per share. The placement was conducted in a single tranche using the Company's existing placement capacity under ASX listing Rules 7.1 and 7.1A. The funds will allow the Company to build out organisational infrastructure for product commercialisation, establish requirements and testing of products and products under development for future market verticals, develop the technology platform and infrastructure to support commercialisation, and position the Company for regulatory approvals on future products.

Warmest Regards,

A handwritten signature in blue ink, appearing to read 'JG Cosentino', with a large, sweeping flourish at the end.

Jack G. Cosentino
Managing Director & CEO

Summary of matters previously announced during the Quarter

- Mental Healthcare advocate Patrick Kennedy appointed to Board
- Adam Darkins, Telehealth icon appointed to Board
- Medibio presented at Bioshares Biotech Summit 2017
- Unmarketable Parcel share sale facility
- Positive Clinical Study results
- Initiation of confirmatory study
- Entered into agreement with Mayo Clinic
- Entered into agreement with Otsuka Pharmaceutical
- Completes heavily oversubscribed institutional placement

About Medibio Limited

Medibio (ASX: MEB) (OTCQB: MDBIF) is a mental health technology company that has pioneered the use of objective biometrics to assist in the screening, diagnosing, monitoring and management of depression and other mental health conditions. The company was founded in Australia, with offices located in Melbourne (Vic), and U.S. offices in Minneapolis, MN and Palo Alto, CA. Medibio is listed on the Australian Securities Exchange Ltd and trades on the OTCQB Venture Market. Investors can find additional information on www.otcmarkets.com and www.asx.com.au.

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Further Information:		Website: www.medibio.com.au
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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Medibio Limited

ABN

58 008 130 336

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (...3...months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1	1
1.2 Payments for		
(a) research and development	(1,116)	(1,116)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(35)	(35)
(d) leased assets	-	-
(e) staff costs	(587)	(587)
(f) administration and corporate costs	(606)	(606)
1.3 Dividends received (see note 3)		
1.4 Interest received	5	5
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (GST refund)	115	115
1.9 Net cash from / (used in) operating activities	(2,223)	(2,223)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (...3...months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	550	550
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	550	550

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	5,010	5,010
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,223)	(2,223)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	550	550

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (...3...months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(25)	(25)
4.6	Cash and cash equivalents at end of quarter	3,312	3,312

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	870	988
5.2	Call deposits	2442	4,022
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,312	5,010

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	51
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(2,200)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(150)
9.4 Leased assets	-
9.5 Staff costs	(1,000)
9.6 Administration and corporate costs	(700)
9.7 Other (share issuance costs)	(1,050)
9.8 Total estimated cash outflows	(5,100)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Additional Information

In October 2017 the Company raised \$13.9 million via the placement of 38,736,640 ordinary shares at a price of \$0.36 per share.

Also, in October the Company received approximately \$3.3 million in R&D rebates.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Director/Company secretary)

Date: 30 October 2017.....

Print name: Robert Lees.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.